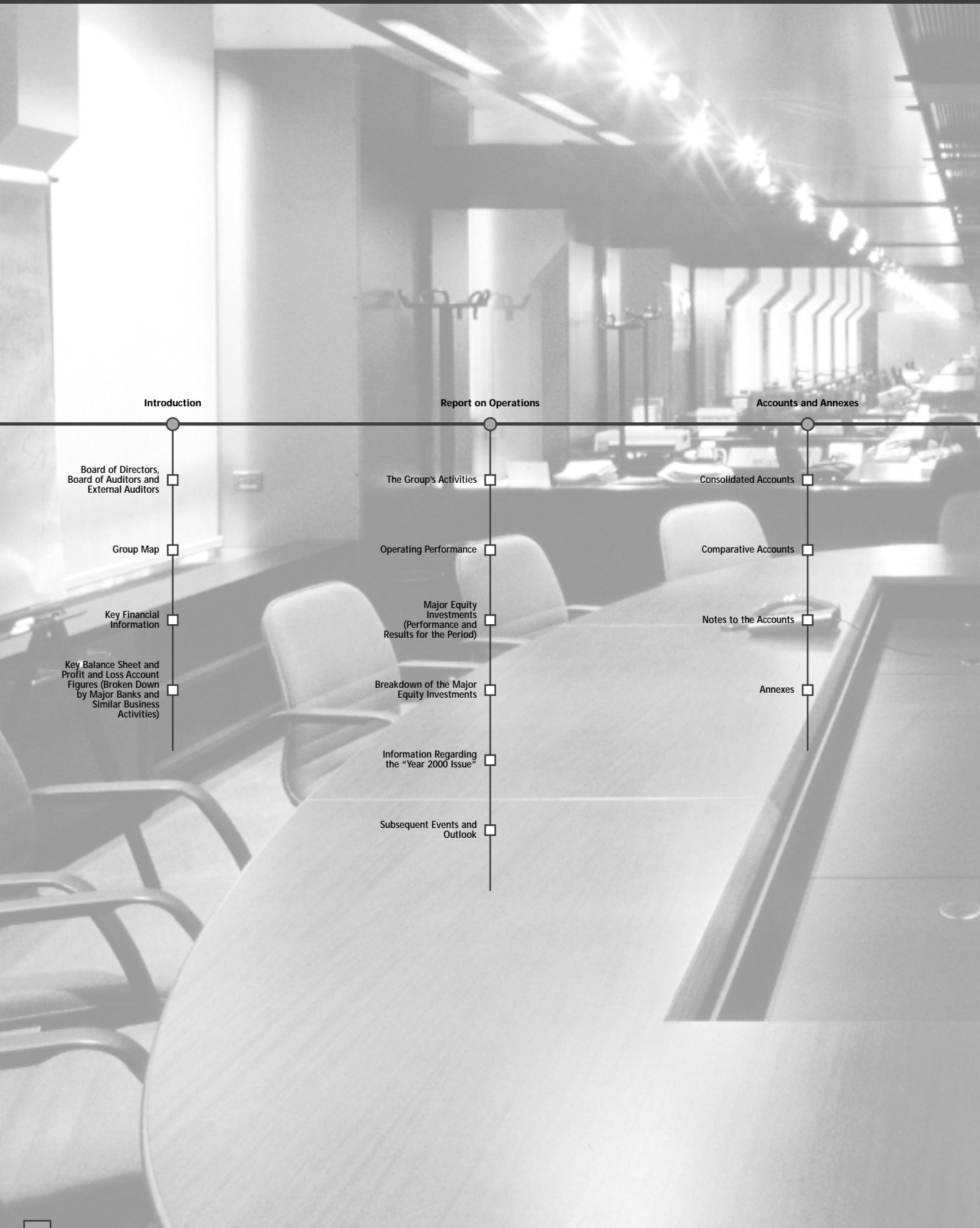


# 1999 UniCredito Italiano

## Consolidated Accounts

ITALIAN STOCK COMPANY  
REGISTERED OFFICE: GENOA, VIA DANTE, 1  
GENERAL MANAGEMENT: MILAN, PIAZZA CORDUSIO  
CAPITAL STOCK OF LIT: 2,488,085,929,000 FULLY PAID IN  
BANK ENTERED IN THE REGISTER OF BANKS  
AND PARENT COMPANY OF THE UNICREDITO ITALIANO BANKING GROUP  
BANKINGS GROUPS' No. 2008.1  
GENOA TRADE AND COMPANIES REGISTER: No. 22 (COURT OF GENOA)  
TAX CODE AND VAT REG. No: 00348170101  
MEMBER OF THE INTERBANK DEPOSIT PROTECTION FUND



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# Board of Directors, Board of Auditors and External Auditors

## Board of Directors

|   |                             |
|---|-----------------------------|
| LUCIO RONDELLI*   | Chairman                    |
| PAOLO BIASI*  | Deputy Chairman (Vicarious) |
| FABRIZIO PALENZONA*   | Deputy Chairman             |
| ALESSANDRO PROFUMO*   | Managing Director/CEO       |
| FRANCO BELLEI<br>ROBERTO BERTAZZONI*<br>EUGENIO CAPONI<br>MARIO CATTANEO<br>PHILIPPE CITERNE<br>CARLO DELAINI<br>LEONARDO DEL VECCHIO<br>DINO DE POLI*<br>CANDIDO FOIS <sup>(1)</sup><br>FRANZO GRANDE STEVENS<br>ACHILLE MARAMOTTI<br>ANGELO MARCHIÒ*<br>LUCA REMMERT<br>GIOVANNI VACCARINO<br>ANTHONY WYAND | Directors                   |

|                  |           |
|------------------|-----------|
| MARCO FANTAZZINI | Secretary |
|------------------|-----------|

\* Executive Committee Members

(1) Co-opted at the meeting of the Board of Directors of 2 November 1999, and appointed by the Shareholders' Meeting held in Genoa on 14 January 2000.

## Board of Auditors

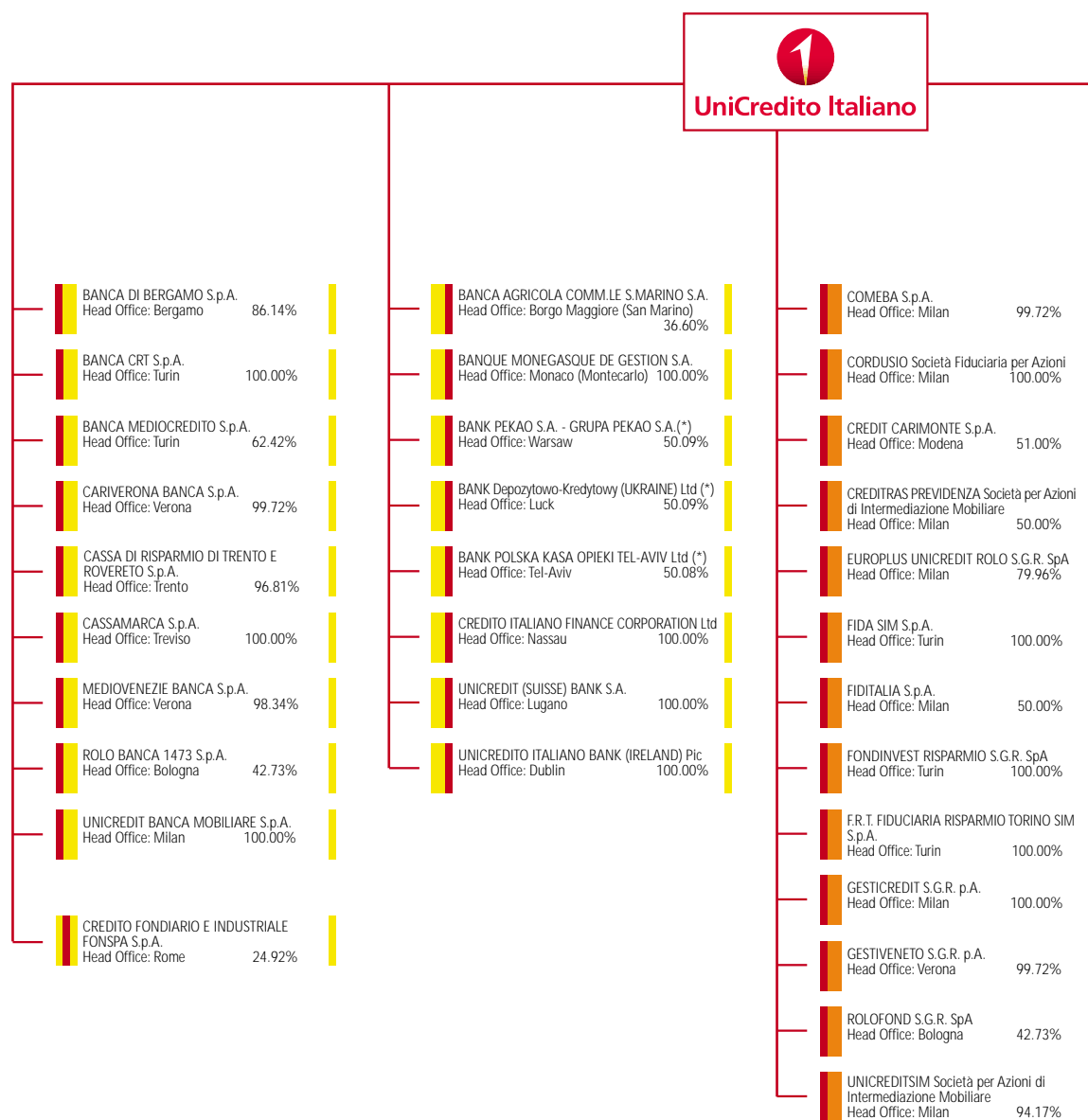
|  |                     |
|--|---------------------|
| GIAN LUIGI FRANCARDO   | Chairman            |
| GIORGIO ARENA<br>GIORGIO LOLI<br>ALDO MILANESE<br>ROBERTO TIMO | Designated Auditors |
| GIUSEPPE ARMENISE<br>MARCELLO FERRARI                          | Reserve Auditors    |

## External Auditors

|                                |
|--------------------------------|
| PRICEWATERHOUSE COOPERS S.p.A. |
|--------------------------------|

# Group Map as at 31 December 1999

Companies consolidated using the line-by-line and proportional methods

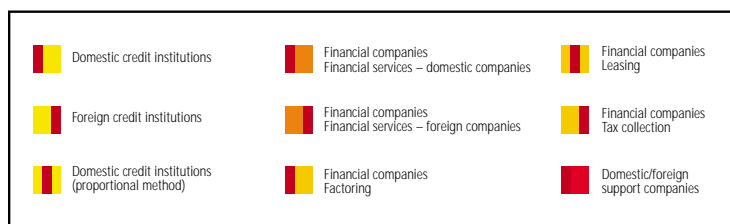
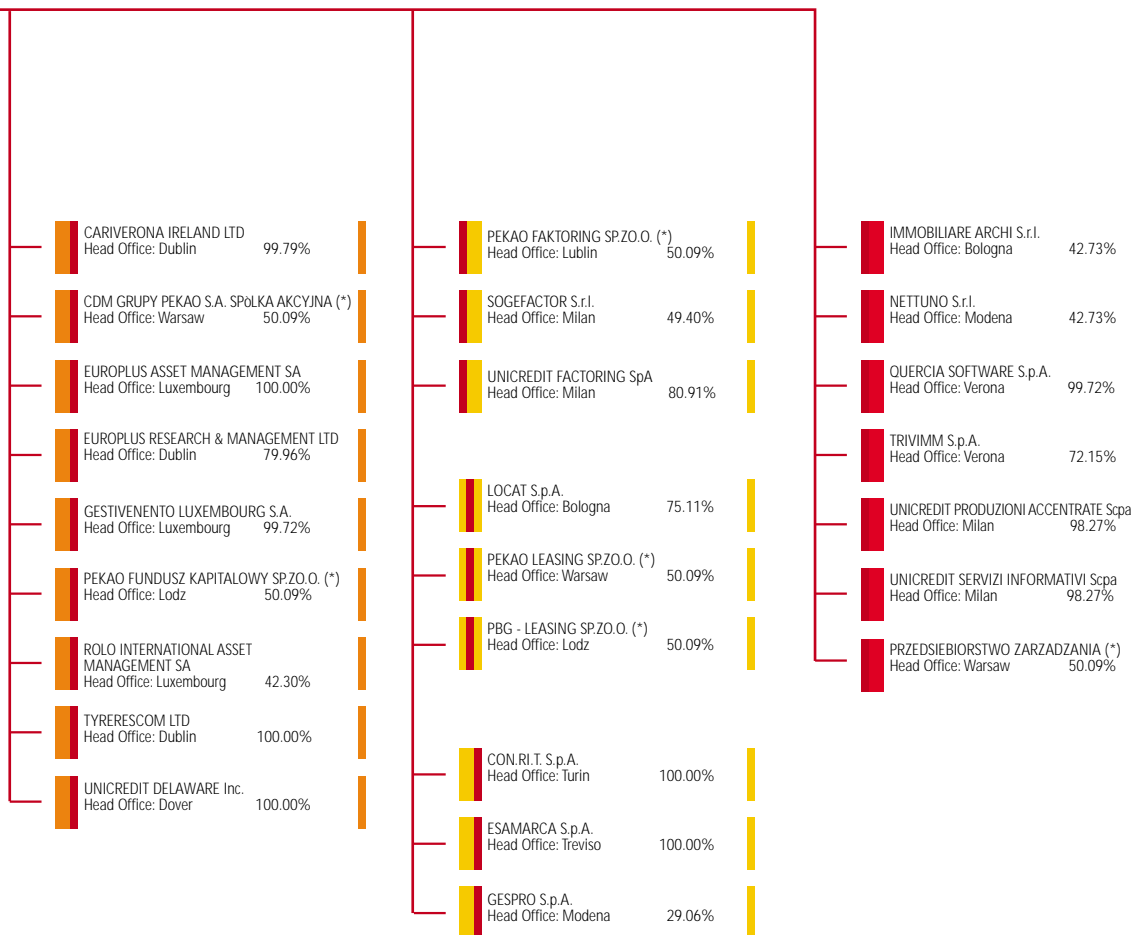


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% Equity  
(\*) PEKAO Group companies

# Key Financial Information

## Consolidated Balance Sheet <sup>(A)</sup>

|  | 31/12/1999       | (1) 31/12/1998      | 31/12/1997           |
|--|------------------|---------------------|----------------------|
| (AMOUNTS IN BILLIONS OF LIT)                                 |                  |                     |                      |
| <b>Total Assets</b>  | <b>327,089.3</b> | <b>289,135.1</b>    | <b>284,065.2</b>     |
| <b>Total loans</b>   | <b>235,420.1</b> | <b>210,800.7</b>    | <b>208,301.5</b>     |
| of which: loans to customers                                 | 196,680.7        | 165,980.5           | 146,578.6            |
| net non-performing loans                                     | 4,210.2          | 4,354.7             | 4,989.7              |
| <b>Trading securities</b>                                    | <b>27,952.1</b>  | <b>28,554.6</b>     | <b>25,431.1</b>      |
| of which: shares, quotas and other variable-yield securities | 2,280.0          | 641.0               | 168.3                |
| <b>Investments</b>   | <b>37,686.0</b>  | <b>29,296.6</b>     | <b>30,421.7</b>      |
| of which: investment securities                              | 28,952.1         | 21,820.2            | 20,943.4             |
| equity investments   | 2,107.7          | 2,925.0             | 3,153.9              |
| positive consolidation and net equity differences            | 993.0            | —                   | 1,538.5              |
| <b>Total deposits</b>  | <b>276,512.5</b> | <b>243,411.7</b>    | <b>236,987.0</b>     |
| of which: due to customers and securities issued             | 207,317.3        | 178,285.6           | 176,013.2            |
| <b>Subordinated debt</b>                                     | <b>2,654.0</b>   | <b>2,503.8</b>      | <b>2,960.0</b>       |
| <b>Shareholders' equity (1)</b>                              | <b>18,828.7</b>  | <b>(*) 16,532.0</b> | <b>18,628.4</b>      |
| of which: group portion of shareholders' equity              | 15,274.7         | (*) 12,935.3        | 14,800.1             |
| share capital  | 2,488.1          | 2,340.5             | 1,440.0              |
| <b>Other balance sheet data</b>                              |                  |                     |                      |
| <b>Capital for regulatory purposes (2)</b>                   | <b>17,636.4</b>  | <b>17,030.7</b>     | <b>(**) 15,456.3</b> |
| of which: tier 1 capital                                     | 14,948.1         | 14,437.4            | 12,665.7             |
| tier 2 capital   | 3,352.4          | 3,625.1             | 3,781.5              |
| items to be deducted   | 664.1            | 1,031.8             | 990.9                |

(A) 1999 figures include both Pekao Group and Caritro S.p.A. while the 1998 figures include only Caritro S.p.A.

(1) Shareholders' Equity includes reserve funds for credit risks and general banking risks.

(2) Consolidated regulatory capital as at December 1997 was determined according to the prescribed reporting procedures and thus includes a portion relating to Securities brokerage companies.

(\*) The decrease in Shareholders' Equity at end-98 – in part due to the accelerated amortisation of the residual positive consolidation difference (1,422.2 billion) recorded following the acquisition of Gruppo Credito Romagnolo S.p.A. – should be considered in relation to the liquidity totalling 2,500 billion payable, on the basis of the agreements reached, to the shareholders of Unicredito S.p.A. (the Fondazione) and the minority shareholders of Cariverona S.p.A. This liquidity was mainly due to extraordinary dividend distributed by the "Casse" (controlled by Unicredito S.p.A. before the split-off of the latter into UniCredito Italiano S.p.A.

(\*\*) 1997 figures reflect the circumstances described in the preceding note.

## Consolidated Profit and Loss Account <sup>(A)</sup>

|  | 1999            | 1998             | 1997            |
|--|-----------------|------------------|-----------------|
| (AMOUNTS IN BILLIONS OF LIT)                               |                 |                  |                 |
| <b>Net interest income</b>                                 | <b>7,833.2</b>  | <b>7,116.5</b>   | <b>6,964.5</b>  |
| <b>Revenue from services and other sources</b>             | <b>6,903.0</b>  | <b>5,320.2</b>   | <b>3,794.2</b>  |
| of which: profit-losses on financial transactions          | 655.7           | 558.4            | 349.4           |
| <b>Total revenues</b>                                      | <b>14,736.2</b> | <b>12,436.7</b>  | <b>10,758.7</b> |
| <b>Administrative expenses</b>                             | <b>7,404.3</b>  | <b>6,401.8</b>   | <b>6,463.4</b>  |
| of which: payroll  | 4,734.9         | 4,180.9          | 4,296.5         |
| <b>Operating income</b>                                    | <b>6,709.3</b>  | <b>5,491.8</b>   | <b>3,741.2</b>  |
| <b>Profit before extraordinary items and incomes taxes</b> | <b>4,396.4</b>  | <b>3,955.9</b>   | <b>2,292.6</b>  |
| <b>Group portion of net income loss</b>                    | <b>2,490.0</b>  | <b>(*) 417.7</b> | <b>914.0</b>    |

(A) 31 December 1999 figures include both Pekao Group and Caritro S.p.A. while 31 December 1998 figures include only Caritro S.p.A.  
 (\*) Affected mainly by the accelerated amortisation of the residual positive consolidation difference recorded following the acquisition (1,422.2 billion) Gruppo Credito Romagnolo S.p.A.

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Activities)

## Consolidated Staff and Branch Information

|  | 31/12/1999    |               | 31/12/1998    | 31/12/1997    |
|--|---------------|---------------|---------------|---------------|
|  | (A)           | (B)           | (A)           |               |
| <b>Number of employees</b>             | <b>62,288</b> | <b>35,886</b> | <b>36,537</b> | <b>36,546</b> |
| of which: part-time                    | 3,673         | 3,030         | 2,841         | 2,626         |
| <b>Average number of employees (1)</b> | <b>49,413</b> | <b>36,212</b> | <b>36,542</b> | <b>36,922</b> |
| <b>Number of bank branches</b>         | <b>3,230</b>  | <b>2,922</b>  | <b>2,822</b>  | <b>2,720</b>  |
| of which: full service branches        | 2,858         | 2,550         | 2,465         | 2,366         |

(A) 31 December 1999 figures include both Pekao Group and Caritro S.p.A. while 31 December 1998 figures include only Caritro S.p.A.

(B) 31 December 1999 figures excluding Pekao Group.

(1) Arithmetic mean of staff numbers at the beginning and end of the period.

## Key Financial Ratios and Other Information

|  | 31/12/1999 |        | 31/12/1998 | 31/12/1997 |
|--|------------|--------|------------|------------|
|  | (A)        | (B)    | (A)        |            |
| <b>Balance sheet ratios</b>                                    |            |        |            |            |
| Loans to customers/Total assets                                | 60.13%     | 61.55% | 57.41%     | 51.60%     |
| Securities (net of shares)/Total assets                        | 16.70%     | —      | 17.20%     | 16.27%     |
| Equity investments and shares/Total assets                     | 1.34%      | —      | 1.23%      | 1.17%      |
| Due to customers and securities issued/Total liabilities       | 63.38%     | 62.28% | 61.66%     | 61.96%     |
| Shareholders' equity/Total liabilities                         | 5.76%      | —      | 5.72%      | 6.56%      |
| <b>Profitability ratios</b>                                    |            |        |            |            |
| Cost/Income ratio  | 54.47%     | 52.80% | 55.84%     | 65.23%     |
| Operating income/  |            |        |            |            |
| Group portion of shareholders' equity                          | 43.92%     | —      | 42.46%     | 25.28%     |
| Operating income/Total assets                                  | 2.05%      | 2.08%  | 1.90%      | 1.32%      |
| Net interest income/Total assets                               | 2.39%      | 2.31%  | 2.46%      | 2.45%      |
| Total revenues/Total assets                                    | 4.51%      | 4.41%  | 4.30%      | 3.79%      |
| Group portion of net income for the period/                    |            |        |            |            |
| Group portion of shareholders' equity (1)                      | 21.10%     | —      | (2) 3.47%  | 8.18%      |
| Group portion of net income for the period/                    |            |        |            |            |
| Number of shares (3)   | 500        | —      | 86         | 195        |
| <b>Productivity ratios (4)</b>                                 |            |        |            |            |
| Operating income /Number of employees                          | 108        | 174    | 150        | 102        |
| Total assets/Number of employees                               | 5,251      | 8,363  | 7,913      | 7,773      |
| Due to customers and securities issued/                        |            |        |            |            |
| Number of employees  | 3,328      | 5,209  | 4,880      | 4,816      |
| Loans to customers/Number of employees                         | 3,158      | 5,147  | 4,543      | 4,011      |
| <b>Risk ratios</b>   |            |        |            |            |
| Net non-performing loans/Total loans                           | 1.79%      | 1.85%  | 2.07%      | 2.40%      |
| Net non-performing loans/Total loans to customers              | 2.14%      | 2.22%  | 2.62%      | 3.40%      |
| Net non-performing loans/Group portion of shareholders' equity | 27.56%     | —      | 33.67%     | 33.71%     |
| <b>Capital ratios</b>  |            |        |            |            |
| Tier 1 ratio   | 7.60%      | —      | 8.83%      | 7.96%      |
| Total Capital ratio  | 8.97%      | —      | 10.41%     | 9.71%      |

(A) 31 December 1999 figures included Pekao Group and Caritro S.p.A., while 31 December 1998 figures include only Caritro S.p.A.

(B) 31 December 1999 figures excluding Pekao Group (where the figure is significant).

(1) The Group Portion of Shareholders' Equity is the arithmetic mean of the figure at the beginning and at the end of the period.

(2) Before extraordinary amortisation ROE was 15.36% (See ROE table below for further details)

(3) Ratio expressed in lit. 1998 net income per share before extraordinary amortisation was 379 lire.

(4) Ratio expressed in millions of lit.

(5) Excluding Bank Pekao Group.

# Key Balance Sheet and Profit and Loss (Broken Down by Major Banks and Similar

|   | DOMESTIC BANKS (ITALY)     |                  |                |                         |                   |                        |                               |
|---|----------------------------|------------------|----------------|-------------------------|-------------------|------------------------|-------------------------------|
|   | UNICREDITO ITALIANO S.P.A. | BANCA CRT S.P.A. | CARITRO S.P.A. | CARIVERONA BANCA S.P.A. | CASSAMARCA S.P.A. | ROLO BANCA 1473 S.P.A. | TOTAL OTHER ITALIAN BANKS (1) |
| <b>Consolidated Balance Sheet</b>                 |                            |                  |                |                         |                   |                        |                               |
| <b>Total assets</b>                               | <b>158,600.8</b>           | <b>34,196.5</b>  | <b>5,975.8</b> | <b>31,869.7</b>         | <b>6,498.3</b>    | <b>79,008.5</b>        | <b>20,927.4</b>               |
| <b>Total loans</b>                                | <b>105,919.7</b>           | <b>28,286.3</b>  | <b>4,204.5</b> | <b>22,612.1</b>         | <b>4,584.6</b>    | <b>62,082.5</b>        | <b>19,829.4</b>               |
| of which  |                            |                  |                |                         |                   |                        |                               |
| – to customers                                    | 70,998.7                   | 16,221.4         | 3,437.8        | 18,559.0                | 4,478.4           | 48,003.4               | 19,244.5                      |
| – non-performing loans -net                       | 1,248.8                    | 159.1            | 27.1           | 277.4                   | 49.3              | 344.1                  | 1,812.7                       |
| <b>Trading securities</b>                         | <b>16,980.4</b>            | <b>1,220.0</b>   | <b>624.5</b>   | <b>4,032.3</b>          | <b>1,029.0</b>    | <b>1,845.4</b>         | <b>110.5</b>                  |
| <b>Fixed assets</b>                               | <b>22,459.1</b>            | <b>3,312.4</b>   | <b>742.9</b>   | <b>3,232.2</b>          | <b>620.8</b>      | <b>11,394.0</b>        | <b>187.5</b>                  |
| of which  |                            |                  |                |                         |                   |                        |                               |
| – investment securities                           | 8,194.2                    | 1,628.4          | 594.7          | 1,609.0                 | 419.3             | 9,998.2                | 3.0                           |
| – equity investments                              | 13,257.5                   | 936.3            | 68.8           | 1,021.7                 | 60.6              | 401.9                  | 42.6                          |
| – gains on consolidation and net equity inclusion |                            |                  |                |                         |                   |                        |                               |
| <b>Total deposits</b>                             | <b>125,813.4</b>           | <b>29,547.5</b>  | <b>4,474.4</b> | <b>25,896.3</b>         | <b>5,659.0</b>    | <b>68,835.2</b>        | <b>18,234.5</b>               |
| of which: due to customers and securities issued  | 61,112.4                   | 25,099.4         | 3,954.2        | 22,699.7                | 4,811.9           | 57,066.0               | 12,596.2                      |
| <b>Subordinated debt</b>                          | <b>5,117.2</b>             | <b>350.0</b>     | <b>22.3</b>    | <b>—</b>                | <b>—</b>          | <b>25.0</b>            | <b>67.9</b>                   |
| <b>Shareholders' equity (1)</b>                   | <b>13,873.0</b>            | <b>2,578.1</b>   | <b>630.8</b>   | <b>3,328.1</b>          | <b>429.4</b>      | <b>5,244.7</b>         | <b>1,521.0</b>                |
| of which: Group interest                          | —                          | —                | —              | —                       | —                 | —                      | —                             |

(1) Shareholders' equity includes general risk reserve funds.

## Consolidated Profit and Loss Account

|   |                |                |              |                |              |                |                |
|---|----------------|----------------|--------------|----------------|--------------|----------------|----------------|
| <b>Net income interest</b>                          | <b>3,287.3</b> | <b>1,110.9</b> | <b>160.6</b> | <b>1,105.8</b> | <b>228.0</b> | <b>1,633.2</b> | <b>405.2</b>   |
| <b>Net commissions and other operating income</b>   | <b>2,442.1</b> | <b>813.7</b>   | <b>112.4</b> | <b>748.4</b>   | <b>135.4</b> | <b>1,344.2</b> | <b>33.6</b>    |
| of which: profit/(losses) on financial transactions | 356.7          | 13.9           | 7.0          | 2.8            | 0.2          | 116.0          | 2.3            |
| <b>Total revenues</b>                               | <b>5,729.4</b> | <b>1,924.6</b> | <b>273.0</b> | <b>1,854.2</b> | <b>363.4</b> | <b>2,977.4</b> | <b>438.8</b>   |
| <b>Administrative expenses</b>                      | <b>2,502.9</b> | <b>910.9</b>   | <b>176.7</b> | <b>851.0</b>   | <b>201.6</b> | <b>1,273.8</b> | <b>144.7</b>   |
| of which: payroll                                   | 1,649.5        | 570.5          | 112.9        | 552.2          | 125.3        | 809.4          | 65.4           |
| <b>Operating income</b>                             | <b>3,066.9</b> | <b>933.1</b>   | <b>86.6</b>  | <b>927.0</b>   | <b>146.1</b> | <b>1,621.9</b> | <b>277.0</b>   |
| <b>Income from ordinary activities</b>              | <b>2,328.9</b> | <b>680.2</b>   | <b>65.8</b>  | <b>798.4</b>   | <b>123.5</b> | <b>1,398.2</b> | <b>- 141.5</b> |
| <b>Group portion of net income</b>                  | <b>1,785.0</b> | <b>413.3</b>   | <b>45.1</b>  | <b>471.9</b>   | <b>57.1</b>  | <b>1,006.1</b> | <b>(132.8)</b> |

## Staff and Branches

|                                 |               |              |            |              |              |              |            |
|---------------------------------|---------------|--------------|------------|--------------|--------------|--------------|------------|
| <b>Number of employees</b>      | <b>13,471</b> | <b>4,951</b> | <b>927</b> | <b>4,910</b> | <b>1,123</b> | <b>7,498</b> | <b>497</b> |
| of which: part-time             | 1,333         | 362          | 86         | 384          | 85           | 569          | 34         |
| <b>Number of branches</b>       | <b>1,012</b>  | <b>447</b>   | <b>79</b>  | <b>478</b>   | <b>150</b>   | <b>737</b>   | <b>9</b>   |
| of which: full service branches | 693           | 439          | 79         | 478          | 107          | 735          | 9          |

## Risk ratios

|   |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|
| Net non-performing loans/<br>Total loans        | 1.18% | 0.56% | 0.64% | 1.23% | 1.08% | 0.55% | 9.14% |
| Net non-performing loans/<br>Loans to customers | 1.76% | 0.98% | 0.79% | 1.49% | 1.10% | 0.72% | 9.42% |

Board of Directors,  
Board of Auditors and  
External Auditors

Group Map

Key Financial Information

Key Balance Sheet and Profit  
and Loss Account Figures  
(Broken Down by Major  
Banks and Similar Business  
Activities)

# Account Figures (Business Activities)

(CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)

| TOTAL DOMESTIC BANKS | TOTAL DOMESTIC FINANCIAL AND INSTRUMENTAL COMPANIES (2) | TOTAL NON-RESIDENT BANKS AND FINANCIAL COMPANIES (3) | TOTAL     | PEKAO GROUP CONSOLIDATED FINANCIAL STATEMENT (4) | AGGREGATE TOTAL | ELISIONS/ADJUSTMENTS ON CONSOLIDATION | ADJUSTMENTS ON CONSOLIDATION | CONSOLIDATED TOTAL |
|----------------------|---|--|-----------|--|-----------------|---------------------------------------|------------------------------|--------------------|
| 337,077.0            | 21,056.1  | 10,539.4   | 368,672.5 | 27,642.5   | 396,315.0       | - 52,975.0                            | - 16,250.7                   | 327,089.3          |
| 247,519.1            | 14,802.7  | 4,164.6  | 266,486.4 | 14,339.0   | 280,825.4       | - 45,362.8                            | - 42.5                       | 235,420.1          |
| 180,943.2            | 14,404.9  | 619.9  | 195,968.0 | 12,374.6   | 208,342.6       | - 11,661.2                            | - 0.7                        | 196,680.7          |
| 3,918.5              | 162.2   | 9.9  | 4,090.6   | 119.6  | 4,210.2         | —                                     | —                            | 4,210.2            |
| 25,842.1             | 298.7   | 3,498.3  | 29,639.1  | 910.8  | 30,549.9        | - 2,607.8                             | 10.0                         | 27,952.1           |
| 41,948.9             | 3,427.0   | 2,505.3  | 47,881.2  | 9,686.7  | 57,567.9        | - 4,586.7                             | - 15,295.2                   | 37,686.0           |
| 22,446.8             | 56.5  | 2,466.8  | 24,970.1  | 8,568.7  | 33,538.8        | - 4,586.7                             | —                            | 28,952.1           |
| 15,789.4             | 2,267.3   | 13.3   | 18,070.0  | 231.2  | 18,301.2        | —                                     | - 16,193.5                   | 2,107.7            |
|                      |   |  |           |  |                 |                                       | + 993.0                      | 993.0              |
| 278,460.3            | 15,424.4  | 8,503.1  | 302,387.8 | 23,635.4   | 326,023.2       | - 49,510.7                            | —                            | 276,512.5          |
| 187,339.8            | 1,022.5   | 3,324.9  | 191,687.2 | 20,815.0   | 212,502.2       | - 5,184.9                             | —                            | 207,317.3          |
| 5,582.4              | 25.0  | —  | 5,607.4   | —  | 5,607.4         | - 2,953.4                             | —                            | 2,654.0            |
| 27,605.1             | 3,739.6   | 1,867.3  | 33,212.0  | 1,865.1  | 35,077.1        | —                                     | - 16,248.4                   | 18,828.7           |
| —                    | —   | —  | —         | —  | —               | —                                     | —                            | 15,274.7           |
| 7,931.0              | 962.8   | 94.5   | 8,988.3   | 927.7  | 9,916.0         | 12.5                                  | - 2,095.3                    | 7,833.2            |
| 5,629.8              | 517.5   | 350.6  | 6,497.9   | 593.6  | 7,091.5         | - 211.5                               | 23.0                         | 6,903.0            |
| 498.9                | - 16.1  | - 0.6  | 482.2     | 155.3  | 637.5           | 8.2                                   | 10.0                         | 655.7              |
| 13,560.8             | 1,480.3   | 445.1  | 15,486.2  | 1,521.3  | 17,007.5        | - 199.0                               | - 2,072.3                    | 14,736.2           |
| 6,061.6              | 518.5   | 87.1   | 6,667.2   | 937.4  | 7,604.6         | - 200.3                               | —                            | 7,404.3            |
| 3,885.2              | 235.0   | 35.0   | 4,155.2   | 579.7  | 4,734.9         | —                                     | —                            | 4,734.9            |
| 7,058.6              | 905.0   | 351.3  | 8,314.9   | 471.6  | 8,786.5         | 1.3                                   | - 2,078.5                    | 6,709.3            |
| 5,253.5              | 713.8   | 349.1  | 6,316.4   | 170.2  | 6,486.6         | 1.3                                   | - 2,091.5                    | 4,396.4            |
| 3,645.7              | 457.6   | 326.3  | 4,429.6   | 71.5   | 4,501.1         | —                                     | (2,011.1)                    | 2,490.0            |
| 33,377               | 2,306   | 203  | 35,886    | 26,402   | 62,288          | —                                     | —                            | 62,288             |
| 2,853                | 175   | 2  | 3,030     | 643  | 3,673           | —                                     | —                            | 3,673              |
| 2,912                | —   | 10   | 2,922     | 308  | 3,230           | —                                     | —                            | 3,230              |
| 2,540                | —   | 10   | 2,550     | 308  | 2,858           | —                                     | —                            | 2,858              |
| 1.58%                | 1.10%   | 0.24%  | 1.54%     | 0.83%  | 1.50%           | —                                     | —                            | 1.79%              |
| 2.17%                | 1.13%   | 1.60%  | 2.09%     | 0.97%  | 2.02%           | —                                     | —                            | 2.14%              |

(1) Includes: Banca di Bergamo S.p.A., Banca Mediocredito S.p.A., Mediovenzie Banca S.p.A., UniCredit Banca Mobiliare S.p.A. and Credito Fondiario S.p.A. (pro-quota).

(2) Includes: Cordusio Società Fiduciaria per Azioni, Credit Carimonte S.p.A., UniCredit Sim S.p.A. di Intermediazione Mobiliare, UniCredit Factoring S.p.A., Fidelity S.p.A., CreditRas Previdenza S.p.A. di Intermediazione Mobiliare, Europlus UniCredit Rolo SGR S.p.A., Gestifredit S.G.R. p.A., Locali S.p.A., Comeba S.p.A., CON.RIT. S.p.A., Esamarca S.p.A., Fida Sim S.p.A., F.R.T. Fiduciaria Risparmio Torino Sim S.p.A., Fondinvest Risparmio S.G.R.S.p.A., Gespro S.p.A., Gestiveneto S.G.R. p.A., Rolo Fondo S.G.R.S.p.A., Sofefactor S.r.l., UniCredit Servizi Informativi S.c.p.A., UniCredit Produzioni Accentrate S.c.p.A., Immobiliare Archi S.r.l., Nettuno S.r.l., Querca Software S.p.A., Trivimm S.p.A.

(3) Includes: Banque Monegasque de Gestion SA, B.A.C.S. Marino SA, Credito Italiano Delaware Inc., Credito Italiano Finance Ltd, Cariverona Ireland Ltd, Europlus Asset Management S.A., Europlus Research & Management Ltd, Gestiveneto Luxembourg SA, Rolo International Asset Management SA, Tyrescom Ltd, UniCredito Italiano Bank (Ireland) Plc.

(4) Includes: Bank Polska Kasa Opieki Spolka Akcyjna, Bank Polska Kasa Opieki Tel-Aviv Ltd, Bank Depozytowo-Kredytowy (Ukraina) Ltd, PBG - Leasing Sp.Zo.O., CDMGrupy Pekao S.A. Spolka Akcyjna, Pekao Faktoring Sp.Zo.O., Pekao Fundusz Kapitalowy Sp.Zo.O., Pekao Leasing Sp.Zo.O. Przedsiębiorstwo Zarządzania.

Elisions on consolidation result from the elimination of reciprocal balance sheet and P&L items.

Adjustments on consolidation comprise all consolidation entries as detailed in the Consolidated Accounts under "consolidation principles".

|  |  |  |
|--|--|--|
| <p>The Group's Activities</p> <p>Operating Performance</p> <p>Major Equity Investments (Performance and Results for the Period)</p> <p>Breakdown of the Major Equity Investments</p> <p>Information Regarding the "Year 2000 Issue"</p> <p>Subsequent Events and Outlook</p> | <ul style="list-style-type: none"> <li>■ Introduction</li> <li>■ Summary</li> <li>■ Commercial Activities</li> <li>■ The Organisational Evolution of the Group</li> <li>■ The Basis of Consolidation</li> <li>■ Reclassified Consolidated Balance Sheet</li> <li>■ Reclassified Consolidated Profit and Loss Account</li> <li>■ Commentary on the Balance Sheet Figures</li> <li>■ Indirect Deposits and Volume of Assets in Administration</li> <li>■ Commentary on Profit and Loss Figures</li> <li>■ Analysis of Net Income for the Period</li> <li>■ Net Income for the Period and Shareholders' Equity</li> <li>■ ROE (Return on Equity)</li> <li>■ Ratings</li> <li>■ Shareholders' Equity, Capital Ratios and Capital for Regulatory Purposes</li> <li>■ The Workforce and Operating Structure</li> </ul> | <ul style="list-style-type: none"> <li>■ Retail Market</li> <li>■ Corporate Market</li> <li>■ Guarding Against Credit Risk</li> <li>■ Credit Risks</li> <li>■ Market Risks</li> <li>■ Liquidity Gap Analysis</li> <li>■ Loans</li> <li>■ Doubtful Loans</li> <li>■ Securities</li> <li>■ Equity Investments</li> <li>■ Amounts Due</li> <li>■ Net Interest Income</li> <li>■ Revenue from Services and Other Sources</li> <li>■ Total Revenues</li> <li>■ Administrative Expenses</li> <li>■ Adjustments to the Value of Intangible and Tangible Fixed Assets (Ordinary)</li> <li>■ Operating Income</li> <li>■ Analysis of Net Income for the Period</li> <li>■ Reconciliation of Parent Company Net Income with Consolidated Net Income</li> <li>■ Rolo Banca 1473 S.p.A.</li> <li>■ Banca CRT S.p.A.</li> <li>■ Cariverona Banca S.p.A.</li> <li>■ Cassamarca S.p.A.</li> <li>■ Caritro S.p.A.</li> <li>■ Bank Pekao S.A.</li> <li>■ Other Group Companies</li> </ul> |
|--|--|--|



# Report on Operations

Report in Euros

Reports

Organisation by Geographical Area

## NOTE

The following conventional symbols have been used in the report tables:

Dash (—), not applicable;

two dots (••), figure is below the minimum level or is not significant for reporting purposes;

three crosses (xxx), figures not indicated.

# The Group's Activities

## INTRODUCTION

The Balance Sheet and Profit & Loss Account as at 31 December 1999 of the Banking Group UniCredito Italiano are contained in the **Consolidated Accounts**. All assets, liabilities and results of the Parent Company and group companies within the Banking Group are included in the Consolidated Accounts. The assets, liabilities and results of companies subject to joint control are included proportionally. Other related undertakings are valued at net equity or cost, as more fully described in the Consolidation Principles and Criteria.

The companies included under each consolidation group are shown in the **Map of the Group as at 31 December 1999**.

Major changes to consolidation, which will be summarised later, regard

— Pekao Group S.A.

— Cassa di Risparmio di Trento e Rovereto S.p.A.

**Pekao Bank S.A.**, quoted on the Warsaw Stock Exchange, prepares its own consolidated accounts based on Polish regulations. Therefore, these Accounts have been used for consolidation purposes and have been duly reclassified to bring them into line with the principles and accounting policies of the Group. Consolidation results in a premium (1,036.4 billion pre-depreciation) to be amortised over 10 years.

At the time when this company became part of the Group, the transaction was recorded as an acquisition (in the second half-year) and not as a merger, and therefore profit declared by Pekao Group as at 31 December 1999 is consolidated pro rata temporis with respect to the period of ownership (i.e. five-twelfths) by entering the various profit and loss items for the full year amount and attributing seven-twelfths of the total amount relating to the pre-acquisition period to the item "**Pekao Group pre-acquisition income**".

As a result **for the purposes of comparison, the figures for 1998 have not been reclassified and therefore do not include Pekao Group assets, liabilities and P&L**. For that reason, Pekao Group appears in the appropriate column of the breakdown of Principal Group Banks and Other Affiliates. In order to assess the impact of Pekao Group on the Consolidated Financial Statement, detailed figures have been provided for the most significant items.

The **figures for the preceding period** have been reclassified on a "**proforma**" basis, as shown in the relevant annex, in order to take into account the effect of inclusion of the **Cassa di Risparmio di Trento e Rovereto S.p.A.** in the group, with this transaction being considered an aggregation of companies. Entry into the Group occurred on the basis of agreements entered into at the end of 1998. These agreements were fulfilled in November 1999 with the acquisition of a controlling interest in the Company; this had been delayed for purely technical reasons.

The Group's Activities

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Equity Investments

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## SUMMARY

Results for the year were very encouraging, being well above budget. Operating income was up by 22.2% for the Group's current businesses (13.6% excluding Pekao Group which was acquired during the year), as was net income, which was 2,490 billion as against 417.7 billion in 1998 (which was net of 1,422.2 billion accelerated amortisation of the residual goodwill produced by the acquisition of Gruppo Credito Romagnolo S.p.A.). The Group's R.O.E. rose from 15.4% in 1998 (before accelerated amortisation) to 21.1% in 1999.

These results were achieved despite unfavourable market conditions in Italy – a sharp fall in short-term interest rates, which limited net interest income – mainly thanks to growth of banking business, to the development of new products and innovative distribution channels and, more generally, to our constant attention to customer needs and careful cost control.

Net interest income was 7,833 billion, up by 10.1% on 1998. Excluding Pekao Group, net interest income fell by 3% due to a narrowing of the spread between interest payable and receivable (customers), which was only partly off-set by the growth in banking business. The fall in net interest income was also due to the distribution of extraordinary dividend amounting to 2,500 billion out of reserves of the banks belonging to the former Unicredito Group, which took place in October 1998 and impacted the full-year result in 1999.

Net commissions were 5,172 billion after the sharp growth seen in 1998, and still show a rise of 29.9% (22.7% excluding Pekao Group) on the back of earnings on assets under management. Earnings on segregated accounts and investment funds totalled 2,138 billion (up by 39.8%), as well as fees arising on the sale of insurance products, which amounted to 281 billion, more than double the 1998 result.

Trading in securities and foreign exchange yielded 656 billion, up by 17.4% over 1998. Excluding Group Pekao, these earnings fell by 10.4% due to less favourable market conditions than those seen in 1998 and despite strong growth in innovative product trading.

Total revenues (including 1,075 billion, being the net of other revenues and other expenses) rose to 14,736 billion, up by 18.5% over 1998 (6.3% excluding Pekao Group).

Administrative expenses showed a rise of 15.7% over 1998. Excluding Pekao Group, this increase was 1% and resulted from the combined effect of a 0.6% fall in staff costs and a 4.1% rise in other expenses, partly in connection with the integration process. Including ordinary depreciation operating expense totalled 8,027 billion, falling to 54.5% of total revenues from 55.8% the previous year (excluding Pekao Group, the cost/income ratio fell to 52.8% in 1999).

Operating income therefore reached 6,709 billion. The Group's portion of net income (2,509 billion) was arrived at after the following profit and loss items, inter alia:

- Provisions in respect of loans and advances and guarantees and commitments, net of write-backs, totalling 1,608.5 billion, as against 1,098.1 billion in 1998. This increase is due in part to Pekao Group net write-down amounting to 211 billion
- Adjustments to the value of financial fixed assets, net of write-backs, totalling 53.2 billion (69.5 billion in 1998).

- Provisions in respect of other risks and expenses and possible loan losses totalling 575 billion (242.9 billion in 1998)
- Net extraordinary income of 1,132.5 billion, of which 624 billion arose out of the sale of equity investments *[item moved]*
- Income tax for the year amounting to 2,337.7 billion and income for the year pertaining to minorities of 642.5 billion.

The Group's market share of domestic loans and advances (customers) grew from 10.38% at end-1998 to 10.98% at end-1999. Market share of total domestic deposits by customers (deposits and bonds issued) also rose, to 10.61% at end-1999, as compared to 10.47% at end-1998.

Loans to customers rose to 197,000 billion, an increase of 18.5% over 1998 (11% excluding Pekao Group). Non-performing loans fell in terms of both the absolute figure and the ratio to total loans (down from 2.62% to 2.14%). Overall, doubtful loans (non-performing, watch-list, restructured loans and emerging country risk) fell as a ratio to total loans from 4.70% at end-1998 to 3.83% at end-1999, while the coverage ratio (bad debt provisions to total loans at nominal value) rose to 43% at end-1999, as compared to 36% at end-1998.

Customer deposits and liabilities represented by securities totalled 207,000 billion, up by 16.3% over 1998 (4.6% excluding Pekao Group). In line with trends in the Italian industry as a whole there was a rise in the proportion held on current account (the most liquid component of deposits), which is attributable to a reduction in the opportunity costs of holding deposits and to expectations that the yield on financial assets would rise.

Despite the increased propensity to remain liquid, indirect deposits grew to 383,000 billion at end-1999, up by 2% over 1998. Assets under management (i.e., investment funds, individuals' and institutions' segregated accounts and life policies) grew sharply – by 34% - and reached 185,000 billion, which consolidates the Group's position in this business.

The Group portion of shareholders equity, amounted to 15,274.7 billion as against 12,935.3 billion at end-98. The capital ratio thus reaches 8.97% (as compared to an 8% requirement), the Tier 1 ratio being 7.60%.

As at 31 December 1999, the Group had 62,288 employees and a network of 3,230 branches. Excluding Pekao Group figures at December 1999, a reduction of 651 employees and an increase of 100 branches were recorded. The network was strengthened by the opening of new types of outlet during the year, with the aim of supplying private client advisory, and by new access to banking services via the Internet.

## COMMERCIAL ACTIVITIES

As of the first phase of integration, the Group's commercial banks had already adopted the macro-segmentation of existing retail/corporate customers used by the Parent company. During 1999, that segmentation entered into practice progressively, bringing changes to the organisational structure of the Federated Banks both at the general management and at the branch level. The conditions to render co-ordination more effective were thereby created in order to develop the Group's activities in those macro-segments on the basis of common strategies.

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## Retail Market

The decline in interest rates, brought about by the convergence of the Euro area, speeded up during the early months of the accounting period, determining very low levels for a large part of the year. This trend has obviously influenced the performance of customer deposits, which represent an important component of total revenues in the retail macro-segment. In the area of assets, the low cost of borrowing has stimulated a slight increase in demand for domestic borrowing principally centred on the acquisition of durable goods, favoured by the revival of the housing market as well as by the introduction of tax incentives for renovation of domestic property.

The trend in mutual fund performance caused by the fall in fixed-income bonds seen in the second part of the year due to the increase in medium-term interest rates also had an impact on the overall picture.

Within this frame of reference, the Group banks have reached projected targets thanks to accurately interpreting the expectations and the needs of consumer households, focusing commercial activities on innovative products and creating of relationships with customers aimed at gaining their loyalty.

The growth in the service sector shown on the Group's retail Profit & Loss Account is significant. These revenues, which represented 55% of retail income in 1999 (48% in 1998), were achieved in part due to the strong position of all the banks in the Assets under Management industry.

In the investment sector, the Group has extended the range of products offered to customers by launching 7 new Gestiveneto funds and has intensified its consulting activities.

Late in the year, the Banking Division of Unicredito Italiano, now Credito Italiano, launched "INVESTOR" an innovative investment programme which, in addition to offering a structured methodology for investigating the needs and risk propensities of the customer, offers a series of direct informational tools via telephone, internet and by way of a dedicated quarterly newsletter. In the first months of the present accounting period, the product was extended to Group Banks.

All the banks of the Group have moreover reported significant performance in the Bancassurance sector, principally thanks to the commercialisation of unit-linked products, in which Credito Italiano has been the national market leader since 1998.

The collection of new premiums in the "life" business reached more than 5,600 billion (2,100 billion in 1998, value therefore having more than doubled) reaching a Bancassurance market share of 15.1% (27.2% in Unit Linked business with new premiums of around 4,500 billion).

All the Group's customers, also, are offered current account "packages" with predetermined fixed fee is; in addition to the Genius account at Credito Italiano (launched in 1997, the first of its kind), and Rolo Banca and the Idea account at Banca CRT, the Max account at Cariverona, the Domus 2000 account at Cassamarca and the Clesio account at Caritro have been created.

In 1999 all the banks in the Group opened Private Banking branches. These units offer an integrated and standardized range of services aimed at satisfying the needs of customers not only in the financial field but also, with regard to inheritance and tax planning and the management of artistic property.

During the period the development of complementary distribution channels in the branch networks has been particularly significant. In fact the activity of the Group's "call centre", already operative for Credito Italiano customers, has been intensified, and this service will be extended to the other banks.

At the end of 1999, around 225,000 private customers were making use of the centre, while the new service specifically aimed at small and medium-sized businesses numbered over 18,000 new users (operative from March 1999).

The Banks offer a well-developed range of informative and operational Internet services. In this regard it is worth mentioning trading in securities operations on the Cariverona and Cassamarca Home Banking service. At end 1999 the Group had more than 35,000 "on-line" customers, showing rapid growth in the current year due to the expansion of services offered by the web sites of the Group banks.

In 1999 integration of the networks of Promotori Fida Sim and Unicredit Sim (previously Credit Consult) was completed. There were 1,435 financial promoters at the end of 1999.

### Corporate Market

Year 1999 has seen strengthening of the Corporate area at Group level. In total, the Parent Company and the Federated Banks in this segment have recorded an increase in total "managerial" revenues of approximately 11% over the preceding year. As in the retail segment notwithstanding the growth of values, the reduction in market rates in the corporate segment has determined, a decrease in deposit income, although if in this case the impact on revenue has been more contained. That decrease has been more than offset by the increase in loan income, the most important component of revenue, determined by the sustained growth in volumes brokered.

Net commissions show an increase of approximately 23%, with particularly significant growth in Assets under Management and interest and exchange rate derivatives.

During the course of 1999 the Bank pursued two major strategies:

- creating or refining through dedicated operating structures at the Federated Banks both through improving the tools available to the sales network for managing customer relations and through head office structures geared to identifying the best marketing activities and commercial initiatives.
- improvement and expansion of the range of products offered, focusing on more innovative services.

With regard to the first, with the aim of a better understanding customer needs, all the banks have introduced criteria of corporate segmentation for clients and have revised their organisational structures. By early 2000, the new organisation of sales networks will come into force with the introduction of Corporate Managers: high-profile professionals dedicated to analysing and meeting the companies management needs.

With regard to the range of products and services offered, there was:

- a major thrust towards specialised products for financial risk management (interest and exchange rate derivatives), liquidity management (segregated accounts) and insurance products;
- an increase in the collection and payment services offered with a greater focus on electronic systems, as also demonstrated by the sharp rise in new electronic banking contracts; moreover the foundations have been laid for further evolution of the Electronic Banking offered by the Group, by means of specific new projects on new digital channels.

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The recent creation of Merchant bank Unicredit Imprese, specialising in corporate finance, has given a strong boost to the M&A and Acquisition Finance sectors. In fact, some of the most notable results achieved are due to arranging and financing the acquisition and development of the "non-food" division of Standa by the COIN Group and for the MBO of Vobis Computer and finally as co-arranger of the financing for the LBO of Seat Yellow Pages. At the same time, the Project Financing unit has been strengthened by its new capacity to offer financial and advisory services also to Public Bodies (both central and local).

On the organisational front, in 2000 the implementation of new of commercial management systems for the network Credito Italiano sales is planned and will subsequently be extended to the other banks of the Group.

Finally, in the area of Product Companies (see figures reported in the chapter on performance of the principal banks of the Group) the streamlining, as set out in the Unicredito Italiano Group Constitution Plan has been implemented.

The Group is now operating:

- in the leasing sector with Locat, market leader;
- in the factoring sector with Unicredit Factoring;
- in the medium-long term with Banca Mediocredito;
- in the company risk insurance sector with Broker Credit.

The executive project for combining tax collection branches and companies is scheduled to start up in 2000.

### **Guarding Against Credit Risk**

In the last few years UniCredito Italiano has strengthened its business regarding measurement, control and management of all kinds of risk (credit risk - market risk - operating risk) as a direct consequence of the Group's increasing presence in the various sectors of the domestic and international markets.

The Parent Company, in close collaboration with subsidiaries and affiliates, plans credit risk policies and strategies. The Parent Company therefore has the centralised role of overseeing the assumption of risks, both as regards the methodology adopted and ensuring the limits placed on the individual activities are respected.

### **Credit Risk**

As far as lending activities are concerned, the Credit Department of the Holding Company is responsible for assessing credit risk for the group as a whole.

Essentially credit risk has three aspects: specific component of risk for each borrower, portfolio risk and country risk. These are guarded against both at the time that of lending is disbursed and during the 'life' of the loan by way of standard supervision. In particular, within every Group company customers are categorised according to their different businesses, for each of which a specific model for guarding against credit risk has been developed.

The Federated banks also use the methods adopted by the Credito Italiano division: the implementation of the rationale and the instruments is currently being extended to the Cassa di Risparmio di Torino and will gradually become operative within all the Group Banks.

Country risk is managed using "maximum risk levels" that can be assumed with regard to banks, government entities, financial institutions and companies located or connected to a certain country. The assessment of the risk level of a given country is performed through a review of that country's major macroeconomic data, its political situation and the ratings attributed by major international specialised companies.

### Market Risk

In 1999 the Finance Department of the Parent Company created and implemented a new system for monitoring market risk expressed in terms of Value-at-Risk (VAR). The internal model was planned in such a way as to be easily utilized by every company of the Group.

The calculated VAR represents a statistical measure which allows the quantification of potential loss to an investment portfolio, based on the possible fluctuations of value of the portfolio, over a determined period of time ("holding period"), within an established level of confidence. The model developed for measuring VAR is based on "historical simulation". The parameters used are based on one-year market observation period, a level of confidence between 98% and 99%, a holding-period of one day and daily updating of the historical series.

Together with the monitoring of VAR, the Board of Directors of the Parent Company has the responsibility for setting general operational limits in terms of VAR and Stop-loss for each activity of all Group companies. Subsequently, the individual subsidiary companies (for example, UBM) set the operational limits for the individual operating units expressed in terms of VAR.

The integration plan establishes that the daily measurement of VAR will be carried out in the year 2000 for all Group bodies that assume market risks.

### Liquidity Gap Analysis

In 1999 the Parent Company introduced and produced quarterly report of LGA at Group level, for the individual federated banks and principal companies, containing the following analyses:

- Assets and Liabilities classified by maturity according to brackets provided by the Bank of Italy at the date of audit, calculation of liquidity gap and liquidity ratio;
- evolution of deposits and irredeemable, long-term, medium-term, short-term loans and liquidity calculated at the date of audit of the current year, on the basis of projected pre-closure and planning;
- monitoring of maturities between Assets and Liabilities.

This reporting system is currently being developed for CariTrieste and Bank Pekao, as is a re-pricing analysis system which classifies assets and liabilities by initial repricing date.

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## THE ORGANISATIONAL EVOLUTION OF THE GROUP

Over the accounting period, UniCredito Italiano Group, in a market characterised by increasing specialisation and competition, developed both in terms of size, thanks to the expansion described in the Introduction, and in terms of organisation, reaching the economies of scale and purpose set out in the business plan.

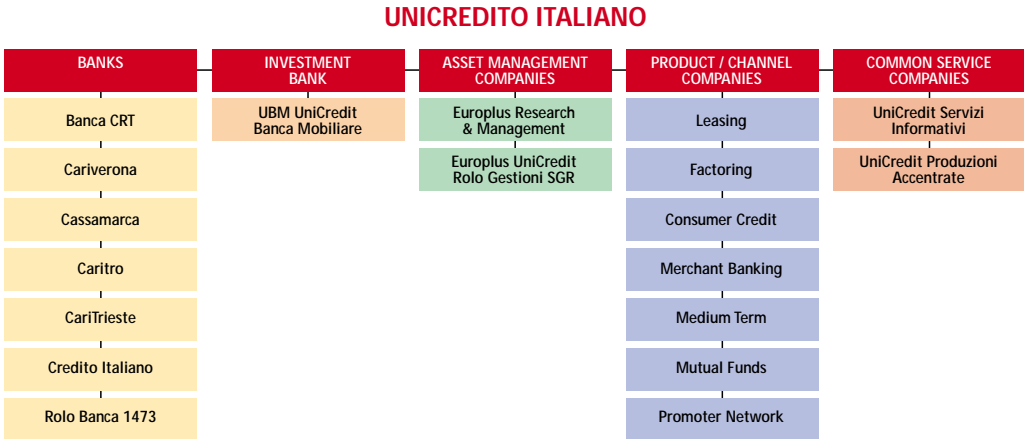
In fact, the gradual transformation of the Group has been achieved according to the federal multi-business model adopted, with the aim of maximising:

- business development capacity, with the federated banks focusing on commercial activity and regional coverage, by the centralisation of strategy and of innovative programmes and the unification of particular business sectors in specialised companies;
- Group efficiency, by uniting the Product Companies and merging the service functions with the Parent Company or with specialised companies to achieve synergy.

The organisation of the Group, reached through of changes to the managerial structure of the Parent Company and the subsidiaries, provides for the separation and the specialisation of the functions of production, distribution, services and management and comprises four fundamental components:

- **An Operative Parent Company** (UniCredito Italiano S.p.A.), which has the double responsibility of direction and strategy of the Group and operative management of the functions which bring about considerable economies of scale and purpose.
- **Market and Business Specialist Coverage Units.** Such units include the commercial banks, UniCredit Banca Mobiliare S.p.A. and the Asset Management companies. The specialised federal multi-business model provides that the commercial banks are responsible for coverage and development of the markets served. In order to strengthen market position they can rely on not only existing products, product innovations and operating and distribution models from the Parent Company. In this way, the potential offered by economies of scale and purpose, by the investment capacity of the Group and by the greater coverage of local markets can be better exploited.
- **Product Companies** (Factoring, Leasing, Medium Term, etc.). Such companies, being integrated, guarantee economies of scale and a uniform range of high quality products for the Group.
- **Common Services Companies of the Group** Such companies are responsible for the unification, development and management of information technology systems for the other Group entities (U.S.I.) and for centralisation of the service centres (U.P.A.).

The following chart illustrates the structure of the Group (with the exclusion of Pekao Group).



This reorganisation of the Group combines the significant economic benefits of centralisation of production functions with the advantages of commercial autonomy for the distribution network. Centralisation of production functions in dedicated companies or organisational units guarantees a competitive advantage in cost structure to improve profitability and/or market position and allows greater availability of resources for management and extension of the range of products offered to retail and corporate customers, as well as greater change to optimise production processes with the aim of raising the level of service to reach that of the market leaders.

In particular, as far as the market and business specialist coverage units are concerned, in order to implement the Group's federal integration plan, a new banking company named Credito Italiano S.p.A. has been established, with capital of 1,550 million Euros fully. Paid by UniCredito Italiano through the assignment of its own branch, "Divisione Banca Credito Italiano".

Credito Italiano, which commenced operations on 1 January 2000, comes alongside the federated banks of the Group, CRT S.p.A., Cariverona Banca S.p.A., Cassamarca S.p.A. and Rolo Banca 1473 S.p.A. with the aim of consolidating and expanding customer relationships and maximising the economic value and quality of financial services supplied in its territory, in the Corporate and Retail customer segment.

In order to implement the Group federal integration plan, towards the end of the year the controlling interest (75.02%) in Cassa di Risparmio di Trento e Rovereto S.p.A. held by Fondazione Cassa di Risparmio di Trento e Rovereto was acquired by way of a reserve capital increase. The latter bank has a strong regional presence. The project of aggregation with the "Cassa" was supported by the public offer made by UniCredito Italiano to repurchase a residual share capital. After the offer the stake held in Caritro rose to 96.81%.

Also towards the end of the year, by resolution of the Board of Directors of UniCredito Italiano, an increase in share capital was authorised in order to purchase a stake (36.39%) in Cassa di Risparmio di Trieste Banca S.p.A. from Fondazione Cassa di Risparmio di Trieste and from Assicurazioni Generali S.p.A. which allows UniCredit (already stakeholder of 27.97%) to acquire a controlling interest. This operation was aimed at strengthening the Group in this particularly interesting area of the domestic market.

The plan to concentrate the Group's investment banking business in a new banking company, UniCredito Banca Mobiliare S.p.A., was implemented. The aim of the operation was to develop wholesale activities on the financial market and to offer high quality service to the Federated Banks, by way of achieving economies of scale in cost structures and expanding the range of products offered to customers, thereby improving quality and competitive position. UniCredito Banca Mobiliare S.p.A. commenced operations on 1 January 2000, and in addition to developing an autonomous business in the institutional sector and in wholesale markets, will provide brokerage service to the Federated Banks

During the year several projects were initiated, aimed at cost containment, economic benefits through centralisation and reorganisation of the product companies, rationalisation of management function and reduction of expenses which the commercial department sustains for support and production activities were initiated.

As regards the "Common Services Companies of the Group", the aggregation of the Group's information technology and centralised processing in two companies, UniCredito Servizi Informativi (previously Gruppo Credit Servizi) and UniCredito Produzioni Accentrate is being carried out. The implementation of unification, management and development of Group information technology,

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and the centralisation of the data processing services of the Group Banks is assigned to the former company, while the latter is responsible for the direction and supply of central services, with the aim of optimising price-quality ratios.

The foundations have been laid for the creation of a specialised debt recovery Group company within the subsidiary Mediovenzie Banca S.p.A. which, to this end, will assign its "performing" business to Cariverona Banca S.p.A., and retain "non-performing" business. The plan for the split-off has already been approved at the General Meetings of the aforementioned banks by resolution of the respective Boards of Directors. The new "mission" of Mediovenzie Banca S.p.A. will be initiated during the 2000 accounting period.

The need for central management of non-performing loans by a specialised structure operating for the federated banks and the other Group companies is motivated by the need for greater focus on recovery activities, by the potential economies of scale in loan management, and by the greater ease in structuring and management of possible debt securitisation transaction.

In the area of the Product Companies directly or indirectly controlled by the Parent Company, reorganisation has proceeded by way of infra-group concentration.

In particular, in the "leasing" sector, business has been concentrated in Locat S.p.A., a company listed on the Stock Exchange, which, incorporating with accounting and fiscal effects from 1 January 1999, Findata Leasing S.p.A. and Quercia Leasing S.p.A. - respectively subsidiaries of Banca CRT S.p.A. and of Cariverona Banca S.p.A. - has assumed the dual role of Product Company of the banks of the Group and of autonomous distribution and production business through its own branch network. The concentration will lead to important benefits by way of synergy on operating costs, strengthening of leadership in the different segments of the market by way of the reinforcement of distribution channels and the enlargement of its own business areas.

In the "factoring" sector too, business has been centralised in Credit Factoring International S.p.A. which has incorporated Quercia Factoring S.p.A., taking the name UniCredit Factoring S.p.A.

In order to consolidate and reinforce the Group's market position, there by developing new business, by way of the introduction of new channels, aimed at moving transactions towards automated on-line means, the plan for the creation of an "on-line securities brokerage company" named "UniTrade Sim S.p.A." has been initiated. The company, which will be operative in the first six months of 2000, aims to offer to customers, by way of direct channels such as Internet and telephone, advanced on-line trading services such as securities dealing, analytical tools, support for investment decisions and information on securities and markets.

Also with an eye to developing new business opportunities, the creation of a Group Merchant Bank has been planned. To this end, the task of initiating activity in this interesting field has been assigned to a Group company, Comeba S.p.A. (now UniCredit Imprese S.p.A), with the aim of exploiting its strong regional presence in the most industrialised areas of the country.

The streamlining process has also involved the promotional companies, with the integration in UnicreditSim S.p.A., by way of partial split-off with effect from 1 January 2000, of the network of promoters, headed by Fida Sim S.p.A., a wholly-owned subsidiary of Banca CRT S.p.A. This integration, which will not involve the sacrifice of brand names so that relationships with customers of the

single networks may be maintained and enhanced, will permit the reduction of operating costs, maximise commercial effectiveness of the structure thanks to the sharing of best business practices and facilitate the management of relationships with the Product Companies of the Group and in particular with insurance partners.

The Group's growth in the **international area** was directed towards Central and Eastern European countries. These markets, characterised by high growth rates, present interesting prospects for development even in the medium-term, considering the expected integration with Western European markets. Poland, in particular shows appropriate characteristics both in terms of size (population equal to almost 40% of the entire population of Central and Eastern Europe) and in terms of development (real annual average growth equal to 5.5% over the period from 1990-1997). The banking sector, moreover, shows considerable potential especially in the retail market where only 50%, of 12 million families, have banking relationships

Unicredito Italiano therefore decided to take part in the selection promoted by the Treasury Minister of the Republic of Poland for the privatisation of Bank Pekao, at the end of which it was chosen for to acquire a stake equal to 50.09% of the Bank. With regard to size, Bank Pekao, created by the merger of four regional banks with strong regional presence, with almost 700 branches and 3 million customers, is the first or second Polish bank, with a market share on the order of 15-20%, depending on the indicator or variable considered. Bank Pekao is part of a group, with an international network, operating in various sectors of financial intermediation.

Apart from the acquisition of Bank Pekao, the Group has further projects in hand for possible acquisitions in Eastern-Central Europe. Reaching a position of prominence in those markets, in addition to improving growth prospects in the medium term, would create an opportunity for the Group to assume a significant role in the wider European context as well.

The international presence of the Group has been strengthened in the asset management sector, by way of creation of two new companies with head offices in Dublin. The first, Europlus Alternative Investments Limited, is a company formed under Irish law specialising in consultancy and management of "hedge funds". The second, which is called Europlus Funds Management Limited, is involved in the production and distribution of collective investment instruments under Irish law.

Finally, the Group has a new company formed under Irish law, called Euro Capital Structures Limited, with its registered office in Dublin, which will work in the sector of "securitisation" transactions.

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## THE BASIS OF CONSOLIDATION

The basis of consolidation, is constituted by UniCredito Italiano S.p.A. (Parent Company) and by the companies in which the Parent Company owns, directly or indirectly, the majority of voting rights and also by companies controlled by virtue of statutory dispositions and shareholders' agreements (dominating influence) operating in the banking and financial sectors or which carry out exclusively or principally an auxiliary activity for the Group companies. These companies are consolidated with the full consolidation method (Pekao Group is consolidated on the basis of its own consolidated Financial Statement) with the exception of:

- companies subject to liquidation procedures (valued at cost);
- companies which due to size are considered irrelevant with regard to clarity of the Financial Statement, in terms of Article 9, paragraph 1 of Legislative Decree 87/92 (valued at net worth).

Credito Fondiario e Industriale FONSPA S.p.A. is included in the Basis of Consolidation insofar as it is jointly controlled with another company on the basis of agreement. In terms of Article 35 of Legislative Decree 87/92, the company is consolidated with the proportional consolidation method.

Also included in the Basis of Consolidation are the companies:

- controlled, directly and/or indirectly, or jointly which carry out activities other than banking, finance or auxiliary.
- in which the stake held, directly and/or indirectly, is between 20% and 50%.

Such companies are valued at net worth .

Excluded from the Basis of Consolidation are companies subject to considerable influence but of little significance, those intended for sale or non-operative, which are valued at cost.

For the full list of significant equity investments with directions on the relative methods of consolidation refer to section 3.1 "Significant Equity Investments" shown in the "Notes to the Financial Statement" .

With respect to the preceding accounting period the basis of full consolidation shows a significant increase from 48 to 56, due to the following entries:

- Pekao Group (9 companies)
- Cassa di Risparmio di Trento e Rovereto S.p.A.
- UniCredit Banca Mobiliare S.p.A. (new formation)
- UniCredit Produzioni Accentrate Società Consortile per Azioni (new formation)
- UniCredit (Suisse) Bank S.A. and Europlus Asset Management S.A. (transferred from the Basis of Consolidation at net worth).

Partly compensated for by the exit of:

- Banca Popolare di Rieti S.p.A. (incorporated by UniCredito Italiano S.p.A.)
- Quercia Leasing S.p.A. and Findata Leasing S.p.A. (incorporated in Locat S.p.A.)
- Quercia Factoring S.p.A. (incorporated in UniCredit Factoring S.p.A.)
- Adria Leasing S.p.A. (hived off)
- Banca CRT Financial corporation (liquidation)

## Fully consolidated subsidiaries or affiliates consolidated by the proportional method.

| COMPANY/HEAD OFFICE  | PERCENTAGE OF SHAREHOLDINGS |          | ASSETS (BILLIONS OF LIT) (*) | RATIO ASSETS/ AGGREGATE | OPERATING INCOME (BILLIONS OF LIT) (*) | RATIO OPERATING INCOME/ AGGREGATE |
|--|-----------------------------|----------|------------------------------|-------------------------|--|-----------------------------------|
|  | DIRECT                      | INDIRECT |                              |                         |  |                                   |
| <b>Fully consolidated subsidiaries</b>                               |                             |          |                              |                         |  |                                   |
| <b>Domestic Banks Italy</b>  |                             |          |                              |                         |  |                                   |
| UNICREDITO ITALIANO S.p.A.   |                             |          |                              |                         |  |                                   |
| Genoa  | PARENT COMPANY              |          | 158,600.8                    | 40.0%                   | 3,066.9                                | 34.9%                             |
| BANCA DI BERGAMO S.p.A.  |                             |          |                              |                         |  |                                   |
| Bergamo  | 86.14%                      |          | 260.4                        | 0.1%                    | - 4.6                                  | —                                 |
| BANCA CRT S.p.A.   |                             |          |                              |                         |  |                                   |
| Turin  | 100.00%                     |          | 34,196.5                     | 8.6%                    | 933.1                                  | 10.6%                             |
| CARIVERONA BANCA S.p.A.  |                             |          |                              |                         |  |                                   |
| Verona   | 99.72%                      |          | 31,869.7                     | 8.0%                    | 927.0                                  | 10.5%                             |
| CASSA DI RISPARMIO TRENTO E ROVERETO S.p.A.                          |                             |          |                              |                         |  |                                   |
| Trento   | 96.77%                      | (a)      | 5,975.8                      | 1.5%                    | 86.6                                   | 1.0%                              |
| CASSAMARCA S.p.A.  |                             |          |                              |                         |  |                                   |
| Treviso  | 100.00%                     |          | 6,498.3                      | 1.6%                    | 146.1                                  | 1.7%                              |
| ROLO BANCA1473 S.p.A.  |                             |          |                              |                         |  |                                   |
| Bologna  | 19.90%                      | 44.77%   | 79,008.5                     | 19.9%                   | 1,621.9                                | 18.5%                             |
| UNICREDIT BANCA MOBILIARE S.p.A.                                     |                             |          |                              |                         |  |                                   |
| Milan  | 100.00%                     |          | 15.2                         | —                       | - 0.1                                  | —                                 |
| BANCA MEDIOCREDITO S.p.A.  |                             |          |                              |                         |  |                                   |
| Turin  |                             | 62.42%   | 11,907.5                     | 3.0%                    | 162.8                                  | 1.8%                              |
| MEDIOVENEZIE BANCA S.p.A.  |                             |          |                              |                         |  |                                   |
| Verona   |                             | 99.78%   | 6,722.9                      | 1.7%                    | 121.1                                  | 1.4%                              |
|  |                             |          | <b>335,055.6</b>             | <b>84.5%</b>            | <b>7,060.8</b>                         | <b>80.4%</b>                      |
| <b>Domestic Financial Companies</b>                                  |                             |          |                              |                         |  |                                   |
| CORDUSIO Società Fiduciaria per Azioni                               |                             |          |                              |                         |  |                                   |
| Milan  | 100.00%                     |          | 8.5                          | —                       | 2.0                                    | —                                 |
| CREDIT CARIMONTE S.p.A.  |                             |          |                              |                         |  |                                   |
| Modena   | 51.00%                      |          | 2,616.3                      | 0.7%                    | 345.2                                  | 3.9%                              |
| CREDITRAS PREVIDENZA Società per Azioni di Intermediazione Mobiliare |                             |          |                              |                         |  |                                   |
| Milan  | 50.00%                      |          | 6.3                          | —                       | - 0.5                                  | —                                 |
| EUROPLUS UNICREDIT ROLO S.G.R. S.p.A.                                |                             |          |                              |                         |  |                                   |
| Milan  | 65.00%                      | 35.00%   | 70.5                         | —                       | 3.2                                    | —                                 |
| FIDITALIA S.p.A.   |                             |          |                              |                         |  |                                   |
| Milan  | 50.00%                      |          | 3,348.6                      | 0.8%                    | 130.0                                  | 1.5%                              |
| GESTICREDIT S.G.R. p.A.  |                             |          |                              |                         |  |                                   |
| Milan  | 100.00%                     |          | 219.4                        | 0.1%                    | 116.1                                  | 1.3%                              |
| LOCAT S.p.A.   |                             |          |                              |                         |  |                                   |
| Bologna  | 54.59%                      | 33.89%   | 11,344.4                     | 2.9%                    | 188.9                                  | 2.1%                              |
| UNICREDITSIM S.p.A.  |                             |          |                              |                         |  |                                   |
| Milan  | 89.82%                      | 10.18%   | 61.9                         | —                       | 7.3                                    | 0.1%                              |
| UNICREDIT FACTORING S.p.A.   |                             |          |                              |                         |  |                                   |
| Milan  | 66.67%                      | 33.33%   | 1,251.6                      | 0.3%                    | 8.0                                    | 0.1%                              |
| COMEBA S.p.A.  |                             |          |                              |                         |  |                                   |
| Milan  |                             | 100.00%  | 6.1                          | —                       | 2.1                                    | —                                 |
| CON.RI.T. S.p.A.   |                             |          |                              |                         |  |                                   |
| Turin  | 100.00%                     |          | 1,007.8                      | 0.3%                    | 8.4                                    | 0.1%                              |
| ESAMARCA S.p.A.  |                             |          |                              |                         |  |                                   |
| Treviso  | 100.00%                     |          | 133.8                        | —                       | 2.1                                    | —                                 |
| FIDASIM S.p.A.   |                             |          |                              |                         |  |                                   |
| Turin  | 100.00%                     |          | 147.2                        | —                       | 24.3                                   | 0.3%                              |
| FRT - FIDUCIARIA RISPARMIO TORINO SIM S.p.A.                         |                             |          |                              |                         |  |                                   |
| Turin  | 100.00%                     |          | 25.3                         | —                       | 10.4                                   | 0.1%                              |
| FONDINVEST RISPARMIO S.G.R. S.p.A.                                   |                             |          |                              |                         |  |                                   |
| Turin  | 100.00%                     |          | 245.4                        | 0.1%                    | 13.5                                   | 0.2%                              |
| GESPRO S.p.A.  |                             |          |                              |                         |  |                                   |
| Modena   | 68.00%                      |          | 144.4                        | —                       | 4.2                                    | —                                 |
| GESTIVENETO S.G.R. S.p.A.  |                             |          |                              |                         |  |                                   |
| Verona   | 100.00%                     |          | 59.4                         | —                       | 11.2                                   | 0.1%                              |
| ROLOFOND S.G.R. S.p.A.   |                             |          |                              |                         |  |                                   |
| Bologna  | 100.00%                     |          | 90.1                         | —                       | 7.4                                    | 0.1%                              |
| SOGEFACTOR S.r.l.  |                             |          |                              |                         |  |                                   |
| Milan  |                             | 98.80%   | 57.1                         | —                       | 14.5                                   | 0.2%                              |
|  |                             |          | <b>20,844.1</b>              | <b>5.3%</b>             | <b>898.3</b>                           | <b>10.2%</b>                      |

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| COMPANY/HEAD OFFICE                 | PERCENTAGE OF SHAREHOLDINGS |          | ASSETS (BILLIONS OF LIT.) (*) | RATIO ASSETS/ AGGREGATE | OPERATING INCOME (BILLIONS OF LIT.) (*) | RATIO OPERATING INCOME/ AGGREGATE |
|-------------------------------------|-----------------------------|----------|-------------------------------|-------------------------|---|-----------------------------------|
|                                     | DIRECT                      | INDIRECT |                               |                         |   |                                   |
| <b>Domestic Ancillary Companies</b> |                             |          |                               |                         |   |                                   |
| UNICREDIT PRODUZIONI ACCENTRATE     |                             |          |                               |                         |   |                                   |
| Società Consortile per Azioni       |                             |          |                               |                         |   |                                   |
| Milan                               | 88.00%                      | 12.00%   | 4.9                           | —                       | - 0.1                                   | —                                 |
| UNICREDIT SERVIZI INFORMATIVI       |                             |          |                               |                         |   |                                   |
| Società Consortile per Azioni       |                             |          |                               |                         |   |                                   |
| Milan                               | 88.00%                      | 12.00%   | 77.5                          | —                       | 0.4                                     | —                                 |
| IMMOBILIARE ARCHI S.r.l.            |                             |          |                               |                         |   |                                   |
| Bologna                             |                             | 100.00%  | 73.3                          | —                       | 0.6                                     | —                                 |
| NETTUNO S.r.l.                      |                             |          |                               |                         |   |                                   |
| Modena                              |                             | 100.00%  | 20.1                          | —                       | 0.3                                     | —                                 |
| QUERCIA SOFTWARE S.p.A.             |                             |          |                               |                         |   |                                   |
| Verona                              |                             | 100.00%  | 15.8                          | —                       | 5.3                                     | 0.1%                              |
| TRIVIMM S.p.A.                      |                             |          |                               |                         |   |                                   |
| Verona                              |                             | 73.00%   | 20.4                          | —                       | 0.2                                     | —                                 |
|                                     |                             |          | <b>212.0</b>                  | <b>—</b>                | <b>6.7</b>                              | <b>0.1%</b>                       |
| <b>Banks registered abroad</b>      |                             |          |                               |                         |   |                                   |
| BANQUE MONEGASQUE                   |                             |          |                               |                         |   |                                   |
| DE GESTION S.A.                     |                             |          |                               |                         |   |                                   |
| Monaco (Montecarlo)                 | 100.00%                     |          | 625.9                         | 0.2%                    | 8.3                                     | 0.1%                              |
| CREDITO ITALIANO                    |                             |          |                               |                         |   |                                   |
| FINANCE CORPORATION LIMITED         |                             |          |                               |                         |   |                                   |
| Nassau                              | 100.00%                     |          | 158.3                         | —                       | 6.9                                     | 0.1%                              |
| UNICREDIT (SUISSE) BANK S.A.        |                             |          |                               |                         |   |                                   |
| Lugano                              | 100.00%                     |          | 63.2                          | —                       | - 1.6                                   | —                                 |
| UNICREDITO ITALIANO BANK            |                             |          |                               |                         |   |                                   |
| (IRELAND) PLC                       |                             |          |                               |                         |   |                                   |
| Dublin                              | 100.00%                     |          | 5,252.8                       | 1.3%                    | 17.9                                    | 0.2%                              |
| BANCA AGRICOLA COMMERCIALE          |                             |          |                               |                         |   |                                   |
| DELLA REPUBBLICA                    |                             |          |                               |                         |   |                                   |
| DI SAN MARINO S.A.                  |                             |          |                               |                         |   |                                   |
| Borgo Maggiore (San Marino)         |                             | 85.65%   | 2,323.4                       | 0.6%                    | 42.2                                    | 0.5%                              |
|                                     |                             |          | <b>8,423.6</b>                | <b>2.1%</b>             | <b>73.7</b>                             | <b>0.8%</b>                       |
| <b>Financial Companies</b>          |                             |          |                               |                         |   |                                   |
| <b>Registered Abroad</b>            |                             |          |                               |                         |   |                                   |
| EUROPLUS ASSET MANAGEMENT S.A.      |                             |          |                               |                         |   |                                   |
| Luxembourg                          | 100.00%                     |          | 49.8                          | —                       | 24.1                                    | 0.3%                              |
| EUROPLUS RESEARCH & MANAGEMENT LTD  |                             |          |                               |                         |   |                                   |
| Dublin                              | 65.00%                      | 35.00%   | 177.5                         | —                       | 128.7                                   | 1.5%                              |
| TYRERESCOM LTD                      |                             |          |                               |                         |   |                                   |
| Dublin                              | 100.00%                     |          | 50.3                          | —                       | 2.4                                     | —                                 |
| UNICREDIT DELAWARE INC.             |                             |          |                               |                         |   |                                   |
| Dover                               | 100.00%                     |          | 549.0                         | 0.1%                    | ••                                      | —                                 |
| CARIVERONA IRELAND LTD              |                             |          |                               |                         |   |                                   |
| Dublin                              |                             | 100.00%  | 1,174.6                       | 0.3%                    | 11.5                                    | 0.1%                              |
| GESTIVENETO LUXEMBOURG S.A.         |                             |          |                               |                         |   |                                   |
| Luxembourg                          |                             | 100.00%  | 0.5                           | —                       | 0.1                                     | —                                 |
| ROLO INTERNATIONAL                  |                             |          |                               |                         |   |                                   |
| ASSET MANAGEMENT S.A. (RIAM)        |                             |          |                               |                         |   |                                   |
| Luxembourg                          |                             | 99.00%   | 114.1                         | —                       | 110.8                                   | 1.3                               |
|                                     |                             |          | <b>2,115.8</b>                | <b>0.5%</b>             | <b>277.6</b>                            | <b>3.2%</b>                       |
| <b>BANK PEKAO GROUP</b>             | <b>50.09%</b>               |          | <b>27,642.5</b>               | <b>7.0%</b>             | <b>471.6</b>                            | <b>5.4%</b>                       |

#### Proportional Method

##### Domestic Bank (Italy)

CREDITO FONDIARIO E INDUSTRIALE

FONSPA S.p.A.

Rome **24.92%** **2,021.4** **0.5%** **- 2.2** **—**

(a) The stake of 96.77% in Caritro S.p.A. refers to share capital with voting rights; 96.81% of the entire share capital.

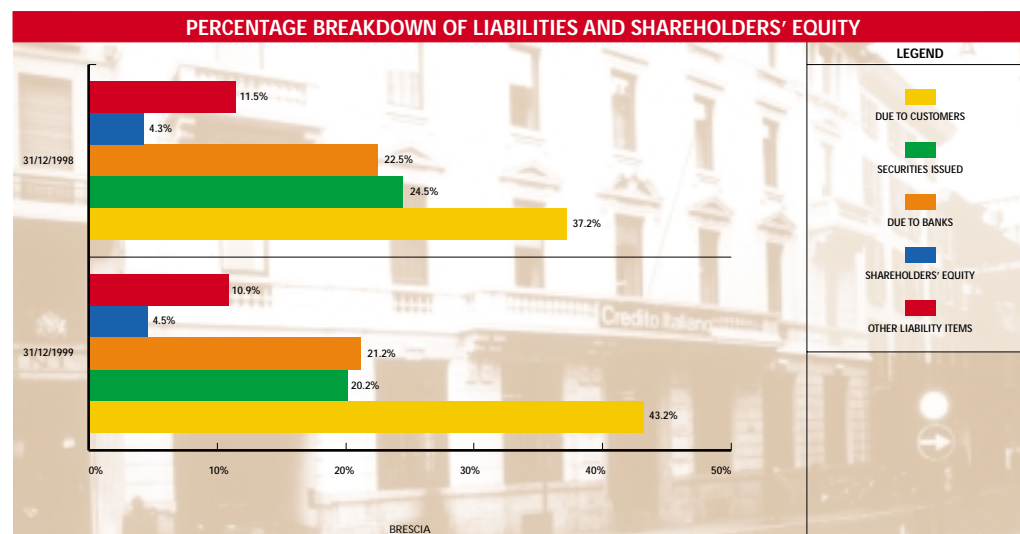
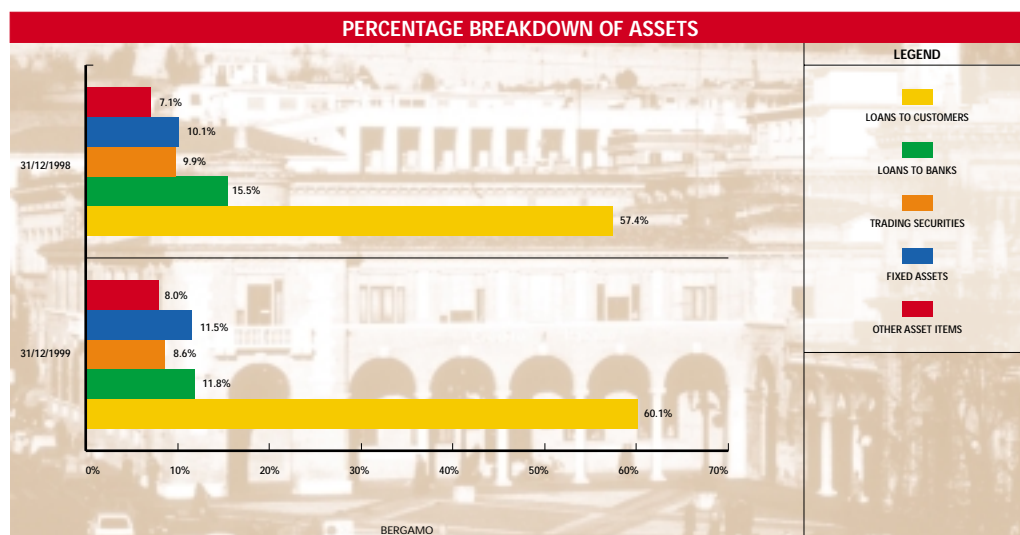
(b) The stake of 99.78% in Mediobanca S.p.A. refers to share capital with voting rights excluding their own shares; 98.62% of the entire share capital.

# Operating Performance

As regards the principal changes to the Basis of Consolidation, refer to the Introduction. It should be noted, moreover, that the Group companies have applied the deferred taxation accounting procedures as established by the Stock Exchange Commission document No. 99059010 of 30 July 1999 and by Disposition of the Governor of the Banca d'Italia of 3 August 1999 published in the Gazzetta Ufficiale No. 188 of 12 August 1999. The methods of application and effects on the Balance Sheet and Profit & Loss Account for 1999 are set out in Part A of the Notes to the Financial Statement.

The following is a concise restatement of the Balance Sheet and Profit & Loss Account figures as at 31 December 1999 expressed in Italian Lira and compared to that of 31 December 1998.

The Balance Sheet, Profit & Loss account and the tables considered most important are shown **expressed in Euros**, in a special section of the annexes.



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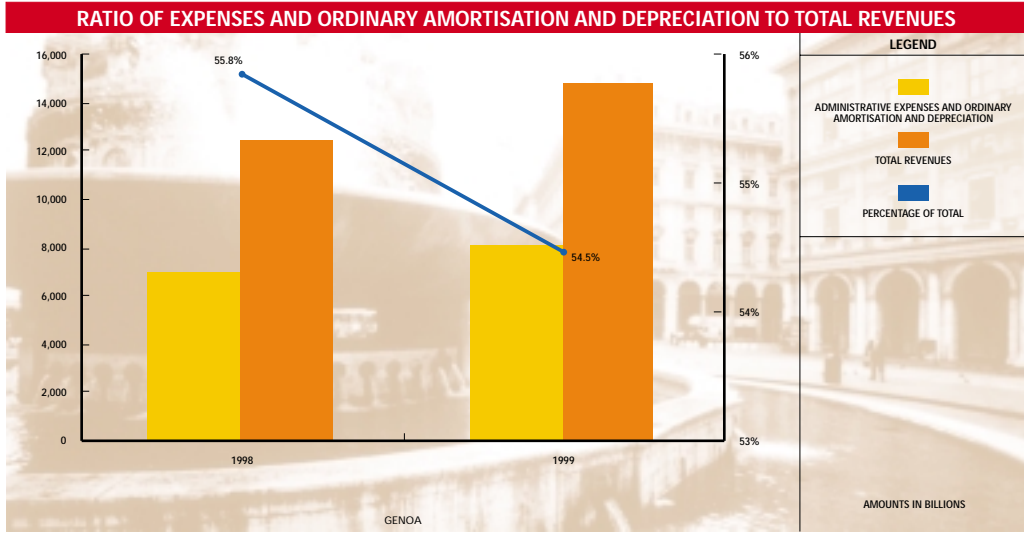
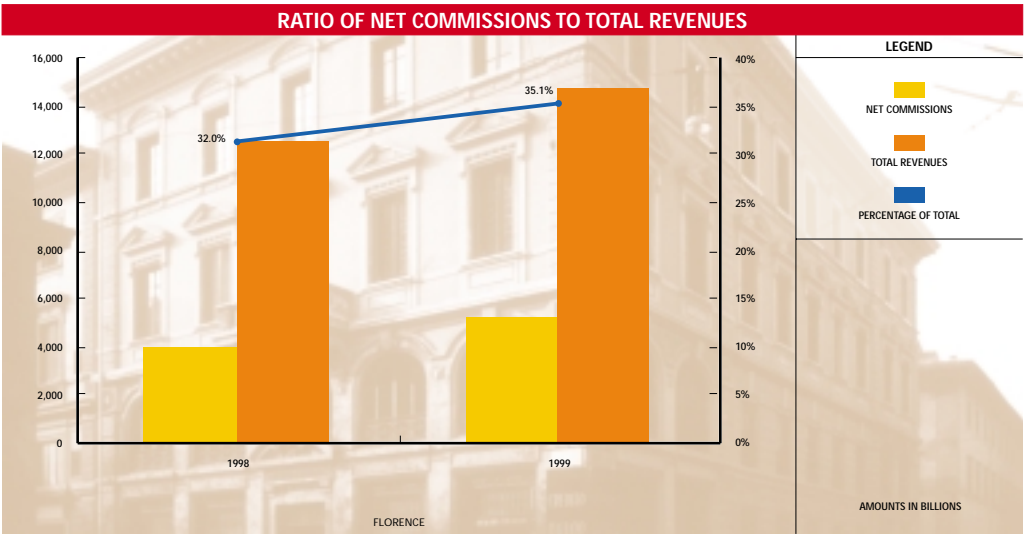
## RECLASSIFIED CONSOLIDATED BALANCE SHEET

| ASSETS   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                  |                |
|--|---|------------------|------------------|----------------|
|  | AMOUNTS AT                                |                  | CHANGE           |                |
|  | 31/12/1999                                | 31/12/1998       | ABSOLUTE         | %              |
| 1. Cash and deposits with central banks and post offices | 2,200.5                                   | 1,217.8          | + 982.7          | + 80.7%        |
| 2. Due from:   |   |                  |                  |                |
| - customers  | 196,680.7                                 | 165,980.5        | + 30,700.2       | + 18.5%        |
| - banks  | 38,739.4                                  | 44,820.2         | - 6,080.8        | - 13.6%        |
| 3. Trading Securities                                    | 27,952.1                                  | 28,554.6         | - 602.5          | - 2.1%         |
| 4. Fixed assets:   |   |                  |                  |                |
| a) investment securities                                 | 28,952.1                                  | 21,820.2         | + 7,131.9        | + 32.7%        |
| b) equity investments                                    | 2,107.7                                   | 2,925.0          | - 817.3          | - 27.9%        |
| c) treasury stock  | 0.6                                       | 0.6              | ••               | ••             |
| d) tangible and intangible assets                        | 5,632.6                                   | 4,550.8          | + 1,081.8        | + 23.8%        |
| e) positive differences on consolidation and net equity  | 993.0                                     | —                | + 993.0          | ••             |
| 5. Others assets   | 23,830.6                                  | 19,265.4         | + 4,565.2        | + 23.7%        |
| <b>Total assets</b>                                      | <b>327,089.3</b>                          | <b>289,135.1</b> | <b>+37,954.2</b> | <b>+ 13.1%</b> |

| LIABILITIES  | (AMOUNTS CONSOLIDATED IN BILLIONS OF LIT) |                  |                  |                |
|--|---|------------------|------------------|----------------|
|  | AMOUNTS AT                                |                  | CHANGE           |                |
|  | 31/12/1999                                | 31/12/1998       | ABSOLUTE         | %              |
| 1. Deposits:   |   |                  |                  |                |
| - due to customers                                     | 141,265.8                                 | 107,543.7        | + 33,722.1       | + 31.4%        |
| - securities issued                                    | 66,051.5                                  | 70,741.9         | - 4,690.4        | - 6.6%         |
| - due to banks   | 69,195.2                                  | 65,126.1         | + 4,069.1        | + 6.2%         |
| 2. Specific reserves                                   | 6,528.1                                   | 5,817.1          | + 711.0          | + 12.2%        |
| 3. Other liabilities                                   | 22,566.0                                  | 20,870.5         | + 1,695.5        | + 8.1%         |
| 4. Reserve fund for possible loan losses               | 294.9                                     | 281.5            | + 13.4           | + 4.8%         |
| 5. Subordinated debt                                   | 2,654.0                                   | 2,503.8          | + 150.2          | + 6.0%         |
| 6. Reserve fund for general banking risks              | 127.8                                     | 99.3             | + 28.5           | + 28.7%        |
| 7. Minority interests                                  | 3,554.0                                   | 3,596.7          | - 42.7           | - 1.2%         |
| 8. Shareholders' equity:                               |   |                  |                  |                |
| - capital, reserves and retained earnings              | 12,305.1                                  | 11,825.5         | + 479.6          | + 4.1%         |
| - negative differences on consolidation and net equity | 56.9                                      | 311.3            | - 254.4          | - 81.7%        |
| - net income for the year                              | 2,490.0                                   | (*) 417.7        | + 2,072.3        | ••             |
| <b>Total liabilities and shareholders' equity</b>      | <b>327,089.3</b>                          | <b>289,135.1</b> | <b>+37,954.2</b> | <b>+ 13.1%</b> |

(\*) Affected mainly by the accelerated amortisation of the residual positive consolidation difference (1,422.2 billion) recorded following the acquisition of Gruppo Credito Romagnolo S.p.A.

|  |           |           |            |         |
|--|-----------|-----------|------------|---------|
| Guarantees and commitments               | 47,208.5  | 41,786.7  | + 5,421.8  | + 13.0% |
| Securities in custody and administration | 303,092.8 | 320,756.5 | - 17,663.7 | - 5.5%  |



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## RECLASSIFIED CONSOLIDATED PROFIT & LOSS ACCOUNT

| ITEMS  | (CONSOLIDATED AMOUNTS IN BILLIONS LIT) |                  |                  |                |                             |                |
|--|--|------------------|------------------|----------------|-----------------------------|----------------|
|  | 1999                                   | 1998             | CHANGE           |                | PERIOD 1999 EXCLUDING PEKAO |                |
|  |  |                  | ABSOLUTE         | %              | AMOUNTS                     | %              |
| 10 Interest income and similar revenues                                | 16,019.5                               | 17,364.5         | - 1,345.0        | - 7.7%         | 13,527.1                    |                |
| 20 Interest expense and similar charges                                | 8,509.1                                | 10,380.9         | - 1,871.8        | - 18.0%        | 6,967.1                     |                |
| <i>Net interest</i>  | <i>7,510.4</i>                         | <i>6,983.6</i>   | <i>+ 526.8</i>   | <i>+ 7.5%</i>  | <i>6,560.0</i>              | <i>- 6.1%</i>  |
| 30 Dividends and other revenues  | 321.5                                  | 112.6            | + 208.9          | + 185.5%       | 319.0                       |                |
| 170 Income/(Losses) from investments carried at equity                 | 1.3                                    | 20.3             | - 19.0           | - 93.6%        | 26.4                        |                |
| <b>NET INTEREST INCOME</b>   | <b>7,833.2</b>                         | <b>7,116.5</b>   | <b>+ 716.7</b>   | <b>+ 10.1%</b> | <b>6,905.4</b>              | <b>- 3.0%</b>  |
| 40 Commission income   | 5,740.3                                | 4,380.9          | + 1,359.4        | + 31.0%        | 5,394.3                     |                |
| 50 Commission expense  | 568.5                                  | 400.2            | + 168.3          | + 42.1%        | 511.9                       |                |
| <i>Net commission</i>  | <i>5,171.8</i>                         | <i>3,980.7</i>   | <i>+ 1,191.1</i> | <i>+ 29.9%</i> | <i>4,882.4</i>              | <i>+ 22.7%</i> |
| 60 Profits/(Losses) on financial transactions                          | 655.7                                  | 558.4            | + 97.3           | + 17.4%        | 500.3                       | - 10.4%        |
| 70 Other operating income  | 1,509.2                                | 1,106.3          | + 402.9          | + 36.4%        | 1,337.4                     |                |
| 110 Other operating expenses   | 433.7                                  | 325.2            | + 108.5          | + 33.4%        | 410.6                       |                |
| <i>Net other operating income</i>                                      | <i>1,075.5</i>                         | <i>781.1</i>     | <i>+ 294.4</i>   | <i>+ 37.7%</i> | <i>926.8</i>                | <i>+ 18.7%</i> |
| <b>Net commission and other operating income</b>                       | <b>6,903.0</b>                         | <b>5,320.2</b>   | <b>+ 1,582.8</b> | <b>+ 29.8%</b> | <b>6,309.5</b>              | <b>+18.6%</b>  |
| <b>TOTAL REVENUES</b>  | <b>14,736.2</b>                        | <b>12,436.7</b>  | <b>+ 2,299.5</b> | <b>+ 18.5%</b> | <b>13,214.9</b>             | <b>+ 6.3%</b>  |
| <i>Payroll</i>   | <i>4,734.9</i>                         | <i>4,180.9</i>   | <i>+ 554.0</i>   | <i>+ 13.3%</i> | <i>4,155.2</i>              | <i>- 0.6%</i>  |
| <i>Other administrative expenses</i>                                   | <i>2,669.4</i>                         | <i>2,220.9</i>   | <i>+ 448.5</i>   | <i>+ 20.2%</i> | <i>2,311.7</i>              | <i>+ 4.1%</i>  |
| <b>80 Administrative expenses</b>                                      | <b>7,404.3</b>                         | <b>6,401.8</b>   | <b>+ 1,002.5</b> | <b>+ 15.7%</b> | <b>6,466.9</b>              | <b>+ 1.0%</b>  |
| 90 Adjustments to the value of fixed assets (1)                        | 622.6                                  | 543.1            | + 79.5           | + 14.6%        | 510.3                       | - 6.0%         |
| <b>OPERATING INCOME</b>  | <b>6,709.3</b>                         | <b>5,491.8</b>   | <b>+ 1,217.5</b> | <b>+ 22.2%</b> | <b>6,237.7</b>              | <b>+13.6%</b>  |
| 90 Other adjustments to the value of fixed assets (2)                  | 75.8                                   | 125.4            | - 49.6           | - 39.6%        |                             |                |
| 100 Provision for risks and charges                                    | 488.7                                  | 173.3            | + 315.4          | + 182.0%       |                             |                |
| 120 Write-downs of loans and provisions for guarantees and commitments | 2,401.1                                | 1,597.1          | + 804.0          | + 50.3%        |                             |                |
| 130 Write-backs to loans and provisions for guarantees and commitments | 792.6                                  | 499.0            | + 293.6          | + 58.8%        |                             |                |
| 140 Provisions for possible loan losses                                | 86.7                                   | 69.6             | + 17.1           | + 24.6%        |                             |                |
| 150 Write-down of financial investments                                | 98.2                                   | 77.0             | + 21.2           | + 27.5%        |                             |                |
| 160 Write-backs to financial investments                               | 45.0                                   | 7.5              | + 37.5           | ••             |                             |                |
| <b>PROFIT BEFORE EXTRAORDINARY ITEMS AND INCOME TAX</b>                | <b>4,396.4</b>                         | <b>3,955.9</b>   | <b>+ 440.5</b>   | <b>+ 11.1%</b> |                             |                |
| 190 Extraordinary income   | 1,710.2                                | 811.8            | + 898.4          | + 110.7%       |                             |                |
| 200 Extraordinary charge   | 577.7                                  | (*) 1,614.9      | - 1,037.2        | - 64.2%        |                             |                |
| <b>Extraordinary income (charge) net</b>                               | <b>1,132.5</b>                         | <b>(803.1)</b>   | <b>+ 1,935.6</b> | <b>••</b>      |                             |                |
| 230 Change in the reserve for general banking risks                    | +17.0                                  | + 53.4           | - 36.4           | - 68.2%        |                             |                |
| 240 Income tax for the year  | 2,337.7                                | 2,085.1          | + 252.6          | + 12.1%        |                             |                |
| 241 Provision per Law 218/90   | —                                      | 0.9              | - 0.9            | - 100.0%       |                             |                |
| 242 Pekao Group pre-acquisition income (3)                             | 41.7                                   | —                | + 41.7           | ••             |                             |                |
| <b>NET INCOME FOR THE YEAR</b>   | <b>3,132.5</b>                         | <b>1,013.4</b>   | <b>+ 2,119.1</b> | <b>+209.1%</b> |                             |                |
| 250 Minorities   | 642.5                                  | 595.7            | + 46.8           | + 7.9%         |                             |                |
| <b>GROUP PORTION OF NET INCOME FOR THE YEAR</b>                        | <b>2,490.0</b>                         | <b>(*) 417.7</b> | <b>+ 2,072.3</b> | <b>••</b>      |                             |                |

(\*) Affected mainly by the accelerated amortisation of the residual positive consolidation difference (1,422.2 billion) recorded following the acquisition of Gruppo Credito Romagnolo S.p.A.

(1) Does not include adjustments to value on positive consolidation differences or net equity or goodwill amortisation.

(2) Includes adjustments to value on positive consolidation differences and net equity and goodwill amortisation.

(3) Equal to 7/12ths of net income for the year.

## COMMENTARY ON THE BALANCE SHEET FIGURES

First of all, it should be mentioned that the "Loans to" and "Due to" items include the figures relating to lending and deposits with customers only for the units operating in Italy **using the Bank of Italy's reporting criteria** (matrix of accounts.) Also highlighted under "Loans to" is an analysis of "Doubtful loans," i.e. non-performing loans, watchlist items, loans to countries at risk, consolidated/restructured loans or loans undergoing consolidation/restructuring.

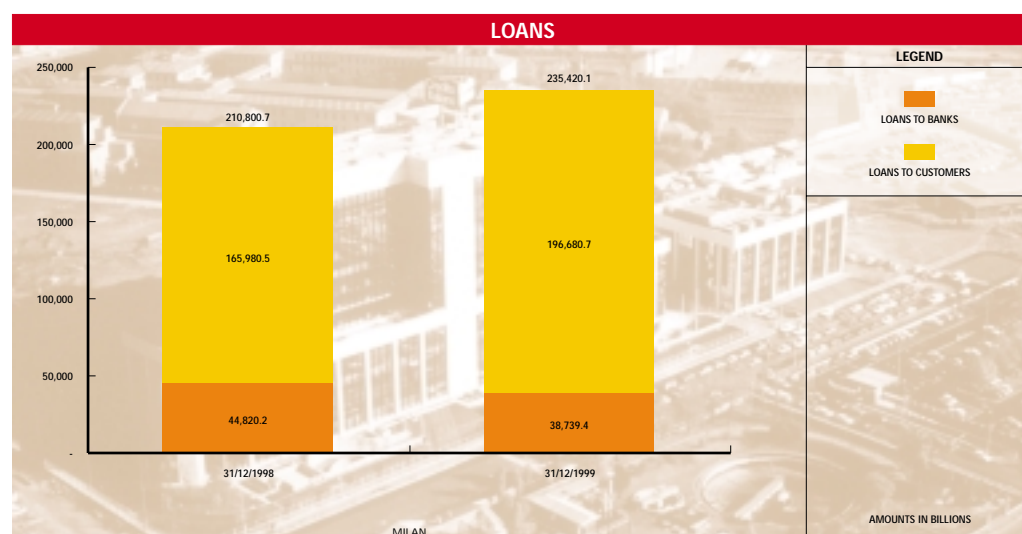
Furthermore, it should be noted that the differences between the criteria for preparation of the balance sheet and the Bank of Italy's reporting criteria are of particular importance with regard to loans which:

- are posted at their presumed realisation value, i.e. net of write-downs (loss forecasts), in the balance sheet;
- are reported at their nominal value in the matrix of accounts.

### Loans

The net total of loans and advances (including loans implicit in leasing contracts) was **235,420.1** billion. Loans to customers rose to **196,680.7** billion showing an increase of **30,700.2** billion or **18.5%**, excluding Pekao Group the increase was **11.0%**.

|                            | AMOUNTS AT       |                  | CHANGE (+)<br>ABSOLUTE 99/98 | CHANGE %                    |                 |
|----------------------------|------------------|------------------|------------------------------|-----------------------------|-----------------|
|                            | 31/12/1999 (+)   | 31/12/1998       |                              | (+) OF WHICH<br>PEKAO GROUP | EXCLUDING PEKAO |
| <b>Loans to customers:</b> |                  |                  |                              |                             |                 |
| - Euro                     | 174,606.5        | 156,925.7        | + 17,680.8                   | 1,253.2                     | + 10.5%         |
| - other currencies         | 21,994.2         | 9,054.8          | + 12,939.4                   | 11,121.4                    | + 20.1%         |
|                            | <b>196,680.7</b> | <b>165,980.5</b> | <b>+30,700.2</b>             | <b>12,374.6</b>             | <b>+11.0%</b>   |
| <b>Loans to banks:</b>     |                  |                  |                              |                             |                 |
| - Euro                     | 29,778.2         | 31,613.0         | - 1,834.8                    | 205.8                       | - 6.5%          |
| - other currencies         | 8,961.2          | 13,207.2         | - 4,246.0                    | 1,717.7                     | - 45.2%         |
|                            | <b>38,739.4</b>  | <b>44,820.2</b>  | <b>- 6,080.8</b>             | <b>1,923.5</b>              | <b>-17.9%</b>   |
| <b>Total</b>               | <b>235,420.1</b> | <b>210,800.7</b> | <b>+24,619.4</b>             | <b>14,298.1</b>             | <b>+ 4.9%</b>   |



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Loans to customers are as follows:

— figures for principal Group banks and other affiliates:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |               |                  |               |
|--|---|---------------|------------------|---------------|
|  | 31/12/1999                                |               | 31/12/1998       |               |
|  | AMOUNT                                    | % OF TOTAL    | AMOUNT           | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 70,998.7                                  | 36.2%         | 61,344.6         | 35.2%         |
| Banca CRT S.p.A.                           | 16,221.4                                  | 8.3%          | 16,327.1         | 9.4%          |
| Caritro S.p.A.                             | 3,437.8                                   | 1.8%          | 2,401.6          | 1.4%          |
| Cariverona Banca S.p.A.                    | 18,559.0                                  | 9.4%          | 14,980.7         | 8.6%          |
| Cassamarca S.p.A.                          | 4,478.4                                   | 2.3%          | 4,076.1          | 2.3%          |
| Rolo Banca 1473 S.p.A.                     | 48,003.4                                  | 24.5%         | 40,739.5         | 23.3%         |
| Other Domestic banks (Italy)               | 19,244.5                                  | 9.8%          | 21,546.4         | 12.3%         |
| <i>Total Domestic banks (Italy)</i>        | <i>180,943.2</i>                          | <i>92.3%</i>  | <i>161,416.0</i> | <i>92.5%</i>  |
| Domestic Financial and Ancillary Companies | 14,404.9                                  | 7.4%          | 12,519.2         | 7.2%          |
| Companies registered abroad (1)            | 619.9                                     | 0.3%          | 570.9            | 0.3%          |
| <b>Aggregated total</b>                    | <b>195,968.0</b>                          | <b>100.0%</b> | <b>174,506.1</b> | <b>100.0%</b> |
| Pekao Group                                | 12,374.6                                  |               | —                |               |
| Elisions and adjustments on consolidation  | – 11,661.9                                |               | – 8,525.6        |               |
| <b>Consolidated total</b>                  | <b>196,680.7</b>                          |               | <b>165,980.5</b> |               |

(1) Excluding Pekao Group

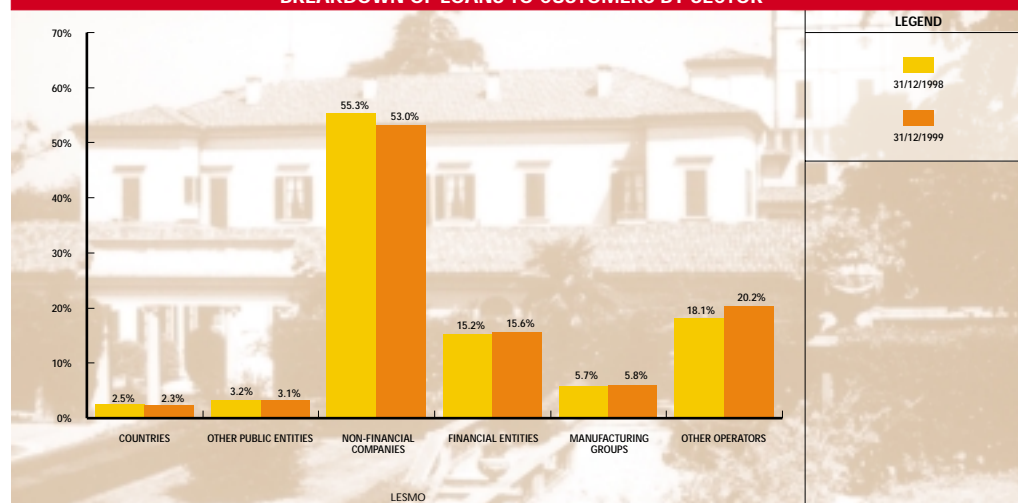
— changes over the twelve months (December 1999/December 1998) by individual categories.

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                          |                   |                             |
|---|---|------------------|--------------------------|-------------------|-----------------------------|
|   | AMOUNT AT                                 |                  | ABSOLUTE 99/98<br>CHANGE | (+/-) OF WHICH    |                             |
|   | 31/12/1999 (+)                            | 31/12/1998       |                          | PEKAO GROUP       | % CHANGE<br>EXCLUDING PEKAO |
| <b>Loans and advances to customers:</b> |   |                  |                          |                   |                             |
| Leasing contracts                       | 9,974.0                                   | 9,129.1          | + 844.9                  | — +               | 9.3%                        |
| Bills discounted                        | 3,984.1                                   | 3,508.5          | + 475.6                  | 96.0 +            | 10.8%                       |
| Current accounts                        | 43,310.7                                  | 35,824.0         | + 7,486.7                | 1,416.4 +         | 81.1%                       |
| Medium term loans and mortgages         | 54,491.7                                  | 44,492.9         | + 9,998.8                | 155.5 +           | 22.1%                       |
| Loans                                   | 22,661.9                                  | 10,805.8         | + 11,856.1               | 10,527.3 +        | 12.3%                       |
| Other non-overdraft lending             | 36,083.0                                  | 33,680.6         | + 2,402.4                | — +               | 7.1%                        |
| Non-performing loans                    | 4,184.2                                   | 4,346.4          | – 162.2                  | 95.1 –            | 5.9%                        |
| Repos                                   | 19,398.7                                  | 21,773.3         | – 2,374.6                | — –               | 10.9%                       |
| Securities lending                      | 135.8                                     | —                | + 135.8                  | — +               | 100.0%                      |
| Factoring                               | 1,159.2                                   | 898.3            | + 260.9                  | 79.2 +            | 20.2%                       |
| Other transactions                      | 1,297.4                                   | 1,521.6          | – 224.2                  | 5.1 –             | 15.1%                       |
| <b>Total</b>                            | <b>196,680.7</b>                          | <b>165,980.5</b> | <b>+ 30,700.2</b>        | <b>12,374.6 +</b> | <b>11.0%</b>                |

— the distribution by sector of loans to customers within the period of comparison confirms the prevalence of finance to non-holding companies.

|                                 | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |
|---------------------------------|---|------------------|
|                                 | AMOUNTS AT                                |                  |
|                                 | 31/12/1999                                | 31/12/1998       |
| a) countries                    | 4,491.0                                   | 4,141.2          |
| b) other public administrations | 6,105.4                                   | 5,244.4          |
| c) non-holding companies        | 104,336.2                                 | 91,722.5         |
| d) financial institutions       | 30,628.9                                  | 25,243.9         |
| e) family firms                 | 11,327.8                                  | 9,489.5          |
| f) other operators              | 39,791.4                                  | 30,139.0         |
| <b>Total</b>                    | <b>196,680.7</b>                          | <b>165,980.5</b> |

### BREAKDOWN OF LOANS TO CUSTOMERS BY SECTOR



Loans to banks are as follows:

— figures for principal group banks and other affiliates:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |               |                 |               |
|--|--|---------------|-----------------|---------------|
|  | 31/12/1999                                 |               | 31/12/1998      |               |
|  | AMOUNTS                                    | % OF TOTAL    | AMOUNT          | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 34,921.0                                   | 49.5%         | 20,748.2        | 38.5%         |
| Banca CRT S.p.A.                           | 12,064.9                                   | 17.1%         | 10,207.5        | 18.9%         |
| Caritro S.p.A.                             | 766.7                                      | 1.1%          | 1,010.1         | 1.9%          |
| Cariverona Banca S.p.A.                    | 4,053.1                                    | 5.7%          | 7,960.2         | 14.8%         |
| Cassamarca S.p.A.                          | 106.2                                      | 0.2%          | 279.2           | 0.5%          |
| Rolo Banca 1473 S.p.A.                     | 14,079.1                                   | 20.0%         | 9,762.3         | 18.1%         |
| Other Domestic banks (Italy)               | 584.9                                      | 0.8%          | 940.8           | 1.7%          |
| <i>Total Domestic banks (Italy)</i>        | <i>66,575.9</i>                            | <i>94.4%</i>  | <i>50,908.3</i> | <i>94.4%</i>  |
| Domestic Financial and Ancillary Companies | 397.8                                      | 0.6%          | 264.2           | 0.5%          |
| Companies registered abroad (1)            | 3,544.7                                    | 5.0%          | 2,738.7         | 5.1%          |
| <b>Aggregated total</b>                    | <b>70,518.4</b>                            | <b>100.0%</b> | <b>53,911.2</b> | <b>100.0%</b> |
| Pekao Group                                | 1,964.4                                    |               | —               |               |
| Elisions and adjustments on consolidation  | – 33,743.4                                 |               | – 9,091.0       |               |
| <b>Consolidated total</b>                  | <b>38,739.4</b>                            |               | <b>44,820.2</b> |               |

(1) Excluding Pekao Group

— Changes over the twelve months (December 1999/December 1998) by individual categories.

|                                       | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                 |                          |                 |                             |
|---------------------------------------|--|-----------------|--------------------------|-----------------|-----------------------------|
|                                       | AMOUNTS AT                                 |                 | ABSOLUTE 99/98<br>CHANGE | (+/-) OF WHICH  |                             |
|                                       | 31/12/1999 (+)                             | 31/12/1998      |                          | PEKAO GROUP     | % CHANGE<br>EXCLUDING PEKAO |
| <b>Loans to banks:</b>                |  |                 |                          |                 |                             |
| Loans to central banks                | 3,239.9                                    | 1,797.5         | + 1,442.4                | —               | + 80.2%                     |
| Leasing contracts                     | 8.6  | 11.1            | – 2.5                    | —               | – 22.5%                     |
| Deposits                              | 18,305.0                                   | 28,671.3        | – 10,366.3               | 1,753.5         | – 42.3%                     |
| Loans                                 | 3,379.6                                    | 2,811.5         | + 568.1                  | 32.4            | + 19.1%                     |
| Current account for services rendered | 1,418.9                                    | 1,738.9         | – 320.0                  | 104.4           | – 24.4%                     |
| Non-performing loans                  | 26.0                                       | 8.3             | + 17.7                   | 24.5            | – 81.9%                     |
| Repos                                 | 11,900.5                                   | 9,566.8         | + 2,333.7                | 4.7             | + 24.3%                     |
| Securities lending                    | 60.8                                       | 30.0            | + 30.8                   | —               | +102.7%                     |
| Discounted Bills                      | 33.0                                       | 23.0            | + 10.0                   | —               | + 43.5%                     |
| Other transactions                    | 367.1                                      | 161.8           | + 205.3                  | 4.0             | +124.4%                     |
| <b>Total</b>                          | <b>38,739.4</b>                            | <b>44,820.2</b> | <b>– 6,080.8</b>         | <b>–1,923.5</b> | <b>– 17.9%</b>              |

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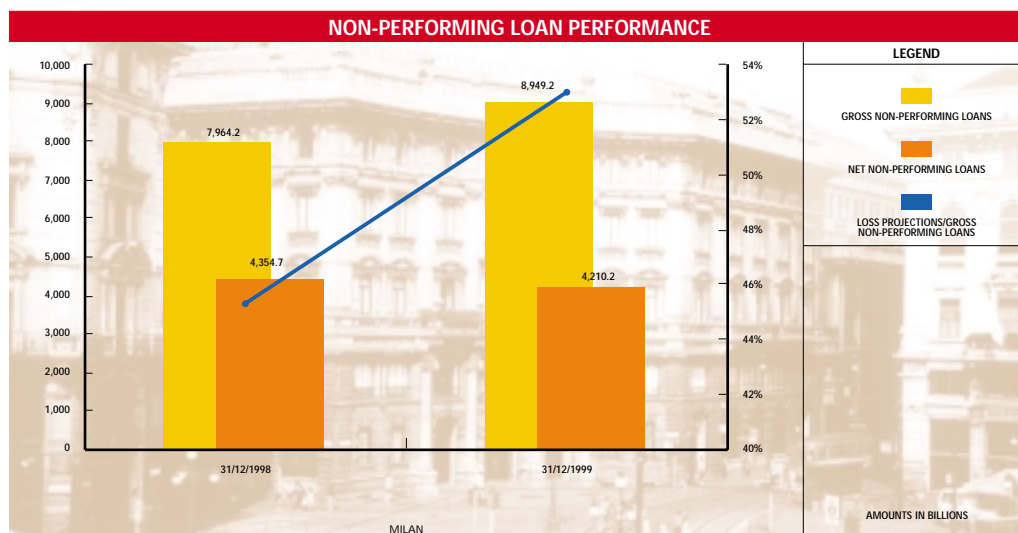
## Doubtful loans

These loans, (to customers and banks) expressed at **nominal value**, that is gross of write-downs (forecast losses) rose from **12,706.3** billion at the end of 1998 to **13,616.7** billion at end 1999 (+ **7.2%**). Excluding Pekao Group the total drops by **7.1%**.

The table below illustrates the trend for the various types of loan and the relative overall write-downs at year-end as well as the write-downs/write-backs posted to the P&L Account during the period.

- **Non-performing loans** refer to the total of formally deteriorated loans, consisting of loans to customers who have become insolvent, even if not so declared by law, or who are in substantially similar situations:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |                |             |       |             |       |
|---|----------------|----------------|-------------|-------|-------------|-------|
|   | AMOUNTS AT     |                | WRITE-DOWNS |       | WRITE-BACKS |       |
|   | 31/12/1999     | 31/12/1998     | 1999        | 1998  | 1999        | 1998  |
| Non-performing loans (gross):             |                |                |             |       |             |       |
| - capital                                 | 6,663.1        | 5,960.5        | 1,200.9     | 821.4 | 247         | 169.6 |
| - interest                                | 2,286.1        | 2,003.7        |             |       |             |       |
| <b>Total (a)</b>                          | <b>8,949.2</b> | <b>7,964.2</b> |             |       |             |       |
| Total write-downs:                        |                |                |             |       |             |       |
| - capital                                 | 2,643.6        | 1,845.8        |             |       |             |       |
| - interest                                | 2,095.4        | 1,763.7        |             |       |             |       |
| <b>Total (b)</b>                          | <b>4,739.0</b> | <b>3,609.5</b> |             |       |             |       |
| <b>Net non-performing loans</b>           | <b>4,210.2</b> | <b>4,354.7</b> |             |       |             |       |
| Ratio (b/a)                               | 53.0%          | 45.3%          |             |       |             |       |



Non-performing loans are shown as follows:

- the breakdown of **gross non-performing loans, forecast losses, and non-performing loans** within the Group and the level of cover that can be measured by the ratio of write-downs/non-performing loans.

|                                      | AMOUNTS AT 31/12/1999               |                   |                             | RATIO<br>B/A |
|--------------------------------------|-------------------------------------|-------------------|-----------------------------|--------------|
|                                      | GROSS NON-PERFORMING<br>LOANS<br>A) | WRITE-DOWNS<br>B) | NET NON-PERFORMING<br>LOANS |              |
| UniCredito Italiano S.p.A.           | 2,293.7                             | 1,044.9           | 1,248.8                     | 45.6%        |
| Banca CRT S.p.A.                     | 317.4                               | 158.3             | 159.1                       | 49.9%        |
| Cariverona Banca S.p.A.              | 541.0                               | 263.6             | 277.4                       | 48.7%        |
| Cassamarca S.p.A.                    | 75.9                                | 26.6              | 49.3                        | 35.0%        |
| Rolo Banca 1473 S.p.A.               | 671.5                               | 327.3             | 344.2                       | 48.7%        |
| Caritro S.p.A.                       | 55.0                                | 27.9              | 27.1                        | 50.7%        |
| Banca Mediocredito S.p.A.            | 1,421.5                             | 484.3             | 937.2                       | 34.1%        |
| Mediovenezie Banca S.p.A.            | 1,121.7                             | 649.2             | 472.5                       | 57.9%        |
| Credito Fondiario Fonspa (pro-quota) | 917.7                               | 515.2             | 402.5                       | 56.1%        |
| Locat S.p.A.                         | 208.4                               | 124.8             | 83.6                        | 59.9%        |
| Sogefactor s.r.l.                    | 192.0                               | 141.6             | 50.4                        | 73.7%        |
| UniCredit Factoring S.p.A.           | 68.8                                | 45.0              | 23.8                        | 65.4%        |
| Fiditalia S.p.A.                     | 38.7                                | 34.4              | 4.3                         | 88.9%        |
| Other companies                      | 20.2                                | 9.8               | 10.4                        | 48.5%        |
|                                      | <b>7,943.5</b>                      | <b>3,852.9</b>    | <b>4,090.6</b>              | <b>48.5%</b> |
| Pekao Group S.A.                     | 1,005.7                             | 886.1             | 119.6                       | 88.1%        |
|                                      | <b>8,949.2</b>                      | <b>4,739.0</b>    | <b>4,210.2</b>              | <b>53.6%</b> |

- the subdivision of gross non-performing loans (nominal value) by value bracket:

|                              | 31/12/1999         |                | 31/12/1998         |                |
|------------------------------|--------------------|----------------|--------------------|----------------|
|                              | AMOUNT IN BILLIONS | NO. POSITIONS  | AMOUNT IN BILLIONS | NO. POSITIONS  |
| Brackets:                    |                    |                |                    |                |
| - loans up to 20 million     | 554.0              | 86,914         | 485.2              | 104,078        |
| - loans up to 100 million    | 997.9              | 19,508         | 946.8              | 17,207         |
| - loans up to 500 million    | 2,573.4            | 15,237         | 2,499.7            | 11,369         |
| - loans up to 1,000 million  | 903.9              | 1,862          | 911.7              | 1,298          |
| - loans up to 5,000 million  | 1,458.6            | 814            | 1,602.7            | 805            |
| - loans up to 10,000 million | 531.1              | 93             | 539.7              | 75             |
| - loans over 10,000 million  | 924.6              | 75             | 978.4              | 52             |
|                              | <b>7,943.5</b>     | <b>124,503</b> | <b>7,964.2</b>     | <b>134,884</b> |
| Pekao Group S.A.             | 1,005.7            |                |                    |                |
| <b>Total</b>                 | <b>8,949.2</b>     |                |                    |                |

- the number of outstanding positions and the related gross amounts (nominal value) subdivided within the Group companies.

| COMPANY                              | 31/12/1999         |                | 31/12/1998         |                |
|--------------------------------------|--------------------|----------------|--------------------|----------------|
|                                      | AMOUNT IN BILLIONS | NO. POSITIONS  | AMOUNT IN BILLIONS | NO. POSITIONS  |
| UniCredito Italiano S.p.A. (1)       | 2,293.7            | 21,173         | 2,411.3            | 19,038         |
| Banca CRT S.p.A.                     | 317.4              | 6,563          | 334.6              | 7,262          |
| Caritro S.p.A.                       | 55.0               | 893            | 39.3               | 856            |
| Cariverona Banca S.p.A.              | 541.0              | 5,840          | 583.2              | 5,984          |
| Cassamarca S.p.A.                    | 75.9               | 632            | 77.4               | 636            |
| Rolo Banca 1473 S.p.A.               | 671.5              | 11,905         | 684.9              | 11,765         |
| Banca Mediocredito S.p.A.            | 1,421.5            | 3,695          | 1,148.6            | 2,716          |
| Mediovenezie Banca S.p.A.            | 1,121.7            | 2,105          | 1,336.3            | 2,321          |
| Credito Fondiario Fonspa (pro-quota) | 917.7              | 8,445          | 862.6              | 2,092          |
| Locat S.p.A. (1)                     | 208.4              | 2,350          | 188.0              | 2,492          |
| Sogefactor s.r.l.                    | 192.0              | 53,263         | 162.1              | 73,481         |
| UniCredit Factoring S.p.A. (1)       | 68.8               | 190            | 79.6               | 212            |
| Fiditalia S.p.A.                     | 38.7               | 7,411          | 36.6               | 5,864          |
| Other companies                      | 20.2               | 38             | 19.7               | 165            |
|                                      | <b>7,943.5</b>     | <b>124,503</b> | <b>7,964.2</b>     | <b>134,884</b> |
| Pekao Group S.A.                     | 1,005.7            |                |                    |                |
| <b>Total</b>                         | <b>8,949.2</b>     |                |                    |                |

(1) 31 December 1998 figures include the companies incorporated in 1999.

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- the **watchlist**, referring to the loans to borrowers experiencing temporary difficulty, which are expected to be overcome within a reasonable time:

|                            | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |             |       |             |      |
|----------------------------|---|----------------|-------------|-------|-------------|------|
|                            | AMOUNTS AT                                |                | WRITE-DOWNS |       | WRITE-BACKS |      |
|                            | 31/12/1999                                | 31/12/1998     | 1999        | 1998  | 1999        | 1998 |
| Watchlist items (a)        | 3,178.3                                   | 2,744.5        | 493.7       | 236.7 | 198.6       | 56.2 |
| Total write-downs (b)      | 677.1                                     | 544.3          |             |       |             |      |
| <b>Net watchlist items</b> | <b>2,501.2</b>                            | <b>2,200.2</b> |             |       |             |      |
| Ratio (b/a)                | 21.3%                                     | 19.8%          |             |       |             |      |

- loans to **countries at risk**, posted among the assets at their presumed realisation value – thereby determining the forecast losses on the basis of the percentages determined in like measure for the Industry, periodically reviewed, both as regards the countries to be included in the category and the extent of the write-down to be applied:

|                                 | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |             |      |             |      |
|---------------------------------|---|--------------|-------------|------|-------------|------|
|                                 | AMOUNTS AT                                |              | WRITE-DOWNS |      | WRITE-BACKS |      |
|                                 | 31/12/1999                                | 31/12/1998   | 1999        | 1998 | 1999        | 1998 |
| Loans subject to provisions (a) | 564.5                                     | 737.7        | 108.2       | 96.6 | 43.0        | 22.2 |
| Total write-downs (b)           | 238.3                                     | 181.8        |             |      |             |      |
| <b>Net loans and advances</b>   | <b>326.2</b>                              | <b>555.9</b> |             |      |             |      |
| Ratio (b/a)                     | 42.2%                                     | 24.6%        |             |      |             |      |

The values at year-end of write-downs to countries at risk and of the relative write-down rates are as follows:

|              | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                   |                             |                   |
|--------------|---|-------------------|-----------------------------|-------------------|
|              | AMOUNTS AT:                               |                   |                             |                   |
|              | 31/12/1999                                |                   | 31/12/1998                  |                   |
|              | LOANS SUBJECT TO PROVISIONS               | TOTAL WRITE-DOWNS | LOANS SUBJECT TO PROVISIONS | TOTAL WRITE-DOWNS |
| Russia       | 218.2                                     | 157.4             | 197.1                       | 85.6              |
| Brazil       | 48.0                                      | 9.7               | 39.6                        | 11.1              |
| India        | 46.5                                      | 7.0               | 47.5                        | 5.0               |
| Croatia      | 45.0                                      | 6.7               | 42.4                        | 5.9               |
| South Africa | 27.0                                      | 3.8               | 35.8                        | 3.8               |
| Tunisia      | 22.3                                      | 0.7               | 5.3                         | 0.1               |
| Morocco      | 21.5                                      | 3.0               | 1.0                         | 0.1               |
| Argentina    | 19.9                                      | 3.1               | 3.2                         | 0.4               |
| Indonesia    | 16.9                                      | 6.8               | 10.8                        | 4.6               |
| North Korea  | 13.6                                      | 8.2               | 13.4                        | 5.6               |
| Others       | 85.6                                      | 31.9              | 341.6                       | 59.6              |
| <b>Total</b> | <b>564.5</b>                              | <b>238.3</b>      | <b>737.7</b>                | <b>181.8</b>      |

The decrease in loans was mainly affected by the exclusion of South Korea from the list of countries at risk (152.4 billion at end 1998) whereas the increase in total write-downs may be attributed to full application at end 1999 of the valuation rates established by the Industry (only applied on 70% at end 1998).

- **Consolidated/restructured loans**, including those subject to potential consolidation/restructuring, represent loans to parties with whom agreements have been entered into or are being defined whereby a delay will be granted for repayment of the debt and the terms will be simultaneously re-negotiated at lower-than-market rates, part of the loans will be converted into shares and/or some capital may be sacrificed:

|                                 | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |             |       |             |      |
|---------------------------------|---|--------------|-------------|-------|-------------|------|
|                                 | AMOUNTS AT                                |              | WRITE-DOWNS |       | WRITE-BACKS |      |
|                                 | 31/12/1999                                | 31/12/1998   | 1999        | 1998  | 1999        | 1998 |
| Loans subject to provisions (a) | 924.8                                     | 1,259.9      | 31.8        | 113.6 | 18.8        | 59.8 |
| Total write-downs (b)           | 254.2                                     | 288.8        |             |       |             |      |
| <b>Net loans and advances</b>   | <b>670.6</b>                              | <b>971.1</b> |             |       |             |      |
| Ratio (b/a)                     | 27.5%                                     | 22.9%        |             |       |             |      |

In short, the postings described for **total "doubtful loans"** are as follows:

|                                 | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |             |         |             |       |
|---------------------------------|---|----------------|-------------|---------|-------------|-------|
|                                 | AMOUNTS AT                                |                | WRITE-DOWNS |         | WRITE-BACKS |       |
|                                 | 31/12/1999                                | 31/12/1998     | 1999        | 1998    | 1999        | 1998  |
| Loans subject to provisions (a) | 13,616.7                                  | 12,706.3       | 1,834.6     | 1,268.3 | 507.4       | 307.8 |
| Total write-downs (b)           | 5,908.6                                   | 4,624.4        |             |         |             |       |
| <b>Net loans and advances</b>   | <b>7,708.1</b>                            | <b>8,081.9</b> |             |         |             |       |
| Ratio (b/a)                     | 43.4%                                     | 36.4%          |             |         |             |       |

To the "write-downs/write-backs" indicated above, others to be added are:

- loans reclassified as performing loans

|                                   |       |       |       |      |
|-----------------------------------|-------|-------|-------|------|
| (so-called "normal" risk)         | 460.3 | 310.1 | 133.2 | 84.9 |
| - recoveries of written-off loans | —     | —     | 114.4 | 98.1 |
| - recoveries of default interest  | —     | —     | 1.2   | 1.9  |

**The total "write-downs/write-backs on loans"**

|   |                |                |              |              |
|---|----------------|----------------|--------------|--------------|
| <b>Posted to the P&amp;L Account is therefore</b> | <b>2,294.9</b> | <b>1,578.4</b> | <b>756.2</b> | <b>492.7</b> |
|---|----------------|----------------|--------------|--------------|

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | ■ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | □ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

With regard to the above, the total amount of "Loans and advances" as a whole at 31 December 1999 includes **nominal value**, **write-downs** and **book value**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)                                      |                                     |                      |                                  |
|---|-------------------------------------|----------------------|----------------------------------|
|   | AMOUNTS AT 31/12/1999               |                      |                                  |
|   | LOANS AND ADVANCES<br>NOMINAL VALUE | TOTAL<br>WRITE-DOWNS | LOANS AND ADVANCES<br>BOOK VALUE |
| <b>Loans to customers</b>   |                                     |                      |                                  |
| Doubtful loans:   |                                     |                      |                                  |
| - non-performing loans  | 8,868.0                             | 4,683.8              | 4,184.2                          |
| <i>of which: overdue interest</i>   | <i>2,279.7</i>                      | <i>2,089.0</i>       | <i>190.7</i>                     |
| - watchlist   | 3,165.1                             | 667.0                | 2,498.1                          |
| <i>of which: overdue interest</i>   | <i>76.7</i>                         | <i>65.2</i>          | <i>11.5</i>                      |
| - loans to countries at risk  | 279.3                               | 98.3                 | 181.0                            |
| - consolidated/restructured loans and potential consolidated/restructured loans | 905.2                               | 237.9                | 667.3                            |
| <i>of which: overdue interest</i>   | <i>5.4</i>                          | <i>4.8</i>           | <i>0.6</i>                       |
|   | <b>13,217.6</b>                     | <b>5,687.0</b>       | <b>7,530.6</b>                   |
| Other loans   | 190,541.0                           | 1,390.9              | 189,150.1                        |
| <b>Total (a)</b>  | <b>203,758.6</b>                    | <b>7,077.9</b>       | <b>196,680.7</b>                 |
| <b>Due from banks</b>   |                                     |                      |                                  |
| Doubtful loans:   |                                     |                      |                                  |
| - non-performing loans  | 81.2                                | 55.2                 | 26.0                             |
| - watchlist   | 13.2                                | 10.1                 | 3.1                              |
| - loans to countries at risk  | 285.2                               | 140.0                | 145.0                            |
| - consolidated restructured loans   | 19.6                                | 16.3                 | 3.3                              |
|   | <b>399.2</b>                        | <b>221.6</b>         | <b>177.6</b>                     |
| Other loans   | 38,562.0                            | 0.2                  | 38,561.8                         |
| <b>Total (b)</b>  | <b>38,961.2</b>                     | <b>221.8</b>         | <b>38,739.4</b>                  |
| <b>Total (a+b)</b>  | <b>242,719.8</b>                    | <b>7,299.7</b>       | <b>235,420.1</b>                 |

The ratio of doubtful loans to total loans and advances at **nominal value** and **book value** at year-end are shown in the following table:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                             |                  |                          |                  |
|--|-----------------------------|------------------|--------------------------|------------------|
|  | AMOUNTS AT<br>NOMINAL VALUE |                  | AMOUNTS AT<br>BOOK VALUE |                  |
|  | 31/12/1999                  | 31/12/1998       | 31/12/1999               | 31/12/1998       |
| <b>Doubtful loans</b>                      |                             |                  |                          |                  |
| - customers                                | 13,217.6                    | 12,282.3         | 7,530.5                  | 7,801.0          |
| - banks                                    | 399.2                       | 424.0            | 177.6                    | 280.9            |
| <b>Total doubtful loans</b> <b>a)</b>      | <b>13,616.8</b>             | <b>12,706.3</b>  | <b>7,708.1</b>           | <b>8,081.9</b>   |
| <b>Loans and advances</b>                  |                             |                  |                          |                  |
| - customers                                | 203,758.6                   | 171,505.0        | 196,680.7                | 165,980.5        |
| - banks                                    | 38,961.2                    | 44,963.4         | 38,739.4                 | 44,820.2         |
| <b>Total loans and advances</b> <b>b)</b>  | <b>242,719.8</b>            | <b>216,468.4</b> | <b>235,420.1</b>         | <b>210,800.7</b> |
| <b>Ratio of (a) to (b) %</b>               | <b>5.61%</b>                | <b>5.87%</b>     | <b>3.27%</b>             | <b>3.83%</b>     |
| of which: customers                        | 6.49%                       | 7.16%            | 3.83%                    | 4.70%            |

**Figures for units operating in Italy alone**  
**Matrix of accounts reporting criterion (nominal value)**

The results of an examination of these figures – which do not include repos - used for comparison with the Industry as a whole, are as follows:

“Lending to ordinary domestic customers”, net of non-performing loans, was up by **15.6%** compared with the previous year. For the Industry the corresponding increase was **9.4%**.

| AMOUNTS          | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                  |               |
|------------------|---|------------------|------------------|---------------|
|                  | 31/12/1999                                | 31/12/1998       | CHANGES          |               |
|                  |   |                  | ABSOLUTE         | %             |
| Euro currencies  | 142,392.5                                 | 123,608.4        | + 18,784.1       | + 15.2%       |
| Other currencies | 5,343.4                                   | 4,156.7          | + 1,186.7        | + 28.6%       |
| <b>Total</b>     | <b>147,735.9</b>                          | <b>127,765.1</b> | <b>+19,970.8</b> | <b>+15.6%</b> |

The figures quoted for comparison with the Industry, as regards the Bank, refer to the flows to the matrix of accounts submitted to the Regulatory Authorities. The Industry information was taken from the appendices to the Bank of Italy's statistical bulletin

The figures for principal group banks and other affiliates in the comparison period are as follows:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |               |
|--|---|------------------|---------------|
|  | AMOUNTS AT                                |                  | CHANGES       |
|  | 31/12/1999                                | 31/12/1998       | %             |
| UniCredito Italiano S.p.A. (1)                 | 48,495.0                                  | 42,335.4         | + 14.5%       |
| Banca CRT S.p.A.                               | 15,758.5                                  | 11,885.3         | + 32.6%       |
| Cariverona Banca S.p.A.                        | 16,998.3                                  | 13,142.3         | + 29.3%       |
| Cassamarca S.p.A.                              | 3,817.8                                   | 3,283.1          | + 16.3%       |
| Cassa di Risparmio di Trento e Rovereto S.p.A. | 3,373.8                                   | 2,437.6          | + 38.4%       |
| Rolo Banca 1473 S.p.A.                         | 42,357.9                                  | 35,687.7         | + 18.7%       |
| Credito Fondiario (pro-quota)                  | 1,357.1                                   | 1,724.2          | -21.3%        |
| Banca Mediocredito S.p.A.                      | 9,834.8                                   | 10,389.2         | - 5.3%        |
| Mediovenezie Banca S.p.A.                      | 5,665.2                                   | 6,854.4          | -17.3%        |
| Banca di Bergamo S.p.A.                        | 77.5                                      | 25.9             | ••            |
| <b>Total</b>                                   | <b>147,735.9</b>                          | <b>127,765.1</b> | <b>+15.6%</b> |

(1) 31/12/1998 figures include Banca Popolare di Rieti incorporated in 1999.

The market share of Group total lending (Euro and other currencies) rose from **10.38%** at end 1998 to **10.98%** at end 1999.

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                |
|---|---|------------------|----------------|
|   | AMOUNTS AT                                |                  | CHANGES %      |
|   | 31/12/1999                                | 31/12/1998       |                |
| <b>Unicredito Italiano Group Lending in Euro and other currencies</b> | <b>147,735.9</b>                          | <b>127,765.1</b> | <b>+ 15.6%</b> |
| <b>Industry Lending in Euro and other currencies</b>                  | <b>1,345,619</b>                          | <b>1,230,407</b> | <b>+ 9.4%</b>  |
| <b>UNICREDITO ITALIANO GROUP SHARE</b>                                | <b>10.98%</b>                             | <b>10.38%</b>    |                |

The impact of non-performing loans fell from **5.48%** at end 1998, to **4.74%** at end 1999 and is comparable to the Industry figure - **7.85%** (**9.06%** in 1998).

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |              |              |
|--|---|--------------|--------------|--------------|
|  | UNICREDITO ITALIANO GROUP                 |              | INDUSTRY     |              |
|  | 31/12/1999                                | 31/12/1998   | 31/12/1999   | 31/12/1998   |
| Lending in Euro and other currencies to domestic customers | 147,735.9                                 | 127,765.1    | 1,345,619    | 1,230,407    |
| Non-performing loans (*)                                   | a) 7,345.5                                | 7,408.1      | 114,575      | 122,630      |
|  | b) 155,081.4                              | 135,173.2    | 1,460,194    | 1,353,037    |
| <b>Ratio a/b</b>   | <b>4.74%</b>                              | <b>5.48%</b> | <b>7.85%</b> | <b>9.06%</b> |

(\*) For purposes of comparison with the Industry the non-performing loans also include overdue bills and protested ownership.

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To complete the information, further details are provided for the units operating in Italy:

— *breakdown by sector of economic activity in absolute value and percentage*

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                     |
|--|---|---------------------|
|  | AMOUNTS AT<br>31/12/1999                  | RATIO %<br>OF TOTAL |
| Public authorities                                   | 8,648.5                                   | 5.58%               |
| Holding companies                                    | 24,055.8                                  | 15.51%              |
| Non-holding companies and family firms:              |   |                     |
| - <i>Agricultural, fishing and forestry products</i> | 4,071.4                                   | 2.63%               |
| - <i>Energy products</i>                             | 2,570.8                                   | 1.66%               |
| - <i>Minerals and ferrous and non-ferrous metals</i> | 1,864.4                                   | 1.20%               |
| - <i>Minerals and not-metallic products</i>          | 2,699.3                                   | 1.74%               |
| - <i>Chemical products</i>                           | 1,618.2                                   | 1.04%               |
| - <i>Metal products</i>                              | 3,986.5                                   | 2.57%               |
| - <i>Agricultural and industrial machines</i>        | 4,575.6                                   | 2.95%               |
| - <i>Office machines</i>                             | 1,162.8                                   | 0.75%               |
| - <i>Electrical supplies and materials</i>           | 2,525.3                                   | 1.63%               |
| - <i>Transport vehicles</i>                          | 1,409.8                                   | 0.91%               |
| - <i>Food products, beverages, tobacco</i>           | 4,452.7                                   | 2.87%               |
| - <i>Textile, leather, clothing products</i>         | 4,953.9                                   | 3.19%               |
| - <i>Paper, printed products, publishing</i>         | 1,880.2                                   | 1.21%               |
| - <i>Rubber and plastic products</i>                 | 1,618.2                                   | 1.04%               |
| - <i>Other industrial products</i>                   | 3,518.4                                   | 2.27%               |
| - <i>Building and public works</i>                   | 8,929.1                                   | 5.76%               |
| - <i>Commercial services</i>                         | 15,789.9                                  | 10.18%              |
| - <i>Hotel and public services</i>                   | 2,699.7                                   | 1.74%               |
| - <i>Internal transport services</i>                 | 1,504.4                                   | 0.97%               |
| - <i>Sea/air transport services</i>                  | 237.1                                     | 0.15%               |
| - <i>Transport-related services</i>                  | 1,066.9                                   | 0.69%               |
| - <i>Communications services</i>                     | 1,253.1                                   | 0.81%               |
| - <i>Otherservices intended for sale</i>             | 12,943.9                                  | 8.35%               |
|  | 87,331.6                                  | 56.31%              |
| Private institutions                                 | 1,583.6                                   | 1.02%               |
| Consumer households                                  | 33,461.9                                  | 21.58%              |
| <b>Total domestic</b>                                | <b>155,081.4</b>                          | <b>100.00%</b>      |
| Rest of the world                                    | 2,765.4                                   |                     |
| <b>Total</b>   | <b>157,846.8</b>                          |                     |

— *the breakdown of non-performing loans, including overdue and protested bills, by sector of economic activity, in absolute value and percentage.*

|                        | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                     |
|------------------------|---|---------------------|
|                        | AMOUNTS AT<br>31/12/1999                  | RATIO %<br>OF TOTAL |
| Public administrations | 0.1                                       | ••                  |
| Holding companies      | 245.9                                     | 3.35%               |
| Non-holding companies  | 3,983.3                                   | 54.23%              |
| Family firms           | 1,199.1                                   | 16.32%              |
| Private Institutions   | 36.4                                      | 0.50%               |
| Consumer households    | 1,880.7                                   | 25.60%              |
| <b>Total domestic</b>  | <b>7,345.5</b>                            | <b>100.00%</b>      |
| Rest of the world      | 3.6                                       |                     |
| <b>Total</b>           | <b>7,349.1</b>                            |                     |

— *the number of debtor accounts with customers*

| NUMBER OF DEBTOR ACCOUNTS WITH CUSTOMERS | AMOUNTS AT 31/12/1999 |               |                  |
|--|-----------------------|---------------|------------------|
|  | EURO                  | CURRENCY      | TOTAL            |
| - domestic                               | 2,257,959             | 31,512        | 2,289,471        |
| - non-domestic                           | 3,730                 | 961           | 4,691            |
| <b>Total</b>                             | <b>2,261,689</b>      | <b>32,473</b> | <b>2,294,162</b> |

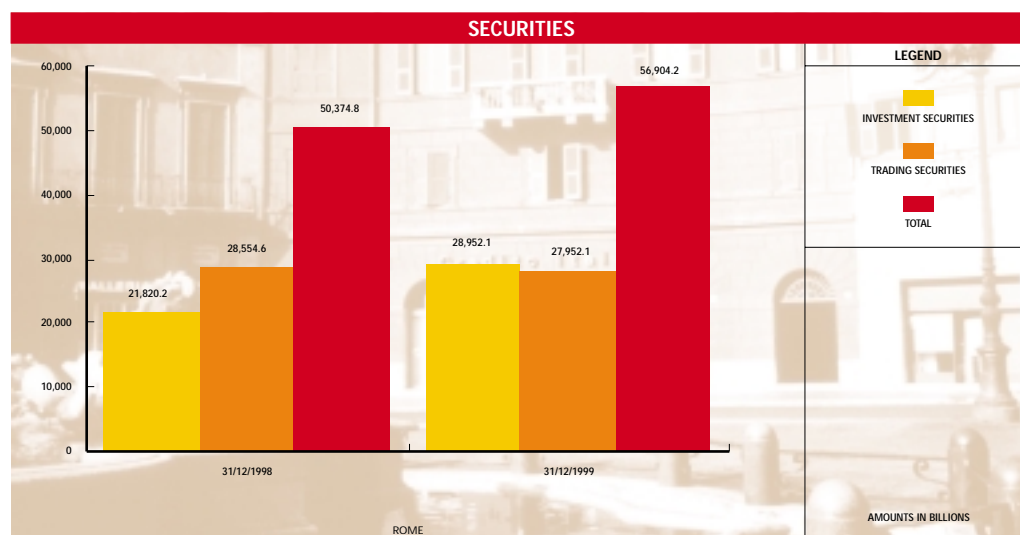
## Securities

Securities totalled **56,904.2** billion (an increase of **6,529.4** billion, equal to **13.0%**), **28,952.1** billion of which were investment securities. Excluding Pekao Group, securities show a decrease of **5.9%**.

|                       | AMOUNTS AT      |                 | ABSOLUTE 99/98<br>CHANGES (+) | (+) OF WHICH   |                                       |
|-----------------------|-----------------|-----------------|-------------------------------|----------------|---------------------------------------|
|                       | 31/12/1999 (+)  | 31/12/1998      |                               | PEKAO GROUP    | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| Investment securities | 28,952.1        | 21,820.2        | + 7,131.9                     | 8,568.7        | - 6.6%                                |
| Trading securities    | 27,952.1        | 28,554.6        | - 602.5                       | 910.8          | - 5.3%                                |
| <b>Total</b>          | <b>56,904.2</b> | <b>50,374.8</b> | <b>+ 6,529.4</b>              | <b>9,479.5</b> | <b>- 5.9%</b>                         |

With regard to criteria followed for evaluating securities, please see the information contained in the Notes to the Accounts.

Investment securities are acquired as a stable investment, although particular market conditions may motivate early selling.



The **figures** for principal Group banks and other affiliates are as follows:

|  | 31/12/1999      |                 |                 |               | 31/12/1998      |               |
|--|-----------------|-----------------|-----------------|---------------|-----------------|---------------|
|  | INVESTMENT      | TRADING         | TOTAL           | % OF TOTAL    | TOTAL           | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 8,194.2         | 16,980.4        | 25,174.6        | 46.1%         | 12,594.8        | 23.7%         |
| Banca CRT S.p.A.                           | 1,628.4         | 1,220.0         | 2,848.4         | 5.2%          | 11,321.0        | 21.3%         |
| Caritro S.p.A.                             | 594.7           | 624.5           | 1,219.2         | 2.2%          | 1,179.8         | 2.2%          |
| Cariverona Banca S.p.A.                    | 1,609.0         | 4,032.3         | 5,641.3         | 10.3%         | 8,870.5         | 16.7%         |
| Cassamarca S.p.A.                          | 419.3           | 1,029.0         | 1,448.3         | 2.7%          | 2,101.8         | 3.9%          |
| Rolo Banca 1473 S.p.A.                     | 9,998.2         | 1,845.4         | 11,843.6        | 21.7%         | 12,515.9        | 23.5%         |
| Other domestic banks                       | 3.0             | 110.5           | 113.5           | 0.2%          | 211.9           | 0.4%          |
| <b>Total domestic banks</b>                | <b>22,446.8</b> | <b>25,842.1</b> | <b>48,288.9</b> | <b>88.4%</b>  | <b>48,795.7</b> | <b>91.7%</b>  |
| Domestic financial and ancillary companies | 56.5            | 298.7           | 355.2           | 0.7%          | 551.3           | 1.0%          |
| Companies registered abroad (1)            | 2,466.8         | 3,498.3         | 5,965.1         | 10.9%         | 3,886.4         | 7.3%          |
| <b>Aggregated total</b>                    | <b>24,970.1</b> | <b>29,639.1</b> | <b>54,609.2</b> | <b>100.0%</b> | <b>53,233.4</b> | <b>100.0%</b> |
| Pekao Group                                | 8,568.7         | 910.8           | 9,479.5         |               | —               |               |
| Elisions and adjustments on consolidation  | - 4,586.7       | - 2,597.8       | - 7,184.5       |               | - 2,858.6       |               |
| <b>Consolidated total</b>                  | <b>28,952.1</b> | <b>27,952.1</b> | <b>56,904.2</b> |               | <b>50,374.8</b> |               |

(1) Excluding Pekao Group

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— The composition of the securities portfolio and the relative changes occurring against the previous period:

| Investment securities:                             | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                 |                 |                |
|--|--|-----------------|-----------------|----------------|
|  | AMOUNTS AT                                 |                 | CHANGES         |                |
|  | 31/12/1999                                 | 31/12/1998      | ABSOLUTE        | %              |
| Treasury certificates                              | 7,064.3                                    | 8,005.3         | - 941.0         | - 11.8%        |
| Multi-year Treasury bills                          | 8,042.9                                    | 8,269.5         | - 226.6         | - 2.7%         |
| Certificates of deposit                            | 387.7                                      | 231.9           | + 155.8         | + 67.2%        |
| Securities deriving from restructured credit lines | 733.9                                      | 649.5           | + 84.4          | + 13.0%        |
| Credito Fondiario S.p.A bonds                      | 107.1                                      | 119.4           | - 12.3          | - 10.3%        |
| Banco di Sicilia S.p.A. bonds                      | —  | 30.0            | - 30.0          | -100.0%        |
| Mediobanca bonds                                   | 426.4                                      | 595.5           | - 169.1         | - 28.4%        |
| Bonds of international institutions                | 34.3                                       | 412.5           | - 378.2         | - 91.7%        |
| Other securities                                   | 12,155.5                                   | 3,506.6         | + 8,648.9       | ••             |
| <b>Total</b>                                       | <b>28,952.1</b>                            | <b>21,820.2</b> | <b>+7,131.9</b> | <b>+ 32.7%</b> |

| Trading securities:                 | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                 |                |               |
|-------------------------------------|--|-----------------|----------------|---------------|
|                                     | AMOUNTS AT                                 |                 | CHANGES        |               |
|                                     | 31/12/1999                                 | 31/12/1998      | ABSOLUTE       | %             |
| Ordinary Treasury bills             | 2,212.1                                    | 4,182.2         | -1,970.1       | - 47.1%       |
| Treasury Certificates               | 12,580.0                                   | 13,035.0        | - 455.0        | - 3.5%        |
| Multi-year Treasury bills           | 2,897.4                                    | 3,796.0         | - 898.6        | - 23.7%       |
| Bonds of international institutions | 807.6                                      | 716.5           | + 91.1         | + 12.7%       |
| Certificates of deposit             | —  | 79.7            | - 79.7         | -100.0%       |
| Mediobanca bonds                    | 340.8                                      | 129.7           | + 211.1        | ••            |
| Other debt securities               | 6,834.2                                    | 5,974.5         | + 859.7        | + 14.4%       |
| Variable-yield securities           | 2,280.0                                    | 641.0           | + 1,639.0      | ••            |
| <b>Total</b>                        | <b>27,952.1</b>                            | <b>28,554.6</b> | <b>- 602.5</b> | <b>- 2.1%</b> |

— **The plus/minus value** with regard to the redemption values (the nominal values being taken as such) and the book value of **fixed-income investment securities**, are as follows:

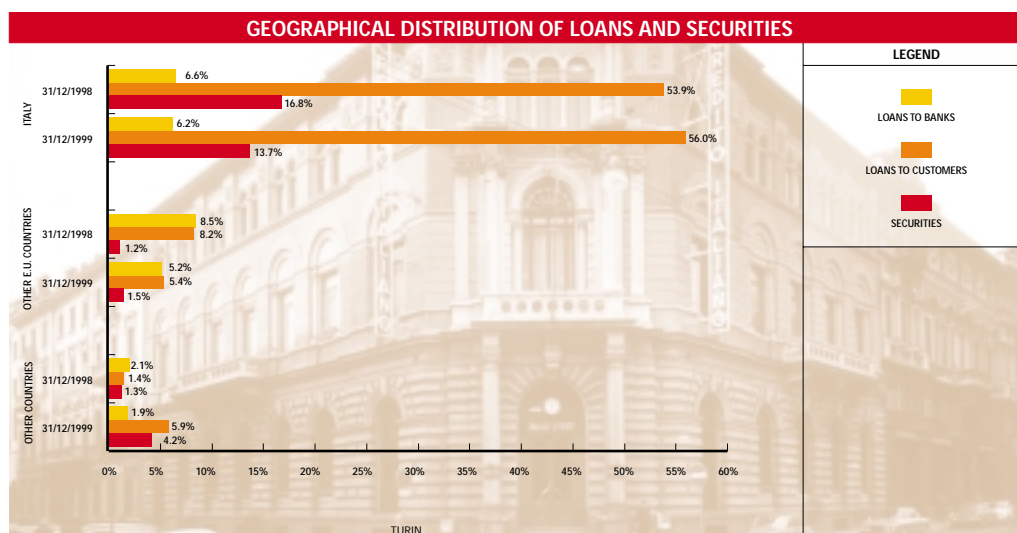
|                           | (CONSOLIDATED AMOUNTS IN BILLION OF LIT.) |                       |                |
|---------------------------|---|-----------------------|----------------|
|                           | REDEMPTION VALUE                          | AMOUNTS AT 31/12/1999 |                |
|                           |   | BOOK VALUE            | PLUS/MINUS     |
| Treasury Certificates     | 7,048.3                                   | 7,064.3               | - 16.0         |
| Multi-year Treasury Bills | 7,983.2                                   | 8,042.9               | - 59.7         |
| Other bonds               | 14,021.7                                  | 13,844.9              | + 176.8        |
| <b>Total</b>              | <b>29,053.2</b>                           | <b>28,952.1</b>       | <b>+ 101.1</b> |

\* \* \*

The **distribution by area** of the entire activity (Loans to customers and banks and securities) shows, in the comparison periods, a decrease in domestic trade (from **77.3%** at end 1998 to **75.9%** at end 1999), while "Other countries" reached **12%** compared to **4.9%** in 1998 following the entrance of Peka Group (+ **23,818.5** billions).

(CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)

| ASSETS<br>DISTRIBUTION BY AREA | AMOUNTS AT:     |                  | 31/12/1999      |                  |                     | 31/12/1998       |                     |
|--------------------------------|-----------------|------------------|-----------------|------------------|---------------------|------------------|---------------------|
|                                | LOANS           |                  | SECURITIES      | TOTAL            | RATIO<br>% OF TOTAL | TOTAL            | RATIO<br>% OF TOTAL |
|                                | TO BANKS        | TO CUSTOMERS     |                 |                  |                     |                  |                     |
| Italy                          | 17,975.8        | 163,649.7        | 40,146.8        | 221,772.3        | 75.9%               | 201,867.3        | 77.3%               |
| Other E.U. countries           | 15,106.3        | 15,876.5         | 4,383.2         | 35,366.0         | 12.1%               | 46,837.5         | 17.9%               |
| Other countries                | 5,657.3         | 17,154.5         | 12,374.2        | 35,186.0         | 12.0%               | 12,470.7         | 4.8%                |
| <b>Total</b>                   | <b>38,739.4</b> | <b>196,680.7</b> | <b>56,904.2</b> | <b>292,326.3</b> | <b>100.0%</b>       | <b>261,175.5</b> | <b>100.0%</b>       |



- The Group's Activities
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Equity Investments
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## Equity Investments

"Equity investments" amount to **2,107.7** billion and show a decrease of **817.3** billion in the period.

|                                | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                |               |               |
|--------------------------------|--|----------------|---------------|---------------|
|                                | AMOUNTS AT                                 |                | CHANGES       |               |
|                                | 31/12/1999                                 | 31/12/1998     | ABSOLUTE      | %             |
| Investments                    | 2,013.4                                    | 2,883.4        | - 870.0       | - 30.2%       |
| Investments in group companies | 94.3                                       | 41.6           | + 52.7        | +126.7%       |
| <b>Total</b>                   | <b>2,107.7</b>                             | <b>2,925.0</b> | <b>-817.3</b> | <b>-27.9%</b> |

The following changes have contributed to the decrease:

### Investments

|   |          |   |         |
|---|----------|---|---------|
| Acquisition of new companies and increased stakes | billions | + | 164.0   |
| Write-backs                                       | billions | + | 19.2    |
| Profits on transfers                              | billions | + | 731.4   |
| Transfers of stakes                               | billions | - | 1,947.4 |
| Losses on transfers                               | billions | - | 107.2   |
| Depreciation of book value                        | billions | - | 63.3    |
| Other changes                                     | billions | + | 333.3   |
|   | billions | - | 870.0   |

### Investments in group companies

|   |          |   |      |
|---|----------|---|------|
| Acquisition of new companies and increased stakes | billions | + | 53.1 |
| Transfers of stakes                               | billions | - | 3.0  |
| Other changes                                     | billions | + | 2.6  |
|   | billions | + | 52.7 |

As regards relationships with affiliated companies, the breakdown which follows shows, assets, liabilities, guarantees and commitments for companies subject to control – not consolidated – and for those subject to substantial management influence in terms of Art. 19, para 1 of Legislative Decree 87/92.

| BALANCE SHEET ITEMS        | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |   |
|----------------------------|--|---|
|                            | CONTROLLED COMPANIES                       | COMPANIES SUBJECT TO SUBSTANTIAL MANAGEMENT INFLUENCE |
| Assets                     | 111.9                                      | 480.8   |
| Liabilities                | 115.4                                      | 502.8   |
| Guarantees and commitments | 47.4                                       | 311.8   |

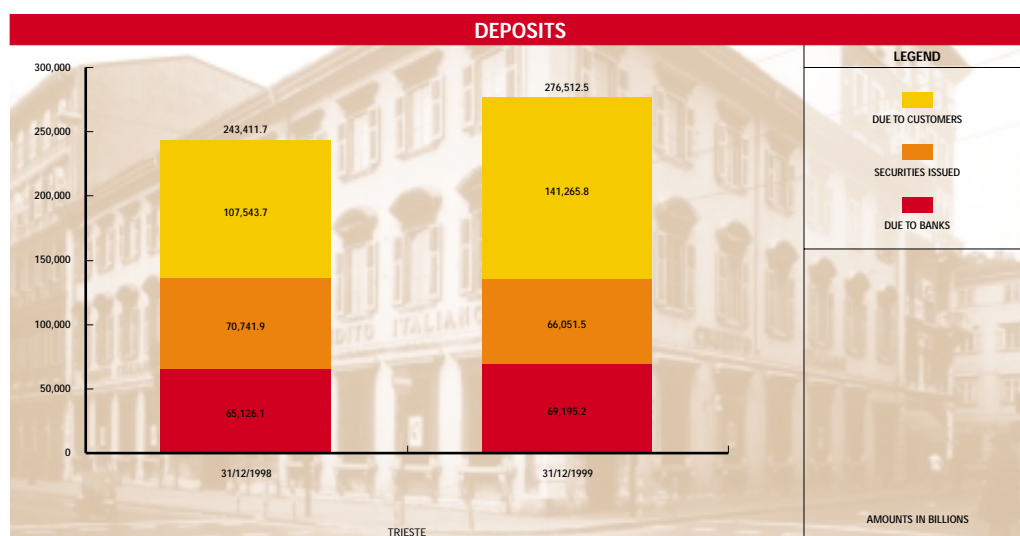
For details on relationships with controlled companies and those subject to substantial management influence as at end 1999 please refer to the appropriate annex.

## Amounts Due

Amounts due, including Repos, at end 1999 totalled **276,512.5** billion, an increase of **33,100.8** billion, equal to **13.6%**. Excluding Pekao Group, the increase is limited to **3.9%**.

Amounts due to customers and securities issued reached **207,317.3** billion with an increase of **29,031.7** billion; only bonds increased with respect to 1998 by **1,409.5** billion, equal to **3.5%**.

|                           | AMOUNTS AT       |                  | ABSOLUTE 99/98<br>CHANGES | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                                      |
|---------------------------|------------------|------------------|---------------------------|---|--------------------------------------|
|                           | 31/12/1999 (+)   | 31/12/1998       |                           | (+) OF WHICH<br>PEKAO GROUP               | CHANGES%<br>EXCLUDING<br>PEKAO GROUP |
| <b>Due to customers:</b>  |                  |                  |                           |   |                                      |
| - Euro area               | 115,158.3        | 101,674.9        | + 13,483.4                | 1,557.9                                   | + 11.7%                              |
| - other currencies        | 26,107.5         | 5,868.8          | + 20,238.7                | 19,233.2                                  | + 17.1%                              |
|                           | <b>141,265.8</b> | <b>107,543.7</b> | <b>+33,722.1</b>          | <b>20,791.1</b>                           | <b>+12.0%</b>                        |
| <b>Securities issued:</b> |                  |                  |                           |   |                                      |
| - Euro area               | 58,646.9         | 62,864.5         | - 4,217.6                 | —   | - 6.7%                               |
| - other currencies        | 7,404.6          | 7,877.4          | - 472.8                   | 23.9                                      | - 6.3%                               |
|                           | <b>66,051.5</b>  | <b>70,741.9</b>  | <b>- 4,690.4</b>          | <b>23.9</b>                               | <b>- 6.7%</b>                        |
|                           | <b>207,317.3</b> | <b>178,285.6</b> | <b>+29,031.7</b>          | <b>20,815.0</b>                           | <b>+ 4.6%</b>                        |
| <b>Due to banks:</b>      |                  |                  |                           |   |                                      |
| - Euro area               | 49,995.2         | 43,720.1         | + 6,275.1                 | 46.3                                      | + 14.2%                              |
| - other currencies        | 19,200.0         | 21,406.0         | - 2,206.0                 | 2,745.0                                   | -23.1%                               |
|                           | <b>69,195.2</b>  | <b>65,126.1</b>  | <b>+ 4,069.1</b>          | <b>2,791.3</b>                            | <b>+ 2.0%</b>                        |
| <b>Total</b>              | <b>276,512.5</b> | <b>243,411.7</b> | <b>+33,100.8</b>          | <b>23,606.3</b>                           | <b>+ 3.9%</b>                        |



- The Group's Activities
- Operating Performance
- Major Equity Investments  
(Performance and Results for  
the Period)
- Breakdown of the Major  
Equity Investments
- Information Regarding the  
"Year 2000 Issue"
- Subsequent Events and  
Outlook

Amounts **due to customers and securities issued:**  
— figures for principal group banks and other affiliates:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)  |                  |                 |                  |               |                  |               |
|--|------------------|-----------------|------------------|---------------|------------------|---------------|
|  | 31/12/1999       |                 |                  |               | 31/12/1998       |               |
|  | CUSTOMERS        | SECURITIES      | TOTAL            | % OF TOTAL    | TOTAL            | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 46,794.2         | 14,318.2        | 61,112.4         | 31.9%         | 52,926.0         | 28.9%         |
| Banca CRT S.p.A.                           | 20,133.1         | 4,966.3         | 25,099.4         | 13.1%         | 25,847.5         | 14.1%         |
| Caritro S.p.A.                             | 2,656.1          | 1,298.1         | 3,954.2          | 2.0%          | 2,948.3          | 1.6%          |
| Cariverona Banca S.p.A.                    | 13,074.8         | 9,624.9         | 22,699.7         | 11.8%         | 23,322.6         | 12.8%         |
| Cassamarca S.p.A.                          | 3,663.3          | 1,148.6         | 4,811.9          | 2.5%          | 5,476.3          | 3.0%          |
| Rolo Banca 1473 S.p.A.                     | 30,563.9         | 26,502.1        | 57,066.0         | 29.8%         | 51,665.4         | 28.3%         |
| Other domestic banks (Italy)               | 313.8            | 12,282.4        | 12,596.2         | 6.6%          | 15,552.4         | 8.5%          |
| <i>Total domestic banks (Italy)</i>        | <i>117,199.2</i> | <i>70,140.6</i> | <i>187,339.8</i> | <i>97.7%</i>  | <i>177,738.5</i> | <i>97.2%</i>  |
| Domestic financial and ancillary companies | 1,022.5          | —               | 1,022.5          | 0.5%          | 968.6            | 0.5%          |
| Companies registered abroad (1)            | 3,186.8          | 138.1           | 3,324.9          | 1.8%          | 4,102.7          | 2.3%          |
| <b>Aggregated total</b>                    | <b>121,408.5</b> | <b>70,278.7</b> | <b>191,687.2</b> | <b>100.0%</b> | <b>182,809.8</b> | <b>100.0%</b> |
| Pekao Group                                | 20,791.1         | 23.9            | 20,815.0         | —             | —                | —             |
| Elisions and adjustments                   | —                | 933.8           | —                | 5,184.9       | —                | 4,524.2       |
| <b>Consolidated total</b>                  | <b>141,265.8</b> | <b>66,051.5</b> | <b>207,317.3</b> |               | <b>178,285.6</b> |               |

(1) Excluding Pekao Group

— breakdown by **individual categories**, showing changes over the twelve months (December 1999 / December 1998).

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                  |                               |                               |                                       |
|---|------------------|------------------|-------------------------------|-------------------------------|---------------------------------------|
|   | AMOUNTS AT       |                  | ABSOLUTE 99/98<br>CHANGES (+) | (+/-) OF WHICH<br>PEKAO GROUP | CHANGES %<br>EXCLUDING<br>PEKAO GROUP |
|   | 31/12/1999 (+)   | 31/12/1998       |                               |                               |                                       |
| <b>Due to customers:</b>                  |                  |                  |                               |                               |                                       |
| Deposits                                  | 14,263.4         | 15,027.5         | —                             | 1.9                           | — 5.1%                                |
| Current accounts                          | 106,601.6        | 74,755.6         | + 31,846.0                    | 20,760.2                      | + 14.8%                               |
| Repos                                     | 17,866.2         | 15,975.4         | + 1,890.8                     | —                             | + 11.8%                               |
| Securities lending                        | 342.8            | 26.2             | + 316.6                       | —                             | ••                                    |
| Deposits received in administration       | 269.3            | 201.4            | + 67.9                        | —                             | + 33.7%                               |
| Other transactions                        | 1,922.5          | 1,557.6          | + 364.9                       | 29.0                          | + 21.6%                               |
|   | <b>141,265.8</b> | <b>107,543.7</b> | <b>+33,722.1</b>              | <b>20,791.1</b>               | <b>+12.0%</b>                         |
| <b>Securities issued:</b>                 |                  |                  |                               |                               |                                       |
| Bonds                                     | 42,156.7         | 40,747.2         | + 1,409.5                     | —                             | + 3.5%                                |
| Certificates of deposit                   | 22,097.9         | 27,378.0         | — 5,280.1                     | —                             | — 19.3%                               |
| Other securities                          | 1,796.9          | 2,616.7          | — 819.8                       | 23.9                          | — 32.2%                               |
|   | <b>66,051.5</b>  | <b>70,741.9</b>  | <b>— 4,690.4</b>              | <b>23.9</b>                   | <b>— 6.7%</b>                         |
| <b>Total</b>                              | <b>207,317.3</b> | <b>178,285.6</b> | <b>+29,031.7</b>              | <b>20,815.0</b>               | <b>+ 4.6%</b>                         |

Amounts **due to banks:**  
— figures for principal group banks and other affiliates:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)  |                  |               |                 |               |  |
|--|------------------|---------------|-----------------|---------------|--|
|  | 31/12/1999       |               | 31/12/1998      |               |  |
|  | AMOUNT           | % OF TOTAL    | AMOUNT          | % OF TOTAL    |  |
| UniCredito Italiano S.p.A.                 | 64,701.0         | 58.4%         | 38,608.2        | 47.7%         |  |
| Banca CRT S.p.A.                           | 4,448.1          | 4.0%          | 10,576.2        | 13.0%         |  |
| Caritro S.p.A.                             | 520.2            | 0.5%          | 904.8           | 1.1%          |  |
| Cariverona Banca S.p.A.                    | 3,196.6          | 2.9%          | 5,974.1         | 7.4%          |  |
| Cassamarca S.p.A.                          | 847.1            | 0.8%          | 698.1           | 0.9%          |  |
| Rolo Banca 1473 S.p.A.                     | 11,769.2         | 10.6%         | 6,111.7         | 7.5%          |  |
| Other domestic banks (Italy)               | 5,638.3          | 5.1%          | 4,716.2         | 5.8%          |  |
| <i>Total domestic banks</i>                | <i>91,120.5</i>  | <i>82.3%</i>  | <i>67,589.3</i> | <i>83.4%</i>  |  |
| Domestic financial and ancillary companies | 14,401.9         | 13.0%         | 11,880.5        | 14.7%         |  |
| Companies registered abroad (1)            | 5,178.2          | 4.7%          | 1,542.9         | 1.9%          |  |
| <b>Aggregated total</b>                    | <b>110,700.6</b> | <b>100.0%</b> | <b>81,012.7</b> | <b>100.0%</b> |  |
| Pekao Group                                | 2,820.4          | —             | —               | —             |  |
| Elision and adjustments                    | —                | 44,325.8      | —               | 15,886.6      |  |
| <b>Consolidated total</b>                  | <b>69,195.2</b>  |               | <b>65,126.1</b> |               |  |

(1) Excluding Pekao Group

— breakdown by **individual categories**, showing changes over the twelve months (December 1999/December 1998):

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                 |                               |                               |                                       |
|---|-----------------|-----------------|-------------------------------|-------------------------------|---------------------------------------|
|   | AMOUNTS AT      |                 | ABSOLUTE 99/98<br>CHANGES (+) | (+/-) OF WHICH<br>PEKAO GROUP | CHANGES %<br>EXCLUDING<br>PEKAO GROUP |
|   | 31/12/1999 (+)  | 31/12/1998      |                               |                               |                                       |
| <b>Due to banks:</b>                      |                 |                 |                               |                               |                                       |
| Deposits                                  | 36,944.8        | 46,822.7        | - 9,877.9                     | 2,695.4                       | - 26.9%                               |
| Current account for services rendered     | 1,156.7         | 1,759.2         | - 602.5                       | 37.3                          | - 36.4%                               |
| Repos                                     | 24,398.2        | 7,041.2         | + 17,357.0                    | 42.8                          | ••                                    |
| Securities lending                        | 14.2            | —               | + 14.2                        | —                             | +100.0%                               |
| Loans from international organisations    | 1,083.0         | 3,373.2         | - 2,290.2                     | —                             | - 67.9%                               |
| Other operations                          | 5,598.3         | 6,129.8         | - 531.5                       | 15.8                          | - 8.9%                                |
| <b>Total</b>                              | <b>69,195.2</b> | <b>65,126.1</b> | <b>+ 4,069.1</b>              | <b>2,791.3</b>                | <b>+ 2.0%</b>                         |

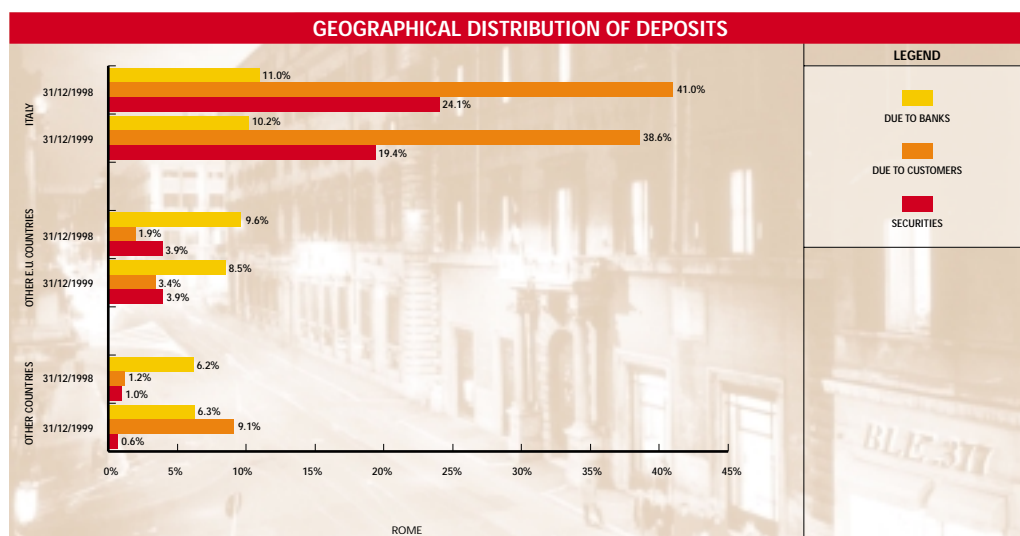
The position of the **Group on the interbank market** is as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                       |                   |                   |
|---|-----------------------|-------------------|-------------------|
|   | AMOUNTS AT 31/12/1999 |                   |                   |
|   | EURO CURRENCIES       | OTHER CURRENCIES  | TOTAL             |
| Due from banks                            | 29,778.2              | 8,961.2           | 38,739.4          |
| Due to banks                              | 49,995.2              | 19,200.0          | 69,195.2          |
| <b>Net position</b>                       | <b>- 20,217.0</b>     | <b>- 10,238.8</b> | <b>- 30,455.8</b> |

The **distribution by area** of the liabilities (due to banks, due to customers and securities) shows, over the comparison periods, a slight reduction in domestic trade (from **76.1%** at end 1998 to **68.2%** at end 1999) and an increase in "Other countries" from **8.4%** to **16%** following the entrance of Pekao Group.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                      |                  |                     |                      |               |                     |               |                     |
|---|----------------------|------------------|---------------------|----------------------|---------------|---------------------|---------------|---------------------|
| LIABILITIES                               | AMOUNTS AT:          |                  | 31/12/1999          |                      |               | 31/12/1998          |               |                     |
|   | DISTRIBUTION BY AREA | DUE              |                     |                      | TOTAL         | RATIO<br>% OF TOTAL | TOTAL         | RATIO<br>% OF TOTAL |
|   |                      | TO BANKS         | TO CUSTOMERS<br>(1) | SECURITIES<br>ISSUED |               |                     |               |                     |
| Italy                                     | 28,190.6             | 106,510.9        | 53,598.0            | 188,299.5            | 68.2%         | 185,155.3           | 76.1%         |                     |
| Other E.U. countries                      | 23,672.8             | 9,312.5          | 10,708.0            | 43,693.3             | 15.8%         | 37,555.4            | 15.5%         |                     |
| Other countries                           | 17,331.8             | 25,173.1         | 1,745.5             | 44,250.4             | 16.0%         | 20,499.6            | 8.4%          |                     |
| <b>Total</b>                              | <b>69,195.2</b>      | <b>140,996.5</b> | <b>66,051.5</b>     | <b>276,243.2</b>     | <b>100.0%</b> | <b>243,210.3</b>    | <b>100.0%</b> |                     |

(1) excluding deposits received in administration



Section 11.5 of the Notes to the Financial Statement shows the distribution by area of the other liability accounts, which include Deposits received in administration and subordinated debts.

## Figures for units operating in Italy alone.

### Matrix of accounts reporting criterion (nominal value)

As for "lending", the trend in figures regarding deposits for the units operating in Italy alone, excluding both repos and bonds is examined below.

"Deposits ordinary domestic customers" compared with the previous period, rose by **3.2%** whereas the industry grew by **2.1%**.

| AMOUNTS AT       | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                 |                  |               |
|------------------|--|-----------------|------------------|---------------|
|                  | 31/12/1999                                 | 31/12/1998      | CHANGES          |               |
|                  |  |                 | ABSOLUTE         | %             |
| Euro customers   | 97,960.8                                   | 95,521.1        | + 2,439.7        | + 2.6%        |
| Other currencies | 2,515.2                                    | 1,798.0         | + 717.2          | +39.9%        |
| <b>Total</b>     | <b>100,476.0</b>                           | <b>97,319.1</b> | <b>+ 3,156.9</b> | <b>+ 3.2%</b> |

The figures refer to the matrix of accounts submitted to the Regulatory Authorities. The industry information was taken from the appendices to the Bank of Italy's statistical bulletin.

The figures for the group banks and other affiliates are as follows:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                 |               |
|--|--|-----------------|---------------|
|  | AMOUNTS AT                                 |                 | CHANGES %     |
|  | 31/12/1999                                 | 31/12/1998      |               |
| UniCredito Italiano S.p.A. (1)                 | 37,632.5                                   | 34,427.0        | + 9.3%        |
| Banca CRTS.p.A.                                | 18,867.6                                   | 17,623.3        | + 7.1%        |
| Cariverona Banca S.p.A.                        | 14,433.2                                   | 15,200.8        | - 5.0%        |
| Cassamarca S.p.A.                              | 2,645.7                                    | 3,062.3         | -13.6%        |
| Cassa di Risparmio di Trento e Rovereto S.p.A. | 2,272.9                                    | 2,106.6         | + 7.9%        |
| Rolo Banca 1473 S.p.A.                         | 24,376.3                                   | 24,348.1        | + 0.1%        |
| Credito Fondiario (pro-quota)                  | 25.6                                       | 38.0            | -12.4%        |
| Banca Mediocredito S.p.A.                      | 99.1                                       | 274.2           | -63.9%        |
| Mediovenezie Banca S.p.A.                      | 95.0                                       | 224.4           | -57.7%        |
| Banca di Bergamo S.p.A.                        | 28.1                                       | 14.4            | +95.1%        |
|  | <b>100,476.0</b>                           | <b>97,319.1</b> | <b>+ 3.2%</b> |

(1) 31/12/1998 figures include Banca Popolare di Rieti S.p.A. incorporated in 1999.

The Group market share of deposits progressed from **10.78%** at end 1998 to **10.90%** at end 1999.

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |               |                       |
|---|--|---------------|-----------------------|
|   | 31/12/1999                                 | 31/12/1998    | CHANGES % ON DEC. '98 |
| Group deposits in Euros and other currencies    | 100,476.0                                  | 97,319.1      | 3.2%                  |
| Industry deposits in Euros and other currencies | 922,063                                    | 903,061       | 2.1%                  |
| <b>GROUP/INDUSTRY RATIO</b>                     | <b>10.90%</b>                              | <b>10.78%</b> |                       |

To complete the information, further details regarding domestic customer deposits are given below:  
— *breakdown by sector of economic activity in absolute value and percentage of total:*

| (CONSOLIDATED AMOUNTS IN BILLION OF LIT)             |                         |                       |
|--|-------------------------|-----------------------|
|  | AMOUNT AT<br>31/12/1999 | LENDING %<br>OF TOTAL |
| Public authorities                                   | 3,164.8                 | 3.15%                 |
| Holding companies                                    | 13,529.4                | 13.47%                |
| Non-holding companies and family firms:              |                         |                       |
| - <i>agricultural, fishing and forestry products</i> | 962.7                   | 0.96%                 |
| - <i>energy products</i>                             | 223.3                   | 0.22%                 |
| - <i>minerals and ferrous and non-ferrous metals</i> | 219.2                   | 0.22%                 |
| - <i>minerals and non-metallic products</i>          | 545.5                   | 0.54%                 |
| - <i>chemical products</i>                           | 414.3                   | 0.41%                 |
| - <i>metal products</i>                              | 721.0                   | 0.72%                 |
| - <i>agricultural and industrial machines</i>        | 1,277.8                 | 1.27%                 |
| - <i>office machines</i>                             | 220.6                   | 0.22%                 |
| - <i>electrical supplies and materials</i>           | 635.2                   | 0.63%                 |
| - <i>transport vehicles</i>                          | 337.8                   | 0.34%                 |
| - <i>food products, beverages, tobacco</i>           | 591.5                   | 0.59%                 |
| - <i>textile, leather, clothing products</i>         | 901.9                   | 0.90%                 |
| - <i>paper, printed products, publishing</i>         | 323.3                   | 0.32%                 |
| - <i>rubber and plastic products</i>                 | 320.9                   | 0.32%                 |
| - <i>other industrial products</i>                   | 515.4                   | 0.51%                 |
| - <i>building and public works</i>                   | 1,986.9                 | 1.98%                 |
| - <i>commercial services</i>                         | 3,793.7                 | 3.78%                 |
| - <i>hotel and public services</i>                   | 446.3                   | 0.44%                 |
| - <i>internal transport services</i>                 | 357.7                   | 0.36%                 |
| - <i>sea/air transport services</i>                  | 99.9                    | 0.10%                 |
| - <i>transport-related services</i>                  | 374.1                   | 0.37%                 |
| - <i>communication services</i>                      | 174.3                   | 0.17%                 |
| - <i>other services intended for sale</i>            | 3,994.0                 | 3.97%                 |
|  | 19,437.3                | 19.34%                |
| Private institutions                                 | 8,460.4                 | 8.42%                 |
| Consumer households                                  | 55,884.1                | 55.62%                |
| <b>Total domestic</b>                                | <b>100,476.0</b>        | <b>100.00%</b>        |
| Rest of the world                                    | 2,237.0                 |                       |
| <b>Total</b>   | <b>102,713.0</b>        |                       |

— *the number of creditor accounts, including certificates of deposit, with customers:*

|  | AMOUNTS AT 31/12/1999 |                  |                  |
|--|-----------------------|------------------|------------------|
|  | EURO                  | OTHER CURRENCIES | TOTAL            |
| NUMBER OF CREDITOR ACCOUNTS WITH CUSTOMERS         |                       |                  |                  |
| Current accounts                                   | 3,357,741             | 19,708           | 3,377,449        |
| Savings deposits                                   | 2,100,175             | —                | 2,100,175        |
| Interest-bearing bills and certificates of deposit | 228,828               | 933              | 229,761          |
| <b>Total</b>                                       | <b>5,686,744</b>      | <b>20,641</b>    | <b>5,707,385</b> |

The Group's Activities

Operating Performance

Major Equity Investments  
(Performance and Results for  
the Period)

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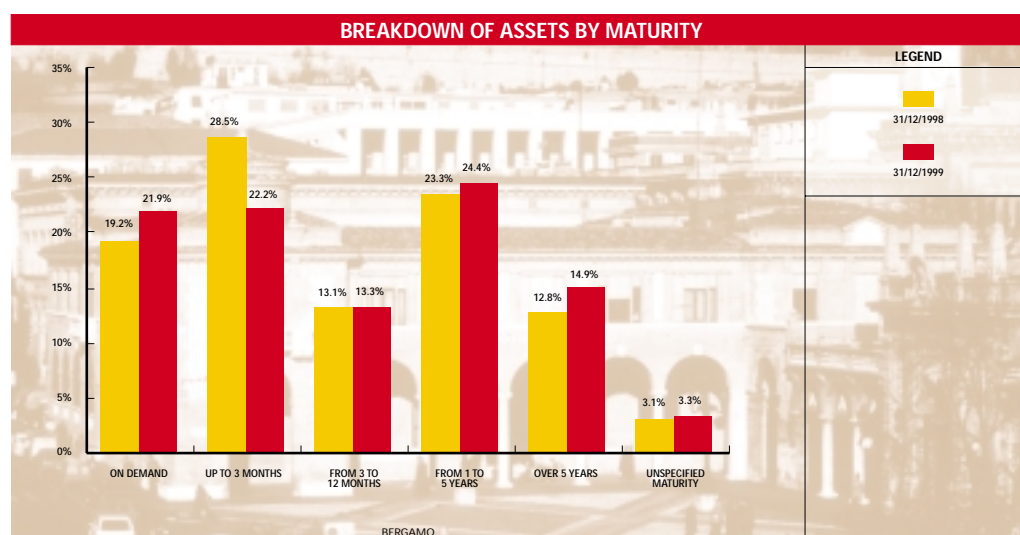
Finally, again with regard to **units operating in Italy alone (matrix of accounts criterion)** it is considered appropriate to show the **total deposits in Euro currencies and other currencies from domestic customers** – i.e. also including bonds and repos, that reached **155,611.3** billion with an increase in respect of end 1998 of **2.7%**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                  |                          |
|---|------------------|------------------|--------------------------|
|   | 31/12/1999       | 31/12/1998       | CHANGES %<br>ON DEC. '98 |
| <b>Group deposits, etc.:</b>              |                  |                  |                          |
| Deposits                                  | 100,476.0        | 97,319.1         | + 3.2%                   |
| Bonds issued                              | 44,751.1         | 41,412.0         | + 8.1%                   |
|   | 145,227.1        | 138,731.1        | + 4.7%                   |
| Repos                                     | 10,384.2         | 12,782.6         | - 18.7%                  |
|   | <b>155,611.3</b> | <b>151,513.7</b> | <b>+ 2.7%</b>            |
| <b>Industry deposits, etc.:</b>           |                  |                  |                          |
| Deposits                                  | 922,063          | 903,061          | + 2.1%                   |
| Bonds issued                              | 455,531          | 436,073          | + 4.5%                   |
|   | 1,377,594        | 1,339,134        | + 2.9%                   |
| Repos                                     | 88,739           | 108,588          | - 18.3%                  |
|   | <b>1,466,333</b> | <b>1,447,722</b> | <b>+ 1.3%</b>            |
| <b>Group Market share</b>                 |                  |                  |                          |
| Deposits                                  | 10.90%           | 10.78%           |                          |
| Bonds issued                              | 9.82%            | 9.50%            |                          |
|   | 10.54%           | 10.36%           |                          |
| Repos                                     | 11.70%           | 11.77%           |                          |
|   | <b>10.61%</b>    | <b>10.47%</b>    |                          |

The market share of total deposits grew from **10.47%** at end 1998 to **10.61%** at end 1999.

The **distribution** of total **assets** (Loans to banks, Loans to customers and Debt securities) and of **liabilities** (Due to banks, Due to customers, securities issued and subordinate liabilities) in the two periods compared show an operational trend of around **57%** for assets and **84%** for liabilities.

| ASSETS                              | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                  |
|-------------------------------------|--|------------------|
|                                     | 31/12/1999                                 | 31/12/1998       |
| Determinate residual maturity:      |  |                  |
| - on demand                         | 63,508.3                                   | 49,928.0         |
| - up to three months                | 64,356.0                                   | 74,270.6         |
| - over three months up to 12 months | 38,501.2                                   | 34,237.0         |
| - over 1 year up to 5 years         | 70,746.1                                   | 60,804.7         |
| - over 5 years                      | 43,301.9                                   | 33,253.7         |
| Indeterminate residual maturity     | 9,630.8                                    | 8,040.5          |
| <b>Total</b>                        | <b>290,044.3</b>                           | <b>260,534.5</b> |

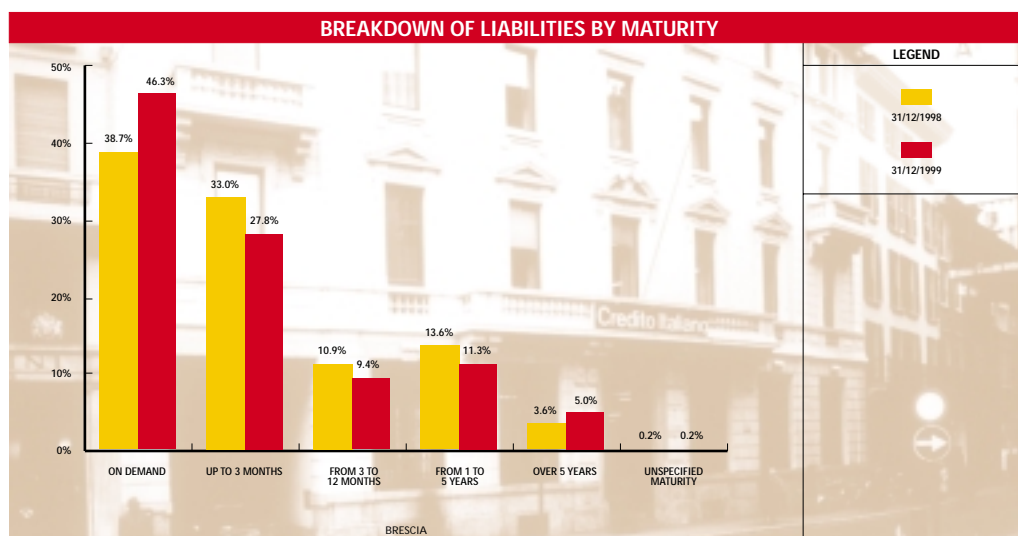


| LIABILITIES                         | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                  |
|-------------------------------------|--|------------------|
|                                     | 31/12/1999                                 | 31/12/1998       |
| Determinate residual maturity:      |  |                  |
| - on demand                         | 129,083.4                                  | 95,030.0         |
| - up to three months                | 77,484.3                                   | 81,075.6         |
| - over three months up to 12 months | 26,395.3                                   | 26,721.3         |
| - over 1 year up to 5 years         | 31,435.9                                   | 33,417.6         |
| - over 5 years                      | 13,948.3                                   | 8,849.6          |
| Indeterminate residual maturity     | 550.0                                      | 620.0            |
| <b>Total (*)</b>                    | <b>278,897.2</b>                           | <b>245,714.1</b> |

(\*) Excluding deposits received in administration

- The Group's Activities
- Operating Performance
- Major Equity Investments (Performance and Results for the Period)
- Breakdown of the Major Equity Investments
- Information Regarding the "Year 2000 Issue"
- Subsequent Events and Outlook





For the figures relative to the distribution of assets and liabilities including "off-balance sheet" operations, please refer to the specific annex (cp. Section 11.6).

\* \* \*

## INDIRECT DEPOSITS AND VOLUME OF ASSETS IN ADMINISTRATION

The total of securities and other financial assets in custody and administration of the various entities of the Group (the so-called "indirect deposits") together with segregated accounts at end December 1999 amount to **382,978.5**.

The comparison of the total direct and indirect deposits is as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)                               |                  |                  |
|--|------------------|------------------|
| DIRECT AND INDIRECT DEPOSITS   | AT 31/12/1999    | AT 31/12/1998    |
| Customer deposits and securities issued                                  | 207,317.3        | 178,285.6        |
| Securities in custody and administration (including segregated accounts) | 382,978.6        | 375,337.7        |
| <b>Total</b>   | <b>590,295.8</b> | <b>553,623.3</b> |

## Assets under management

1999 represents a year of growth, both for Assets under Management and for Investment Funds.

Investment funds in Italy grew by 27.7% in 1999.

Of particular importance was the growth of relative weight of investment trusts thanks to new subscriptions, to positive performance of the leading stock exchanges - in contrast to the less impressive performance of unit trusts - and to positive tendencies of investment trusts.

Investment fund equity of the UniCredito Italiano Group at year-end amounted to 144,197 billion up by 40.1% with respect to 1998. About half of the growth in the sector is due to the performance of managed funds which reached a level of around 43,400 billion, (+ 89% on end '98). The dynamics of the investment funds of companies under Luxembourg law should be noted as equity rose from around 3,600 to 21,000 billion, thanks mainly to the results of Europlus and Plurifond.

Group segregated accounts net of investment funds but including liquidity, reached 37,531 billion at year end, an increase of 15.5% with respect to 1998.

Considering also the other managed funds, not effected with shares of funds or with segregated accounts, Group assets under management equal around 185,500 billion at year end with an increase of 34.1% with respect to December 1998.

Analysis of the business dynamics for type of product and segment shows significant growth of insurance policy portfolios subscribed by customers (+87%) thanks mainly to placement of unit linked policies, which during the year doubled the weight on the total portfolio.

Within the segregated account sector, the growth of those of institutional customers, which have tripled to over 16,000 billion, is particularly significant, while those of private customers increased to almost 57,000 billion, a growth of 23.5% over end 1998, in line with that of investment funds not included in other assets under management products. These funds amount to approximately 100,000 billion and represent more than 50% of total Assets under Management (54% as against 58% at end 1998).

Finally the initiation of two activities of particular significance are noted: the hedge funds of the company EuroPlus Alternative Investments with registered offices in Dublin and of pension managed funds for which EuroPlus UnicreditRolo Sgr won important national tenders.

|  |   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |               |              |
|--|---|---|----------------|---------------|--------------|
|  |   | 31/12/1999                                | 31/12/1998     | CHANGES       |              |
|  |   |   |                | ABSOLUTE      | %            |
|  | Investment funds                                    | 144,197                                   | 102,950        | 41,247        | 40.1%        |
|  | <i>Italy</i>  | 122,890                                   | 99,355         | 23,535        | 23.7%        |
|  | <i>Luxembourg</i>                                   | 21,008                                    | 3,595          | 17,413        | 484.4%       |
|  | <i>Ireland</i>                                      | 299                                       | —              | 299           | —            |
|  | Segregated accounts (net of Investment Funds)       | 37,531                                    | 32,506         | 5,025         | 15.5%        |
|  | Other insurance/pension managed funds (1)           | 3,803                                     | 2,885          | 918           | 31.8%        |
|  | <b>Total Assets under Management</b>                | <b>185,531</b>                            | <b>138,340</b> | <b>47,190</b> | <b>34.1%</b> |
|  | of which:   |   |                |               |              |
|  | Insurance policies                                  | 12,692                                    | 6,786          | 5,905         | 87.0%        |
|  | - <i>unit linked</i>                                | 5,813                                     | 1,504          | 4,309         | 286.5%       |
|  | - <i>others</i>                                     | 6,879                                     | 5,282          | 1,596         | 30.2%        |
|  | Segregated accounts – other Institutional customers | 16,321                                    | 5,536          | 10,785        | 194.8%       |
|  | Segregated accounts – individuals                   | 56,814                                    | 46,012         | 10,803        | 23.5%        |
|  | Investment funds placed directly                    | 99,703                                    | 80,006         | 19,697        | 24.6%        |

(1) Excluding unit linked policies and segregated accounts.

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | ■ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | □ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## COMMENTARY ON PROFIT AND LOSS FIGURES

To facilitate interpretation of P&L figures, the **average balance sheet amounts** are given for 1999 and compared with those of the previous period. Note that the average amounts of “amortisation and loss reserves” were posted as liabilities among the specific reserves for asset adjustment. Therefore the assets to which they refer are posted at their nominal value or at cost.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)               |                  |                  |                   |                |
|---|------------------|------------------|-------------------|----------------|
| AVERAGE AMOUNTS (1)                                     | CHANGES          |                  |                   |                |
|   | 1999             | 1998             | ABSOLUTE          | %              |
| <b>Assets</b>   |                  |                  |                   |                |
| - units operating in Italy:                             |                  |                  |                   |                |
| • loans to customers                                    | 128,506.9        | 110,383.6        | + 18,123.3        | + 16.4%        |
| <i>current accounts, loans, etc.</i>                    | 121,670.5        | 101,786.5        | + 19,884.0        | + 19.5%        |
| <i>repos</i>  | 6,836.4          | 8,597.1          | - 1,760.7         | - 20.5%        |
| • loans to banks  | 47,388.2         | 44,522.3         | + 2,865.9         | + 6.4%         |
| <i>current accounts, deposits, etc.</i>                 | 35,975.5         | 35,380.9         | + 594.6           | + 1.7%         |
| • of which legal reserve                                | 2,371.7          | 7,773.4          | - 5,401.7         | - 69.5%        |
| <i>repos</i>  | 11,412.7         | 9,141.4          | + 2,271.3         | + 24.8%        |
| • securities  | 35,941.9         | 35,968.0         | - 26.1            | - 0.1%         |
| <b>- units operating in Italy</b>                       | <b>211,837.0</b> | <b>190,873.9</b> | <b>+ 20,963.1</b> | <b>+ 11.0%</b> |
| - units operating abroad                                | 61,619.1         | 41,537.4         | + 20,081.7        | + 48.3%        |
| - other consolidated companies                          | 47,693.6         | 46,911.8         | + 781.8           | + 1.7%         |
| - elisions on consolidation                             | - 52,937.9       | - 25,041.9       | (- 27,896.0)      | (- 111.4%)     |
| - shares and equity investments                         | 2,702.9          | 3,813.1          | - 1,110.2         | - 29.1%        |
| - tangible and intangible fixed assets                  | 9,903.9          | 7,195.4          | + 2,708.5         | + 37.6%        |
| <b>Total</b>  | <b>280,818.6</b> | <b>265,289.7</b> | <b>+ 15,528.9</b> | <b>+ 5.9%</b>  |
| <b>Liabilities</b>                                      |                  |                  |                   |                |
| - units operating in Italy:                             |                  |                  |                   |                |
| • due to customers,                                     |                  |                  |                   |                |
| securities issued                                       | 141,286.5        | 136,348.5        | + 4,938.0         | + 3.6%         |
| <i>collection (current accounts, deposits)</i>          | 86,231.4         | 78,181.5         | + 8,049.9         | + 10.3%        |
| <i>certificates of deposit</i>                          | 11,592.1         | 17,567.2         | - 5,975.1         | - 34.0%        |
| <i>bonds</i>  | 27,971.2         | 22,480.4         | + 5,490.8         | + 24.4%        |
| <i>repos</i>  | 15,491.8         | 18,119.4         | - 2,627.6         | - 14.5%        |
| • due to banks  | 49,072.0         | 33,852.2         | + 15,219.8        | + 45.0%        |
| <i>current accounts, deposits etc.</i>                  | 39,995.9         | 30,016.5         | + 9,979.4         | + 33.2%        |
| <i>repos</i>  | 9,076.1          | 3,835.7          | + 5,240.4         | + 136.6%       |
| <b>- units operating in Italy</b>                       | <b>190,358.5</b> | <b>170,200.7</b> | <b>+ 20,157.8</b> | <b>+ 11.8%</b> |
| - units operating abroad                                | 63,792.9         | 43,188.8         | + 20,604.1        | + 47.7%        |
| - subordinated loans                                    | 2,243.9          | 2,379.6          | - 135.7           | - 5.7%         |
| - other consolidated companies                          | 42,867.2         | 42,251.3         | + 615.9           | + 1.5%         |
| - elisions on consolidation                             | - 52,282.4       | - 22,660.3       | (- 29,622.1)      | (- 130.7%)     |
| - balance of other assets and liabilities (non onerous) | 4,254.2          | 1,530.5          | + 2,723.7         | + 178.0%       |
| - specific reserves providing for asset adjustment (2)  | 12,688.6         | 14,126.8         | - 1,438.2         | - 10.2%        |
| - shareholders' equity                                  | 16,895.7         | 14,272.3         | + 2,623.4         | + 18.4%        |
| <b>Total</b>  | <b>280,818.6</b> | <b>265,289.7</b> | <b>+ 15,528.9</b> | <b>+ 5.9%</b>  |

(1) Average amounts are calculated as follows:

- units operating in Italy (UniCredito Italiano S.p.A., Banca CRT S.p.A., Cariverona Banca S.p.A., Cassamarca S.p.A., Caritro S.p.A. e Rolo Banca 1473 S.p.A.) on the basis of daily balances.
- units operating abroad (UniCredito Italiano S.p.A., Banca CRT S.p.A., Cariverona Banca S.p.A. e Rolo Banca 1473 S.p.A.), on the basis of monthly balance, plus values of Pekao Group.
- other consolidated companies, on the basis of values at end December (total assets and liabilities).
- other elisions on consolidation on the basis of year end balances.
- equity investments on the basis of daily balances (in particular as regards fully consolidated companies or proportionally, the book value has been elided with the shareholders' equity of the company itself).

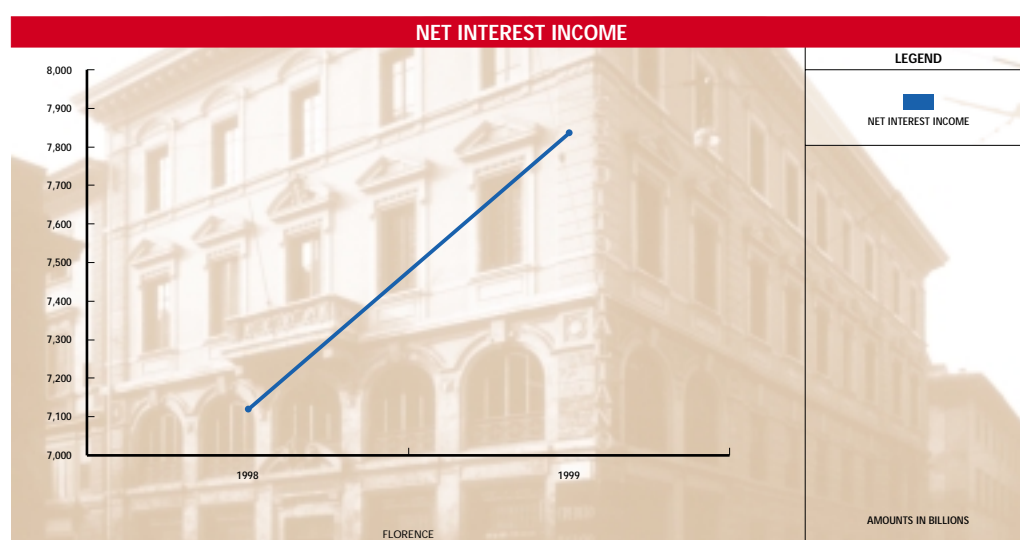
(2) The specific reserves providing for asset adjustment concern:

- risks and charges reserves and employee termination compensation;
- loan loss reserves, investment securities, equity investments and others;
- reserves for depreciation of intangibles, tangibles, equipment and others.

## Net Interest Income

Net interest income reached **7,833.2** billion with an increase of **716.7** billion equal to **10.1%** (excluding Pekao Group the change is negative - 3%).

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)                |                |                |                               |                             |                                       |
|---|----------------|----------------|-------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (+)       | 1998           | ABSOLUTE 99/98<br>CHANGES (+) | (+) OF WHICH<br>PEKAO GROUP | CHANGES %<br>EXCLUDING<br>PEKAO GROUP |
| 10. Interest income and similar revenues                  | 16,019.5       | 17,364.5       | - 1,345.0                     | 2,492.4                     | - 22.1%                               |
| 20. Interest expense and similar charges                  | 8,509.1        | 10,380.9       | - 1,871.8                     | 1,542.0                     | - 32.9%                               |
| <b>Net interest</b>                                       | <b>7,510.4</b> | <b>6,983.6</b> | <b>+ 526.8</b>                | <b>950.4</b>                | <b>- 6.1%</b>                         |
| 30. Dividends and other revenues                          | 321.5          | 112.6          | + 208.9                       | 2.5                         | ••                                    |
| 170. Profit/(loss) of investments<br>valued at net equity | 1.3            | 20.3           | - 19.0                        | (25.1)                      | + 30.0%                               |
| <b>Total</b>  | <b>7,833.2</b> | <b>7,116.5</b> | <b>+ 716.7</b>                | <b>927.8</b>                | <b>- 3.0%</b>                         |



The breakdown at Group level is as follows:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |                |                |               |                 |               |
|--|--|----------------|----------------|---------------|-----------------|---------------|
|  | 1999                                       |                | 1998           |               |                 |               |
|  | INTEREST ITEMS<br>INCOME                   | EXPENSE        | NET<br>INCOME  | %<br>OF TOTAL | NET<br>INTEREST | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                 | 5,262.9                                    | 3,144.0        | 2,118.9        | 32.4%         | 2,206.8         | 31.7%         |
| Banca CRT S.p.A.                           | 1,417.4                                    | 690.9          | 726.5          | 11.1%         | 820.4           | 11.8%         |
| Caritro S.p.A.                             | 273.4                                      | 131.2          | 142.2          | 2.2%          | 137.1           | 2.0%          |
| Cariverona Banca S.p.A.                    | 1,407.3                                    | 607.1          | 800.2          | 12.2%         | 891.8           | 12.8%         |
| Cassamarca S.p.A.                          | 269.5                                      | 84.7           | 184.8          | 2.8%          | 205.2           | 3.0%          |
| Rolo Banca 1473 S.p.A.                     | 3,215.1                                    | 1,745.8        | 1,469.3        | 22.4%         | 1,561.4         | 22.4%         |
| Other domestic banks (Italy)               | 1,380.2                                    | 980.2          | 400.0          | 6.1%          | 411.0           | 5.9%          |
| <i>Total domestic banks (Italy)</i>        | <i>13,225.8</i>                            | <i>7,383.9</i> | <i>5,841.9</i> | <i>89.2%</i>  | <i>6,233.7</i>  | <i>89.6%</i>  |
| Domestic financial and ancillary companies | 1,113.9                                    | 501.7          | 612.2          | 9.4%          | 600.0           | 8.6%          |
| Companies registered abroad (1)            | 306.0                                      | 212.5          | 93.5           | 1.4%          | 123.7           | 1.8%          |
| <b>Aggregated total</b>                    | <b>14,645.7</b>                            | <b>8,098.1</b> | <b>6,547.6</b> | <b>100.0%</b> | <b>6,957.4</b>  | <b>100.0%</b> |
| Pekao Group                                | 2,493.1                                    | 1,542.8        | 950.3          |               | —               |               |
| Elisions and adjustments on consolidation  | - 1,119.3                                  | - 1,131.8      | + 12.5         |               | + 26.2          |               |
| <b>Consolidated total</b>                  | <b>16,019.5</b>                            | <b>8,509.1</b> | <b>7,510.4</b> |               | <b>6,983.6</b>  |               |

(1) Excluding Pekao Group

The Group's Activities

Operating Performance

Major Equity Investments  
(Performance and Results for  
the Period)

Breakdown of the Major  
Equity Investments

Information Regarding the  
"Year 2000 Issue"

Subsequent Events and  
Outlook

The comparison of item 10 "Interest income and similar revenues" and item 20 "Interest expense and similar charges" is detailed as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)               |                 |                 |                              |                             |                                       |
|---|-----------------|-----------------|------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (*)        | 1998            | ABSOLUTE 99/98<br>CHANGES(+) | (*) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| <b>Item 10 Interest income and similar revenues on:</b> |                 |                 |                              |                             |                                       |
| a) amounts due from banks                               | 1,718.1         | 2,923.9         | - 1,205.8                    | 138.5                       | - 46.0%                               |
| b) loans to customers                                   | 10,764.8        | 11,023.1        | - 258.3                      | 1,429.6                     | - 15.3%                               |
| c) debt securities                                      | 3,507.7         | 3,368.0         | + 139.7                      | 924.3                       | - 23.3%                               |
| d) other  | 28.9            | 49.5            | - 20.6                       | —                           | - 41.6%                               |
| <b>Total</b>  | <b>16,019.5</b> | <b>17,364.5</b> | <b>- 1,345.0</b>             | <b>2,492.4</b>              | <b>- 22.1%</b>                        |

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)               |                |                 |                              |                             |                                       |
|---|----------------|-----------------|------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (*)       | 1998            | ABSOLUTE 99/98<br>CHANGES(+) | (*) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| <b>Item 20 Interest expense and similar charges on:</b> |                |                 |                              |                             |                                       |
| a) amounts due to banks                                 | 2,370.9        | 3,044.8         | - 673.9                      | 262.1                       | - 30.7%                               |
| b) customer accounts                                    | 3,009.4        | 3,227.3         | - 217.9                      | 1,276.2                     | - 46.3%                               |
| c) debt securities issued                               | 2,572.8        | 3,760.2         | - 1,187.4                    | 2.5                         | - 31.6%                               |
| d) deposits in administration                           | 0.3            | 0.7             | - 0.4                        | —                           | - 57.1%                               |
| e) subordinated debt                                    | 126.2          | 142.7           | - 16.5                       | —                           | - 11.6%                               |
| f) debit balance of differentials on hedges             | 429.5          | 205.2           | + 224.3                      | 1.2                         | + 108.7%                              |
| <b>Total</b>  | <b>8,509.1</b> | <b>10,380.9</b> | <b>- 1,871.8</b>             | <b>1,542.0</b>              | <b>- 32.9%</b>                        |

Again referring to items 10 and 20 which form "net interest income" for the accounting period 1999 and 1998:

- the following figures are shown grouped by means of homogeneous criteria.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                |                |                 |                 |                |
|---|-----------------|----------------|----------------|-----------------|-----------------|----------------|
| INTEREST                                  | 1999            |                |                | 1998            |                 |                |
|   | ASSETS          | LIABILITIES    | NET            | ASSETS          | LIABILITIES     | NET            |
| Banks                                     | 1,718.1         | 2,370.9        | - 652.8        | 2,923.9         | 3,044.8         | - 120.9        |
| Customers                                 | 10,764.8        | 3,009.4        | 7,755.4        | 11,023.1        | 3,227.3         | 7,795.8        |
| Securities                                | 3,507.7         | 2,572.8        | 934.9          | 3,368.0         | 3,760.2         | - 392.2        |
| Others                                    | 28.9            | 126.5          | - 97.6         | 49.5            | 143.4           | - 93.9         |
|   | 16,019.5        | 8,079.6        | 7,939.9        | 17,364.5        | 10,175.7        | 7,188.8        |
| Debit balance of differentials on hedges  | xxx             | 429.5          | - 429.5        | xxx             | 205.2           | - 205.2        |
| <b>Total</b>                              | <b>16,019.5</b> | <b>8,509.1</b> | <b>7,510.4</b> | <b>17,364.5</b> | <b>10,380.9</b> | <b>6,983.6</b> |

- the sub-division between Euro currencies and other currencies:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                |                |                 |                 |                |
|---|-----------------|----------------|----------------|-----------------|-----------------|----------------|
| INTEREST                                  | 1999            |                |                | 1998            |                 |                |
|   | ASSETS          | LIABILITIES    | NET            | ASSETS          | LIABILITIES     | NET            |
| Euro currencies                           | 12,070.3        | 4,657.4        | 7,412.9        | 15,792.5        | 8,292.1         | 7,500.4        |
| Other currencies                          | 3,949.2         | 3,422.2        | 527.0          | 1,572.0         | 1,883.6         | - 311.6        |
| Debit balance of differentials on hedges  | xxx             | 429.5          | - 429.5        | xxx             | 205.2           | - 205.2        |
| <b>Total</b>                              | <b>16,019.5</b> | <b>8,509.1</b> | <b>7,510.4</b> | <b>17,364.5</b> | <b>10,380.9</b> | <b>6,983.6</b> |

Average amounts for the periods, the relative interest and average costs and revenues are analysed below:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)          |                  |                 |              |                  |                 |              |
|--|------------------|-----------------|--------------|------------------|-----------------|--------------|
|  | 1999             |                 |              | 1998             |                 |              |
|  | AVERAGE          | INTEREST        | %            | AVERAGE          | INTEREST        | %            |
| Lending and other investments                      | 268,211.8        | 16,019.6        | 5.97%        | 254,281.2        | 17,364.5        | 6.83%        |
| Tangible and intangible fixed assets               | 9,903.9          |                 |              | 7,195.4          |                 |              |
| Shares and equity investments                      | 2,702.9          | 322.7           | 11.94%       | 3,813.1          | 132.9           | 3.49%        |
| <b>Total</b>                                       | <b>280,818.6</b> | <b>16,342.3</b> | <b>5.82%</b> | <b>265,289.7</b> | <b>17,497.4</b> | <b>6.60%</b> |
| Liabilities  | 251,234.3        | 8,509.1         | 3.39%        | 236,890.6        | 10,380.9        | 4.38%        |
| Equity capital:                                    |                  |                 |              |                  |                 |              |
| - specific reserves providing for asset adjustment | 12,688.6         |                 |              | 14,126.8         |                 |              |
| - shareholders' equity                             | 13,320.3         |                 |              | 10,559.8         |                 |              |
| - minority shareholders' net equity                | 3,575.4          |                 |              | 28,399.1         |                 |              |
| <b>Total</b>                                       | <b>280,818.6</b> | <b>8,509.1</b>  | <b>3.03%</b> | <b>265,289.7</b> | <b>10,380.9</b> | <b>3.91%</b> |
| <b>Net interest income</b>                         |                  | <b>7,833.2</b>  | <b>2.79%</b> |                  | <b>7,116.5</b>  | <b>2.68%</b> |

### Revenue From Services and Other Sources

The revenues from services amount to **6,903.0** billion with an increase of **1,582.8** equal to **29.8%**; excluding Pekao Group, the increase is equal to **18.6%**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)        |                |                |                           |                          |                                 |
|--|----------------|----------------|---------------------------|--------------------------|---------------------------------|
|  | 1999 (+)       | 1998           | ABSOLUTE 99/98 CHANGES(+) | (+) OF WHICH PEKAO GROUP | % CHANGES EXCLUDING PEKAO GROUP |
| 40. Commission income                            | 5,740.3        | 4,380.9        | + 1,359.4                 | 346.0                    | + 23.1%                         |
| 50. Commission expense                           | 568.5          | 400.2          | + 168.3                   | 56.6                     | + 27.9%                         |
| <i>net commission</i>                            | <i>5,171.8</i> | <i>3,980.7</i> | <i>+ 1,191.1</i>          | <i>289.4</i>             | <i>+ 22.7%</i>                  |
| 60. Profits/(losses) from financial transactions | 655.7          | 558.4          | + 97.3                    | 155.4                    | - 10.4%                         |
| 70. Other operating income                       | 1,509.2        | 1,106.3        | + 402.9                   | 171.8                    | + 20.9%                         |
| 110. Other operating expenses                    | 433.7          | 325.2          | + 108.5                   | 23.1                     | + 26.3%                         |
| <i>Net other operating incomes</i>               | <i>4,075.5</i> | <i>781.1</i>   | <i>+ 294.4</i>            | <i>148.7</i>             | <i>+ 18.7%</i>                  |
| <b>Total</b>                                     | <b>6,903.0</b> | <b>5,320.2</b> | <b>+ 1,582.8</b>          | <b>593.5</b>             | <b>+ 18.6%</b>                  |

The breakdown for the Group companies is as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)  |                |              |  |                        |               |                        |               |
|--|----------------|--------------|--|------------------------|---------------|------------------------|---------------|
|  | 1999           |              |  |                        | 1998          |                        |               |
|  | NET COMMISSION | ITEM 60      | NET OTHER PROCEED REVENUES AND CHARGES | REVENUES FROM SERVICES | % OF TOTAL    | REVENUES FROM SERVICES | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 1,689.4        | 356.7        | 396.0                                  | 2,442.1                | 37.6%         | 1,984.9                | 35.8%         |
| Banca CRT S.p.A.                           | 621.7          | 13.9         | 178.1                                  | 813.7                  | 12.5%         | 810.5                  | 14.6%         |
| Caritro S.p.A.                             | 87.4           | 7.0          | 18.0                                   | 112.4                  | 1.7%          | 91.4                   | 1.6%          |
| Cariverona Banca S.p.A.                    | 566.9          | 2.8          | 178.7                                  | 748.4                  | 11.5%         | 633.2                  | 11.4%         |
| Cassamarca S.p.A.                          | 107.9          | 0.2          | 27.3                                   | 135.4                  | 2.1%          | 100.7                  | 1.8%          |
| Rolo Banca 1473 S.p.A.                     | 1,003.4        | 116.0        | 224.8                                  | 1,344.2                | 20.7%         | 1,309.6                | 23.6%         |
| Other Domestic Banks (Italy)               | 17.3           | 2.3          | 14.0                                   | 33.6                   | 0.5%          | 76.7                   | 1.4%          |
| <b>Total Domestic Banks (Italy)</b>        | <b>4,094.0</b> | <b>498.9</b> | <b>1,036.9</b>                         | <b>5,629.8</b>         | <b>86.6%</b>  | <b>5,007.0</b>         | <b>90.2%</b>  |
| Domestic financial and ancillary companies | 454.1          | - 16.1       | 79.5                                   | 517.5                  | 8.0%          | 480.8                  | 8.7%          |
| Companies registered abroad (1)            | 349.8          | - 0.6        | 1.4                                    | 350.6                  | 5.4%          | 63.7                   | 1.1%          |
| <b>Aggregated total</b>                    | <b>4,897.9</b> | <b>482.2</b> | <b>1,117.8</b>                         | <b>6,497.9</b>         | <b>100.0%</b> | <b>5,551.5</b>         | <b>100.0%</b> |
| Pekao Group                                | 289.6          | 155.3        | 148.7                                  | 593.6                  |               | —                      |               |
| Elisions and adjustments on consolidation  | - 15.7         | 18.2         | - 191.0                                | - 188.5                |               | - 231.3                |               |
| <b>Consolidated total</b>                  | <b>5,171.8</b> | <b>655.7</b> | <b>1,075.5</b>                         | <b>6,903.0</b>         |               | <b>5,320.2</b>         |               |

(1) Excluding Pekao Group

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For more complete information the figures for the above-mentioned Profit & Loss Account are analysed below:

## Net Commission

Commission income and expense at end 1999 is as follows:

| ITEM   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |                |
|--|---|--------------|----------------|
|  | INCOME                                    | EXPENSE      | NET            |
| Commissions:   |   |              |                |
| <b>a) guarantees given/received</b>                          | <b>160.6</b>                              | <b>18.8</b>  | <b>141.8</b>   |
| <b>b) collection and payment services</b>                    | <b>618.5</b>                              | <b>109.9</b> | <b>508.6</b>   |
| <b>c) administration, brokerage and consultancy services</b> |   |              |                |
| 1. securities dealing  | 466.0                                     | 20.6         | 445.4          |
| 2. forex dealing   | 160.5                                     | 6.5          | 154.0          |
| 3. segregated accounts                                       | 411.7                                     | 1.4          | 410.3          |
| 4. custody and administration of securities                  | 150.2                                     | 27.4         | 122.8          |
| 5. placement of securities                                   | 470.1                                     | 10.3         | 459.8          |
| 6. consultancy   | 2.3                                       | —            | 2.3            |
| 7. door-to-door selling of securities, products and services | 20.0                                      | 135.6        | - 115.6        |
| 8. acceptance of trading instructions                        | 36.5                                      | —            | 36.5           |
| 9. management of collective investment funds                 | 1,762.6                                   | 34.6         | 1,728.0        |
|  | <b>3,479.9</b>                            | <b>236.4</b> | <b>3,243.5</b> |
| <b>d) tax collection services</b>                            | <b>264.4</b>                              | <b>—</b>     | <b>264.4</b>   |
| <b>e) other services</b>                                     |   |              |                |
| - loans granted/received                                     | 577.7                                     | 7.0          | 570.7          |
| - securities related services                                | 27.5                                      | 10.0         | 17.5           |
| - refunds and sundry recoveries                              | 91.8                                      | —            | 91.8           |
| - rental of safe deposit boxes                               | 13.2                                      | —            | 13.2           |
| - insurance products   | 281.4                                     | —            | 281.4          |
| - others   | 225.3                                     | 186.4        | 38.9           |
|  | <b>1,216.9</b>                            | <b>203.4</b> | <b>1,013.5</b> |
| <b>Total</b>   | <b>5,740.3</b>                            | <b>568.5</b> | <b>5,171.8</b> |

"Net commission" is analysed in detailed below:

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |                              |                             |                                       |
|---|---|----------------|------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (+)                                  | 1998           | ABSOLUTE 99/98<br>CHANGES(+) | (+) OF WHICH<br>PEKAO GROUP | CHANGES %<br>EXCLUDING<br>PEKAO GROUP |
| Commission  |   |                |                              |                             |                                       |
| <b>Guarantees given/received</b>                                | <b>141.8</b>                              | <b>131.5</b>   | <b>+ 10.3</b>                | <b>9.7</b>                  | <b>+ 0.5%</b>                         |
| <b>Collection and payment services</b>                          | <b>508.6</b>                              | <b>350.7</b>   | <b>+ 157.9</b>               | <b>97.0</b>                 | <b>+ 17.4%</b>                        |
| <b>Administration, brokerage and consultancy services:</b>      |   |                |                              |                             |                                       |
| 1. security dealing   | 445.4                                     | 399.6          | + 45.8                       | 77.3                        | - 7.9%                                |
| 2. currency dealing   | 154.0                                     | 157.1          | - 3.1                        | 2.5                         | - 3.6%                                |
| 3. segregated accounts  | 410.3                                     | 311.1          | + 99.2                       | 1.3                         | + 31.5%                               |
| 4. custody and administration of securities                     | 122.8                                     | 108.2          | + 14.6                       | 2.0                         | + 11.6%                               |
| 5. placement of securities                                      | 459.8                                     | 275.6          | + 184.2                      | 1.6                         | + 66.3%                               |
| 6. consultancy  | 2.3                                       | 2.0            | + 0.3                        | —                           | + 15.0%                               |
| 7. door-to-door selling of securities,<br>products and services | (115.6)                                   | (88.9)         | - (26.7)                     | 0.2                         | - 30.3%                               |
| 8. acceptance of trading instructions                           | 36.5                                      | 55.6           | - 19.1                       | —                           | - 34.4%                               |
| 9. management of collective investment funds                    | 1,728.0                                   | 1,217.3        | + 510.7                      | —                           | + 42.0%                               |
|   | <b>3,243.5</b>                            | <b>2,437.6</b> | <b>+ 805.9</b>               | <b>84.9</b>                 | <b>+ 29.6%</b>                        |
| <b>Tax collection services</b>                                  | <b>264.4</b>                              | <b>227.4</b>   | <b>+ 37.0</b>                | <b>—</b>                    | <b>+ 16.3%</b>                        |
| <b>Other services</b>   | <b>1,013.5</b>                            | <b>833.5</b>   | <b>+ 180.0</b>               | <b>97.7</b>                 | <b>+ 9.9%</b>                         |
| <b>Total</b>  | <b>5,171.8</b>                            | <b>3,980.7</b> | <b>+ 1,191.1</b>             | <b>289.3</b>                | <b>+ 22.7%</b>                        |

## Net commission

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                        |                    |               |                    |               |
|--|---|------------------------|--------------------|---------------|--------------------|---------------|
|  | 1999                                      |                        |                    |               | 1998               |               |
|  | COMMISSIONS<br>INCOME                     | COMMISSIONS<br>EXPENSE | NET<br>COMMISSIONS | %<br>OF TOTAL | NET<br>COMMISSIONS | % OF<br>TOTAL |
| UniCredito Italiano S.p.A.                 | 1,934.2                                   | 244.8                  | 1,689.4            | 34.5%         | 1,557.2            | 38.8%         |
| Banca CRT S.p.A.                           | 658.0                                     | 36.3                   | 621.7              | 12.7%         | 472.0              | 11.7%         |
| Caritro S.p.A.                             | 92.1                                      | 4.7                    | 87.4               | 1.8%          | 58.7               | 1.5%          |
| Cariverona Banca S.p.A.                    | 596.0                                     | 29.1                   | 566.9              | 11.6%         | 373.5              | 9.3%          |
| Cassamarca S.p.A.                          | 112.5                                     | 4.6                    | 107.9              | 2.2%          | 77.6               | 1.9%          |
| Rolo Banca 1473 S.p.A.                     | 1,056.1                                   | 52.7                   | 1,003.4            | 20.5%         | 998.5              | 24.9%         |
| Other Domestic Banks (Italy)               | 32.9                                      | 15.6                   | 17.3               | 0.3%          | 16.6               | 0.4%          |
| <b>Total Domestic Banks (Italy)</b>        | <b>4,481.8</b>                            | <b>387.8</b>           | <b>4,094.0</b>     | <b>83.6%</b>  | <b>3,554.1</b>     | <b>88.5%</b>  |
| Domestic financial and ancillary companies | 2,342.3                                   | 1,888.2                | 454.1              | 9.3%          | 409.5              | 10.2%         |
| Companies registered abroad (1)            | 510.0                                     | 160.2                  | 349.8              | 7.1%          | 50.7               | 1.3%          |
| <b>Aggregated total</b>                    | <b>7,334.1</b>                            | <b>2,436.2</b>         | <b>4,897.9</b>     | <b>100.0%</b> | <b>4,014.3</b>     | <b>100%</b>   |
| Pekao Group                                | 346.2                                     | 56.6                   | 289.6              |               | —                  |               |
| Elisions and adjustments on consolidation  | - 1,940.0                                 | - 1,924.3              | - 15.7             |               | - 33.6             |               |
| <b>Consolidated total</b>                  | <b>5,740.3</b>                            | <b>568.5</b>           | <b>5,171.8</b>     |               | <b>3,980.7</b>     |               |

(1) Excluding Pekao Group

## Profits/(losses) on financial transactions

The profits and losses on financial transactions show a positive balance of **655.7** billion at end 1999, an increase with respect to the **558.4** of end 1998.

| ITEMS /TRANSACTIONS   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |               |              |              |
|---|---|---------------|--------------|--------------|
|   | 1999                                      |               | 1998         |              |
|   | AMOUNT                                    | % OF TOTAL    | AMOUNT       | % OF TOTAL   |
| <b>Item 60 Profits/(losses)<br/>on financial transactions</b> |   |               |              |              |
| Securities transactions                                       | 39.6                                      | 74.0%         | 370.3        | 18.2%        |
| Currency transactions   | 345.0                                     | 2.9%          | 96.8         | 30.1%        |
| Other transactions  | 271.1                                     | 1.4%          | 91.3         | 2.9%         |
| <b>Total</b>  | <b>655.7</b>                              | <b>103.5%</b> | <b>558.4</b> | <b>99.2%</b> |

The breakdown at group level of item 60 is as follows:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |               |              |               |
|--|---|---------------|--------------|---------------|
|  | 1999                                      |               | 1998         |               |
|  | AMOUNT                                    | % OF TOTAL    | AMOUNT       | % OF TOTAL    |
| UniCredito Italiano S.p.A.                 | 356.7                                     | 74.0%         | 112.9        | 18.2%         |
| Banca CRT S.p.A.                           | 13.9                                      | 2.9%          | 186.6        | 30.1%         |
| Caritro S.p.A.                             | 7.0                                       | 1.4%          | 17.7         | 2.9%          |
| Cariverona Banca S.p.A.                    | 2.8                                       | 0.6%          | 96.6         | 15.6%         |
| Cassamarca S.p.A.                          | 0.2                                       | ••            | 15.2         | 2.4%          |
| Rolo Banca 1473 S.p.A.                     | 116.0                                     | 24.1%         | 147.1        | 23.7%         |
| Other domestic banks (Italy)               | 2.3                                       | 0.5%          | 39.2         | 6.3%          |
| <b>Total domestic banks (Italy)</b>        | <b>498.9</b>                              | <b>103.5%</b> | <b>615.3</b> | <b>99.2%</b>  |
| Domestic financial and ancillary companies | - 16.1                                    | - 3.4%        | - 5.6        | - 0.9%        |
| Companies registered abroad (1)            | - 0.6                                     | - 0.1%        | 10.8         | 1.7%          |
| <b>Aggregated total</b>                    | <b>482.2</b>                              | <b>100.0%</b> | <b>620.5</b> | <b>100.0%</b> |
| Pekao Group                                | 155.3                                     |               | —            |               |
| Elisions and adjustments on consolidation  | 18.2                                      |               | - 62.1       |               |
| <b>Consolidated total</b>                  | <b>655.7</b>                              |               | <b>558.4</b> |               |

(1) Excluding Pekao Group

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## Other operating income

"Other operating income" amounts to **1,509.2** billion with an increase of **402.9** billion equal to **36.4%** principally due to increased recovery of expenses from minority interests.

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |                |                |
|---|---|----------------|----------------|----------------|
|   | 1999                                      | 1998           | CHANGES        |                |
|   |   |                | ABSOLUTE       | %              |
| <b>Item 70 Other operating income</b>                         |   |                |                |                |
| Merchant banking transactions                                 | <b>8.4</b>                                | <b>11.8</b>    | - 3.4          | - 28.8%        |
| From minority interests:                                      |   |                |                |                |
| - recoveries of taxes   | 362.4                                     | 337.9          | + 24.5         | + 7.3%         |
| - insurance premiums from customers                           | 24.8                                      | 24.9           | - 0.1          | - 0.4%         |
| - on deposits and current accounts                            | 548.3                                     | 357.3          | + 191.0        | + 53.5%        |
|   | <b>935.5</b>                              | <b>720.1</b>   | <b>+ 215.4</b> | <b>+ 29.9%</b> |
| Miscellaneous revenues:                                       |   |                |                |                |
| - leases  | 29.3                                      | 27.2           | + 2.1          | + 7.7%         |
| - recoveries of various commissions due from previous periods | 20.5                                      | 22.9           | - 2.4          | - 10.5%        |
| - various refunds for charges sustained in previous periods   | 51.5                                      | 24.4           | + 27.1         | +111.1%        |
| - others  | 408.1                                     | 256.8          | + 151.3        | + 58.9%        |
|   | <b>509.4</b>                              | <b>331.3</b>   | <b>+ 178.1</b> | <b>+ 53.8%</b> |
| Revenues from fixed assets in financial leasing               | <b>55.9</b>                               | <b>43.1</b>    | <b>+ 12.8</b>  | <b>+ 29.7%</b> |
| <b>Total</b>  | <b>1,509.2</b>                            | <b>1,106.3</b> | <b>+ 402.9</b> | <b>+ 36.4%</b> |

## Other operating expenses

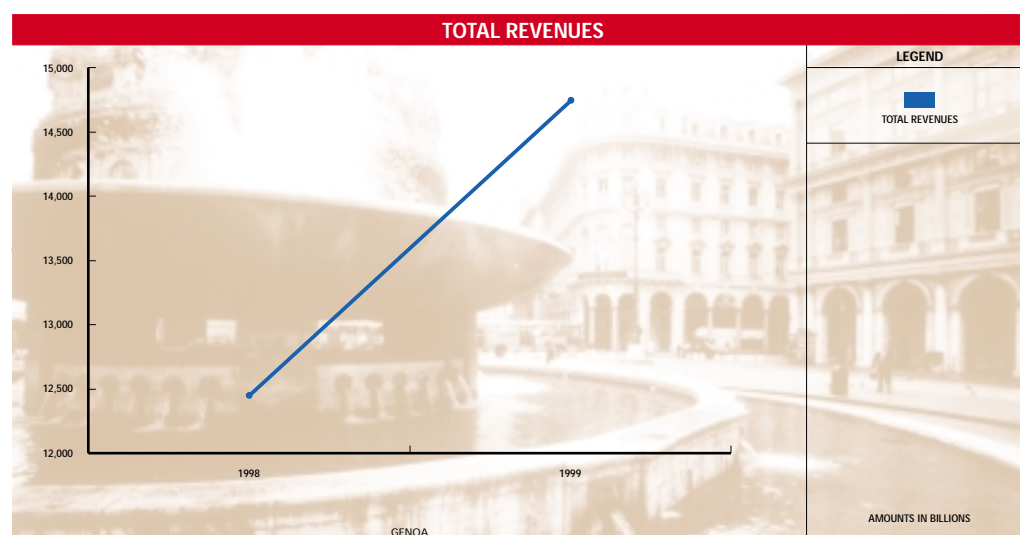
"Other operating expenses" amount to **433.7** billion with an increase of **33.4%**.

|   | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |                |                |
|---|---|--------------|----------------|----------------|
|   | 1999                                      | 1998         | CHANGES        |                |
|   |   |              | ABSOLUTE       | %              |
| <b>Item 110 Other operating expenses</b>                  |   |              |                |                |
| - losses on fixed assets in financial leasing             | 25.5                                      | 29.0         | - 3.5          | - 12.1%        |
| - rentals for fixed assets in financial leasing           | 2.1                                       | 5.9          | - 3.8          | - 64.4%        |
| - adjustments of conditions relating to previous periods  | 39.2                                      | 37.3         | + 1.9          | + 5.1%         |
| - write-backs of brokerage revenues from previous periods | 6.1                                       | 12.8         | - 6.7          | - 52.3%        |
| - other expenses  | 360.8                                     | 240.2        | + 120.6        | + 50.2%        |
| <b>Total</b>  | <b>433.7</b>                              | <b>325.2</b> | <b>+ 108.5</b> | <b>+ 33.4%</b> |

## Total Revenues

Total revenues reached **14,736.2** billion with an increase of **18.5%** with respect to 31 December 1998. Excluding Pekao Group the increase was **6.3%**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                 |                               |                             |                                       |
|---|-----------------|-----------------|-------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (*)        | 1998            | ABSOLUTE 99/98<br>CHANGES (+) | (*) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| Net interest income                       | 7,833.2         | 7,116.5         | + 716.7                       | 927.7                       | - 3.0%                                |
| Revenue from services and other sources   | 6,903.0         | 5,320.2         | + 1,582.8                     | 593.6                       | + 18.6%                               |
| <b>Total revenue</b>                      | <b>14,736.2</b> | <b>12,436.7</b> | <b>+2,299.5</b>               | <b>1,521.3</b>              | <b>+ 6.3%</b>                         |



The figures for Group banks and other affiliates are as follows:

|  | 1999                   |                           |                   |               | 1998              |               |
|--|------------------------|---------------------------|-------------------|---------------|-------------------|---------------|
|  | NET INTEREST<br>INCOME | REVENUES<br>FROM SERVICES | TOTAL<br>REVENUES | %<br>OF TOTAL | TOTAL<br>REVENUES | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                 | 3,287.3                | 2,442.1                   | 5,729.4           | 37.0%         | 4,516.5           | 34.1%         |
| Banca CRT S.p.A.                           | 1,110.9                | 813.7                     | 1,924.6           | 12.4%         | 1,656.4           | 12.5%         |
| Caritro S.p.A.                             | 160.6                  | 112.4                     | 273.0             | 1.8%          | 238.6             | 1.8%          |
| Cariverona Banca S.p.A.                    | 1,105.8                | 748.4                     | 1,854.2           | 12.0%         | 1,634.7           | 12.3%         |
| Cassamarca S.p.A.                          | 228.0                  | 135.4                     | 363.4             | 2.4%          | 308.2             | 2.3%          |
| Rolo Banca 1473 S.p.A.                     | 1,633.2                | 1,344.2                   | 2,977.4           | 19.2%         | 2,922.0           | 22.0%         |
| Other Domestic Banks (Italy)               | 405.2                  | 33.6                      | 438.8             | 2.8%          | 491.4             | 3.7%          |
| <b>Total Domestic Banks (Italy)</b>        | <b>7,931.0</b>         | <b>5,629.8</b>            | <b>13,560.8</b>   | <b>87.6%</b>  | <b>11,767.8</b>   | <b>88.7%</b>  |
| Domestic financial and ancillary companies | 962.8                  | 517.5                     | 1,480.3           | 9.5%          | 1,306.5           | 9.9%          |
| Companies registered abroad (1)            | 94.5                   | 350.6                     | 445.1             | 2.9%          | 188.3             | 1.4%          |
| <b>Aggregated total</b>                    | <b>8,988.3</b>         | <b>6,497.9</b>            | <b>15,486.2</b>   | <b>100.0%</b> | <b>13,262.6</b>   | <b>100.0%</b> |
| Pekao Group                                | 927.7                  | 593.6                     | 1,521.3           |               | —                 |               |
| Elisions and adjustments on consolidation  | -2,082.8               | - 188.5                   | - 2,271.3         |               | - 825.9           |               |
| <b>Consolidated total</b>                  | <b>7,833.2</b>         | <b>6,903.0</b>            | <b>14,736.2</b>   |               | <b>12,436.7</b>   |               |

(1) Excluding Pekao Group

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## Administrative Expenses

Total administrative expenses reached **7,404.3** billion with an increase of **15.7%**. Excluding Pekao Group the increase is **1.0%**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |                |                               |                             |                              |
|---|----------------|----------------|-------------------------------|-----------------------------|------------------------------|
|   | 1999 (+)       | 1998           | ABSOLUTE 99/98<br>CHANGES (+) | (+) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING PEKAO |
| <b>Item 80 Administrative expenses</b>    |                |                |                               |                             |                              |
| a) Payroll costs:                         |                |                |                               |                             |                              |
| - wages and salaries                      | 3,336.8        | 2,815.2        | + 521.6                       | 476.3                       | + 1.6%                       |
| - social security contributions           | 981.6          | 914.4          | + 67.2                        | 80.6                        | - 1.5%                       |
| - employment termination payments         | 210.2          | 207.0          | + 3.2                         | 0.8                         | + 1.2%                       |
| - retirement payments, etc.               | 106.3          | 157.8          | - 51.5                        | 9.3                         | - 38.5%                      |
| - other expenses                          | 100.0          | 86.6           | + 13.4                        | 12.7                        | + 0.8%                       |
|   | <b>4,734.9</b> | <b>4,181.0</b> | <b>+ 553.9</b>                | <b>579.7</b>                | <b>- 0.6%</b>                |
| b) Other administrative costs:            |                |                |                               |                             |                              |
| - indirect taxes and duties               | 543.0          | 474.5          | + 68.5                        | 48.4                        | + 4.2%                       |
| - various costs and expenses              | 2,126.4        | 1,746.4        | + 380.0                       | 309.3                       | + 4.0%                       |
|   | <b>2,669.4</b> | <b>2,220.9</b> | <b>+ 448.5</b>                | <b>357.7</b>                | <b>+ 4.1%</b>                |
| <b>Total</b>                              | <b>7,404.3</b> | <b>6,401.9</b> | <b>+1,002.4</b>               | <b>937.4</b>                | <b>+ 1.0%</b>                |

Administrative costs sub-divided for Group companies were:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)  |                |                                 |                |               |                                 |               |
|--|----------------|---------------------------------|----------------|---------------|---------------------------------|---------------|
|  | 1999           |                                 |                |               | 1998                            |               |
|  | PAYROLL        | OTHER ADMIN-<br>ISTRATIVE COSTS | TOTAL          | %<br>OF TOTAL | TOTAL ADMIN-<br>ISTRATIVE COSTS | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                 | 1,649.5        | 853.4                           | 2,502.9        | 37.5%         | 2,477.5                         | 37.7%         |
| Banca CRT S.p.A.                           | 570.5          | 340.4                           | 910.9          | 13.7%         | 912.4                           | 13.9%         |
| Caritro S.p.A.                             | 112.9          | 63.8                            | 176.7          | 2.6%          | 174.0                           | 2.6%          |
| Cariverona Banca S.p.A.                    | 552.2          | 298.8                           | 851.0          | 12.8%         | 879.2                           | 13.4%         |
| Cassamarca S.p.A.                          | 125.3          | 76.3                            | 201.6          | 3.0%          | 202.3                           | 3.1%          |
| Rolo Banca 1473 S.p.A.                     | 809.4          | 464.4                           | 1,273.8        | 19.1%         | 1,245.8                         | 18.9%         |
| Other Domestic Banks (Italy)               | 65.4           | 79.3                            | 144.7          | 2.2%          | 152.2                           | 2.3%          |
| <b>Total Domestic Banks (Italy)</b>        | <b>3,885.2</b> | <b>2,176.4</b>                  | <b>6,061.6</b> | <b>90.9%</b>  | <b>6,043.4</b>                  | <b>91.9%</b>  |
| Domestic financial and ancillary companies | 235.0          | 283.5                           | 518.5          | 7.8%          | 492.1                           | 7.5%          |
| Companies registered abroad (1)            | 35.0           | 52.1                            | 87.1           | 1.3%          | 37.2                            | 0.6%          |
| <b>Aggregated total</b>                    | <b>4,155.2</b> | <b>2,512.0</b>                  | <b>6,667.2</b> | <b>100.0%</b> | <b>6,572.7</b>                  | <b>100.0%</b> |
| Pekao Group                                | 579.7          | 357.7                           | 937.4          |               | —                               |               |
| Elisions and adjustments on consolidation  | —              | - 200.3                         | - 200.3        |               | - 170.9                         |               |
| <b>Consolidated total</b>                  | <b>4,734.9</b> | <b>2,669.4</b>                  | <b>7,404.3</b> |               | <b>6,401.8</b>                  |               |

(1) Excluding Pekao Group

"Other administrative expenses" show an increase of **1,002.4** billion, equal to **20.2%** (excluding Pekao Group they are reduced to **4.1%**), and are shown in more detail as follows:

— "indirect taxes and duties"

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
|   | 1999         | 1998         | CHANGES       |               |
|   |              |              | ABSOLUTE      | %             |
| Stamp duty                                | 366.4        | 350.5        | + 15.9        | + 4.5%        |
| Replacement tax                           | 50.9         | 28.3         | + 22.6        | +79.9%        |
| Registration tax                          | 2.5          | 3.8          | - 1.3         | -34.2%        |
| ICI (municipal tax on property)           | 29.2         | 31.3         | - 2.1         | - 6.7%        |
| Other municipal taxes and duties          | 13.9         | 13.6         | + 0.3         | + 2.2%        |
| VAT ordinary                              | 16.1         | 12.0         | + 4.1         | +34.2%        |
| Other duties and taxes                    | 64.0         | 35.0         | + 29.0        | +82.9%        |
| <b>Total</b>                              | <b>543.0</b> | <b>474.5</b> | <b>+ 68.5</b> | <b>+14.4%</b> |

— “ various costs and expenses ”

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)           |                |                |                     |                             |                                       |
|--|----------------|----------------|---------------------|-----------------------------|---------------------------------------|
|  | 1999 (+)       | 1998           | ABSOLUTE<br>CHANGES | (+) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| External consultants                                 | 190.4          | 188.6          | + 1.8               | 5.1                         | - 1.7%                                |
| Directors and Internal Auditors                      | 26.9           | 18.9           | + 8.0               | 3.8                         | + 22.2%                               |
| Insurance  | 48.1           | 44.2           | + 3.9               | 4.2                         | - 0.7%                                |
| Advertising  | 151.0          | 100.5          | + 50.5              | 26.2                        | + 24.2%                               |
| Charitable donations                                 | 5.8            | 1.6            | + 4.2               | 1.4                         | ••                                    |
| Hardware and software lease rentals                  | 30.6           | 21.5           | + 9.1               | 0.7                         | + 39.1%                               |
| Postage and telecom                                  | 302.6          | 253.8          | + 48.8              | 53.6                        | - 1.9%                                |
| Printed items and stationery                         | 63.7           | 53.4           | + 10.3              | 15.8                        | - 10.3%                               |
| Supply of office items                               | 13.1           | 7.5            | + 5.6               | 4.5                         | + 14.7%                               |
| Internal and external site surveillance              | 72.1           | 54.2           | + 17.9              | 14.4                        | + 6.5%                                |
| Credit information and enquiries                     | 30.1           | 30.5           | - 0.4               | 0.1                         | - 1.6%                                |
| Various services rendered by third parties           | 303.4          | 227.7          | + 75.7              | 13.5                        | + 27.3%                               |
| Transport/escort of valuable papers                  | 62.5           | 66.8           | - 4.3               | 1.5                         | - 8.7%                                |
| Cleaning   | 50.0           | 55.9           | - 5.9               | 0.7                         | - 11.8%                               |
| Maintenance and repair of<br>furniture and equipment | 86.7           | 88.9           | - 2.2               | 11.2                        | - 15.1%                               |
| Site maintenance                                     | 66.8           | 58.5           | + 8.3               | 19.1                        | - 18.5%                               |
| Travel expense                                       | 55.1           | 40.9           | + 14.2              | 5.1                         | + 22.2%                               |
| Various lease rentals                                | 32.0           | 31.6           | + 0.4               | —                           | + 1.3%                                |
| Rentals  | 245.1          | 188.3          | + 56.8              | 47.5                        | + 4.9%                                |
| Utilities, etc.                                      | 102.5          | 90.6           | + 11.9              | 9.3                         | + 2.9%                                |
| Other  | 187.9          | 122.5          | + 65.4              | 71.6                        | - 5.1%                                |
| <b>Total</b>   | <b>2,126.4</b> | <b>1,746.4</b> | <b>+ 380.0</b>      | <b>309.3</b>                | <b>+ 4.0%</b>                         |

### Adjustments to the Value of Intangible and Tangible Fixed Assets (Ordinary)

The ordinary adjustments to the value, i.e. excluding goodwill and positive consolidation and net equity differences amount to **622.6** billion.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.) |              |              |               |                |  |
|--|--------------|--------------|---------------|----------------|--|
|  | 1999         | 1998         | CHANGES       |                |  |
|  |              |              | ABSOLUTE      | %              |  |
| Fixtures and fittings                      | 165.9        | 146.7        | + 19.2        | + 13.1%        |  |
| Furniture                                  | 75.7         | 55.8         | + 19.9        | + 35.7%        |  |
| Plant                                      | 152.4        | 125.6        | + 26.8        | + 21.3%        |  |
| Others                                     | 228.6        | 215.0        | + 13.6        | + 6.3%         |  |
| <b>Total</b>                               | <b>622.6</b> | <b>543.1</b> | <b>+ 79.5</b> | <b>+ 14.6%</b> |  |

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## ANALYSIS OF NET INCOME FOR THE PERIOD

### Operating Income

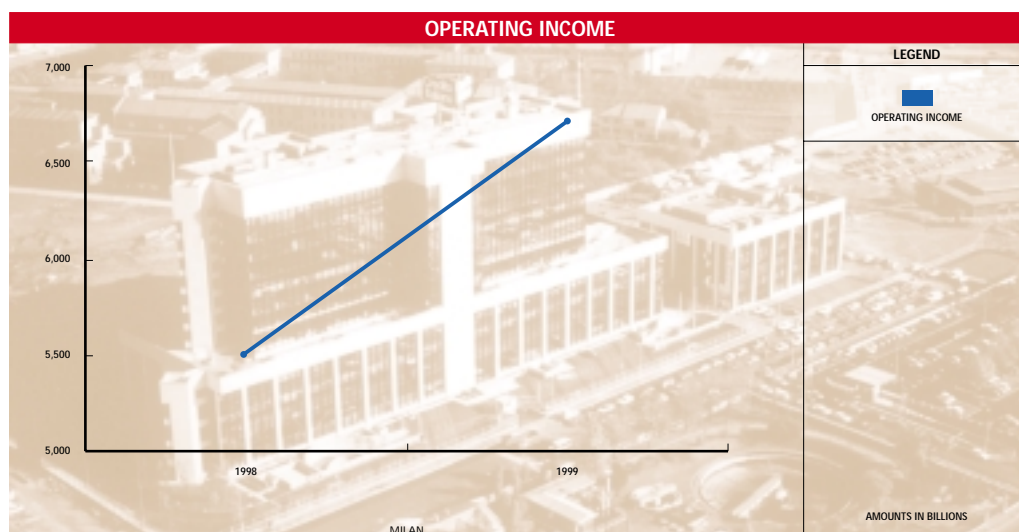
With reference to the above the operating income reached **6,709.3** billion with an increase of **1,217.5** billion equal to **22.2%**. Excluding Pekao Group the percentage is reduced to **13.6%**.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)             |                 |                 |                               |                             |                                       |
|--|-----------------|-----------------|-------------------------------|-----------------------------|---------------------------------------|
|  | 1999 (*)        | 1998            | ABSOLUTE 99/98<br>CHANGES (+) | (+) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| Net interest income                                    | 7,833.2         | 7,116.5         | + 716.7                       | 927.7                       | - 3.0%                                |
| Net commissions and other operating income             | 6,903.0         | 5,320.2         | + 1,582.8                     | 593.6                       | + 18.6%                               |
| <b>Total Revenues</b>                                  | <b>14,736.2</b> | <b>12,436.7</b> | <b>+ 2,299.5</b>              | <b>1,521.3</b>              | <b>+ 6.3%</b>                         |
| Administrative expenses                                | 7,404.3         | 6,401.8         | + 1,002.5                     | 937.4                       | + 1.0%                                |
| Write-downs of tangible and<br>intangible fixed assets | 622.6           | 543.1           | + 79.5                        | 112.3                       | - 6.0%                                |
| <b>Operating income</b>                                | <b>6,709.3</b>  | <b>5,491.8</b>  | <b>+ 1,217.5</b>              | <b>471.6</b>                | <b>+13.6%</b>                         |

The figures for the Group banks and affiliated companies are as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT.)    |                   |                                 |   |                     |               |                                   |               |
|---|-------------------|---------------------------------|---|---------------------|---------------|-----------------------------------|---------------|
|   | TOTAL<br>REVENUES | TOTAL ADMIN-<br>ISTRATIVE COSTS | 31/12/1999<br>ADJUSTMENTS TO<br>TANGIBLES | OPERATING<br>INCOME | %<br>OF TOTAL | 31/12/1998<br>OPERATING<br>INCOME | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                    | 5,729.4           | 2,502.9                         | 159.6                                     | 3,066.9             | 36.9%         | 1,861.8                           | 30.3%         |
| Banca CRT S.p.A.                              | 1,924.6           | 910.9                           | 80.6                                      | 933.1               | 11.2%         | 666.8                             | 10.8%         |
| Caritro S.p.A.                                | 273.0             | 176.7                           | 9.7                                       | 86.6                | 1.0%          | 54.6                              | 0.9%          |
| Cariverona Banca S.p.A.                       | 1,854.2           | 851.0                           | 76.2                                      | 927.0               | 11.2%         | 673.9                             | 11.0%         |
| Cassamarca S.p.A.                             | 363.4             | 201.6                           | 15.7                                      | 146.1               | 1.8%          | 90.4                              | 1.5%          |
| Rolo Banca 1473 S.p.A.                        | 2,977.4           | 1,273.8                         | 81.7                                      | 1,621.9             | 19.5%         | 1,571.4                           | 25.5%         |
| Other Domestic Banks (Italy)                  | 438.8             | 144.7                           | 17.1                                      | 277.0               | 3.3%          | 319.8                             | 5.2%          |
| <b>Total Domestic Banks (Italy)</b>           | <b>13,560.8</b>   | <b>6,061.6</b>                  | <b>440.6</b>                              | <b>7,058.6</b>      | <b>84.9%</b>  | <b>5,238.7</b>                    | <b>85.2%</b>  |
| Domestic financial and<br>ancillary companies | 1,480.3           | 518.5                           | 56.8                                      | 905.0               | 10.9%         | 766.4                             | 12.4%         |
| Companies registered abroad (1)               | 445.1             | 87.1                            | 6.7                                       | 351.3               | 4.2%          | 145.8                             | 2.4%          |
| <b>Aggregated total</b>                       | <b>15,486.2</b>   | <b>6,667.2</b>                  | <b>504.1</b>                              | <b>8,314.9</b>      | <b>100.0%</b> | <b>6,150.9</b>                    | <b>100.0%</b> |
| Pekao Group                                   | 1,521.3           | 937.4                           | 112.3                                     | 471.6               |               | —                                 |               |
| Elisions and adjustments<br>on consolidated   | - 2,271.3         | - 200.3                         | 6.2                                       | - 2,077.2           |               | - 659.0                           |               |
| <b>Consolidated total</b>                     | <b>14,736.2</b>   | <b>7,404.3</b>                  | <b>622.6</b>                              | <b>6,709.3</b>      |               | <b>5,491.9</b>                    |               |

(1) Excluding Pekao Group



## Analysis of Net Income for the Period

The following is an **analysis of net income** at end 1999 compared with net income at end 1998.

| OPERATING RESULTS  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                  |                  |                 |
|--|---|------------------|------------------|-----------------|
|  | 1999                                      | 1998             | CHANGES          |                 |
|  |   |                  | ABSOLUTE         | %               |
| <b>Operating income</b>  | <b>6,709.3</b>                            | <b>5,491.8</b>   | <b>+ 1,217.5</b> | <b>+ 22.2%</b>  |
| <b>Positive and negative components of an extraordinary nature</b>       | <b>1,132.5</b>                            | <b>- 803.1</b>   | <b>+ 1,935.6</b> | <b>••</b>       |
| <b>Total available</b>   | <b>7,841.8</b>                            | <b>4,688.7</b>   | <b>+ 3,153.1</b> | <b>+ 67.2%</b>  |
| <b>Adjustments to the value of tangible and intangible fixed assets:</b> |   |                  |                  |                 |
| • depreciation:  |   |                  |                  |                 |
| •• goodwill  | - 29.5                                    | - 26.6           | + 2.9            | + 10.9%         |
| •• positive consolidation differences                                    | - 43.1                                    | - 93.5           | - 50.4           | - 53.9%         |
| •• positive net equity differences                                       | - 3.2                                     | - 5.3            | - 2.1            | - 39.6%         |
|  | <b>- 75.8</b>                             | <b>- 125.4</b>   | <b>- 49.6</b>    | <b>- 39.6%</b>  |
| <b>Provisions, write-downs and write-backs:</b>                          |   |                  |                  |                 |
| • provisions for risks and charges                                       | - 488.7                                   | - 173.3          | + 315.4          | + 182.0%        |
| • <b>provisions for loan risks</b>                                       | <b>- 86.7</b>                             | <b>- 69.6</b>    | <b>+ 17.1</b>    | <b>+ 24.6%</b>  |
| • write-downs of loans   | - 2,294.9                                 | - 1,578.4        | + 716.5          | + 45.4%         |
| • provisions for guarantees and commitments                              | - 106.2                                   | - 18.7           | - 87.5           | ••              |
|  | <b>- 2,401.1</b>                          | <b>- 1,597.1</b> | <b>+ 804.0</b>   | <b>+ 50.3%</b>  |
| • write-backs to loans   | 756.2                                     | 492.7            | + 263.5          | + 53.5%         |
| • write-backs to provisions for guarantees and commitments               | 36.4                                      | 6.3              | + 30.1           | ••              |
|  | <b>792.6</b>                              | <b>499.0</b>     | <b>+ 293.6</b>   | <b>+ 58.8%</b>  |
| • write-downs of financial fixed assets                                  |   |                  |                  |                 |
| •• of securities   | - 31.9                                    | - 49.3           | - 17.4           | - 35.3%         |
| •• of equity investments   | - 66.3                                    | - 27.7           | - 38.6           | - 139.4%        |
|  | <b>- 98.2</b>                             | <b>- 77.0</b>    | <b>+ 21.2</b>    | <b>+ 27.5%</b>  |
| • write-backs to financial fixed assets:                                 |   |                  |                  |                 |
| •• to securities   | 25.8                                      | 7.2              | + 18.6           | ••              |
| •• to equity investments   | 19.2                                      | 0.3              | + 18.9           | ••              |
|  | <b>45.0</b>                               | <b>7.5</b>       | <b>+ 37.5</b>    | <b>••</b>       |
|  | <b>- 2,237.1</b>                          | <b>- 1,535.9</b> | <b>+ 701.2</b>   | <b>+ 45.7%</b>  |
| Change to reserve fund for general banking risks                         | - 17.0                                    | - 53.4           | - 36.4           | - 68.2%         |
| Provisions ex. Law 30/7/1990, no. 218                                    | —   | - 0.9            | - 0.9            | - 100.0%        |
| Pekao Group pre-acquisition income                                       | - 41.7                                    | —                | - 41.7           | + 100.0%        |
| <b>Earnings before taxes</b>   | <b>5,470.2</b>                            | <b>3,098.5</b>   | <b>+ 2,371.7</b> | <b>+ 76.5%</b>  |
| <b>Income tax for the year</b>   | <b>2,337.7</b>                            | <b>- 2,085.1</b> | <b>+ 252.6</b>   | <b>+ 12.1%</b>  |
| <b>Net income for the year</b>   | <b>3,132.5</b>                            | <b>1,013.4</b>   | <b>+ 2,119.1</b> | <b>+ 209.1%</b> |
| <b>Minorities</b>  | <b>642.5</b>                              | <b>595.7</b>     | <b>+ 46.8</b>    | <b>+ 7.9%</b>   |
| <b>Group portion of net income for the year</b>                          | <b>2,490.0</b>                            | <b>417.7</b>     | <b>+ 2,072.3</b> | <b>+ 496.1%</b> |

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## Reconciliation of Parent Company Net Income with Consolidated Net Income

|  | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                |
|--|---|----------------|
|  | 1999                                      | 1998           |
| Parent Company Net Income  | 1.785,0                                   | 913,6          |
| Net income of fully consolidated Group companies                           |   |                |
| - Banca CRT S.p.A.   | 413.3                                     | 252.2          |
| - Caritro S.p.A.   | 45.1                                      | 28.0           |
| - Cariverona Banca S.p.A.  | 471.9                                     | 301.5          |
| - Cassamarca S.p.A.  | 57.1                                      | 46.3           |
| - Rolo Banca 1473 S.p.A.   | 1,006.1                                   | 902.2          |
| - Fonspa (pro-quota)   | - 238.2                                   | - 6.6          |
| - B.A.C. S. Marino S.A.  | 32.6                                      | 29.6           |
| - Credit Carimonte S.p.A.  | 217.4                                     | 117.0          |
| - UniCredito Italiano Bank (Ireland) Plc                                   | 16.1                                      | 41.0           |
| - Mediovenezie Banca S.p.A.  | 86.4                                      | 41.1           |
| - Fidelity S.p.A.  | 31.7                                      | 22.4           |
| - Gesticredit S.G.R.p.A.   | 66.6                                      | 45.9           |
| - Locat S.p.A.   | 80.2                                      | 46.1           |
| - Gestiveneto S.G.R. S.p.A.  | 6.4                                       | 26.7           |
| - Europlus Research & Management   | 115.9                                     | 19.3           |
| - Pekao Group (Consolidated Accounts)                                      | 71.5                                      | —              |
| - Others   | 236.0                                     | 134.2          |
|  | 2,716.1                                   | 2,046.9        |
|  | <b>(1) 4,501.1</b>                        | <b>2,960.5</b> |
| Net Income (Group portion) of affiliates valued at net equity              | 1.3                                       | 20.3           |
| Less dividend received by the Parent Company:                              |   |                |
| - Banca CRT S.p.A.   | - 130.0                                   | —              |
| - Cariverona Banca S.p.A.  | - 156.0                                   | —              |
| - Cassamarca S.p.A.  | - 25.4                                    | —              |
| - Rolo Banca 1473 S.p.A.   | - 96.0                                    | - 50.2         |
| - Credit Carimonte S.p.A.  | - 105.0                                   | - 56.4         |
| - UniCredito Italiano Bank (Ireland) Plc                                   | - 41.0                                    | - 19.0         |
| - Locat S.p.A.   | - 13.2                                    | - 10.7         |
| - Credito Italiano Finance Ltd   | - 6.2                                     | - 6.2          |
| - Gesticredit S.G.R.p.A.   | - 45.0                                    | - 40.5         |
| - Cassa di Risparmio di Trieste S.p.A.                                     | - 22.2                                    | —              |
| - Others   | - 102.0                                   | - 16.2         |
|  | - 742.0                                   | - 199.2        |
| Less dividend received by the other Group companies:                       |   |                |
| - Credit Carimonte S.p.A.  | - 216.0                                   | - 112.9        |
| - Banca CRT S.p.A.   | - 105.8                                   | - 13.3         |
| - Cariverona Banca S.p.A.  | - 179.6                                   | - 68.9         |
| - Cassamarca S.p.A.  | - 23.7                                    | - 1.8          |
| - Rolo Banca 1473S.p.A.  | - 153.5                                   | - 31.9         |
| - Fida SIM S.p.A.  | - 4.9                                     | - 4.8          |
|  | - 683.5                                   | - 233.6        |
| Other adjustments on consolidation   | + 143.7                                   | - 2.2          |
| Pekao Group pre-acquisition income   | - 41.7                                    | —              |
| Minorities' share of net income  | - 642.5                                   | - 595.7        |
| <b>Group net income (before goodwill amortisation)</b>                     | <b>2,536.4</b>                            | <b>1,950.1</b> |
| Amortisation of gain on:   |   |                |
| - consolidation  | - 43.2                                    | - 93.5         |
| - net equity   | - 3.2                                     | - 5.3          |
|  | - 46.4                                    | - 98.8         |
| Extraordinary amortisation of residual<br>Credito Romagnolo Group goodwill | —   | - 1,422.2      |
| Extraordinary amortisation of other gains                                  | —   | - 11.4         |
| <b>Group portion of net income</b>   | <b>2,490.0</b>                            | <b>417.7</b>   |

(1) In concordance with table on page 13 above.

## NET INCOME FOR THE PERIOD AND SHAREHOLDERS' EQUITY

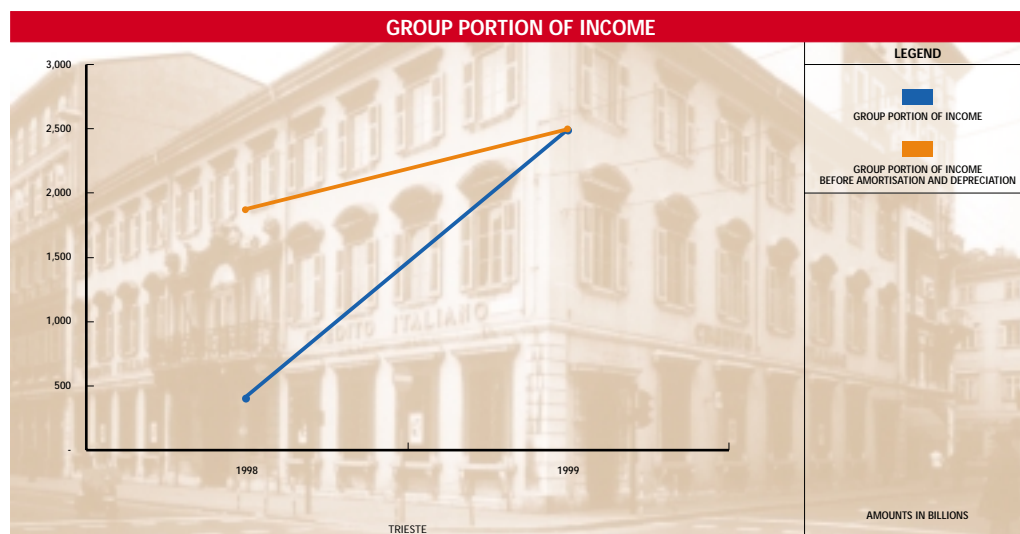
The consolidated Group Shareholders' equity and the results for the period are obtained by way of the following adjustments to the Parent Company figures:

|  | (CONSOLIDATED AMOUNTS IN BILLIONS LIT) |                           |
|--|--|---------------------------|
|  | SHAREHOLDERS' EQUITY (*)               | OF WHICH: NET INCOME/YEAR |
| <b>In 1999:</b>  |  |                           |
| <b>Balance at 31 December 1999 as that of the Parent Company</b> | <b>13,873.1</b>                        | <b>1,785.0</b>            |
| Surplus with respect to book value:                              |  |                           |
| - consolidated companies   | 592.6                                  | (1) 1,305.2               |
| - companies valued at net equity                                 | - 88.6                                 | (2) - 1.9                 |
| Other changes  | 9.6                                    | + 143.7                   |
| Dividends collected  | - 105.0                                | - 742.0                   |
| <b>Consolidated Balance at 31 December 1999</b>                  | <b>14,281.7</b>                        | <b>2,490.0</b>            |
| <i>Minorities</i>  | <i>4,156.4</i>                         | <i>642.5</i>              |
| <i>Balance as at 31 December 1999</i>                            | <i>18,438.1</i>                        | <i>3,132.5</i>            |

(\*) Shareholders' equity composed of: Share capital, issue premiums, reserves, revaluation reserves, retained earnings/losses and net income/expenses for the period, fund for general banking risks, reserve fund for possible loan losses and positive/negative consolidation and net equity differences.

|   | OF WHICH: NET INCOME FOR THE PERIOD |                      |
|---|-------------------------------------|----------------------|
| <b>(1) Fully consolidated companies</b>                   |                                     |                      |
| • net income for the period                               |                                     | + 2,716.1 Bn.        |
| • less dividends received by other companies of the Group |                                     | - 683.5 Bn.          |
|   |                                     | + 2,032.6 Bn.        |
| • minorities' share of net income                         |                                     | - 642.5 Bn.          |
| • pekao Group pre-acquisition income (7/12)               |                                     | - 41.7 Bn.           |
| • positive amortisation differences                       |                                     | - 43.2 Bn.           |
| <b>Gain</b>   |                                     | <b>+ 1,305.2 Bn.</b> |
| <b>(2) Affiliates valued at net equity</b>                |                                     |                      |
| • pekao Group   |                                     | - 25.1 Bn.           |
| • other Group companies                                   |                                     | + 26.4 Bn.           |
| <b>Group total</b>  |                                     | <b>+ 1.3 Bn.</b>     |
| • positive amortisation differences                       |                                     | - 3.2 Bn.            |
| <b>Loss</b>   |                                     | <b>- 1.9 Bn.</b>     |

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Changes in shareholders' equity are as follows:

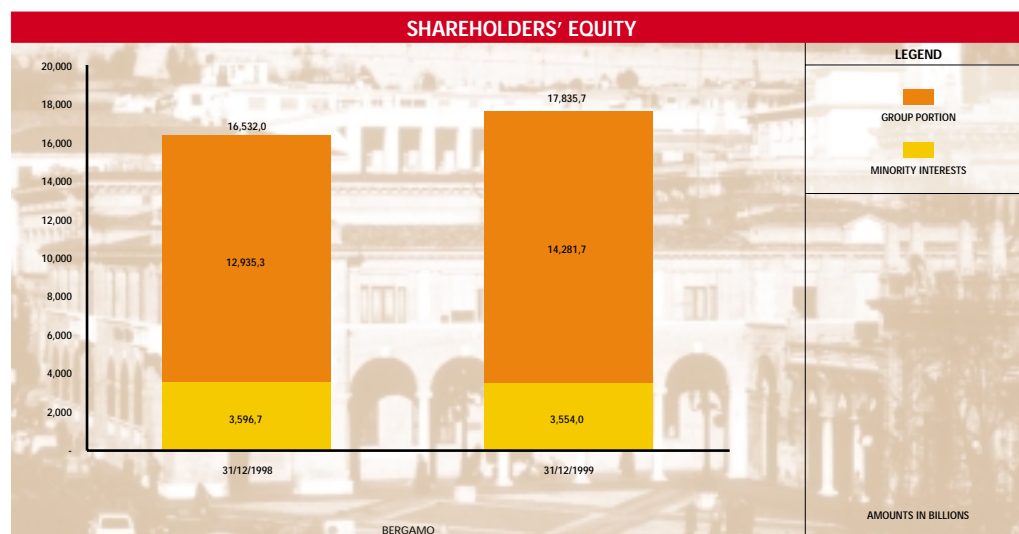
| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)                    |                |                |                |                             |  |                  |                              |                            |
|--|----------------|----------------|----------------|-----------------------------|--|------------------|------------------------------|----------------------------|
|  | SHARE CAPITAL  | ISSUE PREMIUM  | RESERVES (*)   | GROUP'S SHARE OF NET INCOME | RESERVE FUND FOR GENERAL BANKING RISKS | SUB TOTAL        | RESERVE FUND FOR LOAN LOSSES | TOTAL SHAREHOLDERS' EQUITY |
| <b>Balance as at 31 December 1998</b>                        | <b>2,340.5</b> | <b>5,119.5</b> | <b>4,676.8</b> | <b>417.7</b>                | <b>99.3</b>                            | <b>12,653.8</b>  | <b>281.5</b>                 | <b>12,935.3</b>            |
| <b>Changes in 1999:</b>                                      |                |                |                |                             |  |                  |                              |                            |
| Allocation of net profit:                                    |                |                |                |                             |  |                  |                              |                            |
| - dividends distributed                                      | —              | —              | —              | - 550.2                     | —                                      | - 550.2          | —                            | - 550.2                    |
| - transfer of net profit to reserve                          | —              | —              | - 135.7        | + 135.7                     | —                                      | —                | —                            | —                          |
| - other  | —              | —              | —              | - 3.2                       | —                                      | - 3.2            | —                            | - 3.2                      |
| <b>Other changes:</b>  |                |                |                |                             |  |                  |                              |                            |
| - increase in share capital                                  | + 147.6        | + 789.7        | + 9.4          | —                           | —                                      | + 946.7          | —                            | + 946.7                    |
| - net change in basis of consolidation and other changes (1) | —              | —              | - 1,480.3      | —                           | + 11.5                                 | - 1,468.8        | - 30.4                       | - 1,499.2                  |
| - currency translation differences                           | —              | —              | + 8.7          | —                           | —                                      | + 8.7            | - 0.5                        | + 8.2                      |
| - provisions   | —              | —              | —              | —                           | + 17.0                                 | + 17.0           | + 52.7                       | + 69.7                     |
| - credit back to profit and loss                             | —              | —              | (2) - 61.6     | —                           | —                                      | - 61.6           | - 8.4                        | - 70.0                     |
| - credit to other reserve funds                              | —              | —              | (3) - 45.6     | —                           | —                                      | - 45.6           | —                            | - 45.6                     |
| - group portion of net income                                | —              | —              | —              | + 2,490.0                   | —                                      | + 2,490.0        | —                            | + 2,490.0                  |
| <b>Balance as at 31 December 1999</b>                        | <b>2,488.1</b> | <b>5,909.2</b> | <b>2,971.7</b> | <b>2,490.0</b>              | <b>127.8</b>                           | <b>13,986.87</b> | <b>294.9</b>                 | <b>14,281.7</b>            |
| <i>Minorities</i>  |                |                |                |                             |  |                  |                              | 3,554.0                    |
| <b>Total as at 31 December 1999</b>                          |                |                |                |                             |  |                  |                              | <b>17,835.7</b>            |

(\*) Reserves include 846.9 billion being revaluation reserves (of which minorities' share is 344.1 billion); 56.9 billion losses on consolidation and net equity inclusion; 993.0 billion being a reduction due to gains on consolidation.

(1) Includes new gains on consolidation and net equity inclusion, as well as changes due to acquisitions and disinvestments (Bank Pekao Group 993.0 billion, Caritro 102.4 billion, Gestiveneto 29.9 billion, FidaSim 37.7 billion, Fondinvest Risparmio 16.6 billion, I.C.C.R.I. (disinvestment 62.5 billion) see section 8 of the Notes to the Accounts.

(2) Arising from devaluation of equity investments originally revalued in accordance with Law 218/90 (Fonspa 61.6 billion).

(3) Deferred taxes (balancing item reserves) see Section 7 Notes to the Accounts – Reserves – Balance Sheet.



## ROE (RETURN ON EQUITY)

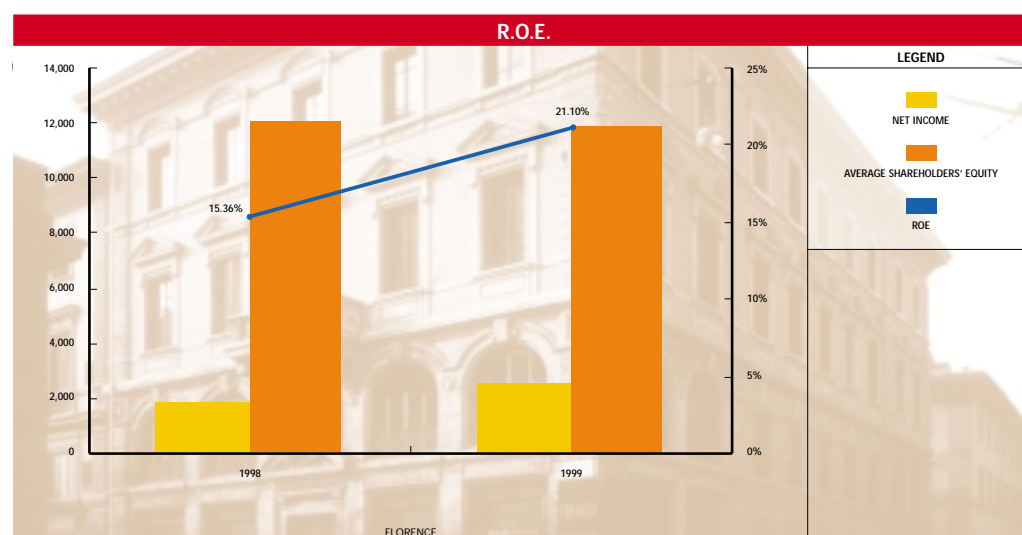
The profitability ratios for shareholders' equity, measured as the ratio of net balance sheet income to average equity shows the following trend:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                    |                         |              |                    |                         |               |                    |                         |              |
|---|--------------------|-------------------------|--------------|--------------------|-------------------------|---------------|--------------------|-------------------------|--------------|
|   | GROUP PORTION      |                         |              | MINORITY INTERESTS |                         |               | TOTAL              |                         |              |
|   | AVERAGE EQUITY (1) | NET INCOME FOR THE YEAR | ROE          | AVERAGE EQUITY     | NET INCOME FOR THE YEAR | ROE           | AVERAGE EQUITY (1) | NET INCOME FOR THE YEAR | ROE          |
| 1997                                      | 11,177.0           | 914.0                   | <b>8.18%</b> | 3,565.5            | 425.0                   | <b>11.92%</b> | 14,742.5           | 1,339.0                 | <b>9.08%</b> |
| 1998                                      | 12,054.4           | 417.7                   | <b>3.47%</b> | 3,712.5            | 595.7                   | <b>16.05%</b> | 15,766.9           | 1,013.4                 | <b>6.43%</b> |

If we add the amount of the accelerated amortisation of the residual consolidation gain on acquisition of Gruppo Credito Romagnolo S.p.A. (1,422.2 billion) as well as further Gruppo Credit consolidation gains (11.4 billion) back to group net income for 1998, the figures for 1998 are as follows:

|      |          |         |               |         |       |               |          |         |               |
|------|----------|---------|---------------|---------|-------|---------------|----------|---------|---------------|
| 1998 | 12,054.4 | 1,851.3 | <b>15.36%</b> | 3,712.5 | 595.7 | <b>16.05%</b> | 15,766.9 | 2,447.0 | <b>15.52%</b> |
| 1999 | 11,798.6 | 2,490.0 | <b>21.10%</b> | 3,575.4 | 642.5 | <b>17.97%</b> | 15,373.9 | 3,132.5 | <b>20.38%</b> |

(1) Arithmetic mean of year-end and prior year balances of capital, issue premiums, reserves, provision for general banking risks and positive and negative consolidation and net equity differences.



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## RATINGS

During the period major international specialised rating agencies updated their assessment on UniCredito Italiano SpA confirming or improving on the previous evaluation.

| AGENCY                   | SHORT TERM | MEDIUM/LONG TERM | OUTLOOK |
|--------------------------|------------|------------------|---------|
| FITCH IBCA Ltd.          | F1+        | AA-              |         |
| Moody's Investor Service | P-1        | (*) Aa3          | Stable  |
| Standard & Poor's        | A1         | A+               | Stable  |
| Thomson Bank Watch       | TBW-1      | (**)             |         |

(\*) Previously A1.

(\*\*) No medium/long term rating.

## SHAREHOLDERS' EQUITY, CAPITAL RATIOS AND CAPITAL FOR REGULATORY PURPOSES

The consolidated capital to be considered for regulatory purposes, calculated as the algebraic sum of a series of positive and negative items, permitted for inclusion in the calculation – with or without limitation as the case may be – in relation to the quality of capital existing in each, is divided into “Tier 1 capital” and “Tier 2 capital”.

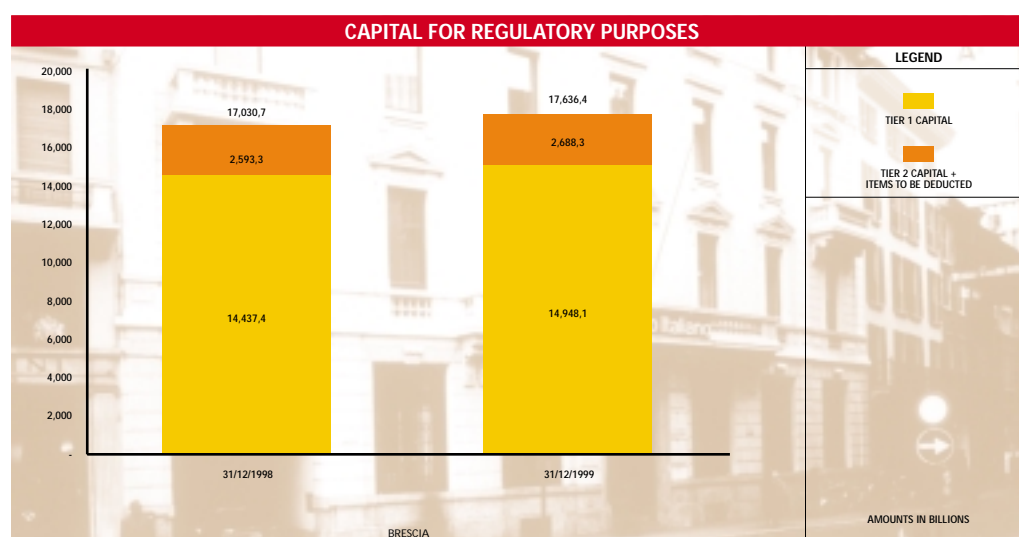
“Tier 1 capital” comprises paid-in capital, reserves (including net income for the period allocated to reserves), the fund for general banking risks, minority shareholders’ share of equity, negative differences on consolidation and shareholders’ equity, net of own shares or quotas, of intangible fixed assets, positive differences on consolidation and shareholders’ equity as well as any losses recorded in previous periods or in the current one.

“Tier 2 capital”, on the other hand, consists of revaluation reserves, hybrid capitalisation instruments, subordinated debt and other positive items, less net losses on securities and other negative items.

For the combined total of “Tier 1 capital” and “Tier 2 capital”, equity investments and other interests in credit and/or financial institutions are deducted with specific and detailed arrangements.

The **consolidated Capital for regulatory purposes** in the period (1999 and 1998) is made up as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                 |
|---|-----------------|-----------------|
|   | AMOUNTS AT      |                 |
|   | 31/12/1999      | 31/12/1998      |
| Tier 1 capital                            | 14,948.1        | 14,437.4        |
| Tier 2 capital                            | 3,352.4         | 3,625.1         |
|   | <b>18,300.5</b> | <b>18,062.5</b> |
| Items to be deducted                      | 664.1           | 1,031.8         |
| <b>Capital for regulatory purposes</b>    | <b>17,636.4</b> | <b>17,030.7</b> |



The capital for regulatory purposes matches **balance sheet and "off-balance sheet" assets** weighted on the basis of their credit risk (**196,592.5** billion at end of year 1999) as follows:

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)                        |                   |                  |
|--|-------------------|------------------|
|  | VALUE WEIGHTED AT |                  |
|  | 31/12/1999        | 31/12/1998       |
| Balance sheet assets:  |                   |                  |
| Cash and loans collateralised with real securities               | 272.1             | 212.6            |
| Loans to the public sector, central banks and multilateral banks | 2,016.0           | 2,175.2          |
| Other loans to credit institutions                               | 5,848.5           | 7,921.9          |
| Loans to private customers:                                      |                   |                  |
| - residential mortgages  | 8,611.8           | 6,164.5          |
| - other loans  | 163,123.7         | 132,514.2        |
| Equity investments weighted at 200%                              | 123.6             | 130.1            |
| Equity investments and subordinated assets                       | 1,756.1           | 1,906.4          |
|  | <b>181,751.8</b>  | <b>151,024.9</b> |
| "Off-balance sheet" assets:                                      |                   |                  |
| Guarantees and commitments                                       | 19,900.5          | 17,231.7         |
| Foreign exchange and interest rate contracts                     | 361.8             | 379.4            |
|  | <b>202,014.1</b>  | <b>168,636.0</b> |
| less: Doubtful credits and capital losses                        | - 5,421.6         | - 5,111.1        |
| <b>Total weighted assets</b>                                     | <b>196,592.5</b>  | <b>163,524.9</b> |

The **ratio of capital for regulatory purposes** to weighted assets at year-end gives an overall capital ratio of **8.97%** against a forecast minimum of **8.00%**.

When market risks and other requirements are considered, as required by the regulations governing "**capital**", the Group's **capital surplus** is **1,128.7** billion.

| (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)                                       |                 |
|---|-----------------|
| PORTIONS OF CAPITAL FOR REGULATORY PURPOSES ASSUMED FOR MARKET AND CREDIT RISKS |                 |
|   | 31/12/1999      |
| <b>Credit risks (*):</b>  |                 |
| balance sheet assets  | 14,106.4        |
| "off-balance sheet" items   | 1,621.0         |
|   | 15,727.4        |
| <b>Market risks (**):</b>   |                 |
| trading portfolio   | 720.8           |
| foreign exchange  | 59.5            |
|   | 780.3           |
| <b>Total capital required</b>   | <b>16,507.7</b> |
| <b>Available capital for regulatory purposes</b>                                | <b>17,636.4</b> |
| <b>Capital position: surplus</b>  | <b>1,128.7</b>  |
| (*) 8% of weighted assets.  |                 |
| (**) Estimated figures  |                 |

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## THE WORKFORCE AND OPERATING STRUCTURE

At year-end 1999 the **number of employees** of the Group was 62,288 units showing an increase of **25,751** units with respect to year-end 1998, due principally to the entrance of Pekao Group. Excluding Pekao Group there is a reduction of **651** units.

Figures for UniCredito Italiano, Locat and UniCredit Factoring include companies incorporated during the period.

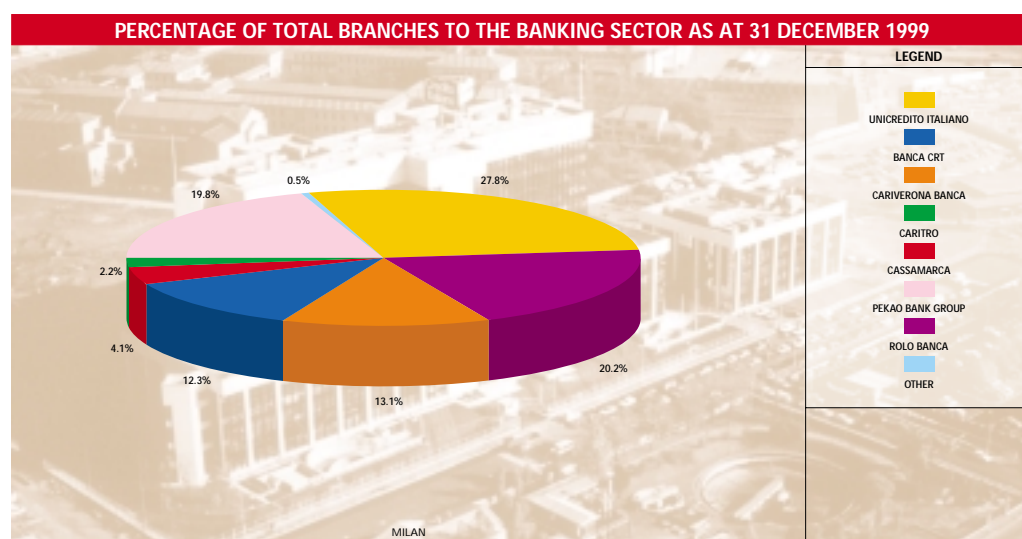
| NUMBER OF EMPLOYEES                     | 31/12/99      | 31/12/98      | CHANGES        |
|---|---------------|---------------|----------------|
| <b>In Italy:</b>                        |               |               |                |
| UniCredito Italiano S.p.A. (1)          | 13,246        | 13,503        | - 257          |
| Rolo Banca 1473 S.p.A.                  | 7,476         | 7,556         | - 80           |
| Banca CRT S.p.A.                        | 4,938         | 5,038         | - 100          |
| Cariverona Banca S.p.A.                 | 4,910         | 5,091         | - 181          |
| Cassamarca S.p.A.                       | 1,123         | 1,123         | 0              |
| Caritro S.p.A.                          | 927           | 937           | - 10           |
| CON.RIT S.p.A.                          | 410           | 423           | - 13           |
| Locat S.p.A. (1)                        | 497           | 517           | - 20           |
| Banca Mediocredito S.p.A.               | 244           | 299           | - 55           |
| Fiditalia S.p.A.                        | 539           | 446           | + 93           |
| Mediovenezie Banca S.p.A.               | 135           | 149           | - 14           |
| Esamarca S.p.A.                         | 157           | 162           | - 5            |
| Europlus UniCredit Rolo Gestioni S.p.A. | 145           | 105           | + 40           |
| Quercia Software S.p.A.                 | 112           | 96            | + 16           |
| UniCredit Factoring S.p.A. (1)          | 84            | 101           | - 17           |
| Credito Fondiario (pro quota)           | 78            | 84            | - 6            |
| Fida Sim S.p.A.                         | 97            | 109           | - 12           |
| Others                                  | 305           | 298           | + 7            |
|   | <b>35,423</b> | <b>36,037</b> | <b>- 614</b>   |
| <i>of which part time</i>               | <i>3,028</i>  | <i>2,840</i>  | <i>+ 188</i>   |
| <b>Abroad:</b>                          |               |               |                |
| UniCredito Italiano S.p.A.              | 225           | 230           | - 5            |
| Rolo Banca 1473 S.p.A.                  | 22            | 26            | - 4            |
| B.A.C. S. Marino S.p.A.                 | 85            | 84            | + 1            |
| Banca CRT S.p.A.                        | 13            | 83            | - 70           |
| Cariverona Banca S.p.A.                 | 0             | 25            | - 25           |
| Europlus Research Management Ltd        | 57            | 18            | + 39           |
| Bank Pekao Group                        | 26,402        | —             | + 26,402       |
| Others                                  | 61            | 34            | + 27           |
|   | <b>26,865</b> | <b>500</b>    | <b>+26,365</b> |
| <i>of which part time</i>               | <i>645</i>    | <i>1</i>      | <i>+ 644</i>   |
| <b>Total</b>                            | <b>62,288</b> | <b>36,537</b> | <b>+25,751</b> |
| <i>of which part time</i>               | <i>3,673</i>  | <i>2,841</i>  | <i>+ 832</i>   |

(1) 1998 figures include companies incorporated in 1999.

The **number of branches** of the Group amount to 3,439 of which 209 are non-banking. In detail, the network of the Group (banking sector) comprises 3,230 branches at year-end 1999 (+408 with respect to end 1998).

| NUMBER OF BANK BRANCHES                 | 31/12/99     | 31/12/98     | CHANGES      |
|---|--------------|--------------|--------------|
| UniCredito Italiano S.p.A. (1)          | 1,012        | 998          | + 14         |
| Rolo Banca 1473 S.p.A.                  | 737          | 679          | + 58         |
| Cariverona Banca S.p.A.                 | 478          | 471          | + 7          |
| Banca CRT S.p.A.                        | 447          | 441          | + 6          |
| Cassamarca S.p.A.                       | 150          | 141          | + 9          |
| Caritro S.p.A.                          | 79           | 79           | —            |
| B.A.C. S. Marino S.A.                   | 7            | 7            | —            |
| Credito Fondiario (pro quota)           | 1            | 1            | —            |
| Banca Mediocredito S.p.A.               | 1            | 1            | —            |
| Banque Monegasque de Gestion S.A.       | 1            | 1            | —            |
| Banca di Bergamo S.p.A.                 | 7            | 2            | + 5          |
| UniCredito Italiano Bank Ireland P.l.c. | 1            | 1            | —            |
| Unicredit Suisse S.A.                   | 1            | —            | + 1          |
| Gruppo Banca Pekao S.p.A.               | 308          | —            | + 308        |
| <b>Total</b>                            | <b>3,230</b> | <b>2,822</b> | <b>+ 408</b> |
| <i>of which full service branches</i>   | <i>2,858</i> | <i>2,465</i> | <i>+ 393</i> |

(1) 1998 figures include Banca Popolare di Rieti S.p.A. incorporated in 1999.



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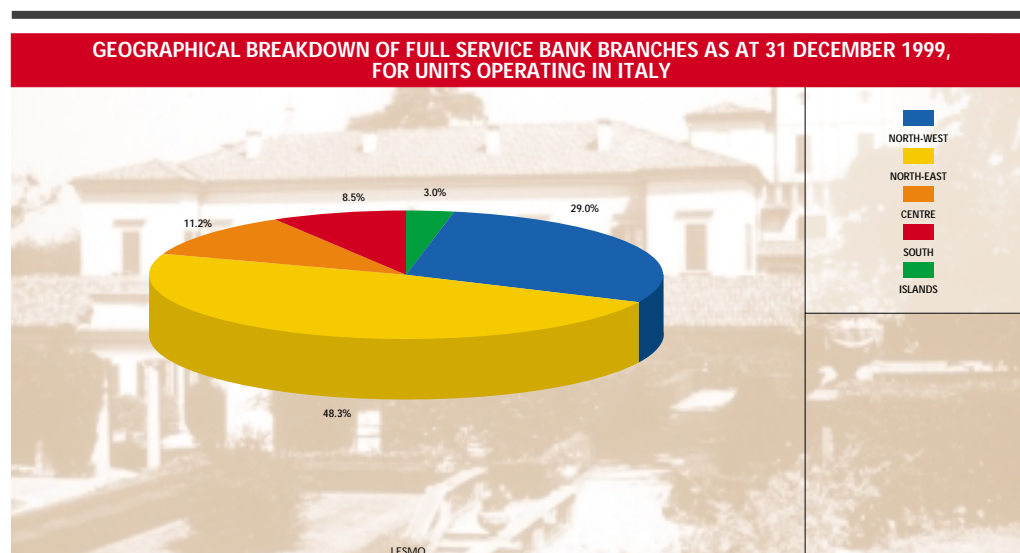
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The distribution **ful-service** bank branches is as follows:

| GEOGRAPHIC AREA                        | 31/12/99     | 31/12/98     | CHANGES     |
|--|--------------|--------------|-------------|
| <b>NORTH WEST AREA</b>                 |              |              |             |
| Liguria                                | 45           | 45           | + 0         |
| Lombardy                               | 234          | 224          | + 10        |
| Piedmont                               | 432          | 424          | + 8         |
| Valle d'Aosta                          | 23           | 23           | + 0         |
|  | 734          | 716          | + 18        |
| <b>NORTH EAST AREA</b>                 |              |              |             |
| Emilia Romagna                         | 441          | 421          | + 20        |
| Friuli Venezia-Giulia                  | 115          | 114          | + 1         |
| Trentino-Alto Adige                    | 80           | 79           | + 1         |
| Veneto                                 | 588          | 572          | + 16        |
|  | 1,224        | 1,186        | + 38        |
| <b>TOTAL NORTH</b>                     | <b>1,958</b> | <b>1,902</b> | <b>+ 56</b> |
| <b>CENTRE</b>                          |              |              |             |
| Lazio                                  | 141          | 141          | + 0         |
| Marches                                | 80           | 62           | + 18        |
| Tuscany                                | 55           | 50           | + 5         |
| Umbria                                 | 9            | 7            | + 2         |
|  | 285          | 260          | + 25        |
| <b>SOUTH</b>                           |              |              |             |
| Abruzzo                                | 21           | 16           | + 5         |
| Basilicata                             | 4            | 4            | + 0         |
| Calabria                               | 16           | 15           | + 1         |
| Campania                               | 59           | 58           | + 1         |
| Molise                                 | 23           | 23           | + 0         |
| Apulia                                 | 92           | 93           | - 1         |
|  | 215          | 209          | + 6         |
| <b>ISLANDS</b>                         |              |              |             |
| Sardinia                               | 33           | 33           | + 0         |
| Sicily                                 | 42           | 41           | + 1         |
|  | 75           | 74           | + 1         |
| <b>TOTAL CENTRE, SOUTH AND ISLANDS</b> | <b>575</b>   | <b>543</b>   | <b>+ 32</b> |
| <b>TOTAL UNITS OPERATING IN ITALY</b>  | <b>2,533</b> | <b>2,445</b> | <b>+ 88</b> |
| Cayman Islands                         | 1            | 2            | - 1         |
| France                                 | 2            | 2            | + 0         |
| Hong Kong                              | 1            | 1            | + 0         |
| Ireland                                | 1            | 1            | + 0         |
| Israel                                 | 1            | 0            | + 1         |
| Luxembourg                             | 1            | 1            | + 0         |
| Poland                                 | 304          | 0            | +304        |
| Principality of Monaco                 | 1            | 1            | + 0         |
| United Kingdom                         | 1            | 2            | - 1         |
| San Marino                             | 7            | 7            | + 0         |
| Singapore                              | 1            | 1            | + 0         |
| United States                          | 2            | 2            | + 0         |
| Switzerland                            | 1            | 0            | + 1         |
| Ukraine                                | 1            | 0            | + 1         |
| <b>UNITS OPERATING ABROAD</b>          | <b>325</b>   | <b>20</b>    | <b>+305</b> |
| <b>TOTAL</b>                           | <b>2,858</b> | <b>2,465</b> | <b>+395</b> |





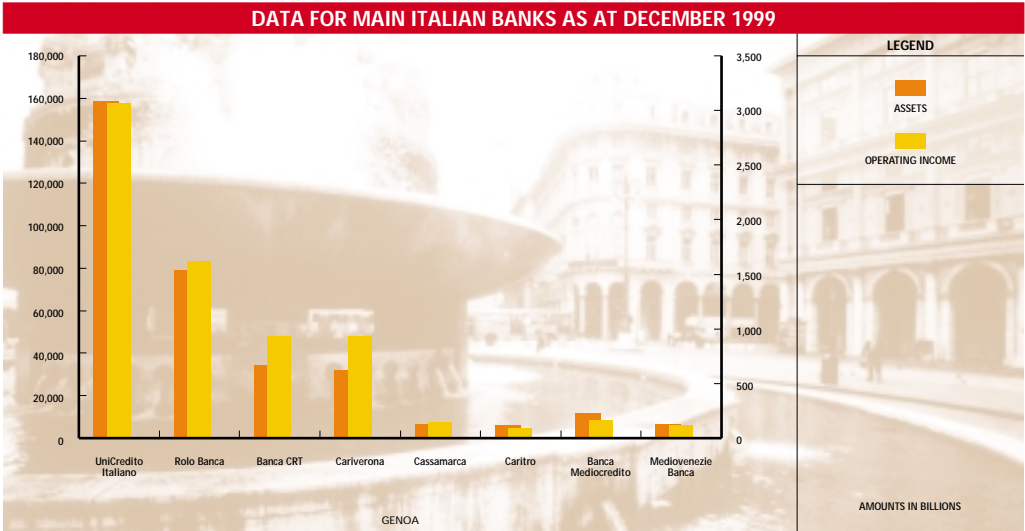
|   |   |                      |                 |
|---|---|----------------------|-----------------|
| The Group's Activities  | □   |                      |                 |
| Operating Performance   | □   |                      |                 |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | ■   |                      |                 |
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# Major Equity Investments (Performance and Results for the Period)

The performance of **UniCredito Italiano S.p.A.** in 1999 was given broad coverage in the report on operations in the company's accounts to which reference is made.

The following is a detailed report of the main balance sheet and income figures, the most significant ratios, and information on the **performance** and **period results** of the most important banks. A summary of results for the period is provided for other Group companies, and for certain other companies that are subject to significant influence, which are grouped by area.



## ROLO BANCA 1473 S.p.A., Bologna

(Held 19.90% directly, and 44.77% through Credit Carimonte SpA)

| BALANCE SHEET   | (BILLIONS OF LIT) |            |            |         |            |
|---|-------------------|------------|------------|---------|------------|
|   | AMOUNTS AT        |            | CHANGES    |         | AMOUNTS AT |
|   | 31/12/1999        | 31/12/1998 | ABSOLUTE   | %       | 31/12/1997 |
| <b>BALANCE SHEET</b>  |                   |            |            |         |            |
| Total assets  | 79,008.5          | 67,752.4   | + 11,256.1 | + 16.6% | 65,425.2   |
| Total loans   | 62,082.5          | 50,501.8   | + 11,580.7 | + 22.9% | 49,946.1   |
| - of which: loans to customers                                    | 48,003.4          | 40,739.5   | + 7,263.9  | + 17.8% | 30,011.1   |
| - of which: non-performing loans-net                              | 344.2             | 370.5      | - 26.3     | - 7.1%  | 477.4      |
| Trading securities  | 1,845.3           | 3,285.7    | - 1,440.4  | - 43.8% | 3,113.7    |
| - of which: shares, quotas and other<br>variable-yield securities | 6.5               | 5.4        | + 1.1      | + 20.4% | 7.4        |
| Fixed assets  | 11,393.9          | 10,843.5   | + 550.4    | + 5.1%  | 9,375.2    |
| - of which, investment securities                                 | 9,998.2           | 9,230.3    | + 767.9    | + 8.3%  | 7,565.1    |
| - equity investments  | 401.9             | 559.1      | - 157.2    | - 28.1% | 664.3      |
| Total deposits  | 68,835.2          | 57,777.2   | + 11,058.0 | + 19.1% | 56,351.6   |
| - of which: due to customers and<br>securities issued             | 57,066.0          | 51,665.5   | + 5,400.5  | + 10.5% | 51,317.8   |
| Subordinated debt   | 25.0              | 25.0       | —          | —       | 231.9      |
| Shareholders' equity  | 5,244.6           | 4,721.9    | + 522.7    | + 11.1% | 4,093.2    |
| - of which: capital   | 438.6             | 435.8      | + 2.8      | + 0.6%  | 435.1      |
| - net income for the period                                       | 1,006.1           | 902.2      | + 103.9    | + 11.5% | 524.3      |
| Indirect deposits   | 95,674.1          | 90,327.9   | + 5,346.2  | + 5.9%  | 65,578.0   |
| - of which: indirect deposits from customers                      | 95,674.1          | 90,327.9   | + 5,346.2  | + 5.9%  | 65,578.0   |
| Assets administered for customers                                 | 152,740.1         | 141,993.4  | + 10,746.7 | + 7.6%  | 116,885.0  |
| <b>OTHER BALANCE SHEET DATA:</b>                                  |                   |            |            |         |            |
| Weighted risk assets  | 47,300.0          | 38,971.0   | + 8,329.0  | + 21.4% | 34,468.7   |
| Capital for regulatory purposes                                   | 4,426.6           | 4,175.8    | + 250.8    | + 6.0%  | 3,745.9    |
| - of which: tier 1 capital  | 3,874.6           | 3,617.5    | + 257.1    | + 7.1%  | 3,192.7    |
| - tier 2 capital  | 545.5             | 565.5      | - 20.0     | - 3.5%  | 595.6      |
| - items to be deducted  | - 6.5             | 7.2        | - 13.7     | -190.3% | 42.4       |

| PROFIT AND LOSS ACCOUNT                                       | (BILLIONS OF LIT) |                |               |                |                |
|---|-------------------|----------------|---------------|----------------|----------------|
|   | AMOUNTS AT        |                | CHANGES       |                | AMOUNTS AT     |
|   | 31/12/1999        | 31/12/1998     | ABSOLUTE      | %              | 1997           |
| <b>PROFIT AND LOSS ACCOUNT</b>                                |                   |                |               |                |                |
| Net interest income   | 1,633.2           | 1,612.8        | + 20.4        | + 1.3%         | 1,548.4        |
| Revenue from services and other sources                       | 1,344.2           | 1,309.1        | + 35.1        | + 2.7%         | 896.5          |
| - of which: profits/(losses)<br>on financial transactions     | 116.0             | 147.1          | - 31.1        | - 21.1%        | 143.0          |
| <b>Total revenues</b>   | <b>2,977.4</b>    | <b>2,921.9</b> | <b>+ 55.5</b> | <b>+ 1.9%</b>  | <b>2,444.9</b> |
| Administrative expenses                                       | 1,273.9           | 1,241.3        | + 32.6        | + 2.6%         | 1,352.2        |
| - of which: payroll   | 809.4             | 799.3          | + 10.1        | + 1.3%         | 899.3          |
| <b>Operating Income</b>                                       | <b>1,621.8</b>    | <b>1,575.8</b> | <b>+ 46.0</b> | <b>+ 2.9%</b>  | <b>979.4</b>   |
| <b>Profit before extraordinary items<br/>and income taxes</b> | <b>1,398.2</b>    | <b>1,392.2</b> | <b>+ 6.0</b>  | <b>+ 0.4%</b>  | <b>784.8</b>   |
| <b>Earnings before taxes</b>                                  | <b>1,606.9</b>    | <b>1,458.2</b> | <b>+148.7</b> | <b>+ 10.2%</b> | <b>859.2</b>   |
| <b>Net income for the period</b>                              | <b>1,006.1</b>    | <b>902.1</b>   | <b>+104.0</b> | <b>+ 11.5%</b> | <b>524.3</b>   |
| - of which: dividend  | 754.4             | 479.3          | + 275.1       | + 57.4%        | 250.2          |

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| STAFF AND BRANCHES                     | AMOUNTS AT   |              | CHANGES     |              | AMOUNTS AT   |
|--|--------------|--------------|-------------|--------------|--------------|
|  | 31/12/1999   | 31/12/1998   | ABSOLUTE    | %            | 31/12/1997   |
| <b>Number of employees</b>             | <b>7,498</b> | <b>7,582</b> | <b>- 84</b> | <b>-1.1%</b> | <b>7,824</b> |
| of which:                              |              |              |             |              |              |
| • part time                            | 569          | 563          | + 6         | + 1.1%       | 515          |
| <b>Average number of employees (1)</b> | <b>7,540</b> | <b>7,682</b> | <b>-142</b> | <b>-1.8%</b> | <b>8,010</b> |
| <b>Number of bank branches</b>         | <b>735</b>   | <b>680</b>   | <b>+ 55</b> | <b>+8.1%</b> | <b>672</b>   |
| of which:                              |              |              |             |              |              |
| • full service branches                | 735          | 680          | + 55        | + 8.1%       | 672          |

(1) Average number calculated as the arithmetic mean of staff numbers at the end of each month.

| KEY FINANCIAL RATIOS AND OTHER INFORMATION                    | 31/12/1999 | 31/12/1998 | 31/12/1997 |
|---|------------|------------|------------|
| <b>BALANCE SHEET RATIOS</b>                                   |            |            |            |
| Loans to customers/Total assets                               | 60.76%     | 60.13%     | 45.87%     |
| Securities (net of shares)/Total assets                       | 14.98%     | 18.47%     | 16.31%     |
| Equity investments and shares/Total assets                    | 0.52%      | 0.83%      | 1.03%      |
| Due to customers and securities issued /                      |            |            |            |
| Total liabilities   | 72.23%     | 76.26%     | 78.44%     |
| Shareholders' equity/Total liabilities                        | 6.64%      | 6.97%      | 6.26%      |
| <b>PROFITABILITY RATIOS</b>                                   |            |            |            |
| Operating income/Average shareholders' equity (1)             | 38.90%     | 42.22%     | 27.86%     |
| Operating income/Total average assets (2)                     | 2.21%      | 2.37%      | 1.56%      |
| Net interest income/Total average assets(2)                   | 2.23%      | 2.42%      | 2.46%      |
| Total revenues/Total average assets (2)                       | 4.06%      | 4.39%      | 3.89%      |
| Administrative expenses/Total revenues                        | 42.79%     | 42.48%     | 55.31%     |
| Net income for the period/Average shareholders' equity (1)    | 24.13%     | 24.17%     | 14.92%     |
| Net income for the period/Number of shares (3)                | 2,294      | 2,070      | 1,205      |
| <b>PRODUCTIVITY RATIOS (4)</b>                                |            |            |            |
| Operating income/Average number of employees                  | 215        | 205        | 122        |
| Total average assets (2) / Average number of employees        | 9,732      | 8,668      | 7,991      |
| Due to customers and securities issued /                      |            |            |            |
| average number of employees                                   | 7,568      | 6,726      | 6,407      |
| Loans to customers/Average number of employees                | 6,366      | 5,303      | 3,747      |
| <b>RISK RATIOS</b>  |            |            |            |
| Net non-performing loans/Total loans                          | 0.55%      | 0.73%      | 0.96%      |
| Net non-performing loans/Loans to customers                   | 0.72%      | 0.91%      | 1.59%      |
| Net non-performing loans/Shareholders' equity                 | 6.56%      | 7.85%      | 11.66%     |
| <b>CAPITAL RATIOS</b>   |            |            |            |
| Tier 1 capital for regulatory purposes / Weighted risk assets | 8.19%      | 9.28%      | 9.26%      |
| Capital for regulatory purposes / Weighted risk assets        | 9.36%      | 10.72%     | 10.87%     |

(1) Average shareholders' equity is calculated as the average of end of month balances of capital, issue premiums and reserves.

(2) Total average assets is calculated as the arithmetic mean of total assets at the end of the period and at the end of the prior period.

(3) Indexes expressed in whole lit.

(4) Indexes expressed in millions of lit.

N.B. Average 1997 shareholders' equity excluding companies forming a part of the merger.

## COMMENTS ON BALANCE SHEET FIGURES

### Loans

Loans are reported at their presumed realisable value, and thus, net of write-downs made totalling Lit. 582.4 billion, of which Lit. 562.1 billion was related to customers.

The book value of loans to customers, which represent 60.8% of assets, totalled Lit. 48,003.4 billion with an increase of 17.8% over the end of the prior period.

Below is a breakdown of loans between the Euro area and other currencies showing that loans to customers are almost entirely expressed in currencies belonging to the Euro area (approximately 97%).

|                            | (BILLIONS OF LIT.) |                 |                  |                |
|----------------------------|--------------------|-----------------|------------------|----------------|
|                            | AMOUNTS AS AT      |                 | CHANGES          |                |
|                            | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Loans to customers:</b> |                    |                 |                  |                |
| – Euro area                | 46,353.2           | 39,681.5        | + 6,671.7        | + 16.8%        |
| – other currencies         | 1,650.2            | 1,058.0         | + 592.2          | + 56.0%        |
|                            | <b>48,003.4</b>    | <b>40,739.5</b> | <b>+ 7,263.9</b> | <b>+ 17.8%</b> |
| <b>Loans to banks:</b>     |                    |                 |                  |                |
| – Euro area                | 12,329.3           | 9,061.0         | + 3,268.3        | + 36.1%        |
| – other currencies         | 1,749.8            | 701.3           | + 1,048.5        | + 149.5%       |
|                            | <b>14,079.1</b>    | <b>9,762.3</b>  | <b>+ 4,316.8</b> | <b>+ 44.2%</b> |
| <b>Total</b>               | <b>62,082.5</b>    | <b>50,501.8</b> | <b>+11,580.7</b> | <b>+ 22.9%</b> |

The following table shows changes that occurred in loans to customers in the twelve-month period broken down by type.

|                                   | (BILLIONS OF LIT.) |                 |                  |                |
|-----------------------------------|--------------------|-----------------|------------------|----------------|
|                                   | AMOUNTS AS AT      |                 | CHANGES          |                |
|                                   | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| – leasing contracts               | —                  | —               | —                | —              |
| – bills discounted                | 550.3              | 454.1           | + 96.2           | + 21.2%        |
| – current accounts                | 10,211.4           | 10,054.8        | + 156.6          | + 1.6%         |
| – medium-term loans and mortgages | 16,169.7           | 12,608.9        | + 3,560.8        | + 28.2%        |
| – loans                           | 3,396.4            | 3,493.8         | – 97.4           | – 2.8%         |
| – other non-overdraft lending     | 12,711.4           | 9,083.1         | + 3,628.3        | + 39.9%        |
| – non-performing loans            | 344.2              | 370.6           | – 26.4           | – 7.1%         |
| – Repos                           | 4,414.3            | 4,461.8         | – 47.5           | – 1.1%         |
| – Securities lending              | —                  | —               | —                | —              |
| – factoring                       | —                  | —               | —                | —              |
| – other transactions              | 205.7              | 212.4           | – 6.7            | – 3.2%         |
| <b>Total</b>                      | <b>48,003.4</b>    | <b>40,739.5</b> | <b>+ 7,263.9</b> | <b>+ 17.8%</b> |

The most significant component consists of medium-term loans and mortgages at over 16,000 billion representing 33.7% of the overall total. Thus, the annual increase was 28.2%, or over 3,500 billion in absolute terms, and nearly all of this amount was lent to private individuals and small and medium-sized businesses.

There was also a significant change in non-overdraft lending which rose nearly 40% over the 12 months reaching 12,700 billion at the end of 1999.

Also worth noting is the lower percentage of repos dropping to 9% from 11% as at 31 December 1998.

Thus, the total of performing loans (i.e., excluding repos and non-performing loans) increased 20.4% on an annual basis.

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## Doubtful loans

At the end of the period, non-performing loans, net of write-downs, totalled Lit. 344.2 billion representing a 7.0% decrease from 31 December of the prior year (371 billion)

The ratio of this item to net loans to customers was 0.7% compared to 0.9% for the prior period.

The degree of coverage, measured by the ratio of write-downs and gross non-performing loans, was 48.7% compared to 45.8% in 1998.

Total doubtful loans (made to customers and banks), expressed at the presumed realisable value, were Lit. 720.7 billion representing a decrease of Lit. 16 billion from the prior year amount.

|   | (BILLIONS OF LIT.)        |                      |                        |
|---|---------------------------|----------------------|------------------------|
|   | AMOUNTS AS AT 31/12/1999  |                      |                        |
|   | LOANS<br>NOMINAL<br>VALUE | TOTAL<br>WRITE-DOWNS | LOANS<br>BOOK<br>VALUE |
| Loans to customers  |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | 671.5                     | 327.3                | 344.2                  |
| <i>of which: default interest</i>   | <i>82.7</i>               | <i>82.7</i>          | —                      |
| – watchlist   | 296.8                     | 61.7                 | 235.1                  |
| <i>of which: default interest</i>   | <i>0.6</i>                | <i>0.6</i>           | —                      |
| – loans to countries at risk  | 64.9                      | 9.5                  | 55.4                   |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 94.7                      | 11.6                 | 83.1                   |
| <i>of which: default interest</i>   | <i>0.2</i>                | <i>0.2</i>           | —                      |
|   | <b>1,127.9</b>            | <b>410.1</b>         | <b>717.8</b>           |
| – Other loans   | 47,437.6                  | 152.0                | 47,285.6               |
| <b>Total (a)</b>  | <b>48,565.5</b>           | <b>562.1</b>         | <b>48,003.4</b>        |
| Due from banks  |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | —                         | —                    | —                      |
| – watchlist   | 11.2                      | 10.1                 | 1.1                    |
| – loans to countries at risk  | 1.5                       | 0.2                  | 1.3                    |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 10.5                      | 10.0                 | 0.5                    |
|   | <b>23.2</b>               | <b>20.3</b>          | <b>2.9</b>             |
| – other loans   | 14,076.2                  | —                    | 14,076.2               |
| <b>Total (b)</b>  | <b>14,099.4</b>           | <b>20.3</b>          | <b>14,079.1</b>        |
| <b>Total (a+b)</b>  | <b>62,664.9</b>           | <b>582.4</b>         | <b>62,082.5</b>        |

The percentage of doubtful loans to the total nominal and book value of loans is as follows:

|                            | (BILLIONS OF LIT.)     |                 |                     |                 |
|----------------------------|------------------------|-----------------|---------------------|-----------------|
|                            | LOANS<br>NOMINAL VALUE |                 | LOANS<br>BOOK VALUE |                 |
|                            | 31/12/1999             | 31/12/1998      | 31/12/1999          | 31/12/1998      |
| <b>Doubtful loans</b>      |                        |                 |                     |                 |
| – customers                | 1,127.9                | 1,113.7         | 717.8               | 733.4           |
| – banks                    | 23.2                   | 21.4            | 2.9                 | 3.2             |
| <b>a)</b>                  | <b>1,151.1</b>         | <b>1,135.1</b>  | <b>720.7</b>        | <b>736.6</b>    |
| <b>Loans and advances</b>  |                        |                 |                     |                 |
| – customers                | 48,565.5               | 41,243.3        | 48,003.4            | 40,739.5        |
| – banks                    | 14,099.4               | 9,780.3         | 14,079.1            | 9,762.3         |
| <b>b)</b>                  | <b>62,664.9</b>        | <b>51,023.6</b> | <b>62,082.5</b>     | <b>50,501.8</b> |
| <i>Ratio % a/b</i>         | <i>1.84%</i>           | <i>2.22%</i>    | <i>1.16%</i>        | <i>1.46%</i>    |
| <i>of which: customers</i> | <i>2.32%</i>           | <i>2.70%</i>    | <i>1.50%</i>        | <i>1.80%</i>    |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Loans in Euro currencies and other currencies to domestic customers (limited to units operating in Italy), net of non-performing loans, increased by 18.7%, or approximately 6,670 billion in absolute terms, over the twelve-month period.

|                  | (BILLIONS OF LIT) |                 |                  |              |
|------------------|-------------------|-----------------|------------------|--------------|
|                  | AMOUNTS AS AT     |                 | CHANGES          |              |
|                  | 31/12/1999        | 31/12/1998      | ABSOLUTE         | %            |
| Euro area        | 40,968.5          | 34,695.8        | + 6,272.7        | + 18.1%      |
| Other currencies | 1,389.6           | 992.1           | + 397.5          | + 40.1%      |
| <b>Total</b>     | <b>42,358.1</b>   | <b>35,687.9</b> | <b>+ 6,670.2</b> | <b>18.7%</b> |

The market share was 3.15%, up from 2.9% in 1998:

|   | (BILLIONS OF LIT) |                  |                |
|---|-------------------|------------------|----------------|
|   | 31/12/1999        | 31/12/1998       | % CHANGE       |
| <b>Rolo Banca loans in Euros and other currencies</b> | <b>42,358.1</b>   | <b>35,687.9</b>  | <b>+ 18.7%</b> |
| <b>Industry loans in Euros and other currencies</b>   | <b>1,345,619</b>  | <b>1,230,407</b> | <b>+ 9.4%</b>  |
| <b>Percentage of Rolo/Industry</b>                    | <b>3.15%</b>      | <b>2.90%</b>     |                |

(Estimated industry data at December 99)

The percentage of non-performing loans, before write-downs, to total loans was 1.6% compared to 7.8% for the industry.

|   | (BILLIONS OF LIT) |              |              |              |            |
|---|-------------------|--------------|--------------|--------------|------------|
|   |                   | ROLO BANCA   |              | INDUSTRY     |            |
|   |                   | 31/12/1999   | 31/12/1998   | 31/12/1999   | 31/12/1998 |
| Loans in Euros and other currencies to domestic customers | 42,358.1          | 35,687.9     | 1,345,619    | 1,230,407    |            |
| Non-performing loans (*)                                  | a) 671.5          | 684.9        | 114,575      | 122,630      |            |
|   | b) 43,029.6       | 36,372.8     | 1,460,194    | 1,353,037    |            |
| <b>Percentage of a/b</b>                                  | <b>1.56%</b>      | <b>1.88%</b> | <b>7.85%</b> | <b>9.06%</b> |            |

(\*) For the purposes of the comparison with the industry, non-performing loans also include unpaid bills and bills of protested ownership.  
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## Securities

Investment and trading securities totalled Lit. 11,843.5 billion, representing a decrease of Lit. 672.5 billion from the prior period.

The decrease in the portfolio was due to the reduction of the trading securities component, which dropped approximately 1,450 billion, while investment securities rose nearly 800 billion.

The following is a detailed breakdown of the portfolio.

|  | (BILLIONS OF LIT.) |                 |          |                |                |
|--|--------------------|-----------------|----------|----------------|----------------|
|  | AMOUNTS AS AT      |                 | CHANGES  |                |                |
|  | 31/12/1999         | 31/12/1998      | ABSOLUTE |                | %              |
| <b>Investment securities</b>                       |                    |                 |          |                |                |
| Treasury certificates                              | 2,437.3            | 2,895.7         | -        | 458.4          | - 15.8%        |
| Multi-year treasury bills                          | 5,813.5            | 5,478.2         | +        | 335.3          | + 6.1%         |
| Certificates of deposit                            | —                  | —               | —        | —              | —              |
| Securities deriving from restructured credit lines | —                  | —               | —        | —              | —              |
| Bonds of international institutions                | —                  | —               | —        | —              | —              |
| Other securities                                   | 1,747.4            | 856.4           | +        | 891.0          | + 104.0%       |
| <b>Total</b>                                       | <b>9,998.2</b>     | <b>9,230.3</b>  | <b>+</b> | <b>767.9</b>   | <b>+ 8.3%</b>  |
| <b>Trading securities</b>                          |                    |                 |          |                |                |
| Ordinary treasury bonds                            | 14.5               | 19.8            | -        | 5.3            | - 26.8%        |
| Treasury certificates                              | 16.7               | 814.8           | -        | 798.1          | - 98.0%        |
| Multi-year treasury bills                          | 42.8               | 28.4            | +        | 14.4           | + 50.7%        |
| Bonds of international institutions                | —                  | 17.8            | -        | 17.8           | - 100.0%       |
| Other debt securities                              | 1,764.8            | 2,399.5         | -        | 634.7          | - 26.5%        |
| Variable yield securities                          | 6.5                | 5.4             | +        | 1.1            | + 20.4%        |
|  | <b>1,845.3</b>     | <b>3,285.7</b>  | <b>-</b> | <b>1,440.4</b> | <b>- 43.8%</b> |
| <b>Total</b>                                       | <b>11,843.5</b>    | <b>12,516.0</b> | <b>-</b> | <b>672.5</b>   | <b>- 5.4%</b>  |

A comparison between market values and book values for investment securities shows a net capital gain of Lit. 939 billion. Securities under asset swaps show a net capital gain of Lit. 986 billion offset by a potential capital loss of Lit. 956 billion for related interest rate swaps.

|                              | (BILLIONS OF LIT.)       |                |              |
|------------------------------|--------------------------|----------------|--------------|
|                              | AMOUNTS AS AT 31/12/1999 |                | GAIN/LOSS    |
|                              | REDEMPTION VALUE         | BOOK VALUE     |              |
| <b>Investment securities</b> |                          |                |              |
| Treasury certificates        | 2,430.2                  | 2,437.3        | - 7.1        |
| Multi-year treasury bills    | 5,789.6                  | 5,813.5        | - 23.9       |
| Other bonds                  | 1,750.5                  | 1,747.4        | + 3.1        |
| <b>Total</b>                 | <b>9,970.3</b>           | <b>9,998.2</b> | <b>-27.9</b> |

## Interbank position

Transactions in the interbank market closed at the end of 1999 with a net positive position of 2,310 billion, down 1,340 billion from 31 December 1998 when this figure totalled 3,650 billion.

This reduction was due to an annual increase in amounts due to banks (made up overall of deposits, correspondent current accounts, loans and repos) of over 5,650 billion offset by higher investments in this area of just over 4,300 billion.

Nearly 69% of the net interbank position is expressed in currencies in the Euro area (1,592 billion), and it is in this area that the major decline in this position occurred (nearly 2,150 billion less than at 31/12/98); on the contrary, the sector involved in "outside currencies," which accounts for 31% (718 billion) of the net overall interbank market, seems to have experienced significant growth primarily due to the growth in loans made, which, at the end of '99, reached 1,750 billion (an increase of 1,049 more than at the end of 1998).

|                | (BILLIONS OF LIT) |                |                  |               |
|----------------|-------------------|----------------|------------------|---------------|
|                | AMOUNTS AS AT     |                | CHANGES          |               |
|                | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %             |
| Loans to banks | 14,079.1          | 9,762.3        | + 4,316.8        | + 44.2%       |
| Due to banks   | 11,769.2          | 6,111.7        | + 5,657.5        | + 92.6%       |
| <b>Balance</b> | <b>2,309.9</b>    | <b>3,650.6</b> | <b>- 1,340.7</b> | <b>-36.7%</b> |

Broken down as follows:

|                        | (BILLIONS OF LIT) |                |                  |               |
|------------------------|-------------------|----------------|------------------|---------------|
|                        | AMOUNTS AS AT     |                | CHANGES          |               |
|                        | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %             |
| Loans to central banks | 308.2             | 365.2          | - 57.0           | - 15.6%       |
| Repos                  | 1,019.3           | 3,429.5        | - 2,410.2        | - 70.3%       |
| – provided             | 4,351.6           | 5,747.0        | - 1,395.4        | - 24.3%       |
| – received             | - 3,332.3         | - 2,317.5      | - 1,014.8        | + 43.8%       |
| Securities lending     | —                 | —              | —                | —             |
| – securities lent      | 30.0              | 30.0           | —                | —             |
| – securities borrowed  | - 30.0            | - 30.0         | —                | —             |
| Other                  | 982.4             | - 144.1        | + 1,126.5        | +781.7%       |
| – loans                | 9,389.3           | 3,620.1        | + 5,769.2        | +159.4%       |
| – due to amounts       | - 8,406.9         | - 3,764.2      | - 4,642.7        | +123.3%       |
| <b>Total</b>           | <b>2,309.9</b>    | <b>3,650.6</b> | <b>- 1,340.7</b> | <b>-36.7%</b> |

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## Loabilities

Overall deposits were Lit. 68,835.2 billion with an overall increase of Lit. 11,058 billion over the prior period (+19.1%).

The increase is primarily concentrated in amounts due to customers and banks.

The composition and changes that occurred are summarised as follows:

|   | AMOUNTS AS AT      |                 | CHANGES          |                |
|---|--------------------|-----------------|------------------|----------------|
|   | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
|   | (BILLIONS OF LIT.) |                 |                  |                |
| <b>Due to customers (1):</b>                                    |                    |                 |                  |                |
| – Euros   | 29,539.5           | 25,689.1        | + 3,850.4        | + 15.0%        |
| – other currencies  | 1,024.4            | 758.6           | + 265.8          | + 35.0%        |
|   | <b>30,563.9</b>    | <b>26,447.7</b> | <b>+ 4,116.2</b> | <b>+ 15.6%</b> |
| <small>(1) includes deposits received in administration</small> |                    |                 |                  |                |
| <b>Securities issued</b>  |                    |                 |                  |                |
| – Euros   | 23,816.4           | 22,877.6        | + 938.8          | + 4.1%         |
| – other currencies  | 2,685.7            | 2,340.2         | + 345.5          | + 14.8%        |
|   | <b>26,502.1</b>    | <b>25,217.8</b> | <b>+ 1,284.3</b> | <b>+ 5.1%</b>  |
|   | <b>57,066.0</b>    | <b>51,665.5</b> | <b>+ 5,400.5</b> | <b>+ 10.5%</b> |
| <b>Due to banks:</b>  |                    |                 |                  |                |
| – Euros   | 10,737.7           | 5,320.3         | + 5,417.4        | +101.8%        |
| – other currencies  | 1,031.5            | 791.4           | + 240.1          | + 30.3%        |
|   | <b>11,769.2</b>    | <b>6,111.7</b>  | <b>+ 5,657.5</b> | <b>+ 92.6%</b> |
| <b>Total</b>  | <b>68,835.2</b>    | <b>57,777.2</b> | <b>+11,058.0</b> | <b>+ 19.1%</b> |

Deposits from customers, represented by amounts due to customers and securities issued, increased by 10.5% and can be broken down by type as follows:

|                                       | AMOUNTS AS AT      |                 | CHANGES          |                |
|---------------------------------------|--------------------|-----------------|------------------|----------------|
|                                       | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
|                                       | (BILLIONS OF LIT.) |                 |                  |                |
| <b>Due to customers:</b>              |                    |                 |                  |                |
| – deposits                            | 4,593.2            | 4,565.5         | + 27.7           | + 0.6%         |
| – current accounts                    | 19,680.9           | 17,375.4        | + 2,305.5        | + 13.3%        |
| – repos                               | 6,277.6            | 4,494.7         | + 1,782.9        | + 39.7%        |
| – securities lending                  | —                  | —               | —                | —              |
| – deposits received in administration | 11.6               | 11.5            | + 0.1            | + 0.9%         |
| – other transactions                  | 0.6                | 0.6             | —                | —              |
|                                       | <b>30,563.9</b>    | <b>26,447.7</b> | <b>+ 4,116.2</b> | <b>+ 15.6%</b> |
| <b>Securities issued:</b>             |                    |                 |                  |                |
| – bonds                               | 15,159.0           | 12,452.4        | + 2,706.6        | + 21.7%        |
| – certificates of deposit             | 10,929.1           | 12,300.0        | – 1,370.9        | – 11.1%        |
| – other securities                    | 414.0              | 465.4           | – 51.4           | – 11.0%        |
|                                       | <b>26,502.1</b>    | <b>25,217.8</b> | <b>+ 1,284.3</b> | <b>+ 5.1%</b>  |
| <b>Total</b>                          | <b>57,066.0</b>    | <b>51,665.5</b> | <b>+ 5,400.5</b> | <b>+ 10.5%</b> |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Deposits from domestic customers (limited to units operating in Italy), net of repos and bonds, remained substantially unchanged.

|                  | (BILLIONS OF LIT) |                 |               |               |
|------------------|-------------------|-----------------|---------------|---------------|
|                  | AMOUNTS AS AT     |                 | CHANGES       |               |
|                  | 31/12/1999        | 31/12/1998      | ABSOLUTE      | %             |
| Euro area        | 23,687.5          | 23,843.0        | -155.5        | - 0.7%        |
| Other currencies | 688.8             | 505.1           | +183.7        | + 36.4%       |
| <b>Total</b>     | <b>24,376.3</b>   | <b>24,348.1</b> | <b>+ 28.2</b> | <b>+ 0.1%</b> |

Market share was 2.6% calculated as follows:

|  | (BILLIONS OF LIT) |                 |               |
|--|-------------------|-----------------|---------------|
|  | 31/12/1999        | 31/12/1998      | % CHANGE      |
| <b>Rolo Banca deposits in Euros and other currencies</b> | <b>24,376.3</b>   | <b>24,348.1</b> | <b>+ 0.1%</b> |
| <b>Industry deposits in Euros and other currencies</b>   | <b>922,063</b>    | <b>903,061</b>  | <b>+ 2.1%</b> |
| <b>Percentage of Rolo/Industry</b>                       | <b>2.64%</b>      | <b>2.70%</b>    |               |

(Estimated industry data at December 99)

Total funding in Euro currencies and other currencies from domestic customers (limited to units operating in Italy), including repos and bonds, increased 3.2% over the twelve-month period.

|                                    | (BILLIONS OF LIT) |                  |               |
|------------------------------------|-------------------|------------------|---------------|
|                                    | 31/12/1999        | 31/12/1998       | % CHANGE      |
| <b>Rolo Banca funding</b>          |                   |                  |               |
| Deposits                           | 24,376.3          | 24,348.1         | + 0.1%        |
| Bonds                              | 15,159.0          | 12,452.4         | + 21.7%       |
|                                    | 39,535.3          | 36,800.5         | + 7.4%        |
| Repos                              | 2,041.4           | 3,493.9          | - 41.6%       |
|                                    | <b>41,576.7</b>   | <b>40,294.4</b>  | <b>+ 3.2%</b> |
| <b>Industry funding</b>            |                   |                  |               |
| Deposits                           | 922,063           | 903,061          | + 2.1%        |
| Bonds                              | 455,531           | 436,073          | + 4.5%        |
|                                    | 1,377,594         | 1,339,134        | + 2.9%        |
| Repos                              | 88,739            | 108,588          | - 18.3%       |
|                                    | <b>1,466,333</b>  | <b>1,447,722</b> | <b>+ 1.3%</b> |
| <b>Percentage of Rolo/Industry</b> |                   |                  |               |
| Deposits                           | 2.64%             | 2.70%            |               |
| Bonds                              | 3.33%             | 2.86%            |               |
|                                    | 2.87%             | 2.75%            |               |
| Repos                              | 2.30%             | 3.22%            |               |
|                                    | <b>2.84%</b>      | <b>2.78%</b>     |               |

(Estimated industry data at December 99)

The market share of overall funding went from 2.78% at the end of 1998 to 2.84% at the end of 1999.

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## Indirect deposits, assets administered and assets under management

At the end of December 1999, indirect deposits totalled Lit. 95,674.1 billion representing an increase of Lit. 5,346.2 billion (+5.9%) over the end of 1998. The percentage of assets administered out of the total remained unchanged at 63%.

Total assets administered, made up of direct and indirect deposits from customers, can be broken down as follows:

|   | (BILLIONS OF LIT.) |                  |                  |               |
|---|--------------------|------------------|------------------|---------------|
|   | AMOUNTS AS AT      |                  | CHANGES          |               |
|   | 31/12/1999         | 31/12/1998       | ABSOLUTE         | %             |
| Due to customers and securities issued  | 57,066.0           | 51,665.5         | + 5,400.5        | + 10.5%       |
| Subordinated debt   | 25.0               | 25.0             | —                | —             |
|   | 57,091.0           | 51,690.5         | + 5,400.5        | + 10.4%       |
| Indirect deposits from customers<br>(excluding securities issued by the Bank) | 95,674.1           | 90,327.9         | + 5,346.2        | + 5.9%        |
| of which: Segregated accounts<br>(excluding securities issued by the Bank)    | 20,423.7           | 18,000.0         | + 2,423.7        | + 13.5%       |
| <b>Total</b>  | <b>152,765.1</b>   | <b>142,018.4</b> | <b>+10,746.7</b> | <b>+ 7.6%</b> |

Below is a detailed breakdown of third-party securities on deposit, excluding segregated accounts, at nominal value by business sector:

|  | (BILLIONS OF LIT.) |            |          |   |
|--|--------------------|------------|----------|---|
|  | AMOUNTS AS AT      |            | CHANGES  |   |
|  | 31/12/1999         | 31/12/1998 | ABSOLUTE | % |
| <b>Customers:</b>                                |                    |            |          |   |
| Public administrations                           | 1,175.1            | n.d.       |          |   |
| Financial companies                              | 29,079.4           | n.d.       |          |   |
| Non-financial companies and manufacturing groups | 5,604.8            | n.d.       |          |   |
| Other operators                                  | 1,807.8            | n.d.       |          |   |
| Consumer households                              | 37,123.3           | n.d.       |          |   |
| Rest of world                                    | 2,650.5            | n.d.       |          |   |
|  | <b>77,440.9</b>    |            |          |   |
| <b>Banks</b>                                     | —                  | —          | —        | — |
| <b>Total</b>                                     | <b>77,440.9</b>    |            |          |   |

Overall, the savings that customers entrusted to the management of Rolo Banca totalled 44,297.9 billion, up 28.8% over 31/12/1998.

|  | (BILLIONS OF LIT.) |                 |                 |               |
|--|--------------------|-----------------|-----------------|---------------|
|  | AMOUNTS AS AT      |                 | CHANGES         |               |
|  | 31/12/1999         | 31/12/1998      | ABSOLUTE        | %             |
| <b>Assets under management</b>   |                    |                 |                 |               |
| Segregated accounts  | 20,423.7           | 18,000.0        | + 2,423.7       | + 13.5%       |
| Rolofond mutual funds  | 27,993.3           | 23,232.0        | + 4,761.3       | + 20.5%       |
| Plurifond mutual funds   | 5,485.0            | 719.0           | + 4,766.0       | + 662.9       |
| Life insurance policies  | 890.8              | —               | + 890.8         | ••            |
| <b>Assets under management<br/>(net of funds in segregated accounts)</b> | <b>44,297.9</b>    | <b>34,397.0</b> | <b>+9,900.9</b> | <b>+28.8%</b> |

## COMMENTS ON MAIN PROFIT AND LOSS FIGURES

### Net interest income

| ITEMS                                    | (BILLIONS OF LIT) |                |               |               |
|--|-------------------|----------------|---------------|---------------|
|  | AMOUNTS AS AT     |                | CHANGES       |               |
|  | 1999              | 1998           | ABSOLUTE      | %             |
| 10. Interest income and similar revenues | 3,215.1           | 3,933.9        | - 718.8       | - 18.3%       |
| 20. Interest expense and similar charges | 1,745.8           | 2,372.1        | - 626.3       | - 26.4%       |
| 30. Dividends and other revenues         | 163.9             | 51.0           | + 112.9       | + 221.4%      |
| <b>Net interest income</b>               | <b>1,633.2</b>    | <b>1,612.8</b> | <b>+ 20.4</b> | <b>+ 1.3%</b> |

At the end of the period, net interest income was Lit. 1,633.2 billion, an increase of 1.3% over the prior period.

Net of dividends, the annual change was -5.9%, which was affected by the drastic tightening of spreads that translated into an inevitable reduction in the financial balance, which was only partially offset by the increase in business volume.

### Revenues from services and other sources

| ITEMS   | (BILLIONS OF LIT) |                |               |               |
|---|-------------------|----------------|---------------|---------------|
|   | AMOUNTS AS AT     |                | CHANGES       |               |
|   | 1999              | 1998           | ABSOLUTE      | %             |
| 40. Commission income                           | 1,056.1           | 1,035.9        | + 20.2        | + 1.9%        |
| 50. Commission expense                          | 52.7              | 37.4           | + 15.3        | + 40.9%       |
| <i>Net commission</i>                           | <i>1,003.4</i>    | <i>998.5</i>   | <i>+ 4.9</i>  | <i>+ 0.5%</i> |
| 60. Profit/(loss) from financial transactions   | 116.0             | 147.1          | - 31.1        | - 21.1%       |
| 70. Other operating income                      | 242.6             | 209.8          | + 32.8        | + 15.6%       |
| 110. Other operating expenses                   | 17.8              | 46.3           | - 28.5        | - 61.6%       |
| <b>Revenues from services and other sources</b> | <b>1,344.2</b>    | <b>1,309.1</b> | <b>+ 35.1</b> | <b>+ 2.7%</b> |

At the end of the period, net revenues from services and other sources were 1,344.2 billion, increasing by 2.7% over the prior year.

Net commission: analysis by source

| ITEMS   | (BILLIONS OF LIT) |              |               |                |
|---|-------------------|--------------|---------------|----------------|
|   | AMOUNTS AS AT     |              | CHANGES       |                |
|   | 1999              | 1998         | ABSOLUTE      | %              |
| <b>Guarantees given/received</b>                            | <b>21.7</b>       | <b>20.9</b>  | <b>+ 0.8</b>  | <b>+ 3.8%</b>  |
| <b>Collection and payment services</b>                      | <b>58.2</b>       | <b>51.2</b>  | <b>+ 7.0</b>  | <b>+ 13.7%</b> |
| <b>Administration, brokerage and consultancy services:</b>  |                   |              |               |                |
| - securities dealing  | 147.5             | 181.7        | - 34.2        | - 18.8%        |
| - forex dealing   | 21.8              | 20.0         | + 1.8         | + 9.0%         |
| - segregated accounts                                       | 87.5              | 88.7         | - 1.2         | - 1.4%         |
| - custody and administration of securities                  | 430.7             | 249.2        | + 181.5       | + 72.8%        |
| - placement of securities                                   | 32.0              | 84.0         | - 52.0        | - 61.9%        |
| - consultancy   | 1.6               | 1.2          | + 0.4         | + 33.3%        |
| - door-to-door selling of securities, products and services | —                 | —            | —             | —              |
| - acceptance of trading instructions                        | —                 | 0.2          | - 0.2         | -100.0%        |
| - management of collective investment funds                 | —                 | —            | —             | —              |
|   | <b>721.1</b>      | <b>625.0</b> | <b>+ 96.1</b> | <b>+ 15.4%</b> |
| <b>Tax collection services</b>                              | <b>7.4</b>        | <b>7.5</b>   | <b>- 0.1</b>  | <b>- 1.3%</b>  |
| <b>Other services</b>                                       |                   |              |               |                |
| - loans made and received                                   | 107.6             | 216.9        | - 109.3       | - 50.4%        |
| - securities service  | —                 | —            | —             | —              |
| - miscellaneous redemptions and recoveries                  | —                 | —            | —             | —              |
| - safe deposit box rental                                   | 2.3               | 2.3          | —             | —              |
| - insurance products  | 28.2              | 19.5         | + 8.7         | + 44.6%        |
| - automatic cash machine and credit card commissions        | 41.4              | 35.1         | + 6.3         | + 17.9%        |
| - other   | 15.5              | 20.1         | - 4.6         | - 22.9%        |
|   | <b>195.0</b>      | <b>293.9</b> | <b>- 98.9</b> | <b>- 33.7%</b> |
| <b>Total</b>  | <b>1,003.4</b>    | <b>998.5</b> | <b>+ 4.9</b>  | <b>+ 0.5%</b>  |

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## Total revenues

Thus, total revenues add up to Lit. 2,977.4 billion, 1.9% more than at the end of the prior period.

|  | (BILLIONS OF LIT) |                |               |               |
|--|-------------------|----------------|---------------|---------------|
|  | AMOUNTS AS AT     |                | CHANGES       |               |
|  | 1999              | 1998           | ABSOLUTE      | %             |
| Net interest income                      | 1.633,2           | 1.612,8        | + 20,4        | + 1,3%        |
| Revenues from services and other sources | 1.344,2           | 1.309,1        | + 35,1        | + 2,7%        |
| <b>Total revenues</b>                    | <b>2.977,4</b>    | <b>2.921,9</b> | <b>+ 55,5</b> | <b>+ 1,9%</b> |

## Administrative expenses

Total administrative expenses rose Lit. 32.6 billion, or 2.6% more than the prior period.

| ITEMS                                   | (BILLIONS OF LIT) |                |               |               |
|---|-------------------|----------------|---------------|---------------|
|   | AMOUNTS AS AT     |                | CHANGES       |               |
|   | 1999              | 1998           | ABSOLUTE      | %             |
| <b>a) Payroll</b>                       |                   |                |               |               |
| – wages and salaries                    | 533.4             | 513.9          | + 19.5        | + 3.8%        |
| – social security contributions         | 149.1             | 144.4          | + 4.7         | + 3.3%        |
| – employee termination payments         | 43.3              | 42.7           | + 0.6         | + 1.4%        |
| – retirement payments, etc.             | 35.9              | 42.7           | – 6.8         | – 15.9%       |
| – other                                 | 47.7              | 55.6           | – 7.9         | – 14.2%       |
|   | 809.4             | 799.3          | + 10.1        | + 1.3%        |
| <b>b) Other administrative expenses</b> |                   |                |               |               |
| – indirect taxes and duties             | 116.7             | 112.0          | + 4.7         | + 4.2%        |
| – various costs and expenses            | 347.8             | 330.0          | + 17.8        | + 5.4%        |
|   | 464.5             | 442.0          | + 22.5        | + 5.1%        |
| <b>Total</b>                            | <b>1,273.9</b>    | <b>1,241.3</b> | <b>+ 32.6</b> | <b>+ 2.6%</b> |

Payroll rose by 1.3% due to a rise in variable components of remuneration linked to the monetary incentive system for Branches and Management, the productivity bonus and the increase in cost resulting from automatic contractual wage adjustments. This was partially offset by a recovery of costs due to the cancellation of certain mandatory contributions and careful management of cost components and staff levels.

Other administrative expenses rose by 5.1% primarily following increases in charges for utilities and expenses for computer assistance. There was also a greater impact from advertising and entertainment expenses.

## Operating income

Compared to the prior period, operating income rose by Lit. 46 billion or 2.9%.

|  | (BILLIONS OF LIT) |                |               |               |
|--|-------------------|----------------|---------------|---------------|
|  | AMOUNTS AS AT     |                | CHANGES       |               |
|  | 1999              | 1998           | ABSOLUTE      | %             |
| Net interest income  | 1,633.2           | 1,612.8        | + 20.4        | + 1.3%        |
| Revenues from services and other sources                           | 1,344.2           | 1,309.1        | + 35.1        | + 2.7%        |
| <b>Total revenues</b>  | <b>2,977.4</b>    | <b>2,921.9</b> | <b>+ 55.5</b> | <b>+ 1.9%</b> |
| Administrative expenses  | 1,273.9           | 1,241.3        | + 32.6        | + 2.6%        |
| (Ordinary) write-downs of tangible and intangible fixed assets (*) | 81.7              | 104.8          | - 23.1        | - 22.0%       |
| <b>Operating income</b>  | <b>1,621.8</b>    | <b>1,575.8</b> | <b>+ 46.0</b> | <b>+ 2.9%</b> |

(\*) Excluding amortisation of goodwill

## Extraordinary items

The component that had the greatest impact on these entries was 171 billion in gross capital gains following support of the take-over bid for Telecom shares.

## Income taxes

Income taxes for the period, including the effects due to the application of the accounting principle related to the treatment of deferred taxes applicable to the period, totalled 601 billion. Income taxes were 37.4% of earnings before taxes.

Net income was made up as follows:

|  | (BILLIONS OF LIT) |                |                |                |
|--|-------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT     |                | CHANGES        |                |
|  | 1999              | 1998           | ABSOLUTE       | %              |
| Operating income                         | 1,621.8           | 1,575.8        | + 46.0         | + 2.9%         |
| Extraordinary items                      | 208.8             | 55.9           | + 152.9        | + 273.5%       |
| <b>Total available</b>                   | <b>1,830.6</b>    | <b>1,631.7</b> | <b>+ 198.9</b> | <b>+ 12.2%</b> |
| Other write-downs of fixed assets        | - 14.4            | - 14.4         | —              | —              |
| Provisions, write-downs, write-backs     | - 209.2           | - 169.2        | - 40.0         | + 23.6%        |
| Change in fund for general banking risks | —                 | 10.0           | - 10.0         | - 100.0%       |
| Income taxes for the period              | - 600.9           | - 556.0        | - 44.9         | + 8.1%         |
| <b>Net income for the period</b>         | <b>1,006.1</b>    | <b>902.1</b>   | <b>+ 104.0</b> | <b>+ 11.5%</b> |

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## Staff, operating structure and organisation

As at 31 December 1999, staff consisted of 7,498 employees with a reduction of 84 employees from 31 December 1998.

The average figure, which was determined as required in accounts, was 7,540 employees with a reduction of 163 employees from 31 December 1998.

### PRECISE DATA AS AT 31 DECEMBER

| COMPOSITION BY CATEGORY | 31/12/1999   | OF WHICH ABROAD | 31/12/1998   | OF WHICH ABROAD | TOTAL CHANGES |
|-------------------------|--------------|-----------------|--------------|-----------------|---------------|
| Senior managers         | 30           |                 | 31           |                 | - 1           |
| Executives              | 915          |                 | 803          |                 | + 112         |
| Managerial staff (*)    | 1,262        |                 | 1,148        |                 | + 114         |
| Clericals               | 5,221        | 22              | 5,517        | 26              | - 296         |
| Messengers/Auxiliaries  | 70           |                 | 83           |                 | - 13          |
| <b>Total</b>            | <b>7,498</b> | <b>22</b>       | <b>7,582</b> | <b>26</b>       | <b>- 84</b>   |
| of which: part time     | 569          |                 | 563          |                 |               |

(\*) Including non-functional managerial staff

The branch network is structured as follows:

|   | (BILLIONS OF LIT.) |            |                  |
|---|--------------------|------------|------------------|
|   | 31/12/1999         | 31/12/1998 | CHANGES OF TOTAL |
| <b>Branches</b>   |                    |            |                  |
| Units operating in Italy:                               |                    |            |                  |
| Branch banks  | 734                | 679        | + 55             |
| Agencies  | —                  | —          | —                |
| Branch offices  | —                  | —          | —                |
| <b>Total branches</b>                                   | <b>734</b>         | <b>679</b> | <b>+ 55</b>      |
| Customs area branches                                   | —                  | —          | —                |
| Cash and exchange offices                               | 2                  | 2          | —                |
| Branches within public/private offices and/or companies | 4                  | 6          | - 2              |
|   | 6                  | 8          | - 2              |
| Units operating abroad                                  | 1                  | 1          | —                |
| <b>Total branches</b>                                   | <b>741</b>         | <b>688</b> | <b>+ 53</b>      |

**BANCA CRT S.p.A., Turin**  
(100% directly held)

| BALANCE SHEET  |               |          |           |         | (BILLIONS OF LIT.) |
|--|---------------|----------|-----------|---------|--------------------|
|  | AMOUNTS AS AT |          | CHANGES   |         | AMOUNTS AS AT      |
|  | 31/12/99      | 31/12/98 | ABSOLUTE  | %       | 31/12/97           |
| <b>BALANCE SHEET</b>   |               |          |           |         |                    |
| Total assets   | 34,196.5      | 41,147.1 | -6,950.6  | - 16.9% | 40,339.6           |
| Total loans  | 28286.3       | 26,534.7 | + 1,751.6 | + 6.6%  | 25,824.1           |
| - of which: loans to customers                                 | 16,221.4      | 16,327.2 | - 105.8   | - 0.6%  | 14,689.3           |
| - non-performing loans - net                                   | 159.1         | 154.0    | + 5.1     | + 3.3%  | 192.5              |
| Trading securities   | 1,220.0       | 8,915.6  | -7,695.6  | - 86.3% | 7,708.6            |
| - of which: shares, quotas and other variable-yield securities | 4.8           | 3.0      | + 1.8     | + 60.0% | 16.7               |
| Fixed assets   | 3,312.4       | 4,301.6  | - 989.2   | - 23.0% | 4,838.7            |
| - of which: investment securities                              | 1,628.4       | 2,405.3  | - 776.9   | - 32.3% | 2,922.6            |
| - equity investments   | 936.3         | 1,106.2  | - 169.9   | - 15.4% | 1,100.8            |
| Total deposits   | 29,547.5      | 36,423.6 | -6,876.1  | - 18.9% | 35,337.2           |
| - of which: due to customers and securities issued             | 25,099.3      | 25,847.4 | - 748.1   | - 2.9%  | 25,043.7           |
| Subordinated debt  | 350.0         | 353.8    | - 3.8     | - 1.1%  | 0.0                |
| Shareholders' equity   | 2,554.9       | 2,300.8  | + 254.1   | + 11.0% | 2,566.6            |
| - of which: capital  | 1,000.0       | 1,000.0  | —         | —       | 1,000.0            |
| - net income for the period                                    | 413.3         | 252.2    | + 161.1   | + 63.9% | 141.1              |
| Indirect deposits  | 49,508.2      | 52,171.4 | -2,663.2  | - 5.1%  | 49,367.3           |
| - of which: indirect deposits from customers                   | 42,567.8      | 46,706.1 | -4,138.3  | - 8.9%  | n.d.               |
| Assets administered for customers                              | 75,324.8      | 72,553.5 | + 2,771.3 | + 3.8%  | n.d.               |
| <b>OTHER BALANCE SHEET DATA:</b>                               |               |          |           |         |                    |
| Weighted risk assets   | 21,081.7      | 20,863.3 | + 218.4   | + 1.0%  | 19,366.6           |
| Capital for regulatory purposes                                | 2,291.6       | 1,999.0  | + 292.6   | + 14.6% | 2,006.2            |
| - of which: tier 1 capital                                     | 2,257.4       | 2,138.0  | + 119.4   | + 5.6%  | 2,478.7            |
| - tier 2 capital   | 288.1         | 374.0    | - 85.9    | - 23.0% | 34.7               |
| - items to be deducted   | 253.9         | 513.0    | - 259.1   | - 50.5% | 507.2              |

| PROFIT AND LOSS ACCOUNT                                   |                |                |                |                | (BILLIONS OF LIT.) |
|---|----------------|----------------|----------------|----------------|--------------------|
|   | 1999           | 1998           | CHANGES        |                | 1997               |
|   |                |                | ABSOLUTE       | %              |                    |
| <b>PROFIT AND LOSS ACCOUNT</b>                            |                |                |                |                |                    |
| Net interest income                                       | 1,111.0        | 845.9          | + 265.1        | + 31.3%        | 905.8              |
| Revenue from services and other sources                   | 813.7          | 810.0          | + 3.7          | + 0.5%         | 534.0              |
| - of which: profits (losses) on financial transactions    | 13.9           | 186.6          | - 172.7        | - 92.6%        | 82.7               |
| <b>Total revenues</b>                                     | <b>1,924.7</b> | <b>1,655.9</b> | <b>+ 268.8</b> | <b>+ 16.2%</b> | <b>1,439.9</b>     |
| Administrative expenses                                   | 910.9          | 912.4          | - 1.5          | - 0.2%         | 918.9              |
| - of which: payroll                                       | 570.5          | 586.2          | - 15.7         | - 2.7%         | 600.8              |
| <b>Operating income</b>                                   | <b>1,013.8</b> | <b>743.5</b>   | <b>+ 270.3</b> | <b>+ 36.4%</b> | <b>520.9</b>       |
| <b>Profit before extraordinary items and income taxes</b> | <b>680.2</b>   | <b>549.1</b>   | <b>+ 131.1</b> | <b>+ 23.9%</b> | <b>257.4</b>       |
| <b>Earnings before taxes</b>                              | <b>724.4</b>   | <b>537.4</b>   | <b>+ 187.0</b> | <b>+ 34.8%</b> | <b>326.4</b>       |
| <b>Net income for the period</b>                          | <b>413.3</b>   | <b>252.2</b>   | <b>+ 161.1</b> | <b>+ 63.9%</b> | <b>141.1</b>       |
| - of which: dividend                                      | 282.0          | 130.0          | + 152.0        | + 116.9%       | 60.0               |

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| STAFF AND BRANCHES                     | AMOUNTS AS AT |              | CHANGES     |               | AMOUNTS AS AT |
|--|---------------|--------------|-------------|---------------|---------------|
|  | 31/12/1999    | 31/12/1998   | ABSOLUTE    | %             | 31/12/1997    |
| <b>Number of employees</b>             | <b>4,951</b>  | <b>5,121</b> | <b>-170</b> | <b>- 3.3%</b> | <b>5,046</b>  |
| of which:                              |               |              |             |               |               |
| • part-time                            | 362           | 317          | + 45        | + 14.2%       | 273           |
| <b>Average number of employees (1)</b> | <b>5,038</b>  | <b>5,086</b> | <b>- 48</b> | <b>- 0.9%</b> | <b>5,081</b>  |
| <b>Number of bank branches</b>         | <b>446</b>    | <b>437</b>   | <b>+ 9</b>  | <b>+ 2.1%</b> | <b>401</b>    |
| of which:                              |               |              |             |               |               |
| • full service branches                | 446           | 437          | + 9         | + 2.1%        | 401           |

(1) Average number calculated as the arithmetic mean of staff numbers at the end of each month.

| KEY FINANCIAL RATIOS AND OTHER INFORMATION                           | 31/12/1999 | 31/12/1998 | 31/12/1997 |
|--|------------|------------|------------|
| <b>BALANCE SHEET RATIOS</b>  |            |            |            |
| Loans to customers/Total assets                                      | 47.44%     | 39.68%     | 36.41%     |
| Securities (net of shares)/Total assets                              | 8.32%      | 27.51%     | 26.31%     |
| Equity investments and shares/Total assets                           | 2.75%      | 2.70%      | 2.77%      |
| Due to customers and securities issued / Total liabilities           | 73.40%     | 62.82%     | 62.08%     |
| Shareholders' equity/Total liabilities                               | 7.47%      | 5.59%      | 6.36%      |
| <b>PROFITABILITY RATIOS</b>  |            |            |            |
| Operating income/Average shareholders' equity (1)                    | 49.75%     | 32.48%     | 19.92%     |
| Operating income/ Total average assets (2)                           | 2.69%      | 1.82%      |            |
| Net interest income/Total average assets (2)                         | 2.95%      | 2.08%      |            |
| Total revenues/Total average assets (2)                              | 5.11%      | 4.06%      |            |
| Administrative expenses/Total revenues                               | 47.33%     | 55.10%     |            |
| Net income for the period/Average shareholders' equity (1)           | 20.28%     | 11.02%     | 5.40%      |
| Net income for the period/Number of shares (3)                       | 41,325     | 25,217     | 14,107     |
| <b>PRODUCTIVITY RATIOS (4)</b>                                       |            |            |            |
| Operating income/Average number of employees                         | 201        | 146        | 103        |
| Total average assets (2) / Average number of employees               | 7,478      | 8,011      |            |
| Due to customers and securities issued / average number of employees | 4,982      | 5,082      | 4,929      |
| Loans to customers/Average number of employees                       | 3,220      | 3,210      | 2,891      |
| <b>RISK RATIOS</b>   |            |            |            |
| Net non-performing loans/Total loans                                 | 0.56%      | 0.58%      | 0.75%      |
| Net non-performing loans/Loans to customers                          | 0.98%      | 0.94%      | 1.31%      |
| Net non-performing loans/Shareholders' equity                        | 6.23%      | 6.69%      | 7.50%      |
| <b>CAPITAL RATIOS</b>  |            |            |            |
| Tier 1 capital for regulatory purposes / Weighted risk assets        | 10.71%     | 10.25%     | 12.80%     |
| Capital for regulatory purposes / Weighted risk assets               | 10.87%     | 9.58%      | 10.36%     |

(1) Average shareholders' equity is calculated as the average of end of month balances of capital, issue premiums and reserves.

(2) Total average assets is calculated as the arithmetic mean of total assets at the end of the period and at the end of the prior period.

(3) Indexes expressed in whole Lit.

(4) Indexes expressed in millions of Lit.

## Loans

Loans are reported at their presumed realisable value, and thus, net of write-downs made totalling Lit. 379.9 billion, of which Lit. 377.5 billion was related to customers.

Loans to customers, which represent 47.4% of assets, totalled Lit. 16,221.4 billion with a decrease of 0.6% from the end of the prior period.

Below is a breakdown of loans between the Euro area and other currencies.

|                            | (BILLIONS OF LIT.) |                 |                  |                |
|----------------------------|--------------------|-----------------|------------------|----------------|
|                            | AMOUNTS AS AT      |                 | CHANGES          |                |
|                            | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Loans to customers:</b> |                    |                 |                  |                |
| – Euro area                | 15,940.1           | 14,388.0        | + 1,552.1        | + 10.8%        |
| – other currencies         | 281.3              | 1,939.2         | – 1,657.9        | – 85.5%        |
|                            | <b>16,221.4</b>    | <b>16,327.2</b> | <b>– 105.8</b>   | <b>– 0.6%</b>  |
| <b>Loans to banks:</b>     |                    |                 |                  |                |
| – Euro area                | 11,249.0           | 6,797.9         | + 4,451.1        | + 65.5%        |
| – other currencies         | 815.9              | 3,409.6         | – 2,593.7        | – 76.1%        |
|                            | <b>12,064.9</b>    | <b>10,207.5</b> | <b>+ 1,857.4</b> | <b>+ 18.2%</b> |
| <b>Total</b>               | <b>28,286.3</b>    | <b>26,534.7</b> | <b>+ 1,751.6</b> | <b>+ 6.6%</b>  |

The following table shows changes that occurred in loans to customers during the twelve-month period broken down by type.

|                                      | (BILLIONS OF LIT.) |                 |                |               |
|--------------------------------------|--------------------|-----------------|----------------|---------------|
|                                      | AMOUNTS AS AT      |                 | CHANGES        |               |
|                                      | 31/12/1999         | 31/12/1998      | ABSOLUTE       | %             |
| – leasing contracts                  | —                  | —               | —              | —             |
| – bills discounted                   | 132.5              | 177.7           | – 45.2         | – 25.4%       |
| – current accounts                   | 7,475.0            | 6,021.9         | + 1,453.1      | + 24.1%       |
| – medium-term loans and mortgages    | 1,598.4            | 427.0           | + 1,171.4      | + 274.3%      |
| – loans (included in the item below) | —                  | —               | —              | —             |
| – other non-overdraft lending        | 6,599.3            | 7,159.6         | – 560.3        | – 7.8%        |
| – non-performing loans               | 159.1              | 154.0           | + 5.1          | + 3.3%        |
| – repos                              | 0.6                | 2,250.9         | – 2,248.4      | – 100.0%      |
| – securities lending                 | —                  | —               | —              | —             |
| – factoring                          | —                  | —               | —              | —             |
| – other transactions                 | 256.5              | 138.0           | + 118.5        | + 85.9%       |
| <b>Total</b>                         | <b>16,221.4</b>    | <b>16,327.2</b> | <b>– 105.8</b> | <b>– 0.6%</b> |

The most significant component consists of overdraft facilities (current accounts) representing 46.1% of the overall total. There were significant increases in medium-term loans and mortgages, which were up 274.3%, as well as syndicated loans and loans in Italy.

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## Doubtful loans

At the end of the period, non-performing loans, net of write-downs, totalled Lit. 159.1 billion representing a 3.3% increase from 31 December of the prior year.

The ratio of this item to net loans to customers was 0.98% compared to 0.94% for the prior period.

The degree of coverage, taken from the ratio of write-downs and gross non-performing loans, was 49.7%

Bearing in mind non-performing loans for which receivership proceedings are under way, and thus removed in terms of principal and interest, together with loss projections of a similar amount (Lit. 712.6 billion), the ratio of loss projections and non-performing loans was 85.1% compared to 87.2% at the end of 1998.

Total doubtful loans, expressed at the presumed realisable value, were Lit. 493.2 billion representing a decrease of Lit. 50.0 billion from the prior year amount.

|   | (BILLIONS OF LIT)         |                      |                        |
|---|---------------------------|----------------------|------------------------|
|   | AMOUNTS AS AT 31/12/1999  |                      |                        |
|   | LOANS<br>NOMINAL<br>VALUE | TOTAL<br>WRITE-DOWNS | LOANS<br>BOOK<br>VALUE |
| <b>Loans to customers</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | 316.2                     | 157.1                | 159.1                  |
| <i>of which: default interest</i>   | <i>77.4</i>               | <i>23.7</i>          | <i>53.7</i>            |
| – watchlist   | 269.9                     | 43.0                 | 226.9                  |
| <i>of which: default interest</i>   | <i>0.4</i>                | <i>—</i>             | <i>0.4</i>             |
| – loans to countries at risk  | 5.9                       | 0.9                  | 5.0                    |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 102.4                     | 8.0                  | 94.4                   |
| <i>of which: default interest</i>   | <i>—</i>                  | <i>—</i>             | <i>—</i>               |
|   | <b>694.4</b>              | <b>209.0</b>         | <b>485.4</b>           |
| – Other loans   | 15,904.5                  | 168.5                | 15,736.0               |
| <b>Total (a)</b>  | <b>16,598.9</b>           | <b>377.5</b>         | <b>16,221.4</b>        |
| <b>Due from banks</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | 1.2                       | 1.2                  | —                      |
| – watchlist   | 2.0                       | —                    | 2.0                    |
| – loans to countries at risk  | 7.0                       | 1.2                  | 5.8                    |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | —                         | —                    | —                      |
|   | <b>10.2</b>               | <b>2.4</b>           | <b>7.8</b>             |
| – other loans   | 12,057.1                  | —                    | 12,057.1               |
| <b>Total (b)</b>  | <b>12,067.3</b>           | <b>2.4</b>           | <b>12,064.9</b>        |
| <b>Total (a+b)</b>  | <b>28,666.2</b>           | <b>379.9</b>         | <b>28,286.3</b>        |

The percentage of doubtful loans to the total nominal and book value of loans is as follows:

|                            | (BILLIONS OF LIT)      |                 |                     |                 |
|----------------------------|------------------------|-----------------|---------------------|-----------------|
|                            | LOANS<br>NOMINAL VALUE |                 | LOANS<br>BOOK VALUE |                 |
|                            | 31/12/1999             | 31/12/1998      | 31/12/1999          | 31/12/1998      |
| <b>Doubtful loans</b>      |                        |                 |                     |                 |
| – customers                | 694.4                  | 761.2           | 485.4               | 525.1           |
| – banks                    | 10.2                   | 42.0            | 7.8                 | 18.1            |
|                            | <b>a) 704.6</b>        | <b>803.2</b>    | <b>493.2</b>        | <b>543.2</b>    |
| <b>Loans and advances</b>  |                        |                 |                     |                 |
| – customers                | 16,598.9               | 16,730.7        | 16,221.4            | 16,327.2        |
| – banks                    | 12,067.3               | 10,231.4        | 12,064.9            | 10,207.5        |
|                            | <b>b) 28,666.2</b>     | <b>26,962.1</b> | <b>28,286.3</b>     | <b>26,534.7</b> |
| <i>Ratio % a/b</i>         | <i>2.46%</i>           | <i>2.98%</i>    | <i>1.74%</i>        | <i>2.05%</i>    |
| <i>of which: customers</i> | <i>4.18%</i>           | <i>4.55%</i>    | <i>2.99%</i>        | <i>3.22%</i>    |
| <b>Total</b>               |                        |                 |                     |                 |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Loans in Euro currencies and other currencies to domestic customers (limited to units operating in Italy), net of non-performing loans, increased 32.6% in absolute terms or 22.2% on average, over the twelve-month period.

|                  | (BILLIONS OF LIT.) |                 |                  |               |
|------------------|--------------------|-----------------|------------------|---------------|
|                  | AMOUNTS AS AT      |                 | CHANGES          |               |
|                  | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %             |
| Euro area        | 15,483.2           | 11,309.4        | 4,173.8          | + 36.9%       |
| Other currencies | 275.3              | 575.9           | - 300.6          | - 52.2%       |
| <b>Total</b>     | <b>15,758.5</b>    | <b>11,885.3</b> | <b>+ 3,873.2</b> | <b>+32.6%</b> |

The market share was 1.17% calculated as follows:

|   | (BILLIONS OF LIT.) |                  |               |
|---|--------------------|------------------|---------------|
|   | 31/12/1999         | 31/12/1998       | %CHANGE       |
| <b>Bank loans in Euros and other currencies</b>     | <b>15,758.5</b>    | <b>11,885.3</b>  | <b>+32.6%</b> |
| <b>Industry loans in Euros and other currencies</b> | <b>1,345.619</b>   | <b>1,230.407</b> | <b>+ 9.4%</b> |
| <b>Percentage of Bank/Industry</b>                  | <b>1.17%</b>       | <b>0.97%</b>     |               |

The percentage of non-performing loans, before write-downs, to total loans was 1.90% compared to 7.85% for the industry.

|   | (BILLIONS OF LIT.) |              |              |              |            |
|---|--------------------|--------------|--------------|--------------|------------|
|   |                    | BANK         |              | INDUSTRY     |            |
|   |                    | 31/12/1999   | 31/12/1998   | 31/12/1999   | 31/12/1998 |
| Loans in Euros and other currencies to domestic customers | 15,758.5           | 11,885.3     | 1,345,619    | 1,230,407    |            |
| Non-performing loans (*)                                  | a) 305.0           | 328.0        | 114,575      | 122,630      |            |
|   | b) 16,063.5        | 12,213.3     | 1,460,194    | 1,353,037    |            |
| <b>Percentage of a/b</b>                                  | <b>1.90%</b>       | <b>2.69%</b> | <b>7.85%</b> | <b>9.06%</b> |            |

(\*) For the purposes of the comparison with the industry, non-performing loans also include unpaid bills and bills of protested ownership.

|   |   |  |
|---|---|--|
| The Group's Activities  | □ |  |
| Operating Performance   | □ |  |
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| Breakdown of the Major<br>Equity Investments                            | □ |  |
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| Subsequent Events and<br>Outlook  | □ |  |
|   | ● |  |

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|                      |   |                 |
|----------------------|---|-----------------|
| Report on Operations | ● | Report in Euros |
|                      | ● | Report in Euros |

## Securities

Investment and trading securities totalled Lit. 2,848.4 billion, representing a decrease of Lit. 8,472.6 billion from the prior period.

The reduction in the portfolio is due to the concentration of financial operations at the holding company following the Group's reorganization.

The following is a detailed breakdown of the portfolio.

|                                     | (BILLIONS OF LIT.) |                 |                  |                |
|-------------------------------------|--------------------|-----------------|------------------|----------------|
|                                     | AMOUNTS AS AT      |                 | CHANGES          |                |
|                                     | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Investment securities</b>        |                    |                 |                  |                |
| Treasury certificates               |                    | 423.8           | - 423.8          | - 100.0%       |
| Multi-year treasury bills           |                    | 430.1           | - 430.1          | - 100.0%       |
| Other securities                    | 1,628.4            | 1,551.4         | + 77.0           | + 5.0%         |
|                                     | <b>1,628.4</b>     | <b>2,405.3</b>  | <b>- 776.9</b>   | <b>- 32.3%</b> |
| <b>Trading securities</b>           |                    |                 |                  |                |
| Ordinary treasury bonds             | 362.0              | 3,992.3         | - 3,630.3        | - 90.9%        |
| Treasury certificates               | 121.2              | 694.2           | - 573.0          | - 82.5%        |
| Multi-year treasury bills           | 39.0               | 1,086.7         | - 1,047.7        | - 96.4%        |
| Bonds of international institutions | 17.3               | 23.1            | - 5.8            | - 25.1%        |
| Other debt securities               | 675.7              | 3,116.3         | - 2,440.6        | - 78.3%        |
| Variable yield securities           | 4.8                | 3.0             | + 1.8            | + 60.0%        |
|                                     | <b>1,220.0</b>     | <b>8,915.6</b>  | <b>- 7,695.6</b> | <b>- 86.3%</b> |
| <b>Total</b>                        | <b>2,848.4</b>     | <b>11,320.9</b> | <b>- 8,472.5</b> | <b>- 74.8%</b> |

The precise market value and book value of investment securities is the same in that these are subordinated loans of the parent company posted at their issuance value which is equal to the repayment amount at maturity.

|                              | (BILLIONS OF LIT.)       |            |           |
|------------------------------|--------------------------|------------|-----------|
|                              | AMOUNTS AS AT 31/12/1999 |            | GAIN/LOSS |
|                              | MARKET VALUE             | BOOK VALUE |           |
| <b>Investment securities</b> |                          |            |           |
| Treasury certificates        |                          |            |           |
| Multi-year treasury bills    |                          |            |           |
| Other bonds                  | 1,628.4                  | 1,628.4    | —         |

## Interbank position

The increase in interbank operations is due in large part to greater treasury flows to the holding company following the Group's reorganisation; foreign branches had a negative effect on the percentage of growth (approximately 7,000 billion in '98), and were eliminated in '99.

The reduction in the amount due to banks was substantially due to the lack of funding requirements of foreign branches (approximately 5,000 billion in '98).

|                | (BILLIONS OF LIT) |                |                  |           |
|----------------|-------------------|----------------|------------------|-----------|
|                | AMOUNTS AS AT     |                | CHANGES          |           |
|                | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %         |
| Loans to banks | 12,064.9          | 10,207.5       | + 1,857.4        | + 18.2%   |
| Due to banks   | 4,448.2           | 10,576.2       | - 6,128.0        | - 57.9%   |
| <b>Balance</b> | <b>7,616.7</b>    | <b>- 368.7</b> | <b>+ 7,985.4</b> | <b>••</b> |

Broken down as follows:

|                        | (BILLIONS OF LIT) |                |                  |           |
|------------------------|-------------------|----------------|------------------|-----------|
|                        | AMOUNTS AS AT     |                | CHANGES          |           |
|                        | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %         |
| Loans to central banks | 8.3               | 225.2          | - 216.9          | - 96.3%   |
| Repos                  | 2,097.6           | - 10.9         | + 2,108.5        | ••        |
| – provided             | 2,097.6           | —              | + 2,097.6        |           |
| – received             | —                 | - 10.9         | + 10.9           | -100.0%   |
| Securities lending     | —                 | —              | —                | —         |
| – securities lent      | —                 | —              | —                | —         |
| – securities borrowed  | —                 | —              | —                | —         |
| Other                  | 5,510.8           | - 583.0        | + 6,093.8        | ••        |
| – loans                | 9,959.0           | 9,982.3        | - 23.3           | - 0.2%    |
| – due to amounts       | - 4,448.2         | - 10,565.3     | + 6,117.1        | - 57.9%   |
| <b>Total</b>           | <b>7,616.7</b>    | <b>- 368.7</b> | <b>+ 7,985.4</b> | <b>••</b> |

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## Liabilities

Overall deposits were Lit. 29,547.5 billion with an overall decrease of Lit. 6,876.1 billion from the prior period (-18.9%).

Reorganization of the UniCredito Italiano Group involved the closing of the foreign branches of Banca CRT and the management of liquidity at the holding company. As a result, the comparison of end of period figures with '98 is influenced by these changes.

The composition and changes that occurred are summarised as follows:

|   | (BILLIONS OF LIT.) |                 |                  |               |
|---|--------------------|-----------------|------------------|---------------|
|   | AMOUNTS AS AT      |                 | CHANGES          |               |
|   | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %             |
| <b>Due to customers (1):</b>                                    |                    |                 |                  |               |
| – Euro area   | 19,831.8           | 18,410.4        | + 1,421.4        | + 7.7%        |
| – other currencies  | 301.2              | 1,813.4         | – 1,512.2        | –83.4%        |
|   | <b>20,133.0</b>    | <b>20,223.8</b> | <b>– 90.8</b>    | <b>– 0.4%</b> |
| <small>(1) Includes deposits received in administration</small> |                    |                 |                  |               |
| <b>Securities issued</b>  |                    |                 |                  |               |
| – Euro area   | 4,965.5            | 5,207.3         | – 241.8          | – 4.6%        |
| – other currencies  | 0.8                | 416.3           | – 415.5          | –99.8%        |
|   | <b>4,966.3</b>     | <b>5,623.6</b>  | <b>– 657.3</b>   | <b>–11.7%</b> |
|   | <b>25,099.3</b>    | <b>25,847.4</b> | <b>– 748.1</b>   | <b>– 2.9%</b> |
| <b>Due to banks:</b>  |                    |                 |                  |               |
| – Euro area   | 3,765.7            | 6,321.6         | – 2,555.9        | – 40.4%       |
| – other currencies  | 682.5              | 4,254.6         | – 3,572.1        | –84.0%        |
|   | <b>4,448.2</b>     | <b>10,576.2</b> | <b>– 6,128.0</b> | <b>–57.9%</b> |
| <b>Total</b>  | <b>29,547.5</b>    | <b>36,423.6</b> | <b>– 6,876.1</b> | <b>–18.9%</b> |

Deposits from customers, represented by amounts due to customers and securities issued, decreased 2.9% and can be broken down by type as follows:

|                                       | (BILLIONS OF LIT.) |                 |                |               |
|---------------------------------------|--------------------|-----------------|----------------|---------------|
|                                       | AMOUNTS AS AT      |                 | CHANGES        |               |
|                                       | 31/12/1999         | 31/12/1998      | ABSOLUTE       | %             |
| <b>Due to customers:</b>              |                    |                 |                |               |
| – deposits                            | 1,527.2            | 3,341.0         | –1,813.8       | – 54.3%       |
| – current accounts                    | 15,959.9           | 14,269.1        | +1,690.8       | + 11.8%       |
| – repos                               | 2,439.6            | 2,411.3         | + 28.3         | + 1.2%        |
| – securities lending                  | —                  | —               | —              | —             |
| – deposits received in administration | —                  | —               | —              | —             |
| – other transactions                  | 206.3              | 202.4           | + 3.9          | + 1.9%        |
| <b>Total</b>                          | <b>20,133.0</b>    | <b>20,223.8</b> | <b>– 90.8</b>  | <b>– 0.4%</b> |
| <b>Securities issued:</b>             |                    |                 |                |               |
| – bonds                               | 3,392.5            | 3,082.3         | + 310.2        | + 10.1%       |
| – certificates of deposit             | 1,379.3            | 2,345.4         | – 966.1        | –41.2%        |
| – other securities                    | 194.5              | 195.9           | – 1.4          | – 0.7%        |
|                                       | <b>4,966.3</b>     | <b>5,623.6</b>  | <b>– 657.3</b> | <b>–11.7%</b> |
| <b>Total</b>                          | <b>25,099.3</b>    | <b>25,847.4</b> | <b>– 748.1</b> | <b>– 2.9%</b> |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Deposits from domestic customers (limited to units operating in Italy), net of repos and bonds, rose 6.7% in absolute terms and 4.3% in average terms over the twelve-month period.

|                  | AMOUNTS AS AT   |                 | (BILLIONS OF LIT.) |               |
|------------------|-----------------|-----------------|--------------------|---------------|
|                  | 31/12/1999      | 31/12/1998      | CHANGES            |               |
|                  |                 |                 | ABSOLUTE           | %             |
| Euro area        | 18,575.6        | 17,415.0        | + 1,160.6          | + 6.7%        |
| Other currencies | 292.0           | 208.3           | + 83.7             | + 40.2%       |
| <b>Total</b>     | <b>18,867.6</b> | <b>17,623.3</b> | <b>+1,244.3</b>    | <b>+ 7.1%</b> |

The market share rose to 2.05% as shown below:

|  | 31/12/1999      |                 | 31/12/1998 |  | % CHANGE      |
|--|-----------------|-----------------|------------|--|---------------|
|  |                 |                 |            |  |               |
| <b>Bank deposits in Euros and other currencies</b>     | <b>18,867.6</b> | <b>17,623.3</b> |            |  | <b>+ 7.1%</b> |
| <b>Industry deposits in Euros and other currencies</b> | <b>922,063</b>  | <b>903,061</b>  |            |  | <b>+ 2.1%</b> |
| <b>Percentage of Bank/Industry</b>                     | <b>2.05%</b>    | <b>1.95%</b>    |            |  |               |

Total funding in Euro currencies and other currencies from domestic customers (limited to units operating in Italy), including repos and bonds, increased 8.1% over the twelve-month period.

|   | 31/12/1999       |                  | 31/12/1998 |  | % CHANGE      |
|---|------------------|------------------|------------|--|---------------|
|   |                  |                  |            |  |               |
| <b>Banca CRT funding</b>                |                  |                  |            |  |               |
| Deposits                                | 18,867.6         | 17,623.3         |            |  | + 7.1%        |
| Bonds                                   | 3,359.9          | 3,050.5          |            |  | + 10.1%       |
|   | 22,227.5         | 20,673.8         |            |  | + 7.5%        |
| Repos                                   | 2,428.3          | 2,141.9          |            |  | + 13.4%       |
|   | <b>24,655.8</b>  | <b>22,815.7</b>  |            |  | <b>+ 8.1%</b> |
| <b>Industry funding</b>                 |                  |                  |            |  |               |
| Deposits                                | 922,063          | 903,061          |            |  | + 2.1%        |
| Bonds                                   | 455,531          | 436,073          |            |  | + 4.5%        |
|   | 1,377,594        | 1,339,134        |            |  | + 2.9%        |
| Repos                                   | 88,739           | 108,588          |            |  | + 18.3%       |
|   | <b>1,466,333</b> | <b>1,447,722</b> |            |  | <b>+ 1.3%</b> |
| <b>Percentage of Banca CRT/Industry</b> |                  |                  |            |  |               |
| Deposits                                | 2.05%            | 1.95%            |            |  |               |
| Bonds                                   | 0.74%            | 0.70%            |            |  |               |
|   | 1.61%            | 1.54%            |            |  |               |
| Repos                                   | 2.74%            | 1.97%            |            |  |               |
|   | <b>1.68%</b>     | <b>1.58%</b>     |            |  |               |

(Estimated industry data at December 99)

The market share of overall funding went from 1.58% at the end of 1998 to 1.68% at the end of 1999.

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## Indirect deposits, assets administered and assets under management

Indirect deposits, represented by the amount of securities and other financial assets in custody and under administration (at nominal value), excluding securities on deposit pertaining to segregated accounts and securities issued by the bank, amounted to Lit. 45,007 billion at the end of December 1999 with a drop of Lit. 2,618 billion (-5.5%) from the end of 1998.

Total assets administered, made up of direct and indirect deposits (at nominal value) from customers, segregated accounts (at nominal value) and subordinated debt, are broken down as follows:

|   | AMOUNTS AS AT   |                 | (BILLIONS OF LIT.) |          |             |
|---|-----------------|-----------------|--------------------|----------|-------------|
|   | 31/12/1999      | 31/12/1998      | CHANGES            |          |             |
|   |                 |                 | ABSOLUTE           |          | %           |
| Due to customers and securities issued  | 25,099.3        | 25,847.4        | - 748.1            | -        | 2.9%        |
| Subordinated debt   | 350.0           | 353.8           | - 3.8              | -        | 1.1%        |
|   | 25,449.3        | 26,201.2        | - 751.9            | -        | 2.9%        |
| Indirect deposits from customers<br>(excluding securities issued by the Bank) | 45,007.2        | 47,624.9        | - 2,617.6          | -        | 5.5%        |
| Segregated accounts<br>(excluding securities issued by the Bank)              | 5,514.9         | 4,404.8         | + 1,110.1          | +        | 25.2%       |
| <b>Total</b>  | <b>75,971.4</b> | <b>78,230.9</b> | <b>- 2,259.4</b>   | <b>-</b> | <b>2.9%</b> |

Below are details of indirect deposits at nominal value broken down by business sector of the depositor:

|  | AMOUNTS AS AT   |                 | (BILLIONS OF LIT.) |          |              |
|--|-----------------|-----------------|--------------------|----------|--------------|
|  | 31/12/1999      | 31/12/1998      | CHANGES            |          |              |
|  |                 |                 | ABSOLUTE           |          | %            |
| <b>Customers:</b>                                |                 |                 |                    |          |              |
| Public administrations                           | 649.8           | 710.4           | - 60.6             | -        | 8.5%         |
| Financial companies                              | 19,886.2        | 19,160.4        | + 725.8            | +        | 3.8%         |
| Non-financial companies and manufacturing groups | 905.0           | 1,100.8         | - 195.8            | -        | 17.8%        |
| Private institutions                             | 143.9           | 168.6           | - 24.7             | -        | 14.6%        |
| Consumer households                              | 20,916.8        | 25,470.7        | - 4,553.9          | -        | 17.9%        |
| Rest of world                                    | 65.9            | 95.2            | - 29.3             | -        | 30.7%        |
|  | 42,567.8        | 46,706.1        | - 4,138.3          | -        | 8.9%         |
| <b>Banks</b>                                     | <b>6,940.5</b>  | <b>5,465.3</b>  | <b>+ 1,475.2</b>   | <b>+</b> | <b>27.0%</b> |
| <b>Total</b>                                     | <b>49,508.2</b> | <b>52,171.4</b> | <b>- 2,663.2</b>   | <b>-</b> | <b>5.1%</b>  |

Overall, the savings that customers entrusted to the management of Banca CRT totalled 22,375 billion, up 19.1% over 31/12/1998.

|  | AMOUNTS AS AT   |                 | (BILLIONS OF LIT.) |          |              |
|--|-----------------|-----------------|--------------------|----------|--------------|
|  | 31/12/1999      | 31/12/1998      | CHANGES            |          |              |
|  |                 |                 | ABSOLUTE           |          | %            |
| <b>Assets under management</b>         |                 |                 |                    |          |              |
| Segregated accounts                    | 9,860.0         | 6,558.0         | + 3,302.0          | +        | 50.4%        |
| Mutual funds                           | 9,857.0         | 10,258.0        | - 401.0            | -        | 3.9%         |
| Unit linked and Bancassurance products | 1,716.0         | 632.0           | + 1,084.0          | +        | 171.5%       |
| Other products                         | 942.0           | 1,344.0         | - 402.0            | -        | 29.9%        |
| <b>Total</b>                           | <b>22,375.0</b> | <b>18,792.0</b> | <b>+ 3,583.0</b>   | <b>+</b> | <b>19.1%</b> |

## COMMENTS ON MAIN PROFIT AND LOSS FIGURES

### Net interest income

| ITEMS                                    | (BILLIONS OF LIT) |              |                |                |
|--|-------------------|--------------|----------------|----------------|
|  | AMOUNTS AS AT     |              | CHANGES        |                |
|  | 1999              | 1998         | ABSOLUTE       | %              |
| 10. Interest income and similar revenues | 1,417.4           | 2,115.3      | - 697.9        | - 33.0%        |
| 20. Interest expense and similar charges | 690.8             | 1,294.9      | - 604.1        | - 46.7%        |
| 30. Dividends and other revenues         | 384.4             | 25.5         | + 358.9        | ••             |
| <b>Net interest income</b>               | <b>1,111.0</b>    | <b>845.9</b> | <b>+ 265.1</b> | <b>+ 31.3%</b> |

At the end of the period, net interest income was Lit. 1,111 billion, up 31.3% over the prior period.

Net of dividends, there was a decline of 11.4%. The significant rise over '98 was substantially due to the extraordinary dividend resulting from the ICCRI transaction. The reduction in the ordinary component of net interest income (56 billion) was the result of the distribution of 495 billion in reserves during the last quarter of 1998, market interest rate trends, and the streamlining of operations abroad and in the finance area.

However, lower returns in the area of financial income were more than offset by the increase in net commissions, which rose 150 billion during the year.

### Revenues from services and other sources

| ITEMS   | (BILLIONS OF LIT) |              |                |                |
|---|-------------------|--------------|----------------|----------------|
|   | AMOUNTS AS AT     |              | CHANGES        |                |
|   | 1999              | 1998         | ABSOLUTE       | %              |
| 40. Commission income                           | 658.0             | 498.5        | + 159.5        | + 32.0%        |
| 50. Commission expense                          | 36.3              | 26.5         | + 9.8          | + 37.0%        |
| <i>Net commission</i>                           | <i>621.7</i>      | <i>472.0</i> | <i>+ 149.7</i> | <i>+ 31.7%</i> |
| 60. Profit/(loss) from financial transactions   | 13.9              | 186.6        | - 172.7        | - 92.6%        |
| 70. Other operating income                      | 187.6             | 161.9        | + 25.7         | + 15.9%        |
| 110. Other operating expenses                   | 9.5               | 10.5         | - 1.0          | - 9.5%         |
| <b>Revenues from services and other sources</b> | <b>813.7</b>      | <b>810.0</b> | <b>+ 3.7</b>   | <b>+ 0.5%</b>  |

At the end of the period, net revenues from services and other sources were Lit. 813.7 billion, up 0.5% over the prior period.

The overall position reflects a major internal restructuring due entirely to profits from financial transactions. In fact, net commissions reached 621.7 billion, up 31.7% over the prior year, supported by the assets under management area and payment systems. The percentage of net commissions to service revenues rose sharply from 58.3% to 76.4%.

Profits from financial transactions of 13.9 billion (-172.7 billion) declined sharply due primarily to the component of securities income that dropped from 176.4 billion to -1.3 billion. This result was due to a portfolio valuation (mark to market) that was initiated in the prior period on the basis of which there were significant revaluations of the 1998 accounts. It was also due to the Bank's reduced trading activities following the new Group organisation aimed at reducing market risks associated with the portfolio of investment and trading securities of federated banks.

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Income from forex transactions was 11.5 billion, down 700 million from the prior year, while transactions involving derivative contracts made a positive contribution of 3.7 billion compared to a negative figure of 2.1 billion in 1998.

A detailed comparison of net commissions shows a positive balance of 622 billion with an increase of 150 billion over 1998 due primarily to segregated accounts (+107.1 billion), custody and administration of securities (+11.9 billion), collection and payment services (+20.8 billion) and insurance products (42.7 billion).

| ITEMS   | AMOUNTS AS AT |              | ABSOLUTE |              | (BILLIONS OF LIT) |              |
|---|---------------|--------------|----------|--------------|-------------------|--------------|
|   | 1999          | 1998         | CHANGES  |              |                   |              |
|   |               |              |          |              |                   | %            |
| <b>Guarantees given/received</b>                            | <b>12.6</b>   | <b>13.8</b>  | -        | <b>1.2</b>   | -                 | <b>8.7%</b>  |
| <b>Collection and payment services</b>                      | <b>88.4</b>   | <b>67.6</b>  | +        | <b>20.8</b>  | +                 | <b>30.7%</b> |
| <b>Administration, brokerage and consultancy services:</b>  |               |              |          |              |                   |              |
| - securities dealing  | 0.6           | 0.7          | -        | 0.1          | -                 | 14.3%        |
| - forex dealing   | 7.5           | 7.5          |          |              |                   |              |
| - segregated accounts                                       | 174.8         | 67.8         | +        | 107.0        | +                 | 157.8%       |
| - custody and administration of securities                  | 156.5         | 144.7        | +        | 11.8         | +                 | 8.2%         |
| - placement of securities                                   | 25.5          | 46.4         | -        | 20.9         | -                 | 45.0%        |
| - consultancy   | —             | —            |          |              |                   |              |
| - door-to-door selling of securities, products and services | —             | —            |          |              |                   |              |
| - acceptance of trading instructions                        | 24.3          | 30.5         | -        | 6.2          | -                 | 20.3%        |
| - management of collective investment funds                 | —             | —            |          |              |                   |              |
|   | <b>389.2</b>  | <b>297.6</b> | +        | <b>91.6</b>  | +                 | <b>30.8%</b> |
| <b>Tax collection services</b>                              | —             | —            |          |              |                   |              |
| <b>Other services</b>                                       |               |              |          |              |                   |              |
| - loans made and received                                   | 64.2          | 61.4         | +        | 2.8          | +                 | 4.5%         |
| - securities service  | —             | —            |          |              |                   |              |
| - miscellaneous redemptions and recoveries                  | —             | —            |          |              |                   |              |
| - safe deposit box rental                                   | 3.1           | 2.9          | +        | 0.2          | +                 | 6.9%         |
| - insurance products  | 50.4          | 7.7          | +        | 42.7         |                   | ••           |
| -   | —             | —            |          |              |                   |              |
| - other   | 13.8          | 21.0         | -        | 7.2          | -                 | 34.3%        |
|   | <b>131.5</b>  | <b>93.0</b>  | +        | <b>38.5</b>  | +                 | <b>41.4%</b> |
| <b>Total</b>  | <b>621.7</b>  | <b>472.0</b> | +        | <b>149.7</b> | +                 | <b>31.7%</b> |

## Total revenues

Thus, total revenues add up to Lit. 1,924.7 billion, up 16.2% over the end of the prior period.

|  | (BILLIONS OF LIT.) |                |                |                |
|--|--------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES        |                |
|  | 1999               | 1998           | ABSOLUTE       | %              |
| Net interest income                      | 1,111.0            | 845.9          | + 265.1        | + 31.3%        |
| Revenues from services and other sources | 813.7              | 810.0          | + 3.7          | + 0.5%         |
| <b>Total revenues</b>                    | <b>1,924.7</b>     | <b>1,655.9</b> | <b>+ 268.8</b> | <b>+ 16.2%</b> |

## Administrative expenses

Total administrative expenses were 910.9 billion, down Lit. 1.5 billion or 0.20% from the prior period despite costs incurred for the information technology and organisational revision processes started during the year.

| ITEMS                                   | (BILLIONS OF LIT.) |              |              |               |
|---|--------------------|--------------|--------------|---------------|
|   | AMOUNTS AS AT      |              | CHANGES      |               |
|   | 1999               | 1998         | ABSOLUTE     | %             |
| <b>a) Payroll</b>                       |                    |              |              |               |
| – wages and salaries                    | 404.4              | 404.1        | + 0.3        | + 0.1%        |
| – social security contributions         | 121.0              | 129.9        | – 8.9        | – 6.9%        |
| – employee termination payments         | 32.6               | 31.6         | + 1.0        | + 3.2%        |
| – retirement payments, etc.             | 10.6               | 17.1         | – 6.5        | – 38.0%       |
| – other                                 | 1.9                | 3.5          | – 1.6        | – 45.7%       |
|   | 570.5              | 586.2        | – 15.7       | – 2.7%        |
| <b>b) Other administrative expenses</b> |                    |              |              |               |
| – indirect taxes and duties             | 77.7               | 75.7         | + 2.0        | + 2.7%        |
| – various costs and expenses            | 262.7              | 250.5        | + 12.2       | + 4.9%        |
|   | 340.4              | 326.2        | + 14.2       | + 4.4%        |
| <b>Total</b>                            | <b>910.9</b>       | <b>912.4</b> | <b>– 1.5</b> | <b>– 0.2%</b> |

Payroll was 570.5 billion with a 2.7% reduction from '98.

The reduction was primarily due to social security contributions (-8.9 billion) and retirement and similar payments (-6.5). Payroll as a percentage of total operating expenses declined from 64.2% in 1998 to 62.6%.

Overall, other administrative expenses rose 4.4% for the following reasons.

"Taxes and duties" rose slightly over the prior period to 77.7 billion, due in part to the increase in the replacement tax, which in turn was due to the increase in loans disbursed.

Overall, "various costs and expenses" totalled 262.7 billion, increasing over the prior year as a result of extraordinary charges associated with the integration of the Group's information and operating systems (17.1 billion) and investments for the development of software provided free of charge to USI (UniCredito Servizi Informativi) and expensed during the current period since these expenses are not applicable over several years.

On the contrary, ordinary operating expenses of 225.3 billion were down 10% from the prior year.

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | ■ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## Operating income

Compared to the prior period, operating income rose Lit. 266.9 billion or 40.1%.

|  | (BILLIONS OF LIT) |                |                |                |
|--|-------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT     |                | CHANGES        |                |
|  | 1999              | 1998           | ABSOLUTE       | %              |
| Net interest income  | 1,111.0           | 845.9          | + 265.1        | + 31.3%        |
| Revenues from services and other sources                       | 813.7             | 810.0          | + 3.7          | + 0.5%         |
| <b>Total revenues</b>  | <b>1,924.7</b>    | <b>1,655.9</b> | <b>+ 268.8</b> | <b>+ 16.2%</b> |
| Administrative expenses  | 910.9             | 912.4          | - 1.5          | - 0.2%         |
| (Ordinary) write-downs of tangible and intangible fixed assets | 80.6              | 77.2           | + 3.4          | + 4.4%         |
| <b>Operating income</b>  | <b>933.2</b>      | <b>666.3</b>   | <b>+ 266.9</b> | <b>+ 40.1%</b> |

## Extraordinary items

The components that had the greatest impact on these entries were as follows:

- as regards extraordinary income, income from the sale of investment securities (167.2 billion) and income from the application of deferred tax regulations (86.6 billion);
- as regards extraordinary charges, losses from the conversion of derivative contracts on investment securities (142.8 billion) and charges related to the partial sale of the equity investment in ICCRI (78.9 billion).

## Income taxes

Income taxes for the period, including the effects due to the application of the accounting principle related to the treatment of deferred taxes applicable to the period, totalled 311.1 billion. Income taxes were 4.2% of earnings before taxes.

Net income was made up as follows:

|  | (BILLIONS OF LIT.) |              |                |                |
|--|--------------------|--------------|----------------|----------------|
|  | AMOUNTS AS AT      |              | CHANGES        |                |
|  | 1999               | 1998         | ABSOLUTE       | %              |
| Operating income                         | 933.2              | 666.3        | + 266.9        | + 40.1%        |
| Extraordinary items                      | 44.2               | 21.3         | + 22.9         | + 107.5%       |
| <b>Total available</b>                   | <b>977.4</b>       | <b>687.6</b> | <b>+ 289.8</b> | <b>+ 42.2%</b> |
| Other write-downs of fixed assets        | - 25.3             | - 16.1       | - 9.2          | + 57.1%        |
| Provisions, write-downs, write-backs     | - 227.7            | - 101.1      | - 126.6        | + 125.2%       |
| Change in fund for general banking risks | —                  | - 33.0       | + 33.0         | - 100.0%       |
| Income taxes for the period              | - 311.1            | - 285.2      | - 25.9         | + 9.1%         |
| <b>Net income for the period</b>         | <b>413.3</b>       | <b>252.2</b> | <b>+ 161.1</b> | <b>+ 63.9%</b> |

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
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| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## Staff, operating structure and organisation

As at 31 December 1999, staff consisted of 4,951 employees with a reduction of 170 employees from 31 December 1998.

The average figure, which was determined as required in accounts, was 5,038 employees with a reduction of 48 employees from 31 December 1998.

### PRECISE DATA AS AT 31 DECEMBER

| COMPOSITION BY CATEGORY | 31/12/1999   | OF WHICH ABROAD | 31/12/1998   | OF WHICH ABROAD | CHANGES OF TOTAL |
|-------------------------|--------------|-----------------|--------------|-----------------|------------------|
| Senior managers         | 23           | —               | 36           | —               | - 13             |
| Executives              | 476          | 3               | 514          | 20              | - 38             |
| Managerial staff (*)    | 760          | 4               | 731          | 3               | + 29             |
| Clericals               | 3,601        | 6               | 3,738        | 57              | - 137            |
| Messengers/Auxiliaries  | 91           | —               | 102          | 1               | - 11             |
| <b>Total</b>            | <b>4,951</b> | <b>13</b>       | <b>5,121</b> | <b>81</b>       | <b>- 170</b>     |
| of which: part time     | 362          | —               | 317          | —               | + 45             |

(\*) Including non-functional managerial staff

The branch network is structured as follows:

|   | 31/12/1999 | 31/12/1998 | CHANGES %  |
|---|------------|------------|------------|
| (BILLIONS OF LIT.)                                      |            |            |            |
| <b>Branches</b>   |            |            |            |
| Units operating in Italy:                               |            |            |            |
| Branch banks  | 22         | 24         | - 2        |
| Agencies  | 293        | 291        | + 2        |
| Branch offices (*)                                      | 123        | 115        | + 8        |
| Treasury branches                                       | 19         | 19         | —          |
| <b>Total branches</b>                                   | <b>457</b> | <b>449</b> | <b>+ 8</b> |
| Customs area branches                                   | —          | —          | —          |
| Cash and exchange offices                               | —          | —          | —          |
| Branches within public/private offices and/or companies | 8          | 8          | —          |
|   | 8          | 8          | —          |
| Units operating abroad                                  | —          | 6          | - 6        |
| <b>Total branches</b>                                   | <b>465</b> | <b>463</b> | <b>2</b>   |

(\*) Including Depository Bank

CARIVERONA BANCA S.p.A., Verona  
(99.72% directly held)

| BALANCE SHEET  |               |          |            |         | (BILLIONS OF LIT.) |
|--|---------------|----------|------------|---------|--------------------|
|  | AMOUNTS AS AT |          | CHANGES    |         | AMOUNTS AS AT      |
|  | 31/12/99      | 31/12/98 | ABSOLUTE   | %       | 31/12/97           |
| <b>BALANCE SHEET</b>   |               |          |            |         |                    |
| Total assets   | 31,869.7      | 35,258.2 | - 3,388.5  | - 9.6%  | 37,562.9           |
| Total loans  | 22,612.1      | 22,940.9 | - 328.8    | - 1.4%  | 24,320.9           |
| - of which: loans to customers                                 | 18,559.0      | 14,980.7 | + 3,578.3  | + 23.9% | 13,570.3           |
| - of which: non-performing loans - net                         | 277.4         | 319.7    | - 42.3     | - 13.2% | 337.0              |
| Trading securities   | 4,032.3       | 5,155.0  | - 1,122.7  | - 21.8% | 6,181.7            |
| - of which: shares, quotas and other variable-yield securities | 11.7          | 36.5     | - 24.8     | - 67.9% | 48.0               |
| Fixed assets   | 3,232.2       | 5,352.5  | - 2,120.3  | - 39.6% | 5,112.3            |
| - of which: investment securities                              | 1,609.0       | 3,715.5  | - 2,106.5  | - 56.7% | 3,422.6            |
| - of which: equity investments                                 | 1,021.6       | 990.7    | + 30.9     | + 3.1%  | 999.8              |
| Total deposits   | 25,896.2      | 29,296.6 | - 3,400.4  | - 11.6% | 30,758.8           |
| - of which: due to customers and securities issued             | 22,699.6      | 23,322.5 | - 622.9    | - 2.7%  | 22,114.7           |
| Subordinated debt  | —             | —        | —          | —       | 6.6                |
| Shareholders' equity   | 3,294.9       | 2,991.5  | + 303.4    | + 10.1% | 3,907.4            |
| - of which: capital  | 1,955.6       | 1,955.6  | —          | —       | 1,951.9            |
| - of which: net income for the period                          | 471.9         | 301.5    | + 170.4    | + 56.5% | 285.0              |
| Indirect deposits  | 40,866.6      | 34,068.7 | + 6,797.9  | + 20.0% | 31,690.2           |
| - of which: indirect deposits from customers                   | 37,611.1      | 28,641.4 | + 8,969.7  | + 31.3% | —                  |
| Assets administered for customers                              | 66,055.1      | 55,979.4 | + 10,075.7 | + 18.0% | 45,757.5           |
| <b>OTHER BALANCE SHEET DATA:</b>                               |               |          |            |         |                    |
| Weighted risk assets   | 22,039.8      | 18,839.4 | + 3,200.4  | + 17.0% | 19,129.0           |
| Capital for regulatory purposes                                | 2,910.7       | 2,701.2  | + 209.5    | + 7.8%  | 3,654.1            |
| - of which: tier 1 capital                                     | 2,907.8       | 2,777.1  | + 130.7    | + 4.7%  | 3,720.1            |
| - of which: tier 2 capital                                     | 4.8           | 62.8     | - 58.0     | - 92.4% | 72.2               |
| - of which: items to be deducted                               | 1.9           | 138.7    | - 136.8    | - 98.6% | 138.2              |

| PROFIT AND LOSS ACCOUNT                                   |                |                |                |                | (BILLIONS OF LIT.) |
|---|----------------|----------------|----------------|----------------|--------------------|
|   | 1999           |                | 1998           |                | 1997               |
|   |                |                | CHANGES        |                |                    |
|   |                | ABSOLUTE       | %              |                |                    |
| <b>PROFIT AND LOSS ACCOUNT</b>                            |                |                |                |                |                    |
| Net interest income                                       | 1,105.8        | 999.0          | + 106.8        | + 10.7%        | 1,030.9            |
| Revenue from services and other sources                   | 748.3          | 629.2          | + 119.1        | + 18.9%        | 528.2              |
| - of which: profits/(losses) on financial transactions    | 2.8            | 99.1           | - 96.3         | - 97.2%        | 99.6               |
| <b>Total revenues</b>                                     | <b>1,854.1</b> | <b>1,628.2</b> | <b>+ 225.9</b> | <b>+ 13.9%</b> | <b>1,559.1</b>     |
| Administrative expenses                                   | 851.0          | 879.0          | - 28.0         | - 3.2%         | 866.0              |
| - of which: payroll                                       | 552.2          | 587.7          | - 35.5         | - 6.0%         | 553.2              |
| <b>Operating income</b>                                   | <b>925.3</b>   | <b>665.9</b>   | <b>+ 259.4</b> | <b>+ 39.0%</b> | <b>693.1</b>       |
| <b>Profit before extraordinary items and income taxes</b> | <b>798.5</b>   | <b>541.1</b>   | <b>+ 257.4</b> | <b>+ 47.6%</b> | <b>514.2</b>       |
| <b>Earnings before taxes</b>                              | <b>827.3</b>   | <b>576.2</b>   | <b>+ 251.1</b> | <b>+ 43.6%</b> | <b>576.2</b>       |
| <b>Net income (loss) for the period</b>                   | <b>471.9</b>   | <b>301.5</b>   | <b>+ 170.4</b> | <b>+ 56.5%</b> | <b>285.0</b>       |
| - of which: dividend                                      | 342.2          | 156.4          | + 185.8        | + 118.8%       | 126.9              |

The Group's Activities

Operating Performance

Major Equity Investments  
(Performance and Results for  
the Period)

Breakdown of the Major  
Equity Investments

Information Regarding the  
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| STAFF AND BRANCHES                     | CHANGES      |              |              |               |              |
|--|--------------|--------------|--------------|---------------|--------------|
|  | 31/12/1999   | 31/12/1998   | ABSOLUTE     | %             | 31/12/1997   |
| <b>Number of employees</b>             | <b>4,910</b> | <b>5,116</b> | <b>- 206</b> | <b>- 4.0%</b> | <b>4,935</b> |
| <i>of which:</i>                       |              |              |              |               |              |
| • <i>part-time</i>                     | 384          | 352          | + 32         | + 9.1%        | 311          |
| <b>Average number of employees (1)</b> | <b>4,987</b> | <b>5,009</b> | <b>- 22</b>  | <b>- 0.4%</b> | <b>4,869</b> |
| <b>Number of bank branches</b>         | <b>478</b>   | <b>471</b>   | <b>+ 7</b>   | <b>+ 1.5%</b> | <b>426</b>   |
| <i>of which:</i>                       |              |              |              |               |              |
| • <i>full service branches</i>         | 478          | 471          | + 7          | + 1.5%        | 426          |

(1) Average number calculated as the arithmetic mean of staff numbers at the end of each month.

| KEY FINANCIAL RATIOS AND OTHER INFORMATION                              | 31/12/1999 | 31/12/1998 | 31/12/1997 |
|---|------------|------------|------------|
| <b>BALANCE SHEET RATIOS</b>   |            |            |            |
| Loans to customers/Total assets   | 58.23%     | 42.49%     | 36.13%     |
| Securities (net of shares)/Total assets                                 | 17.66%     | 25.06%     | 25.44%     |
| Equity investments and shares/Total assets                              | 3.24%      | 2.91%      | 2.79%      |
| Due to customers and securities issued /<br>Total liabilities           | 71.23%     | 66.15%     | 58.87%     |
| Shareholders' equity/Total liabilities                                  | 10.34%     | 8.48%      | 10.40%     |
| <b>PROFITABILITY RATIOS</b>   |            |            |            |
| Operating income/Average shareholders' equity (1)                       | 32.78%     | 18.98%     |            |
| Operating income/ Total average assets (2)                              | 2.76%      | 4.18%      |            |
| Net interest income/Total average assets (2)                            | 3.29%      | 6.27%      |            |
| Total revenues/Total average assets (2)                                 | 5.52%      | 10.22%     |            |
| Administrative expenses/Total revenues                                  | 45.90%     | 53.99%     |            |
| Net income for the period/Average shareholders' equity (1)              | 16.72%     | 8.59%      |            |
| Net income for the period/Number of shares (3)                          | 2,412      | 1,541      |            |
| <b>PRODUCTIVITY RATIOS (4)</b>  |            |            |            |
| Operating income/Average number of employees                            | 186        | 133        | 142        |
| Total average assets (2) / Average number of employees                  | 6,730      | 3,181      |            |
| Due to customers and securities issued /<br>average number of employees | 4,552      | 4,656      | 4,542      |
| Loans to customers/Average number of employees                          | 3,721      | 2,991      | 2,787      |
| <b>RISK RATIOS</b>  |            |            |            |
| Net non-performing loans/Total loans                                    | 1.23%      | 1.39%      | 1.39%      |
| Net non-performing loans/Loans to customers                             | 1.49%      | 2.13%      | 2.48%      |
| Net non-performing loans/Shareholders' equity                           | 8.42%      | 10.69%     | 8.62%      |
| <b>CAPITAL RATIOS</b>   |            |            |            |
| Tier 1 capital for regulatory purposes / Weighted risk assets           | 13.19%     | 14.74%     | 19.45%     |
| Capital for regulatory purposes / Weighted risk assets                  | 13.21%     | 14.34%     | 19.10%     |

(1) Average shareholders' equity is calculated as the average of end of month balances of capital, issue premiums and reserves.

(2) Total average assets is calculated as the arithmetic mean of total assets at the end of the period and at the end of the prior period.

(3) Indexes expressed in whole Lit.

(4) Indexes expressed in millions of Lit.

## Loans

Loans are reported at their presumed realisable value, and thus, net of write-downs totalling Lit. 702.3 billion, of which Lit. 702.0 billion was related to customers.

Loans to customers, which represent 58.23% of assets, totalled Lit. 18,559.0 billion with an increase of 23.89% over the end of the prior period.

Below is a breakdown of loans between the Euro area and other currencies.

|                            | (BILLIONS OF LIT.) |                 |                  |                |
|----------------------------|--------------------|-----------------|------------------|----------------|
|                            | AMOUNTS AS AT      |                 | CHANGES          |                |
|                            | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Loans to customers:</b> |                    |                 |                  |                |
| – Euro area                | 17,675.0           | 14,130.7        | + 3,544.3        | + 25.1%        |
| – other currencies         | 884.0              | 850.0           | + 34.0           | + 4.0%         |
|                            | <b>18,559.0</b>    | <b>14,980.7</b> | <b>+ 3,578.3</b> | <b>+ 23.9%</b> |
| <b>Loans to banks:</b>     |                    |                 |                  |                |
| – Euro area                | 3,912.8            | 5,871.7         | – 1,958.9        | – 33.4%        |
| – other currencies         | 140.3              | 2,088.5         | – 1,948.2        | – 93.3%        |
|                            | <b>4,053.1</b>     | <b>7,960.2</b>  | <b>– 3,907.1</b> | <b>– 49.1%</b> |
| <b>Total</b>               | <b>22,612.1</b>    | <b>22,940.9</b> | <b>– 328.8</b>   | <b>– 1.4%</b>  |

The following table shows changes that occurred in loans to customers during the twelve-month period broken, down by type.

|                                   | (BILLIONS OF LIT.) |                 |                  |                |
|-----------------------------------|--------------------|-----------------|------------------|----------------|
|                                   | AMOUNTS AS AT      |                 | CHANGES          |                |
|                                   | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| – leasing contracts               | —                  | —               | —                | —              |
| – bills discounted                | 232.9              | 190.5           | + 42.4           | + 22.3%        |
| – current accounts                | 7,534.9            | 6,022.0         | + 1,512.9        | + 25.1%        |
| – medium-term loans and mortgages | 7,192.5            | 4,819.8         | + 2,372.7        | + 49.2%        |
| – loans                           | 1,144.0            | 1,126.5         | + 17.5           | + 1.6%         |
| – other non-overdraft lending     | 1,995.7            | 2,353.7         | – 358.0          | – 15.2%        |
| – non-performing loans            | 277.4              | 319.7           | – 42.3           | – 13.2%        |
| – repos                           | —                  | —               | —                | —              |
| – securities lending              | —                  | —               | —                | —              |
| – factoring                       | —                  | —               | —                | —              |
| – other transactions              | 181.6              | 148.5           | + 33.1           | + 22.3%        |
| <b>Total</b>                      | <b>18,559.0</b>    | <b>14,980.7</b> | <b>+ 3,578.3</b> | <b>+ 23.9%</b> |

The most significant component consists of current accounts representing 40.60% of the overall total. There were significant increases in medium-term loans and mortgages, which were up 49.23%.

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## Doubtful loans

At the end of the period, non-performing loans, net of write-downs, totalled Lit. 277.4 billion representing a 13.24% decrease from 31 December of the prior year.

The ratio of this item to net loans to customers was 1.49% compared to 2.13% for the prior period.

The degree of coverage, taken from the ratio of write-downs and gross non-performing loans, was 48.73%.

Bearing in mind non-performing loans for which receivership proceedings are under way, and thus removed in terms of principal and interest, together with loss projections of a similar amount (Lit. 106.4 billion), the ratio of loss projections and non-performing loans was 48.73% compared to 45.17% at the end of 1998.

Total doubtful loans, expressed at the presumed realisable value, were Lit. 567.0 billion representing a decrease of Lit. 40.9 billion from the prior year amount. The reduction of this item was substantially due to the decrease in interbank transactions.

|   | (BILLIONS OF LIT.)        |  |                        |
|---|---------------------------|--|------------------------|
|   | LOANS<br>NOMINAL<br>VALUE | AMOUNTS AS AT 31/12/1999<br>TOTAL<br>WRITE-DOWNS | LOANS<br>BOOK<br>VALUE |
| <b>Loans to customers</b>   |                           |  |                        |
| Doubtful loans:   |                           |  |                        |
| – non-performing loans  | 541.0                     | 263.6  | 277.4                  |
| <i>of which: default interest</i>   | <i>134.1</i>              | <i>108.6</i>                                     | <i>25.5</i>            |
| – watchlist   | 324.4                     | 44.5   | 279.9                  |
| <i>of which: default interest</i>   | <i>3.7</i>                | <i>—</i>   | <i>3.7</i>             |
| – loans to countries at risk  | 1.5                       | 0.3  | 1.2                    |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 12.5                      | 5.6  | 6.9                    |
| <i>of which: default interest</i>   | <i>—</i>                  | <i>—</i>   | <i>—</i>               |
|   | <b>879.4</b>              | <b>314.0</b>                                     | <b>565.4</b>           |
| Other loans   | 18,381.6                  | 388.0  | 17,993.6               |
| <b>Total (a)</b>  | <b>19,261.0</b>           | <b>702.0</b>                                     | <b>18,559.0</b>        |
| <b>Due from banks</b>   |                           |  |                        |
| Doubtful loans:   |                           |  |                        |
| – non-performing loans  | —                         | —  | —                      |
| – watchlist   | —                         | —  | —                      |
| – loans to countries at risk  | 1.9                       | 0.3  | 1.6                    |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | —                         | —  | —                      |
|   | <b>1.9</b>                | <b>0.3</b>                                       | <b>1.6</b>             |
| Other loans   | 4,051.6                   | —  | 4,051.6                |
| <b>Total (b)</b>  | <b>4,053.5</b>            | <b>0.3</b>                                       | <b>4,053.1</b>         |
| <b>Total (a+b)</b>  | <b>23,314.5</b>           | <b>702.3</b>                                     | <b>22,612.1</b>        |

The percentage of doubtful loans to the total nominal and book value of loans is as follows:

|                            | (BILLIONS OF LIT.)        |                          |                 |                        |
|----------------------------|---------------------------|--------------------------|-----------------|------------------------|
|                            | LOANS<br>NOMINAL<br>VALUE | AMOUNTS AS AT 31/12/1999 |                 | LOANS<br>BOOK<br>VALUE |
|                            | 31/12/1999                | 31/12/1998               | 31/12/1999      | 31/12/1998             |
| <b>Doubtful loans</b>      |                           |                          |                 |                        |
| – customers                | 879.4                     | 866.5                    | 565.4           | 564.6                  |
| – banks                    | 1.9                       | 50.6                     | 1.6             | 43.2                   |
| <b>a)</b>                  | <b>881.3</b>              | <b>917.1</b>             | <b>567.0</b>    | <b>607.8</b>           |
| <b>Loans and advances</b>  |                           |                          |                 |                        |
| – customers                | 19,261.0                  | 14,769.2                 | 18,559.0        | 14,416.1               |
| – banks                    | 4,053.5                   | 7,917.0                  | 4,053.1         | 7,917.0                |
| <b>b)</b>                  | <b>23,314.5</b>           | <b>22,686.2</b>          | <b>22,612.1</b> | <b>22,333.1</b>        |
| <i>Ratio % a/b</i>         | <i>3.78%</i>              | <i>4.04%</i>             | <i>2.51%</i>    | <i>2.72%</i>           |
| <i>of which: customers</i> | <i>4.57%</i>              | <i>5.87%</i>             | <i>3.05%</i>    | <i>3.92%</i>           |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Loans in Euro currencies and other currencies to domestic customers (limited to units operating in Italy), net of non-performing loans, increased 29.3% in absolute terms over the twelve-month period.

|                  | (BILLIONS OF LIT) |                 |                  |                |
|------------------|-------------------|-----------------|------------------|----------------|
|                  | AMOUNTS AS AT     |                 | CHANGES          |                |
|                  | 31/12/1999        | 31/12/1998      | ABSOLUTE         | %              |
| Euro area        | 16,483.4          | 12,400.9        | + 4,082.5        | + 32.9%        |
| Other currencies | 514.9             | 741.5           | - 226.6          | - 30.6%        |
| <b>Total</b>     | <b>16,998.3</b>   | <b>13,142.4</b> | <b>+ 3,855.9</b> | <b>+ 29.3%</b> |

The market share was 1.26% calculated as follows:

|   | (BILLIONS OF LIT) |                  |                |
|---|-------------------|------------------|----------------|
|   | 31/12/1999        | 31/12/1998       | % CHANGE       |
| <b>Bank loans in Euros and other currencies</b>     | <b>16,998.3</b>   | <b>13,142.4</b>  | <b>+ 29.3%</b> |
| <b>Industry loans in Euros and other currencies</b> | <b>1,345,619</b>  | <b>1,230,407</b> | <b>+ 9.4%</b>  |
| <b>Percentage of Bank/Industry</b>                  | <b>1.26%</b>      | <b>1.07%</b>     |                |

The percentage of non-performing loans, before write-downs, to total loans was 3.09% compared to 7.85% for the industry.

|   | (BILLIONS OF LIT) |              |              |              |            |
|---|-------------------|--------------|--------------|--------------|------------|
|   |                   | CARIVERONA   |              | INDUSTRY     |            |
|   |                   | 31/12/1999   | 31/12/1998   | 31/12/1999   | 31/12/1998 |
| Loans in Euros and other currencies to domestic customers | 16,998.3          | 13,142.4     | 1,345,619    | 1,230,407    |            |
| Non-performing loans (*)                                  | a) 542.2          | 583.8        | 114,575      | 122,630      |            |
|   | b) 17,540.5       | 13,726.2     | 1,460,194    | 1,353,037    |            |
| <b>Percentage of a/b</b>                                  | <b>3.09%</b>      | <b>4.25%</b> | <b>7.85%</b> | <b>9.06%</b> |            |

(\*) For the purposes of the comparison with the industry, non-performing loans also include unpaid bills and bills of protested ownership.

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## Securities

Investment and trading securities totalled Lit. 5,641.3 billion, representing a decrease of Lit. 3,229.2 billion from the prior period.

The reduction of the portfolio was due to a number of factors. In particular, the gradual reduction of interest rates made it advisable to restructure assets favouring direct support of the economy. At the same time, the increasing focus on business activities and the resulting gradual concentration of interest and market rate risk management at the holding company led to a steady decline in the portfolio of investment securities and the disposal of a portion of trading securities.

The following is a detailed breakdown of the portfolio.

|  | (BILLIONS OF LIT.) |                |                  |                |
|--|--------------------|----------------|------------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES          |                |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE         | %              |
| <b>Investment securities</b>                       |                    |                |                  |                |
| Treasury certificates                              |                    | 1,686.1        | - 1,686.1        | - 100.0%       |
| Multi-year treasury bills                          |                    | 865.7          | - 865.7          | - 100.0%       |
| Certificates of deposit                            |                    | —              | —                | —              |
| Securities deriving from restructured credit lines |                    | —              | —                | —              |
| Bonds of international institutions                |                    | —              | —                | —              |
| UniCredito Italiano bonds                          | 1,609.0            |                | + 1,609.0        | ••             |
| Other securities                                   |                    | 1,163.7        | - 1,163.7        | - 100.0%       |
|  | <b>1,609.0</b>     | <b>3,715.5</b> | <b>- 2,106.5</b> | <b>- 56.7%</b> |
| <b>Trading securities</b>                          |                    |                |                  |                |
| Ordinary treasury bonds                            | 20.2               | 11.8           | + 8.4            | + 71.2%        |
| Treasury certificates                              | 3,202.4            | 3,930.4        | - 728.0          | - 18.5%        |
| Multi-year treasury bills                          | 282.2              | 368.2          | - 86.0           | - 23.4%        |
| Bonds of international institutions                | 13.3               | 57.2           | - 43.9           | - 76.7%        |
| Mediovenezie bonds                                 | 192.4              | 199.6          | - 7.2            | - 3.6%         |
| Other debt securities                              | 310.1              | 551.3          | - 241.2          | - 43.8%        |
| Variable yield securities                          | 11.7               | 36.5           | - 24.8           | - 67.9%        |
|  | <b>4,032.3</b>     | <b>5,155.0</b> | <b>- 1,122.7</b> | <b>- 21.8%</b> |
| <b>Total</b>                                       | <b>5,641.3</b>     | <b>8,870.5</b> | <b>- 3,229.2</b> | <b>- 36.4%</b> |

A comparison between precise market values and book values for investment securities shows a loss of Lit. 40.3 billion, approximately half of which was tied up by a Cariverona bond issue with terms and conditions identical to those of a portion of securities held.

There are no derivative contracts to hedge remaining capital losses.

|                              | (BILLIONS OF LIT.)       |               |           |
|------------------------------|--------------------------|---------------|-----------|
|                              | AMOUNTS AS AT 31/12/1999 |               |           |
|                              | MARKET<br>VALUE          | BOOK<br>VALUE | GAIN/LOSS |
| <b>Investment securities</b> |                          |               |           |
| Treasury certificates        | —                        | —             | —         |
| Multi-year treasury bills    | —                        | —             | —         |
| Other bonds                  | 1,568.7                  | 1,609.0       | - 40.3    |

## Interbank position

The decrease is due to the centralisation of company treasury operations with the parent company and the closing of the London branch.

|                | (BILLIONS OF LIT) |                |                  |                |
|----------------|-------------------|----------------|------------------|----------------|
|                | AMOUNTS AS AT     |                | CHANGES          |                |
|                | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %              |
| Loans to banks | 4,053.1           | 7,960.2        | - 3,907.1        | - 49.1%        |
| Due to banks   | 3,196.6           | 5,974.1        | - 2,777.5        | - 46.5%        |
| <b>Balance</b> | <b>856.5</b>      | <b>1,986.1</b> | <b>- 1,129.6</b> | <b>- 56.9%</b> |

Broken down as follows:

|                              | (BILLIONS OF LIT) |                |                  |                |
|------------------------------|-------------------|----------------|------------------|----------------|
|                              | AMOUNTS AS AT     |                | CHANGES          |                |
|                              | 31/12/1999        | 31/12/1998     | ABSOLUTE         | %              |
| Loans to central banks       | 123.9             | 304.8          | - 180.9          | - 59.4%        |
| Repos                        | - 675.2           | —              | - 675.2          | ••             |
| – <i>provided</i>            | 720.1             | —              | + 720.1          | ••             |
| – <i>received</i>            | - 1,395.3         | —              | - 1,395.3        | ••             |
| Securities lending           | —                 | —              | —                | —              |
| – <i>securities lent</i>     | —                 | —              | —                | —              |
| – <i>securities borrowed</i> | —                 | —              | —                | —              |
| Other                        | 1,407.8           | 1,681.3        | - 273.5          | - 16.3%        |
| – <i>loans</i>               | 3,209.1           | 7,655.4        | - 4,446.3        | - 58.1%        |
| – <i>due to amounts</i>      | - 1,801.3         | - 5,974.1      | + 4,172.8        | + 69.8%        |
| <b>Balance</b>               | <b>856.5</b>      | <b>1,986.1</b> | <b>- 1,129.6</b> | <b>- 56.9%</b> |

|   |   |
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## Liabilities

As shown in the following table, total deposits were Lit. 25,896.2 billion with an overall decrease of Lit. 3,400.4 billion from the prior period (-11.6%).

The reduction of this entry was primarily due to the closing of the London branch and, with respect to bank relationships, was also due to the centralisation of treasury operations.

The composition and changes that occurred are summarised as follows:

|  | (BILLIONS OF LIT.) |                 |                  |                |
|--|--------------------|-----------------|------------------|----------------|
|  | AMOUNTS AS AT      |                 | CHANGES          |                |
|  | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Due to customers (1):</b>                     |                    |                 |                  |                |
| – Euro area                                      | 12,822.6           | 13,143.9        | – 321.3          | – 2.4%         |
| – other currencies                               | 252.1              | 720.1           | – 468.0          | – 65.0%        |
|  | <b>13,074.7</b>    | <b>13,864.0</b> | <b>– 789.3</b>   | <b>– 5.7%</b>  |
| (1) Includes deposits received in administration |                    |                 |                  |                |
| <b>Securities issued</b>                         |                    |                 |                  |                |
| – Euro area                                      | 9,585.6            | 8,811.7         | + 773.9          | + 8.8%         |
| – other currencies                               | 39.3               | 646.8           | – 607.5          | – 93.9%        |
|  | <b>9,624.9</b>     | <b>9,458.5</b>  | <b>+ 166.4</b>   | <b>+ 1.8%</b>  |
|  | <b>22,699.6</b>    | <b>23,322.5</b> | <b>– 622.9</b>   | <b>– 2.7%</b>  |
| <b>Due to banks:</b>                             |                    |                 |                  |                |
| – Euro area                                      | 1,735.5            | 4,164.2         | – 2,428.7        | – 58.3%        |
| – other currencies                               | 1,461.1            | 1,809.9         | – 348.8          | – 19.3%        |
|  | <b>3,196.6</b>     | <b>5,974.1</b>  | <b>– 2,777.5</b> | <b>– 46.5%</b> |
| <b>Total</b>                                     | <b>25,896.2</b>    | <b>29,296.6</b> | <b>– 3,400.4</b> | <b>– 11.6%</b> |

Deposits from customers, represented by amounts due to customers and securities issued, decreased 2.7% and can be broken down by type as follows.

This figure is not perfectly comparable to the exact value for the prior period.

With respect to the above decline, which resulted from a mere comparison of precise financial statement figures, more typical and stable deposits - current accounts, savings deposits, certificates of deposit and bonds - (limited to the Italian network, and therefore excluding existing volumes at the end of 1998 at the London branch) grew by 1,235.6 billion (+6.06%) to 21,640.6 billion. The increase becomes 6.64% when certain items of an extraordinary nature are removed: for 1998 the position involving the significant amount that was already discussed in the report on operations, and for 1999 the portion of securities issued concerning a bond loan with the parent company.

|                                       | (BILLIONS OF LIT.) |                 |                |               |
|---------------------------------------|--------------------|-----------------|----------------|---------------|
|                                       | AMOUNTS AS AT      |                 | CHANGES        |               |
|                                       | 31/12/1999         | 31/12/1998      | ABSOLUTE       | %             |
| <b>Due to customers:</b>              |                    |                 |                |               |
| – deposits                            | 1,340.8            | 1,396.8         | – 56.0         | – 4.0%        |
| – current accounts                    | 10,870.6           | 11,361.4        | – 490.8        | – 4.3%        |
| – repos                               | 838.1              | 1,077.9         | – 239.8        | – 22.2%       |
| – securities lending                  | —                  | —               | —              | —             |
| – deposits received in administration | 25.2               | 27.9            | – 2.7          | – 9.7%        |
| – other transactions                  | —                  | —               | —              | —             |
|                                       | <b>13,074.7</b>    | <b>13,864.0</b> | <b>– 789.3</b> | <b>– 5.7%</b> |
| <b>Securities issued:</b>             |                    |                 |                |               |
| – bonds                               | 6,848.1            | 5,162.5         | + 1,685.6      | + 32.7%       |
| – certificates of deposit             | 2,434.0            | 4,122.8         | – 1,688.8      | – 41.0%       |
| – other securities                    | 342.8              | 173.2           | + 169.6        | + 97.9%       |
|                                       | <b>9,624.9</b>     | <b>9,458.5</b>  | <b>+ 166.4</b> | <b>+ 1.8%</b> |
| <b>Total</b>                          | <b>22,699.6</b>    | <b>23,322.5</b> | <b>– 622.9</b> | <b>– 2.7%</b> |

**Figures only for units operating in Italy**  
**Entries based on matrix of accounts principle (at nominal value)**

Deposits in Euro currencies and other currencies from domestic customers (limited to units operating in Italy), net of repos and bonds, decreased 5.0% over the twelve-month period.

|                  | (BILLIONS OF LIT) |                 |                |               |
|------------------|-------------------|-----------------|----------------|---------------|
|                  | AMOUNTS AS AT     |                 | CHANGES        |               |
|                  | 31/12/1999        | 31/12/1998      | ABSOLUTE       | %             |
| Euro area        | 14,174.4          | 14,811.3        | - 636.9        | - 4.3%        |
| Other currencies | 258.9             | 389.5           | - 130.6        | - 33.5%       |
| <b>Total</b>     | <b>14,433.3</b>   | <b>15,200.8</b> | <b>- 767.5</b> | <b>- 5.0%</b> |

The market share was 1.57% as shown below:

|  | (BILLIONS OF LIT) |                 |               |
|--|-------------------|-----------------|---------------|
|  | 31/12/1999        | 31/12/1998      | % CHANGE      |
| <b>Bank deposits in Euros and other currencies</b>     | <b>14,433.3</b>   | <b>15,200.8</b> | <b>- 5.0%</b> |
| <b>Industry deposits in Euros and other currencies</b> | <b>922,063</b>    | <b>903,061</b>  | <b>+ 2.1%</b> |
| <b>Percentage of Bank/Industry</b>                     | <b>1.57%</b>      | <b>1.68%</b>    |               |

Total funding in Euro currencies and other currencies from domestic customers (limited to units operating in Italy), including repos and bonds, increased 3.2% over the twelve-month period.

|                                    | (BILLIONS OF LIT) |                  |               |
|------------------------------------|-------------------|------------------|---------------|
|                                    | 31/12/1999        | 31/12/1998       | % CHANGE      |
| <b>Bank funding</b>                |                   |                  |               |
| Deposits                           | 14,433.3          | 15,200.8         | - 5.0%        |
| Bonds                              | 6,834.6           | 5,135.3          | + 33.1%       |
|                                    | 21,267.9          | 20,336.1         | + 4.6%        |
| Repos                              | 835.5             | 1,073.7          | - 22.2%       |
|                                    | <b>22,103.4</b>   | <b>21,409.8</b>  | <b>+ 3.2%</b> |
| <b>Industry funding</b>            |                   |                  |               |
| Deposits                           | 922,063           | 903,061          | + 2.1%        |
| Bonds                              | 455,531           | 436,073          | + 4.5%        |
|                                    | 1,377,594         | 1,339,134        | + 2.9%        |
| Repos                              | 88,739            | 108,588          | - 18.3%       |
|                                    | <b>1,466,333</b>  | <b>1,447,722</b> | <b>+ 1.3%</b> |
| <b>Percentage of Bank/Industry</b> |                   |                  |               |
| Deposits                           | 1.57%             | 1.68%            |               |
| Bonds                              | 1.50%             | 1.18%            |               |
|                                    | 1.54%             | 1.52%            |               |
| Repos                              | 0.94%             | 0.99%            |               |
|                                    | <b>1.51%</b>      | <b>1.48%</b>     |               |

The market share of overall funding went from 1.48% at the end of 1998 to 1.51% at the end of 1999.

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## Indirect deposits, assets administered and assets under management



Indirect deposits, represented by the amount of securities and other financial assets in custody and under administration (at nominal value), excluding securities on deposit pertaining to segregated accounts and securities issued by the bank, amounted to Lit. 34,792.3 billion at the end of December 1999 with an increase of Lit. 6,150.9 billion (+21.48%) over the end of 1998.

Total assets administered, made up of direct and indirect deposits (at nominal value) from customers, segregated accounts (at nominal value) and subordinated debt, are broken down as follows:

|   | (BILLIONS OF LIT.) |                 |                  |               |
|---|--------------------|-----------------|------------------|---------------|
|   | AMOUNTS AS AT      |                 | CHANGES          |               |
|   | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %             |
| Due to customers and securities issued  | 22,699.6           | 23,322.5        | - 622.9          | - 2.7%        |
| Subordinated debt   | —                  | —               | —                | —             |
|   | 22,699.6           | 23,322.5        | - 622.9          | - 2.7%        |
| Indirect deposits from customers<br>(excluding securities issued by the Bank) | 37,611.1           | 28,641.4        | + 8,969.7        | + 31.3%       |
| Segregated accounts<br>(excluding securities issued by the Bank)              | 5,744.4            | 4,015.5         | + 1,728.9        | + 43.1%       |
| <b>Total</b>  | <b>66,055.1</b>    | <b>55,979.4</b> | <b>+10,075.7</b> | <b>+18.0%</b> |

Below are details of indirect deposits at nominal value broken down by business sector of the depositor:

|  | (BILLIONS OF LIT.) |                 |                  |                |
|--|--------------------|-----------------|------------------|----------------|
|  | AMOUNTS AS AT      |                 | CHANGES          |                |
|  | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Customers:</b>                                |                    |                 |                  |                |
| Public administrations                           | 111.7              | 95.6            | + 16.1           | + 16.8%        |
| Financial companies                              | 17,692.1           | 14,924.6        | + 2,767.5        | + 18.5%        |
| Non-financial companies and manufacturing groups | 1,741.1            | 1,423.5         | + 317.6          | + 22.3%        |
| Private institutions                             | 581.7              | 425.1           | + 156.6          | + 36.8%        |
| Consumer households                              | 16,928.5           | 11,372.3        | + 5,556.2        | + 48.9%        |
| All others                                       | 556.0              | 400.3           | + 155.7          | + 38.9%        |
|  | <b>37,611.1</b>    | <b>28,641.4</b> | <b>+ 8,969.7</b> | <b>+ 31.3%</b> |
| <b>Banks</b>                                     | <b>3,255.5</b>     | <b>5,427.3</b>  | <b>- 2,171.8</b> | <b>- 40.0%</b> |
| <b>Total</b>                                     | <b>40,866.6</b>    | <b>34,068.7</b> | <b>+ 6,797.9</b> | <b>+ 20.0%</b> |

Overall, the savings that customers entrusted to the management of Cariverona Banca totalled 21,101.3 billion, up 25.51% over 31/12/1998 (stated at market value).

|                                | (BILLIONS OF LIT.) |                 |                  |                |
|--------------------------------|--------------------|-----------------|------------------|----------------|
|                                | AMOUNTS AS AT      |                 | CHANGES          |                |
|                                | 31/12/1999         | 31/12/1998      | ABSOLUTE         | %              |
| <b>Assets under management</b> |                    |                 |                  |                |
| Segregated accounts            | 6,808.7            | 5,054.3         | + 1,754.4        | + 34.7%        |
| Mutual funds                   | 13,001.4           | 11,336.5        | + 1,664.9        | + 14.7%        |
| Insurance                      | 1,291.2            | 421.8           | + 869.4          | + 206.1%       |
| <b>Total</b>                   | <b>21,101.3</b>    | <b>16,812.6</b> | <b>+ 4,288.7</b> | <b>+ 25.5%</b> |

## COMMENTS ON MAIN PROFIT AND LOSS FIGURES

### Net interest income

| ITEMS                                    | (BILLIONS OF LIT) |              |                |                |
|--|-------------------|--------------|----------------|----------------|
|  | 1999              | 1998         | CHANGES        |                |
|  |                   |              | ABSOLUTE       | %              |
| 10. Interest income and similar revenues | 1,407.3           | 2,179.9      | - 772.6        | - 35.4%        |
| 20. Interest expense and similar charges | 607.1             | 1,290.6      | - 683.5        | - 53.0%        |
| 30. Dividends and other revenues         | 305.6             | 109.7        | + 195.9        | + 178.6%       |
| <b>Net interest income</b>               | <b>1,105.8</b>    | <b>999.0</b> | <b>+ 106.8</b> | <b>+ 10.7%</b> |

At the end of the period, net interest income was Lit. 1,105.8 billion, up 10.7% over the prior period.

Net of dividends, this figure declined by 10.0%.

The change noted was due to several factors. The decline in market rates had a significant impact on the spread applied to business volumes, on yields on liquid assets placed on the interbank market, and the contribution of assets to net interest income. Also worth noting is the impact from the decline in free capital and investment and trading securities in relation to the centralisation of treasury operations and the closing of the London branch.

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | ■ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## Revenues from services and other sources

| ITEMS   | (BILLIONS OF LIT.) |              |                |                |
|---|--------------------|--------------|----------------|----------------|
|   |                    |              | CHANGES        |                |
|   | 1999               | 1998         | ABSOLUTE       | %              |
| 40. Commission income                           | 596.0              | 399.7        | + 196.3        | + 49.1%        |
| 50. Commission expense                          | 29.2               | 26.7         | + 2.5          | + 9.4%         |
| <i>Net commission</i>                           | <i>566.8</i>       | <i>373.0</i> | <i>+ 193.8</i> | <i>+ 52.0%</i> |
| 60. Profit (loss) from financial transactions   | 2.8                | 99.1         | - 96.3         | - 97.2%        |
| 70. Other operating income                      | 297.1              | 173.5        | + 123.6        | + 71.2%        |
| 110. Other operating expenses                   | 118.4              | 16.4         | + 102.0        | + 622.0%       |
| <b>Revenues from services and other sources</b> | <b>748.3</b>       | <b>629.2</b> | <b>+ 119.1</b> | <b>+ 18.9%</b> |

At the end of the period, net revenues from services and other sources were Lit. 748.3 billion, up 18.9% over the prior period.

The change noted was the result of the significant growth in net commissions (+52%) that amply offset the decline in income from financial transactions.

A detailed comparison of net commissions shows strong growth and the importance assumed by commissions from administration, brokerage and consultancy services which, overall, provided a contribution to the profit and loss account of 566.8 billion (+52%) on an annual basis.

| ITEMS   | (BILLIONS OF LIT.) |              |                |                |
|---|--------------------|--------------|----------------|----------------|
|   |                    |              | CHANGES        |                |
|   | 1999               | 1998         | ABSOLUTE       | %              |
| <b>Guarantees given/received</b>                            | <b>7.6</b>         | <b>7.2</b>   | <b>+ 0.4</b>   | <b>+ 5.6%</b>  |
| <b>Collection and payment services</b>                      | <b>76.2</b>        | <b>61.8</b>  | <b>+ 14.4</b>  | <b>+ 23.3%</b> |
| <b>Administration, brokerage and consultancy services:</b>  |                    |              |                |                |
| - securities dealing  | 29.7               | 9.9          | + 19.8         | + 200.0%       |
| - forex dealing   | 16.5               | 13.0         | + 3.5          | + 26.9%        |
| - segregated accounts                                       | 28.4               | 23.8         | + 4.6          | + 19.3%        |
| - custody and administration of securities                  | 23.3               | 17.0         | + 6.3          | + 37.1%        |
| - placement of securities                                   | 187.8              | 77.0         | + 110.8        | + 143.9%       |
| - consultancy   | 0.7                | 0.7          | —              | —              |
| - door-to-door selling of securities, products and services | —                  | —            | —              | —              |
| - acceptance of trading instructions                        | 2.1                | 12.8         | - 10.7         | - 83.6%        |
| - management of collective investment funds                 | —                  | —            | —              | —              |
|   | <b>288.5</b>       | <b>154.2</b> | <b>+ 134.3</b> | <b>+ 87.1%</b> |
| <b>Tax collection services</b>                              | <b>81.3</b>        | <b>79.7</b>  | <b>+ 1.6</b>   | <b>+ 2.0%</b>  |
| <b>Other services</b>                                       |                    |              |                |                |
| - loans made and received                                   | 64.7               | 54.0         | + 10.7         | + 19.8%        |
| - securities service  | —                  | —            | —              | —              |
| - miscellaneous redemptions and recoveries                  | 1.4                | 1.2          | + 0.2          | + 16.7%        |
| - safe deposit box rental                                   | 1.0                | 0.9          | + 0.1          | + 11.1%        |
| - insurance products  | 38.0               | 5.3          | + 32.7         | + 617.0%       |
| - other   | 8.2                | 8.7          | - 0.5          | - 5.7%         |
|   | <b>113.3</b>       | <b>70.1</b>  | <b>+ 43.2</b>  | <b>+ 61.6%</b> |
| <b>Total</b>  | <b>566.9</b>       | <b>373.0</b> | <b>+ 193.9</b> | <b>+ 52.0%</b> |

## Total revenues

Thus, total revenues add up to Lit. 1,854.1 billion, up 13.9% over the end of the prior period.

|  | (BILLIONS OF LIT) |                |                |                |
|--|-------------------|----------------|----------------|----------------|
|  | CHANGES           |                |                |                |
|  | 1999              | 1998           | ABSOLUTE       | %              |
| Net interest income                      | 1,105.8           | 999.0          | + 106.8        | + 10.7%        |
| Revenues from services and other sources | 748.3             | 629.2          | + 119.1        | + 18.9%        |
| <b>Total revenues</b>                    | <b>1,854.1</b>    | <b>1,628.2</b> | <b>+ 225.9</b> | <b>+ 13.9%</b> |

## Administrative expenses

Total administrative expenses declined Lit. 28.0 billion, or 3.2% from the prior period.

|   | (BILLIONS OF LIT) |              |               |               |
|---|-------------------|--------------|---------------|---------------|
|   | CHANGES           |              |               |               |
|   | 1999              | 1998         | ABSOLUTE      | %             |
| <b>Item 80. Administrative expenses</b> |                   |              |               |               |
| <b>a) Payroll</b>                       |                   |              |               |               |
| - wages and salaries                    | 383.3             | 371.7        | + 11.6        | + 3.1%        |
| - social security contributions         | 106.7             | 109.0        | - 2.3         | - 2.1%        |
| - employee termination payments         | 23.9              | 23.2         | + 0.7         | + 3.0%        |
| - retirement payments, etc.             | 36.1              | 80.9         | - 44.8        | - 55.4%       |
| - other                                 | 2.2               | 2.9          | - 0.7         | - 24.1%       |
|   | 552.2             | 587.7        | - 35.5        | - 6.0%        |
| <b>b) Other administrative expenses</b> |                   |              |               |               |
| - indirect taxes and duties             | 65.1              | 62.9         | + 2.2         | + 3.5%        |
| - various costs and expenses            | 233.7             | 228.4        | + 5.3         | + 2.3%        |
|   | 298.8             | 291.3        | + 7.5         | + 2.6%        |
| <b>Total</b>                            | <b>851.0</b>      | <b>879.0</b> | <b>- 28.0</b> | <b>- 3.2%</b> |

Payroll was down 6.0% due to lower provisions to the reserve for retirement; net of this item, payroll was essentially in line with 1998 figures.

Other administrative expenses rose 2.6%. Net of duties and taxes, the increase dropped to 2.35%, a relatively modest increase considering the number of branches that became operative during the year. This result was achieved thanks to the streamlining and cost containment efforts that were also carried out in conjunction with the parent company.

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | ■ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## Operating income

Compared to the prior period, operating income rose Lit. 259.4 billion or 39%.



|  | (BILLIONS OF LIT) |                |                |                |
|--|-------------------|----------------|----------------|----------------|
|  | 1999              | 1998           | CHANGES        |                |
|  |                   |                | ABSOLUTE       | %              |
| Net interest income  | 1,105.8           | 999.0          | + 106.8        | + 10.7%        |
| Revenues from services and other sources                       | 748.3             | 629.2          | + 119.1        | + 18.9%        |
| <b>Total revenues</b>  | <b>1,854.1</b>    | <b>1,628.2</b> | <b>+ 225.9</b> | <b>+ 13.9%</b> |
| Administrative expenses  | 851.0             | 879.0          | - 28.0         | - 3.2%         |
| (Ordinary) write-downs of tangible and intangible fixed assets | 77.8              | 83.3           | - 5.5          | - 6.6%         |
| <b>Operating income</b>  | <b>925.3</b>      | <b>665.9</b>   | <b>+ 259.4</b> | <b>+ 39.0%</b> |

## Extraordinary items

The components that had the greatest impact on these entries were as follows:

- as regards extraordinary income, income from the disposal of the portfolio of investment securities of Lit. 27.4 billion and income from the sale of financial fixed assets of Lit. 12.1 billion;
- as regards extraordinary charges, charges for staff leaving incentives (Lit. 16.9 billion), losses from sales of investment securities (Lit. 8.6 billion) and from sales of financial fixed assets (Lit. 3.7 billion).

In addition, there were deferred tax gains and charges for prior periods of Lit. 26.9 billion and Lit. 19.6 billion respectively.

## Income taxes

Income taxes for the period, including the effects due to the application of the accounting principle related to the treatment of deferred taxes applicable to the period, totalled Lit. 355.4 billion. Income taxes were 42.96% of earnings before taxes.

**Net income** was made up as follows:

|  | (BILLIONS OF LIT.) |              |                |                |
|--|--------------------|--------------|----------------|----------------|
|  |                    |              | CHANGES        |                |
|  | 1999               | 1998         | ABSOLUTE       | %              |
| Operating income                         | 925.3              | 665.9        | + 259.4        | + 39.0%        |
| Extraordinary items                      | 28.8               | 35.1         | - 6.3          | - 17.9%        |
| <b>Total available</b>                   | <b>954.1</b>       | <b>701.0</b> | <b>+ 253.1</b> | <b>+ 36.1%</b> |
| Other write-downs of fixed assets        | - 3.8              | - 3.0        | - 0.8          | - 26.7%        |
| Provisions, write-downs, write-backs     | - 123.0            | - 121.8      | - 1.2          | - 1.0%         |
| Change in fund for general banking risks | —                  | —            | —              | —              |
| Income taxes for the period              | - 355.4            | - 274.7      | - 80.7         | - 29.4%        |
| <b>Net income for the period</b>         | <b>471.9</b>       | <b>301.5</b> | <b>+ 170.4</b> | <b>+ 56.5%</b> |

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | ■ |
| Breakdown of the Major<br>Equity Investments                            | □ |
| Information Regarding the<br>"Year 2000 Issue"                          | □ |
| Subsequent Events and<br>Outlook  | □ |

## Staff, operating structure and organisation

As at 31 December 1999, staff consisted of 4,910 employees with a reduction of 206 employees from 31 December 1998.

The average figure, which was determined as required in accounts, was 4,817 employees with a reduction of 43 employees from 31 December 1998.



| COMPOSITION BY CATEGORY | 31/12/1999   | OF WHICH ABROAD | 31/12/1998   | OF WHICH ABROAD | CHANGES OF TOTAL |
|-------------------------|--------------|-----------------|--------------|-----------------|------------------|
| Senior managers         | 33           |                 | 40           |                 | - 7              |
| Executives              | 625          |                 | 673          |                 | - 48             |
| Managerial staff (*)    | 731          |                 | 715          |                 | + 16             |
| Clericals               | 3,505        |                 | 3,666        | 25              | - 161            |
| Messengers/Auxiliaries  | 16           |                 | 22           |                 | - 6              |
| <b>Total</b>            | <b>4,910</b> | <b>—</b>        | <b>5,116</b> | <b>25</b>       | <b>- 206</b>     |
| of which: part-time     | 384          |                 | 352          |                 |                  |

(\*) Including non-functional managerial staff

The branch network is structured as follows:

|   | 31/12/1999 | 31/12/1998 | CHANGES    |
|---|------------|------------|------------|
| <b>Branches</b>   |            |            |            |
| Units operating in Italy:                               |            |            |            |
| Branch banks  | 478        | 470        | + 8        |
| Agencies  | —          | —          | —          |
| Branch offices  | —          | —          | —          |
| <b>Total branches</b>                                   | <b>478</b> | <b>470</b> | <b>+ 8</b> |
| Customs area branches                                   | —          | —          | —          |
| Cash and exchange offices                               | —          | —          | —          |
| Branches within public/private offices and/or companies | —          | —          | —          |
| Units operating abroad                                  |            | 1          | - 1        |
| <b>Total branches</b>                                   | <b>478</b> | <b>471</b> | <b>+ 7</b> |

**CASSAMARCA S.p.A., Treviso**  
(100% directly held)

| BALANCE SHEET   | (BILLIONS OF LIT.) |          |          |         |                           |
|---|--------------------|----------|----------|---------|---------------------------|
|   | AMOUNTS AS AT      |          | CHANGES  |         | AMOUNTS AS AT<br>31/12/97 |
|   | 31/12/99           | 31/12/98 | ABSOLUTE | %       |                           |
| <b>BALANCE SHEET</b>  |                    |          |          |         |                           |
| Total assets  | 6,498.2            | 6,925.0  | - 426.8  | - 6.2%  | 7,158.8                   |
| Total loans   | 4,584.6            | 4,355.3  | + 229.3  | + 5.3%  | 3,918.8                   |
| - of which: loans to customers                                    | 4,478.4            | 4,076.0  | + 402.4  | + 9.9%  | 3,607.7                   |
| - non-performing loans - net                                      | 49.3               | 55.0     | - 5.7    | - 10.4% | 64.8                      |
| Trading securities  | 1,029.0            | 1,876.2  | - 847.2  | - 45.2% | 2,557.1                   |
| - of which: shares, quotas and other<br>variable-yield securities | 7.1                | 8.8      | - 1.7    | - 19.3% | 0.6                       |
| Fixed assets  | 620.7              | 486.9    | + 133.8  | + 27.5% | 418.2                     |
| - of which: investment securities                                 | 419.2              | 225.6    | + 193.6  | + 85.8% | 162.4                     |
| - equity investments  | 60.6               | 123.3    | - 62.7   | - 50.9% | 123.1                     |
| Total deposits  | 5,659.0            | 6,174.4  | - 515.4  | - 8.3%  | 6,263.2                   |
| - of which: due to customers and<br>securities issued             | 4,811.9            | 5,476.3  | - 664.4  | - 12.1% | 5,207.8                   |
| Subordinated debt   | 422.2              | 385.3    | + 36.9   | + 9.6%  | 494.8                     |
| - of which: capital   | 270.0              | 270.0    | —        | —       | 270.0                     |
| - net income for the period                                       | 57.1               | 46.3     | + 10.8   | + 23.3% | 34.5                      |
| Indirect deposits   | 5,059.8            | 4,439.8  | + 620.0  | + 14.0% | 4,708.1                   |
| - of which: indirect deposits from customers                      | 5,044.5            | 4,401.5  | + 643.0  | + 14.6% | 4,642.2                   |
| Assets administered for customers                                 | 11,662.3           | 11,249.1 | + 413.2  | + 3.7%  | 10,485.2                  |
| <b>OTHER BALANCE SHEET DATA:</b>                                  |                    |          |          |         |                           |
| Weighted risk assets  | 4,095.0            | 3,669.7  | + 425.3  | + 11.6% | 3,486.5                   |
| Capital for regulatory purposes                                   | 382.0              | 359.0    | + 23.0   | + 6.4%  | 477.2                     |
| - of which: tier 1 capital  | 376.4              | 350.2    | + 26.2   | + 7.5%  | 467.1                     |
| - tier 2 capital  | 5.6                | 8.8      | - 3.2    | - 36.4% | 10.1                      |
| - items to be deducted  | —                  | —        | —        | —       | —                         |

| PROFIT AND LOSS ACCOUNT                                   | (BILLIONS OF LIT.) |              |               |                |              |
|---|--------------------|--------------|---------------|----------------|--------------|
|   |                    |              | CHANGES       |                | 1997         |
|   | 1999               | 1998         | ABSOLUTE      | %              |              |
| <b>PROFIT AND LOSS ACCOUNT</b>                            |                    |              |               |                |              |
| Net interest income                                       | 228.0              | 207.5        | + 20.5        | + 9.9%         | 220.2        |
| Revenue from services and other sources                   | 135.4              | 108.1        | + 27.3        | + 25.3%        | 76.9         |
| - of which: profits/(losses) on financial transactions    | 0.2                | 15.2         | - 15.0        | - 98.7%        | 5.2          |
| <b>Total revenues</b>                                     | <b>363.4</b>       | <b>315.6</b> | <b>+ 47.8</b> | <b>+ 15.1%</b> | <b>297.1</b> |
| Administrative expenses                                   | 201.7              | 202.3        | - 0.6         | - 0.3%         | 210.2        |
| - of which: payroll                                       | 125.4              | 125.4        | —             | —              | 128.6        |
| <b>Operating income</b>                                   | <b>146.0</b>       | <b>97.8</b>  | <b>+ 48.2</b> | <b>+ 49.3%</b> | <b>72.0</b>  |
| <b>Profit before extraordinary items and income taxes</b> | <b>123.5</b>       | <b>74.5</b>  | <b>+ 49.0</b> | <b>+ 65.8%</b> | <b>51.1</b>  |
| <b>Earnings before taxes</b>                              | <b>107.7</b>       | <b>81.6</b>  | <b>+ 26.1</b> | <b>+ 32.0%</b> | <b>56.4</b>  |
| <b>Net income (loss) for the period</b>                   | <b>57.1</b>        | <b>46.3</b>  | <b>+ 10.8</b> | <b>+ 23.3%</b> | <b>34.5</b>  |
| - of which: dividend                                      | 35.6               | 25.4         | + 10.2        | + 40.2%        | 17.0         |

The Group's Activities

Operating Performance

Major Equity Investments  
(Performance and Results for  
the Period)

Breakdown of the Major  
Equity Investments

Information Regarding the  
"Year 2000 Issue"

Subsequent Events and  
Outlook





| STAFF AND BRANCHES                     | AMOUNTS AS AT |              | CHANGES      |               | AMOUNTS AS AT |
|--|---------------|--------------|--------------|---------------|---------------|
|  | 31/12/1999    | 31/12/1998   | ABSOLUTE     | %             | 31/12/1997    |
| <b>Number of employees</b>             | <b>1,123</b>  | <b>1,123</b> | —            | —             | <b>1,098</b>  |
| of which:                              |               |              |              |               |               |
| • part-time                            | 85            | 82           | + 3.0        | + 3.7%        | 84            |
| <b>Average number of employees (1)</b> | <b>1,108</b>  | <b>1,111</b> | <b>- 3.0</b> | <b>- 0.3%</b> | <b>1,099</b>  |
| <b>Number of bank branches</b>         | <b>150</b>    | <b>141</b>   | <b>+ 9.0</b> | <b>+ 6.4%</b> | <b>130</b>    |
| of which:                              |               |              |              |               |               |
| • full service branches                | 107           | 101          | + 6.0        | + 5.9%        | 96            |

(1) Average number calculated as the arithmetic mean of staff numbers at the end of each month.

| KEY FINANCIAL RATIOS AND OTHER INFORMATION                           | 31/12/1999 | 31/12/1998 | 31/12/1997 |
|--|------------|------------|------------|
| <b>BALANCE SHEET RATIOS</b>  |            |            |            |
| Loans to customers/Total assets                                      | 68.92%     | 58.86%     | 50.31%     |
| Securities (net of shares)/Total assets                              | 22.18%     | 30.22%     | 37.98%     |
| Equity investments and shares/Total assets                           | 1.04%      | 1.91%      | 1.73%      |
| Due to customers and securities issued / Total liabilities           | 74.05%     | 79.08%     | 72.75%     |
| Shareholders' equity/Total liabilities                               | 6.50%      | 5.56%      | 6.91%      |
| <b>PROFITABILITY RATIOS</b>  |            |            |            |
| Operating income/Average shareholders' equity (1)                    | 43.25%     | 25.27%     | 16.50%     |
| Operating income/ Total average assets (2)                           | 2.18%      | 1.39%      | 1.07%      |
| Net interest income/Total average assets (2)                         | 3.40%      | 2.95%      | 3.27%      |
| Total revenues/Total average assets (2)                              | 5.41%      | 4.48%      | 4.41%      |
| Administrative expenses/Total revenues                               | 55.50%     | 64.10%     | 70.75%     |
| Net income for the period/Average shareholders' equity (1)           | 19.14%     | 11.96%     | 7.90%      |
| Net income for the period/Number of shares (3)                       | 21,131     | 17,151     | 12,778     |
| <b>PRODUCTIVITY RATIOS (4)</b>                                       |            |            |            |
| Operating income/Average number of employees                         | 132        | 88         | 66         |
| Total average assets (2) / Average number of employees               | 6,057      | 6,338      | 6,131      |
| Due to customers and securities issued / average number of employees | 4,343      | 4,929      | 4,739      |
| Loans to customers/Average number of employees                       | 4,042      | 3,669      | 3,277      |
| <b>RISK RATIOS</b>   |            |            |            |
| Net non-performing loans/Total loans                                 | 1.08%      | 1.26%      | 1.65%      |
| Net non-performing loans/Loans to customers                          | 1.10%      | 1.35%      | 1.80%      |
| Net non-performing loans/Shareholders' equity                        | 11.68%     | 14.27%     | 13.10%     |
| <b>CAPITAL RATIOS</b>  |            |            |            |
| Tier 1 capital for regulatory purposes / Weighted risk assets        | 9.19%      | 9.54%      | 13.40%     |
| Capital for regulatory purposes / Weighted risk assets               | 9.33%      | 9.78%      | 13.69%     |

(1) Average shareholders' equity is calculated as the average of end of month balances of capital, issue premiums and reserves.

(2) Total average assets is calculated as the arithmetic mean of total assets at the end of the period and at the end of the prior period.

(3) Indexes expressed in whole Lit.

(4) Indexes expressed in millions of Lit.

## Loans

Loans are reported at their presumed realisable value, and thus, net of write-downs totalling Lit. 92.6 billion, all of which were related to customers.

Loans to customers, which represent 68.9% of assets, totalled Lit. 4,478.4 billion with an increase of 9.9% over the end of the prior period.

Below is a breakdown of loans between the Euro area and other currencies.

|                            | (BILLIONS OF LIT.) |                |                |                |
|----------------------------|--------------------|----------------|----------------|----------------|
|                            | AMOUNTS AS AT      |                | CHANGES        |                |
|                            | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Loans to customers:</b> |                    |                |                |                |
| – Euro area                | 4,347.6            | 3,832.6        | + 515.0        | + 13.4%        |
| – other currencies         | 130.8              | 243.4          | – 112.6        | – 46.3%        |
|                            | <b>4,478.4</b>     | <b>4,076.0</b> | <b>+ 402.4</b> | <b>+ 9.9%</b>  |
| <b>Loans to banks:</b>     |                    |                |                |                |
| – Euro area                | 98.3               | 252.6          | – 154.3        | – 61.1%        |
| – other currencies         | 7.9                | 26.7           | – 18.8         | – 70.4%        |
|                            | <b>106.2</b>       | <b>279.3</b>   | <b>– 173.1</b> | <b>– 62.0%</b> |
| <b>Total</b>               | <b>4,584.6</b>     | <b>4,355.3</b> | <b>+ 229.3</b> | <b>+ 5.3%</b>  |

The following table shows changes that occurred in loans to customers during the twelve-month period broken down by type.

|                                   | (BILLIONS OF LIT.) |                |                |               |
|-----------------------------------|--------------------|----------------|----------------|---------------|
|                                   | AMOUNTS AS AT      |                | CHANGES        |               |
|                                   | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %             |
| – leasing contracts               | —                  | —              | —              | —             |
| – bills discounted                | 35.7               | 35.9           | – 0.2          | – 0.6%        |
| – current accounts                | 1,581.6            | 1,679.8        | – 98.2         | – 5.8%        |
| – medium-term loans and mortgages | 770.4              | 534.6          | + 235.8        | + 44.1%       |
| – loans                           | 408.1              | 309.6          | + 98.5         | + 31.8%       |
| – other non-overdraft lending     | 671.7              | 463.9          | + 207.8        | + 44.8%       |
| – non-performing loans            | 49.3               | 55.0           | – 5.7          | – 10.4%       |
| – repos                           | 955.6              | 976.0          | – 20.4         | – 2.1%        |
| – securities lending              | —                  | —              | —              | —             |
| – factoring                       | —                  | —              | —              | —             |
| – other transactions              | 6.0                | 21.2           | – 15.2         | – 71.7%       |
| <b>Total</b>                      | <b>4,478.4</b>     | <b>4,076.0</b> | <b>+ 402.4</b> | <b>+ 9.9%</b> |

The most significant component consists of current accounts representing 35.3% of the overall total. There was a particularly large increase in the medium and long-term loans area which includes medium-term loans and mortgages, loans and other lending that increased by a total of 41.4%.

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## Doubtful loans

At the end of the period, non-performing loans, net of write-downs, totalled Lit. 49.3 billion representing a 10.4% decrease from 31 December of the prior year.

The ratio of this item to net loans to customers was 1.1% compared to 1.3% for the prior period.

The degree of coverage, taken from the ratio of write-downs and gross non-performing loans, was 35%.

Bearing in mind non-performing loans for which receivership proceedings are under way, and thus removed in terms of principal and interest, together with loss projections of a similar amount (Lit. 27.8 billion), the ratio of loss projections and non-performing loans was 53%.

Total doubtful loans, expressed at the presumed realisable value, were Lit. 113.1 billion representing a decrease of Lit. 6.5 billion, or 5.4%, from the amount for the previous year.

|   | (BILLIONS OF LIT.)        |                      |                        |
|---|---------------------------|----------------------|------------------------|
|   | AMOUNTS AS AT 31/12/1999  |                      |                        |
|   | LOANS<br>NOMINAL<br>VALUE | TOTAL<br>WRITE-DOWNS | LOANS<br>BOOK<br>VALUE |
| <b>Loans to customers</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | 75.9                      | 26.6                 | 49.3                   |
| <i>of which: default interest</i>   | 11.2                      | 7.6                  | 3.6                    |
| – watchlist   | 69.5                      | 13.1                 | 56.4                   |
| <i>of which: default interest</i>   | 1.0                       | —                    | 1.0                    |
| – loans to countries at risk  | —                         | —                    | —                      |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 7.4                       | —                    | 7.4                    |
| <i>of which: default interest</i>   | —                         | —                    | —                      |
|   | <b>152.8</b>              | <b>39.7</b>          | <b>113.1</b>           |
| – other loans   | 4,418.2                   | 52.9                 | 4,365.3                |
| <b>Total (a)</b>  | <b>4,571.0</b>            | <b>92.6</b>          | <b>4,478.4</b>         |
| <b>Due from banks</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | —                         | —                    | —                      |
| – watchlist   | —                         | —                    | —                      |
| – loans to countries at risk  | —                         | —                    | —                      |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | —                         | —                    | —                      |
| – other loans   | 106.2                     | —                    | 106.2                  |
| <b>Total (b)</b>  | <b>106.2</b>              | <b>—</b>             | <b>106.2</b>           |
| <b>Total (a+b)</b>  | <b>4,677.2</b>            | <b>92.6</b>          | <b>4,584.6</b>         |

The percentage of doubtful loans to the total nominal and book value of loans is as follows:

|                            | (BILLIONS OF LIT.)     |                |                     |                |
|----------------------------|------------------------|----------------|---------------------|----------------|
|                            | LOANS<br>NOMINAL VALUE |                | LOANS<br>BOOK VALUE |                |
|                            | 31/12/1999             | 31/12/1998     | 31/12/1999          | 31/12/1998     |
| <b>Doubtful loans</b>      |                        |                |                     |                |
| – customers                | 152.8                  | 154.1          | 113.1               | 119.6          |
| – banks                    | —                      | —              | —                   | —              |
| <b>a)</b>                  | <b>152.8</b>           | <b>154.1</b>   | <b>113.1</b>        | <b>119.6</b>   |
| <b>Loans and advances</b>  |                        |                |                     |                |
| – customers                | 4,571.0                | 4,160.2        | 4,478.4             | 4,076.0        |
| – banks                    | 106.2                  | 279.3          | 106.2               | 279.3          |
| <b>b)</b>                  | <b>4,677.2</b>         | <b>4,439.5</b> | <b>4,584.6</b>      | <b>4,355.3</b> |
| <i>Ratio % a/b</i>         | 3.27%                  | 3.47%          | 2.47%               | 2.75%          |
| <i>of which: customers</i> | 3.34%                  | 3.70%          | 2.53%               | 2.93%          |

## Entries based on matrix of accounts principle (at nominal value)

Loans in Euro currencies and other currencies to domestic customers, net of non-performing loans, increased 3.4% in absolute terms and 17.8% on average over the twelve-month period.

|                  | (BILLIONS OF LIT) |                |                |               |
|------------------|-------------------|----------------|----------------|---------------|
|                  | AMOUNTS AS AT     |                | CHANGES        |               |
|                  | 31/12/1999        | 31/12/1998     | ABSOLUTE       | %             |
| Euro area        | 3,608.2           | 3,388.7        | + 219.5        | + 6.5%        |
| Other currencies | 133.7             | 230.8          | - 97.1         | - 42.1%       |
| <b>Total</b>     | <b>3,741.9</b>    | <b>3,619.5</b> | <b>+ 122.4</b> | <b>+ 3.4%</b> |

Market share was calculated as follows:

|   | (BILLIONS OF LIT) |                  |               |
|---|-------------------|------------------|---------------|
|   | 31/12/1999        | 31/12/1998       | % CHANGES     |
| <b>Cassamarca loans in Euros and other currencies</b> | <b>3,741.9</b>    | <b>3,619.5</b>   | <b>+ 3.4%</b> |
| <b>Industry loans in Euros and other currencies</b>   | <b>1,345,619</b>  | <b>1,230,407</b> | <b>+ 9.4%</b> |
| <b>Percentage of Cassamarca/Industry</b>              | <b>0.28%</b>      | <b>0.29%</b>     |               |

(Estimated industry data at December 99)

The percentage of non-performing loans, before write-downs, to total loans was 1.99% compared to 7.85% for the industry.

|   | (BILLIONS OF LIT) |              |              |              |            |
|---|-------------------|--------------|--------------|--------------|------------|
|   |                   | CASSAMARCA   |              | INDUSTRY     |            |
|   |                   | 31/12/1999   | 31/12/1998   | 31/12/1999   | 31/12/1998 |
| Loans in Euros and other currencies to domestic customers | 3,741.9           | 3,619.5      | 1,345,619    | 1,230,407    |            |
| Non-performing loans (*)                                  | a) 75.9           | 77.4         | 114,575      | 122,630      |            |
|   | b) 3,817.8        | 3,696.9      | 1,460,194    | 1,353,037    |            |
| <b>Percentage of a/b</b>                                  | <b>1.99%</b>      | <b>2.09%</b> | <b>7.85%</b> | <b>9.06%</b> |            |

(\*) For the purposes of the comparison with the industry, non-performing loans also include unpaid bills and bills of protested ownership.  
(Estimated industry data at December 99)

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## Securities

Investment and trading securities totalled Lit. 1,448.2 billion, representing a decrease of Lit. 653.6 billion from the prior period.

The decrease was largely attributable to the area of government securities, and in particular treasury certificates, and follows operating decisions dictated by changed conditions in financial markets in terms of return and risk levels.

The following is a detailed breakdown of the portfolio.

|  | (BILLIONS OF LIT.) |                |                |                |
|--|--------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES        |                |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Investment securities</b>                       |                    |                |                |                |
| Treasury certificates                              | —                  | —              | —              | —              |
| Multi-year treasury bills                          | —                  | —              | —              | —              |
| Certificates of deposit                            | —                  | —              | —              | —              |
| Securities deriving from restructured credit lines | —                  | —              | —              | —              |
| Bonds of international institutions                | —                  | —              | —              | —              |
| Capitalisation certificates                        | 291.4              | 225.6          | + 65.8         | + 29.2%        |
| UniCredito Italiano bonds                          | 127.8              | —              | + 127.8        |                |
|  | <b>419.2</b>       | <b>225.6</b>   | <b>+ 193.6</b> | <b>+ 85.8%</b> |
| <b>Trading securities</b>                          |                    |                |                |                |
| Ordinary treasury bonds                            | 5.4                | 41.1           | – 35.7         | – 86.9%        |
| Treasury certificates                              | 845.9              | 1,651.8        | – 805.9        | – 48.8%        |
| Multi-year treasury bills                          | 30.6               | 22.0           | + 8.6          | + 39.1%        |
| Bonds of international institutions                | —                  | —              | —              | —              |
| Zero coupon treasury certificates                  | 1.5                | 31.7           | – 30.2         | – 95.3%        |
| Other government securities                        | 4.2                | 2.0            | + 2.2          | + 110.0%       |
| Other debt securities                              | 134.3              | 118.8          | + 15.5         | + 13.0%        |
| Variable yield securities                          | 7.1                | 8.8            | – 1.7          | – 19.3%        |
|  | <b>1,029.0</b>     | <b>1,876.2</b> | <b>– 847.2</b> | <b>– 45.2%</b> |
| <b>Total</b>                                       | <b>1,448.2</b>     | <b>2,101.8</b> | <b>– 653.6</b> | <b>– 31.1%</b> |

From a comparison between precise market values and book values for investment securities there were no differences in value.

No derivative contracts were put in place to hedge rate risk on the securities portfolio.

|                              | (BILLIONS OF LIT.)       |               |           |
|------------------------------|--------------------------|---------------|-----------|
|                              | AMOUNTS AS AT 31/12/1999 |               |           |
|                              | MARKET<br>VALUE          | BOOK<br>VALUE | GAIN/LOSS |
| <b>Investment securities</b> |                          |               |           |
| Capitalisation certificate   | 291.4                    | 291.5         | – 0.1     |
| Other securities             | 127.8                    | 127.7         | + 0.1     |
|                              | <b>419.2</b>             | <b>419.2</b>  | —         |

## Interbank position

At the end of the period the Bank reported a net negative position of Lit. 740.9 billion (-418.8 billion in 1998), primarily due to the reduction in loans following the centralisation of treasury flows at the parent company.

|                | (BILLIONS OF LIT.) |                |                |                |
|----------------|--------------------|----------------|----------------|----------------|
|                | AMOUNTS AS AT      |                | CHANGES        |                |
|                | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| Loans to banks | 106.2              | 279.3          | - 173.1        | - 62.0%        |
| Due to banks   | 847.1              | 698.1          | + 149.0        | + 21.3%        |
| <b>Balance</b> | <b>- 740.9</b>     | <b>- 418.8</b> | <b>- 322.1</b> | <b>- 76.9%</b> |

Broken down as follows:

|                        | (BILLIONS OF LIT.) |                |                |                |
|------------------------|--------------------|----------------|----------------|----------------|
|                        | AMOUNTS AS AT      |                | CHANGES        |                |
|                        | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| Loans to central banks | 59.7               | 57.4           | + 2.3          | + 4.0%         |
| Repos                  | - 506.9            | - 205.3        | - 301.6        | - 146.9%       |
| – provided             | —                  | —              | —              | —              |
| – received             | - 506.9            | - 205.3        | - 301.6        | - 146.9%       |
| Securities lending     | —                  | —              | —              | —              |
| – securities lent      | —                  | —              | —              | —              |
| – securities borrowed  | —                  | —              | —              | —              |
| Other                  | - 293.7            | - 270.9        | - 22.8         | - 8.4%         |
| – loans                | 46.5               | 221.9          | - 175.4        | - 79.0%        |
| – due to amounts       | - 340.2            | - 492.8        | + 152.6        | + 31.0%        |
| <b>Balance</b>         | <b>- 740.9</b>     | <b>- 418.8</b> | <b>- 322.1</b> | <b>- 76.9%</b> |

|   |   |
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## Liabilities

Total deposits were Lit. 5,659 billion with an overall decrease of Lit. 515.4 billion from the prior period.

The overall decrease was primarily due to the restructuring of all deposits with a reduction of direct deposits in favour of indirect deposits, which grew over Lit. 1,200 billion.

The composition and changes that occurred are summarised as follows:

|  | (BILLIONS OF LIT.) |                |                |                |
|--|--------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES        |                |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Due to customers (1):</b>                     |                    |                |                |                |
| – Euro area                                      | 3,647.5            | 3,988.2        | – 340.7        | – 8.5%         |
| – other currencies                               | 15.8               | 49.2           | – 33.4         | – 67.9%        |
|  | <b>3,663.3</b>     | <b>4,037.4</b> | <b>– 374.1</b> | <b>– 9.3%</b>  |
| (1) includes deposits received in administration |                    |                |                |                |
| <b>Securities issued</b>                         |                    |                |                |                |
| – Euro area                                      | 1,148.6            | 1,437.8        | – 289.2        | – 20.1%        |
| – other currencies                               | —                  | 1.1            | – 1.1          | –100.0%        |
|  | <b>1,148.6</b>     | <b>1,438.9</b> | <b>– 290.3</b> | <b>– 20.2%</b> |
|  | <b>4,811.9</b>     | <b>5,476.3</b> | <b>– 664.4</b> | <b>– 12.1%</b> |
| <b>Due to banks:</b>                             |                    |                |                |                |
| – Euro area                                      | 722.1              | 470.3          | + 251.8        | + 53.5%        |
| – other currencies                               | 125.0              | 227.8          | – 102.8        | – 45.1%        |
|  | <b>847.1</b>       | <b>698.1</b>   | <b>+ 149.0</b> | <b>+ 21.3%</b> |
| <b>Total</b>                                     | <b>5,659.0</b>     | <b>6,174.4</b> | <b>– 515.4</b> | <b>– 8.3%</b>  |

Deposits from customers, represented by amounts due to customers and securities issued, can be broken down by type as follows.

|                                       | (BILLIONS OF LIT.) |                |                |                |
|---------------------------------------|--------------------|----------------|----------------|----------------|
|                                       | AMOUNTS AS AT      |                | CHANGES        |                |
|                                       | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Due to customers:</b>              |                    |                |                |                |
| – deposits                            | 428.2              | 464.5          | – 36.3         | – 7.8%         |
| – current accounts                    | 2,040.8            | 2,319.9        | – 279.1        | – 12.0%        |
| – repos                               | 1,193.7            | 1,252.6        | – 58.9         | – 4.7%         |
| – securities lending                  | —                  | —              | —              | —              |
| – deposits received in administration | 0.6                | 0.4            | + 0.2          | + 50.0%        |
| – other transactions                  | —                  | —              | —              | —              |
| <b>Total</b>                          | <b>3,663.3</b>     | <b>4,037.4</b> | <b>– 374.1</b> | <b>– 9.3%</b>  |
| <b>Securities issued:</b>             |                    |                |                |                |
| – bonds                               | 918.4              | 1,109.5        | – 191.1        | – 17.2%        |
| – certificates of deposit             | 191.8              | 295.3          | – 103.5        | – 35.0%        |
| – other securities                    | 38.4               | 34.1           | + 4.3          | + 12.6%        |
|                                       | <b>1,148.6</b>     | <b>1,438.9</b> | <b>– 290.3</b> | <b>– 20.2%</b> |
| <b>Total</b>                          | <b>4,811.9</b>     | <b>5,476.3</b> | <b>– 664.4</b> | <b>– 12.1%</b> |

## Entries based on matrix of accounts principle (at nominal value)

Deposits from domestic customers, net of repos and bonds, decreased 13.6% in absolute terms, and 0.2% on average over the twelve-month period.

|                  | (BILLIONS OF LIT) |                |                |                |
|------------------|-------------------|----------------|----------------|----------------|
|                  | AMOUNTS AS AT     |                | CHANGES        |                |
|                  | 31/12/1999        | 31/12/1998     | ABSOLUTE       | %              |
| Euro area        | 2,632.2           | 3,017.7        | - 385.5        | - 12.8%        |
| Other currencies | 13.5              | 44.6           | - 31.1         | - 69.7%        |
| <b>Total</b>     | <b>2,645.7</b>    | <b>3,062.3</b> | <b>- 416.6</b> | <b>- 13.6%</b> |

The market share was calculated as follows:

|  | (BILLIONS OF LIT) |                |                |
|--|-------------------|----------------|----------------|
|  | 31/12/1999        | 31/12/1998     | % CHANGE       |
| <b>Cassamarca deposits in Euros and other currencies</b> | <b>2,645.7</b>    | <b>3,062.3</b> | <b>- 13.6%</b> |
| <b>Industry deposits in Euros and other currencies</b>   | <b>922,063</b>    | <b>903,061</b> | <b>+ 2.1%</b>  |
| <b>Percentage of Cassamarca/Industry</b>                 | <b>0.29%</b>      | <b>0.34%</b>   |                |

Total funding in Euro currencies and other currencies from domestic customers, including repos and bonds, showed the following trend:

|  | (BILLIONS OF LIT) |                  |                |
|--|-------------------|------------------|----------------|
|  | 31/12/1999        | 31/12/1998       | % CHANGE       |
| <b>Cassamarca funding</b>                |                   |                  |                |
| Deposits                                 | 2,645.7           | 3,062.3          | - 13.6%        |
| Bonds                                    | 918.4             | 1,109.5          | - 17.2%        |
|  | 3,564.1           | 4,171.8          | - 14.6%        |
| Repos                                    | 1,193.7           | 1,252.6          | - 4.7%         |
|  | <b>4,757.8</b>    | <b>5,424.4</b>   | <b>- 12.3%</b> |
| <b>Industry funding</b>                  |                   |                  |                |
| Deposits                                 | 922,063           | 903,061          | + 2.1%         |
| Bonds                                    | 455,531           | 436,073          | + 4.5%         |
|  | 1,377,594         | 1,339,134        | + 2.9%         |
| Repos                                    | 88,739            | 108,588          | - 18.3%        |
|  | <b>1,466,333</b>  | <b>1,447,722</b> | <b>+ 1.3%</b>  |
| <b>Percentage of Cassamarca/Industry</b> |                   |                  |                |
| Deposits                                 | 0.29%             | 0.34%            |                |
| Bonds                                    | 0.20%             | 0.25%            |                |
|  | 0.26%             | 0.31%            |                |
| Repos                                    | 1.35%             | 1.15%            |                |
|  | <b>0.32%</b>      | <b>0.37%</b>     |                |

The market share of overall funding went from 0.37% at the end of 1998 to 0.32% at the end of 1999.

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## Indirect deposits, assets administered and assets under management



**CASSAMARCA**  
CASSA DI RISPARMIO DELLA MARCA TRIVIGIANA

Indirect deposits, represented by the amount of securities and other financial assets in custody and under administration (at nominal value), excluding securities on deposit pertaining to segregated accounts and securities issued by the bank, amounted to Lit. 5,044.5 billion at the end of December 1999 with an increase of Lit. 643 billion (+14.6%) over the end of 1998.

Total assets administered, made up of direct and indirect deposits (at nominal value) from customers, segregated accounts (at nominal value) and subordinated debt, are broken down as follows:

|   | (BILLIONS OF LIT.) |                 |                |               |
|---|--------------------|-----------------|----------------|---------------|
|   | AMOUNTS AS AT      |                 | CHANGES        |               |
|   | 31/12/1999         | 31/12/1998      | ABSOLUTE       | %             |
| Due to customers and securities issued  | 4,811.9            | 5,476.3         | - 664.4        | - 12.1%       |
| Subordinated debt   | —                  | —               | —              | —             |
|   | 4,811.9            | 5,476.3         | - 664.4        | - 12.1%       |
| Indirect deposits from customers<br>(excluding securities issued by the Bank) | 5,044.5            | 4,401.5         | + 643.0        | + 14.6%       |
| Segregated accounts<br>(excluding securities issued by the Bank)              | 1,805.9            | 1,371.3         | + 434.6        | + 31.7%       |
| <b>Total</b>  | <b>11,662.3</b>    | <b>11,249.1</b> | <b>+ 413.2</b> | <b>+ 3.7%</b> |

Below are details of indirect deposits at nominal value broken down by business sector of the depositor:

|  | (BILLIONS OF LIT.) |                |                |                |
|--|--------------------|----------------|----------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES        |                |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Customers:</b>                                |                    |                |                |                |
| Public administrations                           | 9.3                | 8.1            | + 1.2          | + 14.8%        |
| Financial companies                              | 848.9              | 454.4          | + 394.5        | + 86.8%        |
| Non-financial companies and manufacturing groups | 284.2              | 287.5          | - 3.3          | - 1.1%         |
| Private institutions                             | 19.1               | 15.8           | + 3.3          | + 20.9%        |
| Consumer households                              | 3,471.2            | 3,088.3        | + 382.9        | + 12.4%        |
| All others                                       | 411.8              | 547.4          | - 135.6        | - 24.8%        |
|  | <b>5,044.5</b>     | <b>4,401.5</b> | <b>+ 643.0</b> | <b>+ 14.6%</b> |
| <b>Banks</b>                                     | <b>15.3</b>        | <b>38.3</b>    | <b>- 23.0</b>  | <b>- 60.1%</b> |
| <b>Total</b>                                     | <b>5,059.8</b>     | <b>4,439.8</b> | <b>+ 620.0</b> | <b>+ 14.0%</b> |

Overall, the savings that customers entrusted to the management of Cassamarca totalled 2,810.2 billion, up 55.8% over 31/12/1998.

|                                | (BILLIONS OF LIT.) |                |                 |                |
|--------------------------------|--------------------|----------------|-----------------|----------------|
|                                | AMOUNTS AS AT      |                | CHANGES         |                |
|                                | 31/12/1999         | 31/12/1998     | ABSOLUTE        | %              |
| <b>Assets under management</b> |                    |                |                 |                |
| Segregated accounts            | 1,805.9            | 1,371.3        | + 434.6         | + 31.7%        |
| Gestiveneto mutual funds       | 627.7              | 341.1          | + 286.6         | + 84.0%        |
| Other mutual funds             | 376.6              | 91.8           | + 284.8         | +310.2%        |
|                                | —                  | —              | —               | —              |
| <b>Total</b>                   | <b>2,810.2</b>     | <b>1,804.2</b> | <b>+1,006.0</b> | <b>+ 55.8%</b> |

## COMMENTS ON MAIN PROFIT AND LOSS FIGURES

### Net interest income

| ITEMS                                    | (BILLIONS OF LIT.) |              |               |               |
|--|--------------------|--------------|---------------|---------------|
|  |                    |              | CHANGES       |               |
|  | 1999               | 1998         | ABSOLUTE      | %             |
| 10. Interest income and similar revenues | 269.5              | 392.2        | - 122.7       | - 31.3%       |
| 20. Interest expense and similar charges | 84.7               | 187.0        | - 102.3       | - 54.7%       |
| 30. Dividends and other revenues         | 43.2               | 2.3          | + 40.9        | +1,778.3%     |
| <b>Net interest income</b>               | <b>228.0</b>       | <b>207.5</b> | <b>+ 20.5</b> | <b>+ 9.9%</b> |

At the end of the period, net interest income was Lit. 228 billion, up 9.9% over the prior period. Also worth noting is the contribution from equity, for which the related tax credit was also reported in accounts.

### Revenues from services and other sources

| ITEMS   | (BILLIONS OF LIT.) |              |               |                |
|---|--------------------|--------------|---------------|----------------|
|   |                    |              | CHANGES       |                |
|   | 1999               | 1998         | ABSOLUTE      | %              |
| 40. Commission income                           | 112.5              | 73.2         | + 39.3        | + 53.7%        |
| 50. Commission expense                          | 4.6                | 5.2          | - 0.6         | - 11.5%        |
| <i>Net commission</i>                           | <i>107.9</i>       | <i>68.0</i>  | <i>+ 39.9</i> | <i>+ 58.7%</i> |
| 60. Profit (loss) from financial transactions   | 0.2                | 15.2         | - 15.0        | - 98.7%        |
| 70. Other operating income                      | 29.0               | 26.6         | + 2.4         | + 9.0%         |
| 110. Other operating expenses                   | 1.7                | 1.7          | —             | —              |
| Other net revenues                              | 27.3               | 24.9         | + 2.4         | + 9.6%         |
| <b>Revenues from services and other sources</b> | <b>135.4</b>       | <b>108.1</b> | <b>+ 27.3</b> | <b>+ 25.3%</b> |

At the end of the period, net revenues from services and other sources were Lit. 135.4 billion, up 25.3% over the prior period.

The most significant contribution to the achievement of this result was from net commissions that increased Lit. 39.9 billion or 58.7% due in part to several innovative products that were well received by customers.

A detailed comparison of net commissions follows.

| ITEMS   | (BILLIONS OF LIT.) |             |               |                |
|---|--------------------|-------------|---------------|----------------|
|   |                    |             | CHANGES       |                |
|   | 1999               | 1998        | ABSOLUTE      | %              |
| <b>Guarantees given/received</b>                            | <b>2.3</b>         | <b>2.3</b>  | <b>—</b>      | <b>—</b>       |
| <b>Collection and payment services</b>                      | <b>14.1</b>        | <b>11.7</b> | <b>+ 2.4</b>  | <b>+ 20.5%</b> |
| <b>Administration, brokerage and consultancy services:</b>  |                    |             |               |                |
| - securities dealing  | 1.9                | 1.7         | + 0.2         | + 11.8%        |
| - forex dealing   | 3.1                | 2.5         | + 0.6         | + 24.0%        |
| - segregated accounts                                       | 19.9               | 10.8        | + 9.1         | + 84.3%        |
| - custody and administration of securities                  | 2.8                | 2.0         | + 0.8         | + 40.0%        |
| - placement of securities                                   | 18.8               | 6.3         | + 12.5        | +198.4%        |
| - consultancy   | —                  | —           | —             | —              |
| - door-to-door selling of securities, products and services | —                  | —           | —             | —              |
| - acceptance of trading instructions                        | 6.6                | 7.6         | - 1.0         | - 13.2%        |
| - management of collective investment funds                 | —                  | —           | —             | —              |
|   | <b>53.1</b>        | <b>30.9</b> | <b>+ 22.2</b> | <b>+ 71.8%</b> |
| <b>Tax collection services</b>                              | <b>—</b>           | <b>—</b>    | <b>—</b>      | <b>—</b>       |
| <b>Other services</b>                                       |                    |             |               |                |
| - loans made and received                                   | 7.2                | 5.0         | + 2.2         | + 44.0%        |
| - securities service  | —                  | —           | —             | —              |
| - miscellaneous redemptions and recoveries                  | 14.1               | 13.0        | + 1.1         | + 8.5%         |
| - safe deposit box rental                                   | 0.3                | 0.3         | —             | —              |
| - insurance products  | 7.6                | 1.1         | + 6.5         | +590.9%        |
| - international transactions                                | 0.9                | 1.0         | - 0.1         | - 10.0%        |
| - other   | 8.3                | 2.7         | + 5.6         | +207.4%        |
|   | <b>38.4</b>        | <b>23.1</b> | <b>+ 15.3</b> | <b>+ 66.2%</b> |
| <b>Total</b>  | <b>107.9</b>       | <b>68.0</b> | <b>+ 39.9</b> | <b>+ 58.7%</b> |

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## Total revenues

Thus, total revenues add up to Lit. 363.4 billion, up 15.1% over the end of the prior period.

|  | (BILLIONS OF LIT) |              |               |                |
|--|-------------------|--------------|---------------|----------------|
|  | CHANGES           |              |               |                |
|  | 1999              | 1998         | ABSOLUTE      | %              |
| Net interest income                      | 228.0             | 207.5        | + 20.5        | + 9.9%         |
| Revenues from services and other sources | 135.4             | 108.1        | + 27.3        | + 25.3%        |
| <b>Total revenues</b>                    | <b>363.4</b>      | <b>315.6</b> | <b>+ 47.8</b> | <b>+ 15.1%</b> |

## Administrative expenses

Administrative expenses were essentially unchanged with a decline of Lit. 600 million from the prior period.

| ITEMS                                   | (BILLIONS OF LIT) |              |              |               |
|---|-------------------|--------------|--------------|---------------|
|   | CHANGES           |              |              |               |
|   | 1999              | 1998         | ABSOLUTE     | %             |
| <b>a) Payroll</b>                       |                   |              |              |               |
| – wages and salaries                    | 87.0              | 86.7         | + 0.3        | + 0.3%        |
| – social security contributions         | 31.0              | 31.4         | – 0.4        | – 1.3%        |
| – employee termination payments         | 7.0               | 7.0          | —            | —             |
| – retirement payments, etc.             | —                 | —            | —            | —             |
| – other                                 | 0.4               | 0.3          | + 0.1        | + 33.3%       |
|   | 125.4             | 125.4        | —            | —             |
| <b>b) Other administrative expenses</b> |                   |              |              |               |
| – indirect taxes and duties             | 13.3              | 12.7         | + 0.6        | + 4.7%        |
| – various costs and expenses            | 63.0              | 64.2         | – 1.2        | – 1.9%        |
|   | 76.3              | 76.9         | – 0.6        | – 0.8%        |
| <b>Total</b>                            | <b>201.7</b>      | <b>202.3</b> | <b>– 0.6</b> | <b>– 0.3%</b> |

Payroll remained unchanged as did staff levels despite the opening of 7 branches during the year.

Other administrative expenses declined 600 million.

The reduction of various costs and expenses (-1.9%) was made less evident by the increase in indirect taxes.



**CASSAMARCA**  
CASSA DI RISPARMIO DELLA MARCA TRIVIGIANA

## Operating income

Compared to the prior period, operating income rose by Lit. 48.2 billion or 49.3% due to the increase in total revenues combined with operating cost containment.

|  | (BILLIONS OF LIT.) |              |               |                |
|--|--------------------|--------------|---------------|----------------|
|  |                    |              | CHANGES       |                |
|  | 1999               | 1998         | ABSOLUTE      | %              |
| Net interest income  | 228.0              | 207.5        | + 20.5        | + 9.9%         |
| Revenues from services and other sources                       | 135.4              | 108.1        | + 27.3        | + 25.3%        |
| <b>Total revenues</b>  | <b>363.4</b>       | <b>315.6</b> | <b>+ 47.8</b> | <b>+ 15.1%</b> |
| Administrative expenses  | 201.7              | 202.3        | - 0.6         | - 0.3%         |
| (Ordinary) write-downs of tangible and intangible fixed assets | 15.7               | 15.5         | + 0.2         | + 1.3%         |
| <b>Operating income</b>  | <b>146.0</b>       | <b>97.8</b>  | <b>+ 48.2</b> | <b>+ 49.3%</b> |

## Extraordinary items

Extraordinary items resulted in a net charge of Lit. 8.2 billion.

The components that had the greatest impact on these entries were as follows:

- as regards extraordinary income, capital gains from the sale of equity investments of Lit. 10.2 billion, and anticipated tax payments not reported in prior periods amounting to Lit. 8.7 billion;
- as regards extraordinary charges, losses from the sale of the equity investment in Mediobanca Banca of Lit. 28.8 billion (the collection of extraordinary dividends of Lit. 21.1 billion is tied to the same transaction).

## Income taxes

Income taxes for the period, including the effects due to the application of the accounting principle related to the treatment of deferred taxes applicable to the period, totalled Lit. 50.7 billion. Income taxes were 47.1% of earnings before taxes compared to 43.3% in 1998.

Net income was made up as follows:

|  | (BILLIONS OF LIT.) |              |               |                |
|--|--------------------|--------------|---------------|----------------|
|  |                    |              | CHANGES       |                |
|  | 1999               | 1998         | ABSOLUTE      | %              |
| Operating income                         | 146.0              | 97.8         | + 48.2        | + 49.3%        |
| Extraordinary items                      | - 8.2              | 7.1          | - 15.3        | -215.5%        |
| <b>Total available</b>                   | <b>137.8</b>       | <b>104.9</b> | <b>+ 32.9</b> | <b>+ 31.4%</b> |
| Other write-downs of fixed assets        | —                  | —            | —             | —              |
| Provisions, write-downs, write-backs     | - 22.5             | - 23.3       | - 0.8         | - 3.4%         |
| Change in fund for general banking risks | - 7.5              | —            | - 7.5         |                |
| Income taxes for the period              | - 50.7             | - 35.3       | + 15.4        | + 43.6%        |
| <b>Net income for the period</b>         | <b>57.1</b>        | <b>46.3</b>  | <b>+ 10.8</b> | <b>+ 23.3%</b> |

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## Staff, operating structure and organisation

As at 31 December 1999, staff consisted of 1,123 employees, which was unchanged from 31 December 1998.

The average figure, which was determined as required in accounts, was 1,108 employees with a reduction of 3 employees from 31 December 1998.



**CASSAMARCA**  
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### PRECISE DATA AS AT 31 DECEMBER

| COMPOSITION BY CATEGORY | 31/12/1999   | OF WHICH ABROAD | 31/12/1998   | OF WHICH ABROAD | CHANGES OF TOTAL |
|-------------------------|--------------|-----------------|--------------|-----------------|------------------|
| Senior managers         | 7            |                 | 8            |                 | - 1              |
| Executives              | 126          |                 | 112          |                 | + 14             |
| Managerial staff (*)    | 252          |                 | 245          |                 | + 7              |
| Clericals               | 732          |                 | 749          |                 | - 17             |
| Messengers/Auxiliaries  | 6            |                 | 9            |                 | - 3              |
| <b>Total</b>            | <b>1,123</b> | <b>—</b>        | <b>1,123</b> | <b>—</b>        | <b>—</b>         |
| of which: part-time     | 85           |                 | 82           |                 | + 3              |

(\*) including non-functional managerial staff

The branch network is structured as follows:

|   | 31/12/1999 | 31/12/1998 | CHANGES OF TOTAL |
|---|------------|------------|------------------|
| <b>Branches</b>   |            |            |                  |
| Units operating in Italy:                               |            |            |                  |
| Branch banks  | 48         | 47         | + 1              |
| Agencies  | —          | —          | —                |
| Branch offices  | 59         | 54         | + 5              |
|   | —          | —          | —                |
| Total ordinary branches                                 | 107        | 101        | + 6              |
| Customs area branches                                   | —          | —          | —                |
| Private banking units                                   | 2          | —          | + 2              |
| Branches within public/private offices and/or companies | 36         | 34         | + 2              |
| Operating locations and special branches                | 5          | 6          | - 1              |
|   | 43         | 40         | + 3              |
| Units operating abroad                                  | —          | —          | —                |
| <b>Total branches</b>                                   | <b>150</b> | <b>141</b> | <b>+ 9</b>       |

## CASSA DI RISPARMIO DI TRENTO E ROVERETO S.p.A.

(96.77% directly held)

|  |               |          |           |          | (BILLIONS OF LIT.) |
|--|---------------|----------|-----------|----------|--------------------|
| BALANCE SHEET  | AMOUNTS AS AT |          | CHANGES   |          | 31/12/97           |
|  | 31/12/99      | 31/12/98 | ABSOLUTE  | %        |                    |
| <b>BALANCE SHEET</b>   |               |          |           |          |                    |
| Total assets   | 5,975.7       | 5,248.4  | + 727.3   | + 13.9%  | 5,185.4            |
| Total loans  | 4,204.5       | 3,411.7  | + 792.8   | + 23.2%  | 3,065.1            |
| - of which: loans to customers                                 | 3,437.8       | 2,401.6  | + 1,036.2 | + 43.1%  | 2,045.5            |
| - non-performing loans - net                                   | 27.1          | 15.8     | + 11.3    | + 71.5%  | 16.3               |
| Trading securities   | 624.5         | 988.8    | - 364.3   | - 36.8%  | 1,279.4            |
| - of which: shares, quotas and other variable-yield securities | —             | 3.2      | - 3.2     | - 100.0% | 3.3                |
| Fixed assets   | 742.8         | 427.5    | + 315.3   | + 73.8%  | 431.9              |
| - of which: investment securities                              | 594.7         | 191.0    | + 403.7   | + 211.4% | 197.9              |
| - equity investments   | 68.8          | 147.3    | - 78.5    | - 53.3%  | 137.3              |
| Total deposits   | 4,474.4       | 3,853.1  | + 621.3   | + 16.1%  | 3,858.0            |
| - of which: due to customers and securities issued             | 3,954.2       | 2,948.3  | + 1,005.9 | + 34.1%  | 2,859.4            |
| Subordinated debt  | 22.4          | 46.1     | - 23.7    | - 51.4%  | 46.1               |
| Shareholders' equity   | 619.6         | 551.8    | + 67.8    | + 12.3%  | 535.9              |
| - of which: capital  | 574.5         | 523.8    | + 50.7    | + 9.7%   | 513.5              |
| - net income for the period                                    | 45.1          | 28.0     | + 17.1    | + 61.1%  | 22.4               |
| Indirect deposits  | 2,146.6       | 2,144.9  | + 1.8     | + 0.1%   | 1,900.6            |
| - of which: indirect deposits from customers                   | 1,878.2       | 1,921.8  | - 43.6    | - 2.3%   | 1,900.6            |
| Assets administered for customers                              | 7,646.7       | 6,957.1  | + 689.6   | + 9.9%   | 6,605.3            |
| <b>OTHER BALANCE SHEET DATA:</b>                               |               |          |           |          |                    |
| Weighted risk assets   | 3,771.9       | 2,794.6  | + 977.3   | + 35.0%  | 2,330.9            |
| Capital for regulatory purposes                                | 600.9         | 509.7    | + 91.2    | + 17.9%  | 503.4              |
| - of which: tier 1 capital                                     | 502.4         | 458.0    | + 44.4    | + 9.7%   | 439.7              |
| - tier 2 capital   | 98.5          | 123.3    | - 24.8    | - 20.1%  | 132.3              |
| - items to be deducted   | —             | 71.6     | - 71.6    | - 100.0% | 68.6               |

|   |              |              |               |                | (BILLIONS OF LIT.) |
|---|--------------|--------------|---------------|----------------|--------------------|
| PROFIT AND LOSS ACCOUNT                                   | 1999         | 1998         | CHANGES       |                | 1997               |
|   |              |              | ABSOLUTE      | %              |                    |
| <b>PROFIT AND LOSS ACCOUNT</b>                            |              |              |               |                |                    |
| Net interest income                                       | 160.6        | 147.2        | + 13.4        | + 9.1%         | 153.1              |
| Revenue from services and other sources                   | 112.5        | 91.3         | + 21.2        | + 23.2%        | 88.6               |
| - of which: profits/(losses) on financial transactions    | 7.0          | 17.7         | - 10.7        | - 60.5%        | 22.8               |
| <b>Total revenues</b>                                     | <b>273.1</b> | <b>238.5</b> | <b>+ 34.6</b> | <b>+ 14.5%</b> | <b>241.7</b>       |
| Administrative expenses                                   | 176.7        | 174.0        | + 2.7         | + 1.6%         | 183.7              |
| - of which: payroll                                       | 112.9        | 112.7        | + 0.2         | + 0.2%         | 120.7              |
| <b>Operating income</b>                                   | <b>86.1</b>  | <b>53.8</b>  | <b>+ 32.3</b> | <b>+ 60.0%</b> | <b>47.0</b>        |
| <b>Profit before extraordinary items and income taxes</b> | <b>65.8</b>  | <b>42.4</b>  | <b>+ 23.4</b> | <b>+ 55.2%</b> | <b>26.2</b>        |
| <b>Earnings before taxes</b>                              | <b>72.6</b>  | <b>51.2</b>  | <b>+ 21.4</b> | <b>+ 41.8%</b> | <b>25.4</b>        |
| <b>Net income (loss) for the period</b>                   | <b>45.1</b>  | <b>28.0</b>  | <b>+ 17.1</b> | <b>+ 61.1%</b> | <b>22.4</b>        |
| - of which: dividend                                      | 36.4         | 11.2         | + 25.2        | + 225.0%       | 12.1               |

Note:

The income and balance sheet figures for 1999 include those of the former Credito Fondiario Trento S.p.A. following the merger of the latter into Caritro, which occurred, for legal purposes, on 1 September 1999, and took effect for accounting and tax purposes on 1 January 1999. Since "life" began for the merged company on 1/1/99 as the "Trento division" of the spun-off, former Credito Fondiario Trentino Alto Adige S.p.A., it was not possible to reconstruct (in detail) assets and liabilities transferred to Caritro as at 31 December 1998. As a result, the comparison with 1998 figures must take into consideration a contribution of the "former ICS" concentrated in investments made by customers and deposits in the form of securities (amounting to approximately 660 and 480 billion gross as at 31 December 1999, which was considerably lower than the prior year).

| STAFF AND BRANCHES                     | AMOUNTS AS AT |            | CHANGES       |               | AMOUNTS AS AT<br>31/12/1997 |
|--|---------------|------------|---------------|---------------|-----------------------------|
|  | 31/12/1999    | 31/2.1998  | ABSOLUTE      | %             |                             |
| <b>Number of employees</b>             | <b>927</b>    | <b>937</b> | <b>- 10.0</b> | <b>- 1.1%</b> | <b>961</b>                  |
| <i>of which:</i>                       |               |            |               |               |                             |
| • part-time                            | 86            | 74         | + 12.0        | + 16.2%       | 60                          |
| <b>Average number of employees (1)</b> | <b>938</b>    | <b>952</b> | <b>- 14.0</b> | <b>- 1.5%</b> | <b>969</b>                  |
| <b>Number of bank branches</b>         | <b>79</b>     | <b>79</b>  | <b>—</b>      | <b>—</b>      | <b>75</b>                   |
| <i>of which:</i>                       |               |            |               |               |                             |
| • full service branches                | 79            | 79         | —             | —             | 75                          |

(1) Average number calculated as the arithmetic mean of staff numbers at the end of each month.

| KEY FINANCIAL RATIOS AND OTHER INFORMATION                              | 31/12/1999 | 31/12/1998 | 31/12/1997 |
|---|------------|------------|------------|
| <b>BALANCE SHEET RATIOS</b>   |            |            |            |
| Loans to customers/Total assets   | 57.53%     | 45.76%     | 39.45%     |
| Securities (net of shares)/Total assets                                 | 20.40%     | 22.42%     | 28.43%     |
| Equity investments and shares/Total assets                              | 1.15%      | 2.87%      | 2.71%      |
| Due to customers and securities issued /<br>Total liabilities           | 66.17%     | 56.18%     | 55.14%     |
| Shareholders' equity/Total liabilities                                  | 10.37%     | 10.51%     | 10.33%     |
| <b>PROFITABILITY RATIOS</b>   |            |            |            |
| Operating income/Average shareholders' equity (1)                       | 15.62%     | 10.32%     | 9.46%      |
| Operating income/ Total average assets (2)                              | 1.53%      | 1.03%      | 0.91%      |
| Net interest income/Total average assets (2)                            | 2.86%      | 2.82%      | 2.97%      |
| Total revenues/Total average assets (2)                                 | 4.87%      | 4.57%      | 4.69%      |
| Administrative expenses/Total revenues                                  | 64.70%     | 72.96%     | 75.99%     |
| Net income for the period/Average shareholders' equity (1)              | 8.18%      | 5.37%      | 4.51%      |
| Net income for the period/Number of shares (3)                          | 261        | 171        | 137        |
| <b>PRODUCTIVITY RATIOS (4)</b>  |            |            |            |
| Operating income/Average number of employees                            | 92         | 57         | 49         |
| Total average assets (2) / Average number of employees                  | 5,983      | 5,480      | 5,324      |
| Due to customers and securities issued /<br>Average number of employees | 4,216      | 3,097      | 2,951      |
| Loans to customers/Average number of employees                          | 3,665      | 2,523      | 2,111      |
| <b>RISK RATIOS</b>  |            |            |            |
| Net non-performing loans/Total loans                                    | 0.64%      | 0.46%      | 0.53%      |
| Net non-performing loans/Loans to customers                             | 0.79%      | 0.66%      | 0.80%      |
| Net non-performing loans/Shareholders' equity                           | 4.37%      | 2.86%      | 3.04%      |
| <b>CAPITAL RATIOS</b>   |            |            |            |
| Tier 1 capital for regulatory purposes / Weighted risk assets           | 13.32%     | 16.39%     | 18.86%     |
| Capital for regulatory purposes / Weighted risk assets                  | 15.93%     | 18.24%     | 21.60%     |

(1) Average shareholders' equity is calculated as the average of end of month balances of capital, issue premiums and reserves.

(2) Total average assets is calculated as the arithmetic mean of total assets at the end of the period and at the end of the prior period.

(3) Ratios expressed in whole lit.

(4) Ratios expressed in millions of lit.

## Loans

Loans are reported at their presumed realisable value, and thus, net of write-downs totalling Lit. 29.3 billion (all of which were related to customers).

Loans to customers, which represent 57.5% of assets, totalled Lit. 3,438 billion with an increase of 43.1% over the end of the prior period.

Below is a breakdown of loans between the Euro area and other currencies.

|                            | (BILLIONS OF LIT.) |                |                  |                |
|----------------------------|--------------------|----------------|------------------|----------------|
|                            | AMOUNTS AS AT      |                | CHANGES          |                |
|                            | 31/12/1999         | 31/12/1998     | ABSOLUTE         | %              |
| <b>Loans to customers:</b> |                    |                |                  |                |
| – Euro area                | 3,330.5            | 2,269.2        | + 1,061.3        | + 46.8%        |
| – other currencies         | 107.3              | 132.3          | – 25.0           | – 18.9%        |
|                            | <b>3,437.8</b>     | <b>2,401.5</b> | <b>+ 1,036.3</b> | <b>+ 43.1%</b> |
| <b>Loans to banks:</b>     |                    |                |                  |                |
| – Euro area                | 764.2              | 996.2          | – 232.0          | – 23.3%        |
| – other currencies         | 2.4                | 13.9           | – 11.5           | – 82.7%        |
|                            | <b>766.6</b>       | <b>1,010.1</b> | <b>– 243.5</b>   | <b>– 24.1%</b> |
| <b>Total</b>               | <b>4,204.4</b>     | <b>3,411.6</b> | <b>+ 792.8</b>   | <b>+ 23.2%</b> |

The following table shows changes that occurred in loans to customers during the twelve-month period broken down by type.

|                                   | (BILLIONS OF LIT.) |                |                  |                |
|-----------------------------------|--------------------|----------------|------------------|----------------|
|                                   | AMOUNTS AS AT      |                | CHANGES          |                |
|                                   | 31/12/1999         | 31/12/1998     | ABSOLUTE         | %              |
| – leasing contracts               | —                  | —              | —                | —              |
| – bills discounted                | 14.9               | 18.3           | – 3.4            | – 18.6%        |
| – current accounts                | 739.8              | 709.2          | + 30.6           | + 4.3%         |
| – medium-term loans and mortgages | 1,910.9            | 942.7          | + 968.2          | + 102.7%       |
| – loans                           | 60.5               | 55.7           | + 4.8            | + 8.8%         |
| – other non-overdraft lending     | 673.8              | 655.5          | + 18.3           | + 2.8%         |
| – non-performing loans            | 27.1               | 15.8           | + 11.3           | + 71.5%        |
| – repos                           | —                  | —              | —                | —              |
| – securities lending              | —                  | —              | —                | —              |
| – factoring                       | —                  | —              | —                | —              |
| – other transactions              | 10.7               | 4.4            | + 6.3            | + 143.1%       |
| <b>Total</b>                      | <b>3,437.7</b>     | <b>2,401.6</b> | <b>+ 1,036.1</b> | <b>+ 43.1%</b> |

As in the past (and now this area has been expanded by the mortgage bank), medium-term loans and mortgages, which represent 55.6% of overall loans, were a major factor. In terms of precise balances and average amounts, and net of amounts for the former I.C.S., medium-term loans and mortgages increased more than 30%.

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## Doubtful loans

At the end of 1999, non-performing loans before write-downs totalled 55.0 billion, an increase of 40.3% (primarily due to positions inherited from the former mortgage bank, which are well secured, due to their nature, by collateral) over 31 December of the prior year. However, as a percentage of gross loans to customers, this figure declined from 1.60 as at 31/12/98 to 1.57.

The degree of coverage, taken from the ratio of write-downs and gross non-performing loans, was 50.7%.

Total doubtful loans, expressed at the presumed realisable value, were 123.1 billion with an increase (bearing in mind the information noted above on the mortgage bank) of 58.1 billion over the prior-period figure.

|   | (BILLIONS OF LIT)         |                      |                        |
|---|---------------------------|----------------------|------------------------|
|   | AMOUNTS AS AT 31/12/1999  |                      | LOANS<br>BOOK<br>VALUE |
|   | LOANS<br>NOMINAL<br>VALUE | TOTAL<br>WRITE-DOWNS |                        |
| <b>Loans to customers</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | 55.0                      | 27.9                 | 27.1                   |
| <i>of which: overdue interest</i>   | <i>13.7</i>               | <i>8.0</i>           | <i>5.1</i>             |
| – watchlist   | 91.5                      | 8.0                  | 83.5                   |
| <i>of which: overdue interest</i>   | <i>0.3</i>                | <i>—</i>             | <i>0.3</i>             |
| – loans to countries at risk  | —                         | —                    | —                      |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | 16.0                      | 3.6                  | 12.4                   |
| <i>of which: overdue interest</i>   | <i>0.2</i>                | <i>—</i>             | <i>0.2</i>             |
|   | <b>162.5</b>              | <b>39.5</b>          | <b>123.0</b>           |
| – Other loans   | 3,332.5                   | 17.7                 | 3,314.8                |
| <b>Total (a)</b>  | <b>3,495.0</b>            | <b>57.2</b>          | <b>3,437.8</b>         |
| <b>Due from banks</b>   |                           |                      |                        |
| Doubtful loans:   |                           |                      |                        |
| – non-performing loans  | —                         | —                    | —                      |
| – watchlist   | —                         | —                    | —                      |
| – loans to countries at risk  | —                         | —                    | —                      |
| – consolidated/restructured loans or<br>potential consolidated/restructured loans | —                         | —                    | —                      |
| – other loans   | 766.6                     | —                    | 766.6                  |
| <b>Total (b)</b>  | <b>766.6</b>              | <b>—</b>             | <b>766.6</b>           |
| <b>Total (a+b)</b>  | <b>4,261.6</b>            | <b>57.2</b>          | <b>4,204.4</b>         |

The percentage of doubtful loans to the total nominal and book value of loans is as follows:

|                            | (BILLIONS OF LIT)      |                |                     |                |
|----------------------------|------------------------|----------------|---------------------|----------------|
|                            | LOANS<br>NOMINAL VALUE |                | LOANS<br>BOOK VALUE |                |
|                            | 31/12/1999             | 31/12/1998     | 31/12/1999          | 31/12/1998     |
| <b>Doubtful loans</b>      |                        |                |                     |                |
| – customers                | 162.5                  | 103.5          | 123.0               | 64.4           |
| – banks                    | —                      | —              | —                   | —              |
|                            | <b>a) 162.5</b>        | <b>103.5</b>   | <b>123.0</b>        | <b>64.4</b>    |
| <b>Loans and advances</b>  |                        |                |                     |                |
| – customers                | 3,495.0                | 2,449.4        | 3,437.8             | 2,401.6        |
| – banks                    | 766.6                  | 1,010.1        | 766.7               | 1,010.1        |
|                            | <b>b) 4,261.6</b>      | <b>3,459.5</b> | <b>4,204.5</b>      | <b>3,411.7</b> |
| <i>Ratio % a/b</i>         | <i>3.81%</i>           | <i>2.99%</i>   | <i>2.93%</i>        | <i>1.89%</i>   |
| <i>of which: customers</i> | <i>4.65%</i>           | <i>4.23%</i>   | <i>3.58%</i>        | <i>2.68%</i>   |

## Interbank position

The reduction of overall operations in this area is tied to the approach given to "Finance" detailed below. The withdrawal from the interbank deposit market, among other things, meant there would no longer be liquidity requirements (investment and borrowing) directly with the parent company. Likewise, in 1999 the holding company was the main counter-party for repo transactions, where those for lending rival those carried out with customers.

|                | (BILLIONS OF LIT.) |              |                |                 |
|----------------|--------------------|--------------|----------------|-----------------|
|                | AMOUNTS AS AT      |              | CHANGES        |                 |
|                | 31/12/1999         | 31/12/1998   | ABSOLUTE       | %               |
| Loans to banks | 766.6              | 1,010.1      | - 243.5        | - 24.1%         |
| Due to banks   | 520.2              | 904.8        | - 384.6        | - 42.5%         |
| <b>Balance</b> | <b>246.4</b>       | <b>105.3</b> | <b>+ 141.1</b> | <b>+ 134.0%</b> |

Broken down as follows:

|                        | (BILLIONS OF LIT.) |              |                |                 |
|------------------------|--------------------|--------------|----------------|-----------------|
|                        | AMOUNTS AS AT      |              | CHANGES        |                 |
|                        | 31/12/1999         | 31/12/1998   | ABSOLUTE       | %               |
| Loans to central banks | 37.6               | 18.0         | + 19.6         | + 109.4%        |
| Repos                  | 254.9              | 25.7         | + 229.2        | + 891.3%        |
| – provided             | 390.3              | 25.7         | + 364.6        | +1,418.1%       |
| – received             | - 135.4            | —            | - 135.4        |                 |
| Securities lending     | —                  | —            | —              | —               |
| – securities lent      | —                  | —            | —              | —               |
| – securities borrowed  | —                  | —            | —              | —               |
| Other                  | - 46.1             | 61.6         | - 107.7        | - 174.7%        |
| – loans                | 338.7              | 966.4        | - 627.7        | - 64.9%         |
| – due to amounts       | - 384.8            | - 904.8      | + 520.0        | - 57.5%         |
| <b>Total</b>           | <b>246.4</b>       | <b>105.3</b> | <b>+ 141.1</b> | <b>+ 134.0%</b> |

|   |   |
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**Entries based on matrix of accounts principle  
(at nominal value, and limited to units operating in Italy)**



Loans in Euro currencies and other currencies (to domestic customers net of non-performing loans) increased 38.4% in absolute terms over the twelve-month period.

|                  | (BILLIONS OF LIT) |                |                |                |
|------------------|-------------------|----------------|----------------|----------------|
|                  | AMOUNTS AS AT     |                | CHANGES        |                |
|                  | 31/12/1999        | 31/12/1998     | ABSOLUTE       | %              |
| Euro area        | 3,266.2           | 2,309.5        | + 956.7        | + 41.4%        |
| Other currencies | 107.6             | 128.1          | - 20.5         | - 16.0%        |
| <b>Total</b>     | <b>3,373.8</b>    | <b>2,437.6</b> | <b>+ 936.2</b> | <b>+ 38.4%</b> |

Market share was 0.25% calculated as follows:

|   | (BILLIONS OF LIT) |                  |                |
|---|-------------------|------------------|----------------|
|   | 31/12/1999        | 31/12/1998       | % CHANGE       |
| <b>Caritro loans in Euros and other currencies</b>  | <b>3,373.8</b>    | <b>2,437.6</b>   | <b>+ 38.4%</b> |
| <b>Industry loans in Euros and other currencies</b> | <b>1,345,619</b>  | <b>1,230,407</b> | <b>+ 9.4%</b>  |
| <b>Percentage of Caritro/Industry</b>               | <b>0.25%</b>      | <b>0.20%</b>     |                |

The percentage of non-performing loans to total loans (both on a gross basis) was 1.61% compared to 7.85% for the industry.

|   | (BILLIONS OF LIT) |              |              |              |            |
|---|-------------------|--------------|--------------|--------------|------------|
|   | 31/12/1999        | CARITRO      |              | INDUSTRY     |            |
|   |                   | 31/12/1998   | 31/12/1999   | 31/12/1998   | 31/12/1999 |
| Loans in Euro currencies and other currencies to domestic customers | 3,373.8           | 2,437.6      | 1,345,619    | 1,230,407    |            |
| Non-performing loans (*)  | a) 55.3           | 39.4         | 114,575      | 122,630      |            |
|   | b) 3,429.1        | 2,477.0      | 1,460,194    | 1,353,037    |            |
| <b>Percentage of a/b</b>  | <b>1.61%</b>      | <b>1.59%</b> | <b>7.85%</b> | <b>9.06%</b> |            |

(\*) For the purposes of the comparison with the industry, non-performing loans also include unpaid bills and bills of protested ownership.

## Securities

Investment and trading securities totalled Lit. 1,219.2 billion, representing an increase of Lit. 39.4 billion over 1998. The change in allocation policy among areas is the result of the adoption of strategies differing from those used in past years. To be specific, there was a shift from a dynamic operation integrated with all assets and liabilities of the company to a simple administrative structure aimed at exhausting the existing supply of bonds (an administration which was, moreover, part of the overall asset and liability management approach). The purpose of this was to reduce risks underlying the volatility and complexity of the outside environment that could weaken the bank's performance to the detriment of typical business activities.

|  | (BILLIONS OF LIT.) |                |                |                 |
|--|--------------------|----------------|----------------|-----------------|
|  | AMOUNTS AS AT      |                | CHANGES        |                 |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %               |
| <b>Investment securities</b>                       |                    |                |                |                 |
| Treasury certificates                              |                    |                | —              | —               |
| Multi-year treasury bills                          | 176.1              | 176.3          | - 0.2          | - 0.1%          |
| Certificates of deposit                            |                    |                | —              | —               |
| Securities deriving from restructured credit lines |                    |                | —              | —               |
| Bonds of international institutions                |                    |                | —              | —               |
| Other securities                                   | 418.6              | 14.7           | + 403.9        | n.d.            |
| <b>Total</b>                                       | <b>594.7</b>       | <b>191.0</b>   | <b>+ 403.7</b> | <b>+ 211.4%</b> |
| <b>Trading securities</b>                          |                    |                |                |                 |
| Ordinary treasury bonds                            |                    |                | —              | —               |
| Treasury certificates                              | 56.1               | 44.4           | + 11.7         | + 26.4%         |
| Multi-year treasury bills                          | 154.6              | 134.2          | + 20.4         | + 15.2%         |
| Bonds of international institutions                |                    |                | —              | —               |
| Other debt securities                              | 413.8              | 807.1          | - 393.3        | - 48.7%         |
| Variable yield securities                          |                    | 3.2            | - 3.2          | - 100.0%        |
|  | <b>624.5</b>       | <b>988.9</b>   | <b>- 364.4</b> | <b>- 36.8%</b>  |
| <b>Total</b>                                       | <b>1,219.2</b>     | <b>1,179.8</b> | <b>+ 39.4</b>  | <b>+ 3.3%</b>   |

A comparison between precise market values and book values for investment securities shows a potential capital gain of Lit. 45 billion compared to a latent capital loss of 35.8 billion in the 160 billion of I.R.S. interest rate swaps related thereto.

|                              | (BILLIONS OF LIT.)       |              |               |                          |              |               |
|------------------------------|--------------------------|--------------|---------------|--------------------------|--------------|---------------|
|                              | AMOUNTS AS AT 31/12/1999 |              |               | AMOUNTS AS AT 31/12/1998 |              |               |
|                              | MARKET VALUE             | BOOK VALUE   | GAIN/LOSS     | MARKET VALUE             | BOOK VALUE   | GAIN/LOSS     |
| <b>Investment securities</b> |                          |              |               |                          |              |               |
| Treasury certificates        |                          |              | —             |                          |              | —             |
| Multi-year treasury bills    | 204.1                    | 176.1        | + 28.0        | 213.1                    | 176.3        | + 36.8        |
| Other bonds                  | 435.7                    | 418.6        | + 17.1        | 17.6                     | 14.7         | + 2.9         |
| <b>Total</b>                 | <b>639.8</b>             | <b>594.7</b> | <b>+ 45.1</b> | <b>230.7</b>             | <b>191.0</b> | <b>+ 39.7</b> |

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## Liabilities

Overall deposits were 4,474.4 billion with a total increase of 621.4 billion over the prior period (+16.1%). In addition to the decrease in interbank operations, this increase reflects the merger of the mortgage bank and the inflow of amounts concentrated at the end of the year (linked to the change in shareholders from the mortgage bank and small shareholders to UniCredito Italiano).

The composition and changes that occurred are summarised as follows:

|                              | (BILLIONS OF LIT.) |                |                |                |
|------------------------------|--------------------|----------------|----------------|----------------|
|                              | AMOUNTS AS AT      |                | CHANGES        |                |
|                              | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| <b>Due to customers (1):</b> |                    |                |                |                |
| – Euro area                  | 2,634.4            | 1,940.0        | + 694.4        | + 35.8%        |
| – other currencies           | 21.6               | 34.8           | – 13.2         | – 37.8%        |
| <b>Total</b>                 | <b>2,656.0</b>     | <b>1,974.8</b> | <b>+ 681.2</b> | <b>+ 34.5%</b> |

(1) Includes deposits received in administration

### Securities issued

|                    |                |                |                  |                |
|--------------------|----------------|----------------|------------------|----------------|
| – Euro area        | 1,298.1        | 972.5          | + 325.6          | + 33.5%        |
| – other currencies | —              | 1.0            | – 1.0            | –100.0%        |
|                    | <b>1,298.1</b> | <b>973.5</b>   | <b>+ 324.6</b>   | <b>+ 33.4%</b> |
|                    | <b>3,954.1</b> | <b>2,948.3</b> | <b>+ 1,005.8</b> | <b>+ 34.1%</b> |

### Due to banks:

|                    |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|
| – Euro area        | 425.0          | 793.7          | – 368.7        | – 46.5%        |
| – other currencies | 95.2           | 111.1          | – 15.9         | – 14.3%        |
|                    | <b>520.2</b>   | <b>904.8</b>   | <b>– 384.6</b> | <b>– 42.5%</b> |
| <b>Total</b>       | <b>4,474.3</b> | <b>3,853.1</b> | <b>+ 621.2</b> | <b>+ 16.1%</b> |

Funding from customers grew 34.1% overall and is broken down by type as shown below. It should be noted that the peculiarities discussed above for the period are reflected in all figures for current accounts, deposits received in administration and bonds (in precise volumes of around 1,000 billion).

|                                       | (BILLIONS OF LIT.) |                |                  |                |
|---------------------------------------|--------------------|----------------|------------------|----------------|
|                                       | AMOUNTS AS AT      |                | CHANGES          |                |
|                                       | 31/12/1999         | 31/12/1998     | ABSOLUTE         | %              |
| <b>Due to customers:</b>              |                    |                |                  |                |
| – deposits                            | 210.6              | 218.9          | – 8.3            | – 3.8%         |
| – current accounts                    | 1,803.3            | 1,492.4        | + 310.9          | + 20.8%        |
| – repos                               | 500.3              | 220.9          | + 279.4          | +126.5%        |
| – securities lending                  | —                  | —              | —                | —              |
| – deposits received in administration | 102.1              | 17.3           | + 84.8           | +490.2%        |
| – other transactions                  | 39.8               | 25.3           | + 14.5           | + 57.3%        |
| <b>Total</b>                          | <b>2,656.1</b>     | <b>1,974.8</b> | <b>+ 681.3</b>   | <b>+ 34.5%</b> |
| <b>Securities issued:</b>             |                    |                |                  |                |
| – bonds                               | 1,021.2            | 555.8          | + 465.4          | + 83.7%        |
| – certificates of deposit             | 256.6              | 391.8          | – 135.2          | – 34.5%        |
| – other securities                    | 20.4               | 25.8           | – 5.4            | – 21.1%        |
|                                       | <b>1,298.2</b>     | <b>973.4</b>   | <b>+ 324.8</b>   | <b>+ 33.4%</b> |
| <b>Total</b>                          | <b>3,954.3</b>     | <b>2,948.2</b> | <b>+ 1,006.1</b> | <b>+ 34.1%</b> |

**Entries based on matrix of accounts principle  
(at nominal value, and limited to units operating in Italy)**

Deposits in Euro currencies and other currencies from domestic customers excluding repos and bonds, grew 7.9% over the prior period.

|                  | (BILLIONS OF LIT) |                |                |               |
|------------------|-------------------|----------------|----------------|---------------|
|                  | AMOUNTS AS AT     |                | CHANGES        |               |
|                  | 31/12/1999        | 31/12/1998     | ABSOLUTE       | %             |
| Euro area        | 2,265.2           | 2,086.8        | + 178.4        | + 8.5%        |
| Other currencies | 7.7               | 19.8           | - 12.1         | - 61.1%       |
| <b>Total</b>     | <b>2,272.9</b>    | <b>2,106.6</b> | <b>+ 166.3</b> | <b>+ 7.9%</b> |

Consequently, market share in the national market was 0.25%:

|  | (BILLIONS OF LIT) |                |               |
|--|-------------------|----------------|---------------|
|  | 31/12/1999        | 31/12/1998     | % CHANGE      |
| <b>Caritro deposits in Euros and other currencies</b>  | <b>2,272.9</b>    | <b>2,106.6</b> | <b>+ 7.9%</b> |
| <b>Industry deposits in Euros and other currencies</b> | <b>922,063</b>    | <b>903,061</b> | <b>+ 2.1%</b> |
| <b>Percentage of Caritro/Industry</b>                  | <b>0.25%</b>      | <b>0.23%</b>   |               |

If repos and bonds are added to the amounts above, total funding in Euro currencies and other currencies increased 31.6% over the twelve-month period.

|                                       | (BILLIONS OF LIT) |                  |                |
|---------------------------------------|-------------------|------------------|----------------|
|                                       | 31/12/1999        | 31/12/1998       | % CHANGE       |
| <b>Caritro funding</b>                |                   |                  |                |
| Deposits                              | 2,272.9           | 2,106.6          | + 7.9%         |
| Bonds                                 | 1,019.9           | 554.4            | + 84.0%        |
|                                       | 3,292.8           | 2,661.0          | + 23.7%        |
| Repos                                 | 500.1             | 220.8            | +126.5%        |
|                                       | <b>3,792.9</b>    | <b>2,881.8</b>   | <b>+ 31.6%</b> |
| <b>Industry funding</b>               |                   |                  |                |
| Deposits                              | 922,063           | 903,061          | + 2.1%         |
| Bonds                                 | 455,531           | 436,073          | + 4.5%         |
|                                       | 1,377,594         | 1,339,134        | + 2.9%         |
| Repos                                 | 88,739            | 108,588          | - 18.3%        |
|                                       | <b>1,466,333</b>  | <b>1,447,722</b> | <b>+ 1.3%</b>  |
| <b>Percentage of Caritro/Industry</b> |                   |                  |                |
| Deposits                              | 0.25%             | 0.23%            |                |
| Bonds                                 | 0.22%             | 0.13%            |                |
|                                       | 0.24%             | 0.20%            |                |
| Repos                                 | 0.56%             | 0.20%            |                |
|                                       | <b>0.26%</b>      | <b>0.20%</b>     |                |

The resulting market share went from 0.20% at the end of '98 to 0.26% as at 31/12/99.

**Indirect deposits, assets administered and assets under management**

Indirect deposits, represented by the amount of securities and other financial assets in custody and under administration (at nominal value), excluding instruments pertaining to segregated accounts and those issued by the bank, amounted to 1,878.2 billion at the end of December 1999 with a decrease of 43.6 billion (-2.3%) from 31/12/98. This was the case even considering that in 1999 over

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260 billion in securities of the former I.C.S. was transferred from "indirect" to "direct" deposits, and approximately 316 billion (nearly 600 at market values) of the Group's mutual funds were placed.

Segregated accounts totalled 1,792.0 billion, down 12.2% from 31/12/98. This was related to making the area more efficient in a broad sense. The area added the referenced Group shares of the O.I.C.R. to segregated accounts (the "historical" product was strengthened by the inclusion of mutual funds, but for classes of savers that are increasingly easier to identify).

Total assets administered (also at nominal value), including direct and indirect deposits from customers, segregated accounts and subordinated debt, but net of approximately 207 billion in life insurance premiums collected at the end of '99, are broken down as follows:

|   | (BILLIONS OF LIT.) |                |                |                |
|---|--------------------|----------------|----------------|----------------|
|   | AMOUNTS AS AT      |                | CHANGES        |                |
|   | 31/12/1999         | 31/12/1998     | ABSOLUTE       | %              |
| Due to customers and securities issued  | 3,954.2            | 2,948.3        | + 1,005.9      | + 34.1%        |
| Subordinated debt   | 22.4               | 46.1           | - 23.7         | - 51.4%        |
|   | <b>3,976.6</b>     | <b>2,994.4</b> | <b>+ 982.2</b> | <b>+ 32.8%</b> |
| Indirect deposits from customers<br>(excluding securities issued by the Bank) | 1,878.2            | 1,921.8        | - 43.6         | - 2.3%         |
| <b>Total</b>  | <b>7,646.8</b>     | <b>6,957.2</b> | <b>+ 689.6</b> | <b>+ 9.9%</b>  |

Below are details of indirect deposits broken down by business sector of the depositor:

|  | (BILLIONS OF LIT.) |                |               |                |
|--|--------------------|----------------|---------------|----------------|
|  | AMOUNTS AS AT      |                | CHANGES       |                |
|  | 31/12/1999         | 31/12/1998     | ABSOLUTE      | %              |
| <b>Customers:</b>                                |                    |                |               |                |
| Public administrations                           | 174.0              | 272.4          | - 98.4        | - 36.1%        |
| Financial companies                              | 168.4              | 315.1          | - 146.7       | - 46.6%        |
| Non-financial companies and manufacturing groups | 361.5              | 263.5          | + 98.0        | + 37.2%        |
| Private institutions                             | 10.4               | 12.1           | - 1.7         | - 14.0%        |
| Consumer households                              | 1,156.1            | 1,051.9        | + 104.2       | + 9.9%         |
| All others                                       | 7.7                | 6.9            | + 0.8         | + 11.5%        |
|  | <b>1,878.1</b>     | <b>1,921.9</b> | <b>- 43.8</b> | <b>- 2.3%</b>  |
| <b>Banks</b>                                     | <b>268.5</b>       | <b>223.1</b>   | <b>+ 45.4</b> | <b>+ 20.4%</b> |
| <b>Total</b>                                     | <b>2,146.6</b>     | <b>2,144.9</b> | <b>+ 1.8</b>  | <b>+ 0.1%</b>  |

## COMMENTS ON MAIN PROFIT AND LOSS FIGURES

Net income of 45.1 billion (+61.1% over the 28.0 billion of 1998, or over 25.5% if the impact from the mortgage bank is eliminated) is an accurate reflection of the excellent results achieved in 1999 completing the rather intense activities on several fronts that are summarised below.

### Net interest income

| ITEMS                                    | (BILLIONS OF LIT.) |              |               |               |
|--|--------------------|--------------|---------------|---------------|
|  | AMOUNTS AS AT      |              | CHANGES       |               |
|  | 1999               | 1998         | ABSOLUTE      | %             |
| 10. Interest income and similar revenues | 273.4              | 290.1        | - 16.7        | - 5.8%        |
| 20. Interest expense and similar charges | 131.2              | 153.0        | - 21.8        | - 14.3%       |
| 30. Dividends and other revenues         | 18.4               | 10.1         | + 8.3         | + 82.2%       |
| <b>Net interest income</b>               | <b>160.6</b>       | <b>147.2</b> | <b>+ 13.4</b> | <b>+ 9.1%</b> |

At the end of the period, net interest income reached 160.6 billion, up 9.1% over 1998 (and substantially the same, +3.7%, net of dividends collected).

Dividends were affected by "exceptional distributions" by Cedacrinord, I.C.C.R.I. and Mediovenezie (the latter two being part of negotiations for sale of the equity investment, also affecting charges), while the substantial stability of net interest is explained by the combined effect of the increase in business volume and the reduction in spreads (which dropped over 0.40% for customers).

### Revenues from services and other sources

| ITEMS   | (BILLIONS OF LIT.) |             |               |                |
|---|--------------------|-------------|---------------|----------------|
|   | AMOUNTS AS AT      |             | CHANGES       |                |
|   | 1999               | 1998        | ABSOLUTE      | %              |
| 40. Commission income                           | 92.1               | 64.5        | + 27.6        | + 42.8%        |
| 50. Commission expense                          | 4.7                | 5.8         | - 1.1         | - 19.0%        |
| <i>Net commission</i>                           | <i>87.4</i>        | <i>58.7</i> | <i>+ 28.7</i> | <i>+ 48.9%</i> |
| 60. Profit/(loss) from financial transactions   | 7.0                | 17.7        | - 10.7        | - 60.2%        |
| 70. Other operating income                      | 19.2               | 15.7        | + 3.5         | + 22.2%        |
| 110. Other operating expenses                   | 1.1                | 0.7         | + 0.4         | + 46.3%        |
| <b>Revenues from services and other sources</b> | <b>112.5</b>       | <b>91.4</b> | <b>+ 21.1</b> | <b>+ 23.2%</b> |

In 1999 service income increased 23.2% resulting in an increase of this figure as a percentage of total revenues from 38.3% to 41.2%. This increase was achieved as a result of growth in management income, in funds and life insurance policies (up nearly 140%) and new categories of products (the "Clesio" package), which was in part due to the reduction of "profits from financial operations" (-60.2%; see the section on investment and trading securities).

In order to provide more complete information, a detailed breakdown of net commissions is provided below:

| ITEMS   | (BILLIONS OF LIT.) |             |               |                 |
|---|--------------------|-------------|---------------|-----------------|
|   | AMOUNTS AS AT      |             | CHANGES       |                 |
|   | 1999               | 1998        | ABSOLUTE      | %               |
| <b>Guarantees given/received</b>                            | <b>2.0</b>         | <b>1.7</b>  | <b>+ 0.3</b>  | <b>+ 16.5%</b>  |
| <b>Collection and payment services</b>                      | <b>3.6</b>         | <b>3.3</b>  | <b>+ 0.3</b>  | <b>+ 8.1%</b>   |
| <b>Administration, brokerage and consultancy services:</b>  |                    |             |               |                 |
| - securities dealing  | 0.1                | 0.2         | —             | - 24.1%         |
| - forex dealing   | 1.1                | 0.8         | + 0.3         | + 30.8%         |
| - segregated accounts                                       | 11.5               | 11.9        | - 0.4         | - 3.8%          |
| - custody and administration of securities                  | 0.5                | 0.5         | —             | - 4.7%          |
| - placement of securities                                   | 10.5               | 1.0         | + 9.5         | n.d.            |
| - consultancy   | —                  | —           | —             | —               |
| - door-to-door selling of securities, products and services | —                  | —           | —             | —               |
| - acceptance of trading instructions                        | 3.1                | 3.0         | —             | + 0.5%          |
| - management of collective investment funds                 | —                  | —           | —             | —               |
|   | <b>26.8</b>        | <b>17.4</b> | <b>+ 9.4</b>  | <b>+ 53.7%</b>  |
| <b>Tax collection services</b>                              | <b>22.0</b>        | <b>22.0</b> | <b>—</b>      | <b>+ 0.1%</b>   |
| <b>Other services</b>                                       |                    |             |               |                 |
| - loans made and received                                   | 9.1                | 3.7         | + 5.4         | + 146.6%        |
| - securities service  | 7.5                | 0.2         | + 7.3         | n.d.            |
| - miscellaneous redemptions and recoveries                  | 1.1                | 0.7         | + 0.4         | + 49.4%         |
| - safe deposit box rental                                   | 0.1                | 0.1         | —             | + 1.4%          |
| - insurance products  | 4.8                | 0.8         | + 4.0         | + 521.9%        |
| - other   | 10.5               | 8.8         | + 1.7         | + 19.2%         |
|   | <b>33.1</b>        | <b>14.3</b> | <b>+ 18.8</b> | <b>+ 131.3%</b> |
| <b>Total</b>  | <b>87.5</b>        | <b>58.7</b> | <b>+ 28.8</b> | <b>+ 48.9%</b>  |

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## Total revenues



Thus, total revenues add up to 273.1 billion, up 14.5% over the 238.5 billion of 1998.

|  | (BILLIONS OF LIT) |              |               |                |
|--|-------------------|--------------|---------------|----------------|
|  | AMOUNTS AS AT     |              | CHANGES       |                |
|  | 1999              | 1998         | ABSOLUTE      | %              |
| Net interest income                      | 160.6             | 147.2        | + 13.4        | + 9.1%         |
| Revenues from services and other sources | 112.5             | 91.3         | + 21.2        | + 23.2%        |
| <b>Total revenues</b>                    | <b>273.1</b>      | <b>238.5</b> | <b>+ 34.6</b> | <b>+ 14.5%</b> |

## Administrative expenses

Total administrative expenses rose 2.7 billion (+1.6% over 1998). In addition to those that increased largely in proportion to the increase in revenues, there were certain one-time entries: the inclusion of the mortgage bank, which was already noted, can be estimated at no less than two billion (directly and indirectly), while "Payroll" reflects a "double V.A.P." of over 4.7 billion (related to '98 and '99 to standardize figures to Group criteria), in contrast to a reduction in remuneration of the Company Pension Fund.

| ITEMS                                   | (BILLIONS OF LIT) |              |              |               |
|---|-------------------|--------------|--------------|---------------|
|   | AMOUNTS AS AT     |              | CHANGES      |               |
|   | 1999              | 1998         | ABSOLUTE     | %             |
| <b>a) Payroll</b>                       |                   |              |              |               |
| – wages and salaries                    | 73.0              | 67.7         | + 5.3        | + 7.8%        |
| – social security contributions         | 20.3              | 19.7         | + 0.6        | + 3.2%        |
| – employment termination payments       | 4.8               | 4.7          | + 0.1        | + 2.9%        |
| – retirement payments, etc.             | 10.8              | 15.3         | – 4.5        | – 29.1%       |
| – other                                 | 4.0               | 5.4          | – 1.4        | – 25.8%       |
|   | <b>112.9</b>      | <b>112.8</b> | <b>+ 0.1</b> | <b>+ 0.2%</b> |
| <b>b) Other administrative expenses</b> |                   |              |              |               |
| – indirect duties and taxes             | 10.1              | 9.7          | + 0.4        | + 4.3%        |
| – various costs and expenses            | 53.7              | 51.6         | + 2.1        | + 4.1%        |
| <b>Total</b>                            | <b>176.7</b>      | <b>174.0</b> | <b>+ 2.7</b> | <b>+ 1.6%</b> |

Payroll remained substantially unchanged, with an increase of 0.2% over 1998, while other administrative expenses rose 2.5 billion (+4.1% over 31/12/98).

Despite a strong commercial thrust, efforts directed at cost containment and streamlining the sector overall made it possible to lower the cost/income ratio (including depreciation and amortisation) from 77.4% to 68.5%.

## Operating income

Compared to the prior period, operating income posted a sharp increase of 32.3 billion or 60%.

|  | (BILLIONS OF LIT) |              |               |                |
|--|-------------------|--------------|---------------|----------------|
|  | AMOUNTS AS AT     |              | CHANGES       |                |
|  | 1999              | 1998         | ABSOLUTE      | %              |
| Net interest income  | 160.6             | 147.2        | + 13.4        | + 9.1%         |
| Revenues from services and other sources                       | 112.5             | 91.3         | + 21.2        | + 23.2%        |
| <b>Total revenues</b>  | <b>273.1</b>      | <b>238.5</b> | <b>+ 34.6</b> | <b>+ 14.5%</b> |
| Administrative expenses  | 176.7             | 174.0        | + 2.7         | + 1.6%         |
| (Ordinary) write-downs of tangible and intangible fixed assets | 10.4              | 10.7         | - 0.4         | - 3.3%         |
| <b>Operating income</b>  | <b>86.1</b>       | <b>53.8</b>  | <b>+ 32.3</b> | <b>+ 60.0%</b> |

## Extraordinary items

The components that had the greatest impact on these entries (with a positive balance of 13.3 billion, +81.6% over '98) are attributable to the 8.7 billion in capital gains on property (including the historical Celepini Palace, sold along with the jointly owned Caribolzano to Fondazione Cassa di Risparmio di Trento e Rovereto) and 3.2 billion in "allowances for deferred taxes" (related to prior periods).

## Income taxes

Income taxes for the period, including the effects due to the application of the accounting principle related to the treatment of deferred taxes applicable to the period, and benefits associated with the merger of the former Credito Fondiario Trento (Legislative Decree No. 153 of 17/5/99) totalled 27.5 billion. Income taxes were 37.9% of earnings before taxes.

Net income was made up as follows:

|  | (BILLIONS OF LIT) |             |               |                |
|--|-------------------|-------------|---------------|----------------|
|  | AMOUNTS AS AT     |             | CHANGES       |                |
|  | 1999              | 1998        | ABSOLUTE      | %              |
| Operating income                         | 86.1              | 53.8        | + 32.3        | + 60.0%        |
| Extraordinary items                      | 13.3              | 8.8         | + 4.5         | + 51.1%        |
| <b>Total available</b>                   | <b>99.4</b>       | <b>62.6</b> | <b>+ 36.8</b> | <b>+ 58.8%</b> |
| Other write-downs of fixed assets        | - 1.4             | —           | - 1.3         | + 7,034.2      |
| Provisions, write-downs, write-backs     | - 18.9            | - 11.4      | - 7.5         | + 65.8%        |
| Change in fund for general banking risks | - 6.5             | —           | - 6.5         |                |
| Income taxes for the period              | - 27.5            | - 23.2      | - 4.3         | + 18.6%        |
| <b>Net income for the period</b>         | <b>45.1</b>       | <b>28.0</b> | <b>+ 17.1</b> | <b>+ 61.1%</b> |
|  | —                 | —           |               |                |

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## Staff, operating structure and organisation



At the end of 1999 staff levels reached 927 employees (including 5 with job training contracts). Taking into consideration the 86 part-time positions (12 more than the prior year), and the 15 qualifications included by the mortgage bank, staff levels were down 10 employees compared to 31/12/98.

The average figure, which was determined as required in accounts, was 932 employees with a reduction of 17 employees from the prior period.

### PRECISE DATA AS AT 31 DECEMBER

| COMPOSITION BY CATEGORY | 31/12/1999 | 31/12/1998 | CHANGES<br>OF TOTAL |
|-------------------------|------------|------------|---------------------|
| Senior managers         | 7          | 8          | - 1                 |
| Executives              | 94         | 103        | - 9                 |
| Managerial staff (*)    | 130        | 118        | + 12                |
| Clericals               | 678        | 688        | - 10                |
| Messengers/Auxiliaries  | 18         | 20         | - 2                 |
| <b>Total</b>            | <b>927</b> | <b>937</b> | <b>- 10</b>         |
| of which: part-time     | 86         | 74         |                     |

(\*) Including non-functional managerial staff

On the basis of a stable structure of 79 branches, the branch network is structured as follows and employs 64.1% of the labour force. This is due to the downsizing, primarily in the future, of General Management, and should be compared to the 62% level as at 31/12/98.

|                           | 31/12/1999 | 31/12/1998 | CHANGES<br>% |
|---------------------------|------------|------------|--------------|
| <b>Branches</b>           |            |            |              |
| Units operating in Italy: |            |            |              |
| Branch banks              | 54         | 54         | —            |
| Agencies                  | 14         | 14         | —            |
| Branch offices            | 11         | 11         | —            |
| <b>Total branches</b>     | <b>79</b>  | <b>79</b>  | <b>—</b>     |

## Bank Pekao S.A., Varsavia

The data shown are arranged according to "Polish Accounting Standards", and they refer to the Bank only and not to the corresponding banking group. In order to make possible homogeneous comparisons, the 1998 data are shown as pro forma and they correspond to the grouping of the four banks merged together on 1 January, 1999. The data are shown in zloty (the zloty rate of exchange was Lit. 465.595 at end - '99).

|   | (MILLIONS OF PLN) |               |              |              |
|---|-------------------|---------------|--------------|--------------|
|   | AMOUNTS AT END    |               | CHANGES      |              |
|   | 1999              | 1998*         | ABSOLUTE     | %            |
| <b>BALANCE SHEET</b>                    |                   |               |              |              |
| <b>Total Assets</b>                     | <b>59,734</b>     | <b>54,339</b> | <b>5,395</b> | <b>9.9%</b>  |
| Cash, Loans to Central Banks            | 1,791             | 5,479         | - 3,688      | - 67.3%      |
| Loans to banks and investment companies | 5,469             | 5,382         | 87           | 1.6%         |
| Loans to customers                      | 26,674            | 21,752        | 4,922        | 22.6%        |
| Bonds                                   | 20,589            | 16,178        | 4,411        | 27.3%        |
| Shares and Equity investments           | 812               | 835           | - 23         | - 2.8%       |
| Tangible and Intangible Fixed Assets    | 1,694             | 1,648         | 46           | 2.8%         |
| Other assets                            | 2,703             | 3,605         | - 362        | - 11.8%      |
| <b>Total Liabilities</b>                | <b>55,980</b>     | <b>50,731</b> | <b>5,249</b> | <b>10.3%</b> |
| Due to Central Banks                    | 4,652             | 4,927         | - 275        | - 5.6%       |
| Due to banks and investment companies   | 2,121             | 1,945         | 175          | 9.0%         |
| Due to customers                        | 44,581            | 38,752        | 5,829        | 15.0%        |
| Other liabilities                       | 4,627             | 5,107         | - 480        | - 9.4%       |
| <b>Shareholders' equity</b>             | <b>3,753</b>      | <b>3,608</b>  | <b>145</b>   | <b>4.0%</b>  |

\* Pro forma

|                                 | AMOUNTS AT END |        | CHANGES  |       |
|---------------------------------|----------------|--------|----------|-------|
|                                 | 1999           | 1998*  | ABSOLUTE | %     |
| <b>Other capital data</b>       |                |        |          |       |
| Capital for Regulatory Purposes | 3,340          | 3,062  | 278      | 9.1%  |
| Weighted risk assets            | 27,025         | 23,358 | 3,666    | 15.7% |
| Capital Ratio                   | 12.4%          | 13.1%  | —        | —     |

\* 1 January 1999 data after the merger.

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|   | (IN MILLIONS OF PLN) |              |              |                |
|---|----------------------|--------------|--------------|----------------|
|   | AMOUNTS AT END       |              | VARIATION    |                |
|   | 31/12/99             | 31/12/98*    | ABSOLUTE     | %              |
| <b>PROFIT AND LOSS ACCOUNT</b>                          |                      |              |              |                |
| Net interest income                                     | 2,025                | 1,883        | 143          | 7.6%           |
| Dividend  | 58                   | 74           | 11           | 22.5%          |
| Net Revenues from services and other revenues           | 1,049                | 851          | 198          | 23.3%          |
| - <i>net commissions</i>                                | 671                  | 484          | 187          | 38.7%          |
| - <i>profits and Losses from financial transactions</i> | 338                  | 331          | 7            | 2.1%           |
| - <i>other net revenues</i>                             | 40                   | 36           | 4            | 11.6%          |
| <b>Total Revenues</b>                                   | <b>3,132</b>         | <b>2,781</b> | <b>351</b>   | <b>12.6%</b>   |
| <b>Administrative costs (including amortisation)</b>    | <b>2,115</b>         | <b>1,844</b> | <b>271</b>   | <b>14.7%</b>   |
| <b>Operating Income</b>                                 | <b>1,017</b>         | <b>937</b>   | <b>80</b>    | <b>8.5%</b>    |
| Adjustments to the value and net provisions             | 713                  | 285          | 428          | 150.2%         |
| <b>Income before tax</b>                                | <b>304</b>           | <b>653</b>   | <b>- 348</b> | <b>- 53.4%</b> |
| Income tax  | 167                  | 308          | - 141        | - 45.7%        |
| <b>Net income (loss) for the year</b>                   | <b>137</b>           | <b>344</b>   | <b>- 207</b> | <b>- 60.2%</b> |

\* Pro forma

| Ratios   | %     |       |
|--|-------|-------|
|  | 1999  | 1998* |
| Net interest income / Total Revenues                           | 64.7% | 67.7% |
| Net revenues from services and other revenues / Total Revenues | 33.4% | 30.6% |
| Cost / Income  | 67.5% | 66.3% |
| ROE (Net profits / Average shareholder's equity)               | 3.7%  | 10.2% |
| ROA (Net profits / Average total assets)                       | 0.2%  | 0.7%  |
| Doubtful loans / Total investments                             | 11.2% | 8.8%  |
| Doubtful loans / Shareholder's equity                          | 80.6% | 53.9% |
| Write-downs to loans / Doubtful loans                          | 46.5% | 57.3% |
| Write-downs and provisions for loans / Doubtful loans          | 52.7% | 61.8% |

\* Pro forma

## Commentary on the shareholders' equity data

In 1999 total assets increased by more than PLN 5 billion, or 9.9% over the previous year. The growth of the total assets and liabilities combined with an improvement of the balance sheet, the latter being the result of faster growth of interest bearing assets, including securities lending and deposits. A more favourable currency composition has also been recorded.

## Loans and Advances

During 1999, lending increased by PLN 5,006 million for a total of PLN 27,065 million at the end of 1999. In terms of volume, the greatest growth was achieved financing for corporate customers (PLN 3,978 million); while the highest growth rate was recorded in retail financing. Retail financing showed an increase of PLN 1,028 million equal to 38.5%. The growth is primarily due to the current accounts (increase higher than 100%) that have a connection with the development of the retail product Eurokonto (current account for private bodies) and with mortgage financing.

Following the introduction of more cautious criteria for evaluating lending and the worsening of the quality of the securities themselves, the Bank recorded an increase in value adjustments. At the end of 1999 the latter increased to PLN 1,406 million reflecting 26.3% growth over the previous year.

|                              | (MILLIONS OF PLN) |               |              |              |
|------------------------------|-------------------|---------------|--------------|--------------|
|                              | AMOUNTS AT END    |               | CHANGES      |              |
|                              | 1999              | 1998*         | ABSOLUTE     | %            |
| Corporate customers          | 23,367            | 19,389        | 3,978        | 20.5%        |
| Retail customers             | 3,698             | 2,670         | 1,028        | 38.5%        |
| <b>Total gross lending</b>   | <b>27,065</b>     | <b>22,059</b> | <b>5,006</b> | <b>22.7%</b> |
| Matured interest income      | 1,015             | 806           | 209          | 25.9%        |
| Value adjustments            | - 1,406           | - 1,113       | - 293        | 26.3%        |
| <b>Total net investments</b> | <b>26,674</b>     | <b>21,752</b> | <b>4,922</b> | <b>22.6%</b> |

\* Pro forma

In 1999, the bank's lending, provided in PLN, increased by 20.7% over the 28.3% of securities lending in foreign currency. This greater growth is largely due to the PLN weakening by 18.4% with regard to the dollar. Financing expressed in US dollars shows an increase of just 8.4%. The more marked increase of PLN financing is due to the reduction of the domestic interest rate level, which has favoured demand, and to the creation of one of the strategic objectives of the Bank, that is to increase of weight of the assets and liabilities denominated in PLN.

|                        | (MILLIONS OF PLN) |               |              |              |
|------------------------|-------------------|---------------|--------------|--------------|
|                        | AMOUNTS AT END    |               | CHANGES      |              |
|                        | 1999              | 1998*         | ABSOLUTE     | %            |
| <b>Loans</b>           |                   |               |              |              |
| - PLN                  | 19,672            | 16,293        | 3,379        | 20.7%        |
| - foreign currency     | 7,002             | 5,458         | 1,544        | 28.3%        |
| <b>Total Net Loans</b> | <b>26,674</b>     | <b>21,752</b> | <b>4,923</b> | <b>22.6%</b> |

\* Pro forma

During 1999, the quality of the Bank's lending declined. The ratio of doubtful loans to total loans increased from 8.8% at end of 1998 to 11.2% at the end of 1999.

The factors contributing to this increase are essentially the following:

- a more cautious classification policy of the loans on the part of the Bank,

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- the worsening of the financial position of three major Bank customers,
- the worsening in Poland of the quality of loans within the whole bank industry due to the slowing of economic growth at the end of 1998 and the beginning of 1999.

|                                | 1999<br>(MILLIONS OF PLN) | % OF TOTAL    | 1998*<br>(MILLIONS OF PLN) | % OF TOTAL    |
|--------------------------------|---------------------------|---------------|----------------------------|---------------|
| Performing loans               | 24,038                    | 88.8%         | 20,115                     | 91.2%         |
| <i>of which:</i>               |                           |               |                            |               |
| - watch-list (1)               | 543                       |               |                            |               |
| Doubtful loans                 | 3,027                     | 11.2%         | 1,944                      | 8.8%          |
| <b>Total gross investments</b> | <b>27,065</b>             | <b>100.0%</b> | <b>22,059</b>              | <b>100.0%</b> |

\* Pro forma  
(1) Classification introduced during 1999

### Fixed-income securities

The growth of bond holdings can be related to two factors. The first deals with the change in regulations on the statutory reserve introduced in 1999, according to which Bank Pekao SA received bonds issued by NBP for PLN 2,160 million in place of the previous non interest bearing deposit; the second is the result of an increased volume of commercial paper (PLN 441 million).

At the end of 1999, the major positions of the securities in PLN were: treasury bills (33.1%), government securities (30.0%), and the aforementioned NBP bonds (18.6%). The increase of securities in currency is substantially due to the weakening of the PLN compared to the dollar.

|   | (MILLIONS OF PLN) |               |              |              |
|---|-------------------|---------------|--------------|--------------|
|   | AMOUNTS AT END    |               | CHANGES      |              |
|   | 1999              | 1998*         | ABSOLUTE     | %            |
| Securities of the domestic units                            |                   |               |              |              |
| - in PLN  | 11,907            | 9,056         | 2,851        | 31.5%        |
| - in foreign currency                                       | 7,819             | 6,520         | 1,299        | 19.9%        |
| Securities of the foreign branches                          | 863               | 602           | 262          | 43.5%        |
| <b>Total fixed-income investment and trading securities</b> | <b>20,589</b>     | <b>16,178</b> | <b>4,411</b> | <b>27.3%</b> |

\* Pro forma

### FCash and loans to NBP

The cash and loan balance towards the National Bank of Poland at the end of the year and the variations during the year are mainly affected by the merger of the 4 banks on 1 January 1999 and by the variations of the statutory reserve.

The importance of the cash and loan balance towards NBP at the end of 1998 depends on the operations split among the four banks, as well as the need to guarantee the liquidity of the Bank after the merger on 1 January 1999.

| Cash and loans NBP | (MILLIONS OF PLN) |              |                |                |
|--------------------|-------------------|--------------|----------------|----------------|
|                    | AMOUNTS AT END    |              | CHANGES        |                |
|                    | 1999              | 1998*        | ABSOLUTE       | %              |
| Cash               | 1,169             | 1,255        | - 87           | - 6.9%         |
| Account with NBP   | 620               | 4,221        | - 3,601        | - 85.3%        |
| Other              | 3                 | 3            | 0              | 0.0%           |
| <b>Total</b>       | <b>1,791</b>      | <b>5,479</b> | <b>- 3,688</b> | <b>- 67.3%</b> |

\* Pro forma

## Deposits

Deposits at end 1999 were PLN 44.6 billion with an increase of 15.0% as compared to the end of 1998. This increase is due to the effect of the following factors:

During 1999, the growth the retail deposits in PLN slowed down mainly because of the reduction in interest rates. Notwithstanding the presence of this negative factor, a 14.1% increase over the previous year occurred, thanks to the marked increase of the number of current accounts.

On the other hand, the growth of deposits in PLN from the corporate customers was relatively high (23.2%). Therefore, overall deposits in PLN increased by PLN 3,679, equal to 16.1%.

Retail deposits in currency increased by 17.6%. The growth is mainly due to the weakening of the PLN as opposed to the dollar, the currency of approximately 70% of the foreign currency deposits. In currency terms, a slight reduction (-1.5%) of these deposits was recorded.

| Breakdown of deposits by customers | (MILLIONS OF PLN) |               |              |              |
|------------------------------------|-------------------|---------------|--------------|--------------|
|                                    | AMOUNTS AT END    |               | CHANGES      |              |
|                                    | 1999              | 1998*         | ABSOLUTE     | %            |
| PLN:                               |                   |               |              |              |
| Retail customers                   | 17,290            | 15,157        | 2,132        | 14.1%        |
| Corporate customers                | 8,856             | 7,188         | 1,668        | 23.2%        |
| Other liabilities                  | 344               | 446           | - 122        | - 26.2%      |
| <b>Total PLN</b>                   | <b>26,490</b>     | <b>22,811</b> | <b>3,679</b> | <b>16.1%</b> |
| Foreign Currency:                  |                   |               |              |              |
| Retail Customers                   | 16,652            | 14,161        | 2,491        | 17.6%        |
| Corporate Customers                | 1,142             | 1,542         | - 400        | - 25.9%      |
| Other liabilities                  | 298               | 238           | 60           | 25.0%        |
| <b>Total Foreign Currency</b>      | <b>18,091</b>     | <b>15,941</b> | <b>2,150</b> | <b>13.5%</b> |
| <b>Total deposits</b>              | <b>44,581</b>     | <b>38,752</b> | <b>5,829</b> | <b>15.0%</b> |

\* Pro forma

## Shareholders' equity

All net profits of Bank Pekao SA for 1998 were allocated to the fund for general banking risks. The net profits for 1998 of the regional banks merged on 1 January 1999 have not been distributed and therefore the figures for end 1999 are still included within the item for the previous financial year.

| Shareholders' equity                 | (MILLIONS OF PLN) |              |            |             |
|--------------------------------------|-------------------|--------------|------------|-------------|
|                                      | AMOUNTS FOR       |              | CHANGES    |             |
|                                      | 1999              | 1998*        | ABSOLUTE   | %           |
| Share capital                        | 145               | 145          | 0          | 0.0%        |
| Issue premiums shares                | 338               | 338          | 0          | 0.0%        |
| Revaluation fund                     | 181               | 181          | 0          | 0.0%        |
| Other funds                          | 2,398             | 2,389        | 9          | 0.4%        |
| Fund for general banking risks       | 257               | 210          | 46         | 22.0%       |
| Profits from previous financial year | 298               | 0            | 298        | na          |
| Net profits for the year             | 137               | 344          | - 207      | - 60.2%     |
| <b>Total shareholders' equity</b>    | <b>3,753</b>      | <b>3,608</b> | <b>145</b> | <b>4.0%</b> |

\* Pro forma

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## Commentary on the profit and loss account

Growth in business volume, combined with the improvement of the composition of assets and liabilities, favoured the growth of revenues and of a positive change in composition of the same. During 1999, the total revenues of the Bank reached PLN 3,132 million, up 12.6% as compared to the pro-forma 1998 data. At the same time, administrative costs grown by 14.7% because of the increased costs for personnel due to provisions, depreciation and other costs associated with the development of branches and data processing capabilities. Management results recorded an increase of 8.5%, reaching PLN 1,017 million.

The most significant impact on the income of the Bank during the financial year is related to the importance of value adjustments and provisions, substantially caused by the introduction in 1999 of a new policy concerning the general reserves and of the more cautious approach to credit assessment evaluation. Value adjustments and provisions of PLN 713 million compressed the net profits of the Bank for the financial year to PLN 137 million, with a decrease of 60.2% as opposed to the previous year.

### Net interest income

The reduction of interest rates determined a decrease both of interest income (-9% as opposed to 1998) and interest expense (-16.8%) notwithstanding the increased volume of loans and deposits. Therefore, net interest income reached PLN 2,025 million, reflecting an increase of 7.6% over 1998.

Considering the greater growth of non interest revenues, the ratio of interest income to total revenues decreased from 67.7% in 1998 to 64.6% at the end of 1999.

|                            | 1999<br>(MILION OF PLN) | 1998*<br>(MILION OF PLN) | CHANGE<br>% |
|----------------------------|-------------------------|--------------------------|-------------|
| Interest income            | 5,345                   | 5,873                    | - 9.0%      |
| Interest expense           | 3,320                   | 3,990                    | - 16.8%     |
| <b>Net interest income</b> | <b>2,025</b>            | <b>1,883</b>             | <b>7.6%</b> |
| <b>% of total revenues</b> | <b>64.7%</b>            | <b>67.7%</b>             |             |

\* Pro forma

Growth in interest income was due to the increase of business volume combined with positive changes in the composition of the balance sheet and substantially stable spreads. Between '98 and '99, spreads in PLN decreased 0.7% (from 5.8% to 5.1%) as a result of the drop in interest rates and increased competition. At the same time, thanks to higher LIBOR rates and favourable changes in the structure of foreign currency assets, income from transactions in other currencies rose 0.3 percentage points (from 2.4% to 2.7%). Thus, the overall spread decreased by only 0.2 percentage points, from 4.4% to 4.2%.

The impact of interest income on transactions in other currencies is around 23-24% of the total, taking into account that about 30% of the Bank's assets and liabilities is denominated in foreign currency and the more modest spread of the currencies themselves.

|   | 1999            | 1998*           | CHANGE      | COMPOSITION % |               |
|---|-----------------|-----------------|-------------|---------------|---------------|
|   | (MILION OF PLN) | (MILION OF PLN) | %           | 1999          | 1998          |
| Net interest income in PLN              | 1,531           | 1,446           | 5.9%        | 75.6%         | 76.8%         |
| Net interest income in other currencies | 494             | 437             | 13.1%       | 24.4%         | 23.2%         |
| <b>Total interest income</b>            | <b>2,025</b>    | <b>1,883</b>    | <b>7.6%</b> | <b>100.0%</b> | <b>100.0%</b> |

\* Pro forma

## Revenues from services and other sources

Non-interest income grew 23.3%, going from PLN 851 million in 1998 to PLN 1,049 million in 1999. The ratio of these revenues to total revenues went from 30.6% in 1998 to 33.4% 1999. This increase is essentially due to an increase in net commissions (PLN 187 million, or 38.7%), while the other sources grew only PLN 11 million overall. As a result, the ratio of net commissions to total revenues from services grew from 56.8% to 63.9%.

|   | (MILLIONS OF PLN) |              |            |              |
|---|-------------------|--------------|------------|--------------|
|   | AMOUNTS AT END    |              | CHANGE     |              |
|   | 1999              | 1998*        | ABSOLUTE   | %            |
| <i>Commission income</i>                              | 757               | 548          | 210        | 38.3%        |
| <i>Commission expense</i>                             | 86                | 64           | 22         | 35.2%        |
| Net commissions                                       | 671               | 484          | 187        | 38.7%        |
| Profit (loss) from financial transactions             | 338               | 331          | 7          | 2.1%         |
| Of which: from other currencies                       | 322               | 268          | 54         | 20.1%        |
| Other operating income                                | 40                | 36           | 4          | 11.7%        |
| <b>Total revenues from services and other sources</b> | <b>1,049</b>      | <b>851</b>   | <b>198</b> | <b>23.3%</b> |
| <b>% of total revenues</b>                            | <b>33.4%</b>      | <b>30.6%</b> |            |              |

\* Pro forma

The growth in retail business combined with an appropriate pricing policy were responsible for an approximate 39% increase in net commissions. The main elements which influenced the performance of retail customer commissions were: a 26% increase in the number of current accounts, a marked increase in credit card business and 38.5% growth in retail loans. Also, in 1999, the Bank introduced a monthly commission on current accounts. Approximately PLN 28 million in income was generated by these new commissions in the 5 months following their introduction.

Breaking down commission income by product shows that the highest percentage was generated by commissions on money transfers and account maintenance. The second largest commission item is loans, with 25.2% of the total.

| Commission income                       | 1999            | %             |
|---|-----------------|---------------|
|   | (MILION OF PLN) |               |
| Money transfers and account commissions | 303             | 40.0%         |
| Loans and guarantees                    | 191             | 25.2%         |
| Credit cards                            | 152             | 20.1%         |
| Security dealing                        | 26              | 3.5%          |
| Other                                   | 85              | 11.2%         |
| <b>Total</b>                            | <b>757</b>      | <b>100.0%</b> |

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## Administrative expenses

As a result of more careful cost control, the annual growth rate for administrative expenses dropped from 28.4% in 1998 to 14.7% in 1999. Payroll represents the largest percentage of administrative expenses. The higher growth rate of this item was in part owing to reserves for retirement payments, etc.

The 17.5% rise in amortization and the 9.3% increase in other administrative expenses is due primarily to IT expenses and to the growth in network costs.

|                                      | (MILLIONS OF PLN) |              |            |              |
|--------------------------------------|-------------------|--------------|------------|--------------|
|                                      | CHANGES           |              |            |              |
|                                      | 1999              | 1998*        | ABSOLUTE   | %            |
| Payroll                              | 1,1888            | 1,006        | 182        | 18.1%        |
| Other administrative expenses        | 696               | 637          | 182        | 18.1%        |
| Amortization                         | 208               | 177          | 31         | 17.5%        |
| Bank Guarantee Fund                  | 23                | 25           | - 2        | - 6.5%       |
| <b>Total administrative expenses</b> | <b>2,115</b>      | <b>1,844</b> | <b>271</b> | <b>14.7%</b> |

\* Pro forma

Overall payroll expenses for 1999 totalled PLN 1,188 million, representing an increase of 18.1% compared to the pro forma data from 1998. Provisions for adjusting severance indemnities entailed an additional expense of PLN 42 million; excluding this item, payroll expenses grew 13.9% in 1999.

The following table gives a breakdown of 1999 payroll:

|                                 | (MILLIONS OF PLN) |               |
|---------------------------------|-------------------|---------------|
|                                 | 1999              | %             |
| <b>Payroll</b>                  |                   |               |
| - wages and salaries            | 840               | 70.7%         |
| - social security contributions | 186               | 15.6%         |
| - retirement payments, etc.     | 59                | 5.0%          |
| - reserve for annual premiums   | 50                | 4.2%          |
| - other                         | 53                | 4.5%          |
| <b>Total payroll</b>            | <b>1.188</b>      | <b>100.0%</b> |

Other administrative expenses increased by 9.3%, for a 1999 total of PLN 696 million. Property costs (including rent, energy, restoration and maintenance) is the most important component. In 1999, these expenses totalled PLN 234 million, or 33.6% of total.

|  | (MILLIONS OF PLN) |               |
|--|-------------------|---------------|
|  | 1999              | %             |
| <b>Other administrative expenses</b>       |                   |               |
| Domestic units                             | 675               | 97.0%         |
| - <i>property costs</i>                    | 234               | 33.6%         |
| - <i>IT expenses</i>                       | 117               | 16.8%         |
| - <i>communication</i>                     | 117               | 16.8%         |
| - <i>advertising</i>                       | 37                | 5.3%          |
| - <i>services relating to management</i>   | 36                | 5.1%          |
| - <i>office supplies</i>                   | 33                | 4.8%          |
| - <i>training</i>                          | 18                | 2.6%          |
| - <i>merger expenses</i>                   | 17                | 2.4%          |
| - <i>transport</i>                         | 12                | 1.7%          |
| - <i>other</i>                             | 55                | 7.9%          |
| Foreign branches                           | 21                | 3.0%          |
| <b>Total Other administrative expenses</b> | <b>696</b>        | <b>100.0%</b> |

## Write-downs and provisions

Net income for the year was influenced by high write-downs and provisions. In 1999, net provisions totalled, in fact, PLN 713.2 million, and despite the growth of operating income, they were responsible for a 60.2% decrease in net income, compared to the pro forma data for 1998.

| Analysis of provision   | (MILLIONS OF PLN) |            |            |               |
|---|-------------------|------------|------------|---------------|
|   | AMOUNTS AT END    |            | VARIATION  |               |
|   | 1999              | 1998*      | ABSOLUTE   | %             |
| Write-down of loans and provisions for guarantees and commitments | 435               | 197        | 237        | 120.2%        |
| Write-down of financial investments                               | 141               | - 10       | 152        | ••            |
| Provisions for risks and charges                                  | 137               | 98         | 39         | 40.2%         |
| <b>Total</b>  | <b>713</b>        | <b>285</b> | <b>428</b> | <b>150.2%</b> |

\* Pro forma

The high overall figure is explained by the following factors:

- larger reserves for miscellaneous risks,
- more prudent approach to the valuation of Bank assets,
- worsening of the quality of Loans,
- write-downs on investments.

With regard to the write-downs of financial investments in the amount of PLN 141 million, this figure include PLN 107 million in write-downs of investments.

## Operating structure and human resources

Bank Pekao SA offers its services primarily on the domestic market. In Poland, the Bank operates 720 branches providing global services both to retail and institutional customers. The Bank also operates two foreign branches, located in New York and Paris. In addition to the regular branch network, customers can utilise the Bank's services via one of the largest Automatic Cash Machine networks in Poland. In 1999, the number of domestic branches grew by 29, and the number of Automatic Cash Machines by 93.

|                                    | (MILLION OF PLN) |        |          |        |
|------------------------------------|------------------|--------|----------|--------|
|                                    | AMOUNTS AS AT    |        | CHANGES  |        |
|                                    | 1999             | 1998*  | ABSOLUTE | %      |
| Number of employees at 31 December | 24,410           | 25,475 | - 1,065  | - 4.2% |
| Number of Bank branches – domestic | 720              | 691    | 29       | 4.2%   |
| Number of branches – foreign       | 2                | 2      | 0        | 0.0%   |
| Number of Automatic Cash Machines  | 620              | 527    | 93       | 17.6%  |

\* Pro forma

During the year, the Bank continued its process of structural rationalisation, which resulted in the reduction of the number of employees by more than 1,000 persons. Rationalisation is also aimed at modifying the composition of staff, shifting employees from central offices to operating offices and to new branches, and by outsourcing business to specialized affiliates.

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## Significant events occurring after year's end

Bank Pekao SA belongs to the mandatory system of deposit guarantees, and will therefore be required to intervene following the bankruptcy of the private Bank Staropolski S.A. ruled in court on 11 February 2000. At present we have only estimates by the receiver as to the amounts that will be necessary to cover the deposits guaranteed by this bank. These estimates indicate a total amount of between PLN 650 and PLN 750 million. It is estimated that Pekao SA's share will be 18.5%, or approximately PLN 100 million.

## Outlook for the year 2000

Starting in 2000, a three-year plan approved in 1999, will be implemented. The plan envisages, among other things, the opening of 100 new branches and 140 ATM's aimed at achieving the goals of increasing loan and deposit transactions as provided in the plan. Restructuring will also continue. After the setting in place of the new organisational structure in 1999, the Bank is concentrating on strengthening the sales network and improving the quality of service. To this end, the Bank also plans to develop an incentive system (MBO), which will involve 900 employees.

## Other Group Companies

### *Subsidiary banks – Italy, continued*

- **BANCA DI BERGAMO S.p.A., Bergamo** (86.14% directly held) – The increases in business volume achieved, although significant, were not sufficient to reach break-even bearing in mind the increase in expenses associated with the expansion of facilities (during the year the number of branches increased from 2 to 7).

To be specific, direct deposits (due to customers and securities issued) reached 31.4 billion, up 96.2% over the prior period; indirect deposits, represented by the amount of securities and other financial assets managed in deposits under administration, were 84.6 billion (+52.6%). Overall, the component under administration rose approximately 150% to 31.7 billion. Loans to customers nearly tripled reaching 77.7 billion compared to 25 billion at the end of '98.

The period ended with a loss of 5.6 billion compared to a near break-even situation last year. As stated, this result was due to higher administrative expenses (10.2 billion compared to 5.4 billion in '98) and a capital loss of 2.2 billion recorded for the portfolio of investment and trading securities with nearly unchanged net interest income (8.1 billion compared to 8.5 billion last year) despite the reduction in spreads.

- **BANCA MEDIOCREDITO S.p.A., Turin** (62.22% held through Banca CRT and 0.20% through Cariverona Banca) - This subsidiary, which is active in the medium and long-term lending sector, again posted favourable results. New loans were 2,489 billion, up 4% over '98 despite the lack of contribution from retail mortgage operations that were transferred to the direct parent company, Banca CRT, during the course of the prior period. During the year efforts continued that were aimed at the strategic repositioning of the company, with the transfer, starting in June, of agricultural lending operations to Banca CRT.

From the standpoint of income, net interest income was 210.7 billion, up 4% from '98. This result benefited from the lower cost of deposits due to the considerable advance repayments of fixed rate bonds, which were replaced with funding at significantly lower current rates over the last two years, and the resulting increase in spreads between average lending and borrowing rates that occurred during the year.

Total revenues were 217.5 billion, down 11.3% from '98. Compared to the prior period, income generated from the advance closing of swap transactions dropped from 40 billion to 3.5 billion; the contribution from commissions, however, was again positive (4.4 billion of commission income compared to 3.9 billion in '98).

Administrative costs posted favourable results with a further decline of 8.1% due largely to the reduction in payroll (-13%) following the reduction in the average number of staff members from 299 at the end of '98 to 239 as at 1 January 2000.

Thanks to more moderate write-downs compared to '98 and lower taxes (due to deferred taxes and Legislative Decree 153/99, "Ciampi"), the profit and loss account closed with net income of 24.8 billion compared to 4.7 billion last year. This net income was allocated entirely to the strengthening of the bank's capital base.

It should also be noted that Banca Mediocredito is the focus of a project that assigns it the role as the Group's product company to service the area of medium and long-term loans by offering support and products to federated banks.

- **MEDIOVENEZIE BANCA S.p.A., Venice** (99.78% held through Cariverona Banca) - During the first half of 2000, this subsidiary, which is active in the medium and long-term lending sector, will initiate

|   |   |
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the spin-off of the division related to performing loans to the direct parent company, Cariverona Banca. Mediovenezie will become the Group bank specialising in the acquisition, management and recovery of problem loans. Activities launched during the second half of the year to implement these projects involved a significant portion of the company's structure resulting in an inevitable slowdown in operations.

In addition, streamlining measures were continued during the period as was the disposal of assets that are no longer functional. Of particular interest was the sale of property generating a capital gain of 21.6 billion.

As at 31 December 1999 loans totalled 6,289.2 billion with a decline of 18.3% from the prior period due in part to the high number of advance repayments made by customers. New loans totalled 442 billion compared to 556 billion in '98.

The results from loan recovery operations were significant. This area recorded collections of approximately 305 billion on non-performing and watchlist loans. Non-performing loans, before write-downs, were 1,122 billion (1,336 billion last year). Bearing in mind the reduction of total loans, the percentage of non-performing loans to loans remained at approximately the same level as at the end of '98 (15.95%). However, net of write-downs, non-performing loans dropped 32.6% from the prior period to 472 billion or 7.5% of loans (9.1% at the end of '98).

As regards the profit and loss account, net interest income was 155.9 billion, down 7.8% from the prior year, which was partially due to the distribution of an extraordinary dividend of 283 billion at the end of July. The further decline in loan volume had a negative impact on net interest income growth. In terms of average amounts, loans dropped approximately 1,300 billion between the two periods. This effect was partially offset by the increase in spreads due to the maturity structure of lending rates and funding that made it possible to benefit from the reduction that occurred in market interest rate levels. Net commissions and other income were 20.7 billion (+5.7%).

Thus, the performance of net interest income was nearly fully reflected in total revenues that amounted to 174.8 billion, a drop of 11.6 billion from '98 (-6.2%).

In the cost area, there was a decline of 14.3% (53.5 billion compared to 62.5 in '98) due to a 23.5% decline in payroll (19.2 billion compared to 25.2 billion in '98) following the reduction of staff levels that was made possible by increased outsourcing. Other administrative expenses remained at the same level as the prior year.

Gross operating income was 121.3 billion, and, as a result of the reduction of expenses, the decline from the prior year was limited to approximately 2.5 billion (-2.1%). Provisions and the balance of write-downs and write-backs on loans totalled 26.9 billion (42 billion last year). Extraordinary operations generated a positive balance of 61.2 billion due to non-operating income from the use of the reserve for general banking risks for overdue interest (12.1 billion), due to the balance between extraordinary income and charges (28.3 billion, of which 21.6 billion was from the sale of property) and the prior share of advance and deferred taxes (20.8 billion). The latter gain was largely offset by the negative balance between deferred taxes and the allowance for deferred taxes (20.7 billion).

The profit and loss account closed with net income of 86.4 billion (41.1 billion last year), 3 billion of which will be allocated as a return on capital, and the remainder to reserves.

- **UNICREDIT BANCA MOBILIARE S.p.A., Milan** (100% directly held) – As a part of the project to concentrate the Group's investment banking activities in a new entity, last July this bank was established with share capital of 6.5 million Euros, later increased to 232.4 million, with an increase in capital fully subscribed by UniCredito Italiano, which was released with the transfer of the division involved in its investment banking activities effective from 1 January 2000.

The goal of the new bank is to develop wholesale operations in financial markets and to offer high qual-

ity service to federated banks by achieving economies of scale in cost structures, broadening the range of products offered to customers, and at the same time improving their quality and competitiveness. The subsidiary began operations on 1 January 2000.

The accounts closed as at 31 December 1999 reported a loss of 77 million attributable to the company's start-up costs.

### Subsidiary banks - Abroad

— **BANCA AGRICOLA COMMERCIALE DELLA REPUBBLICA DI SAN MARINO S.A., Borgo Maggiore, Republic of San Marino** (85.65% held through Rolo Banca 1473) - Direct deposits from customers totalled 2,071.6 billion (of which 1,272.9 billion was repos), down 9.28% from December '98 (2,283.4 billion of which 1,543.3 billion was repos), but up 7.9% net of repos. The decline in deposits in repos (-270 billion) was due to a greater inclination of customers towards assets under management and administered deposits. As a result, in particular, of the increase in segregated accounts, the level of indirect deposits totalled 2,418.1 billion, up 525.2 billion (+27.7%) over December '98. Loans to customers totalled 430.3 billion, up 27.4% (+92.6 billion) over December '98.

With regard to the profit and loss account, total revenues reached 59.3 billion compared to 58.2 billion in 1998, due to the increase in net service revenues, which more than offset the reduction in net interest income. Bearing in mind the increase in operating expenses (17.1 billion including depreciation and amortisation, compared to 16.2 billion in 1998), gross operating income was 42.2 billion, which was substantially in line with the prior period. The profit and loss account closed with net income of 32.8 billion, up 10.8% over that generated in the prior period (29.6 billion). Twenty billion of this net income will be allocated as a return on capital, and the remainder to reserves.

— **BANQUE MONEGASQUE DE GESTION S.A., Monaco** (100% directly held) - This subsidiary, which operates primarily in the assets under management sector and also offers its customers an additional loan-related service, reported direct deposits of 306.4 million, up 19.3% (256.8 million last year), of which 265.5 million was from customers. Indirect deposits totalled 604 million (425.6 million last year), up 41.92% over the prior period. The equivalent of the volume of assets placed at the end of '99 was 264.1 million, up 76.42% over December '98.

From the standpoint of income, net interest income of 2.3 million decreased 10.2% following the overall decline in rates that occurred during the period. Total revenues increased by over 40% (6.75 million compared to 4.79 million in '98).

The profit and loss account closed with net income of 2.8 million (1.9 million last year) which was used to strengthen the bank's capital base.

— **UNICREDITO ITALIANO BANK (IRELAND) P.L.C., Dublin** (100% directly held) - The bank's activities are concentrated on managing loans to prime borrowers as well as securities portfolios.

At the end of December '99 total assets were 5,253 billion compared to 1,663 billion last year.

From the standpoint of income, net interest income was 28.7 billion, down from the 47.8 billion in '98 due to the decline in interest rates that occurred in the Euro area, which substantially reduced the return on shareholders' equity. This decline was reflected in results for the period, which ended with net income of 16.7 billion compared to 41 billion last year. This net income was allocated as a return on capital.

— **CREDITO ITALIANO FINANCE CORP. LTD, Nassau** (100% directly held) - The bank's activity is basically focused on the management of securities portfolios arising from restructured Latin American credits.

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As at 31 December 1999 total assets were USD 82.1 million compared to USD 63.8 million last year. The profit and loss account showed net income of USD 5 million (compared to USD 5.6 million last year, with the latter benefiting from extraordinary income related to the partial sale of an equity investment) which was primarily from the revaluation of securities and the collection of dividends. Of the above net income, USD 3.5 million was allocated as a return on capital, and the remainder to reserves.

- **UNICREDITO (SUISSE) BANK S.A., Lugano** (100% directly held) – The subsidiary, which specialises in private banking, has been operational since November 1998.

At the end of December '99, the first period of operations, assets reached CHF 52.3 million. As regards operating results, net commissions were CHF 2.39 million, and administrative expenses totalled CHF 4.6 million.

The profit and loss account closed with a loss of CHF 1.5 million due primarily to start-up costs.

The level reached by funds under management and administration (over CHF 250 million), and the vitality demonstrated by financial markets lead us to project that the year 2000, the second year of operations of the subsidiary, could end with a net profit.

#### **Banks under significant influence - Italy**

- **CASSA DI RISPARMIO DI TRIESTE BANCA S.p.A., Trieste** (27.97% directly held) - Among the events that characterised the period just ended, the use of Cariverona's computer system was particularly important. This made it possible to adopt new organisational and management procedures with the goal of giving the bank's operations a more agile and efficient structure allowing it to carry out innovative business strategies. The transfer to the new system resulted in charges totalling approximately 11 billion.

It should also be noted that in accordance with agreements reached between the Fondazione Cassa di Risparmio di Trieste and UniCredito Italiano, the Shareholders' Meeting of the Cassa di Risparmio di Trieste - Banca S.p.A., which was convened on 15 December 1999, decided to distribute a portion of its shareholders' equity exceeding the bank's operating requirements, through the payment of an extraordinary dividend totalling 64 billion, or Lit. 2,390 per share. Following this transaction, the bank's shareholders' equity was 397.7 billion.

With regard to results achieved in '99, direct deposits from customers dropped to 3,573.7 billion with a decline of 1.5% from the end of '98. On the other hand, favourable results were posted by indirect deposits reaching 4,960 billion at the end of '99, with an increase in absolute terms of 158 billion (+3.3%) due to the growth of assets under management, which went from 1,626 to 1,838 billion, with an increase of 13.1%. At the end of the period, loans to customers totalled 2,236.5 billion with an increase of 2.09% over December '98, and they represent 49.26% of total assets (46.16% in '98).

Moving on to operating results, at the end of the period net interest income reached a level of 119.9 billion, down 7.4% from '98. This decline is attributable to the drop in the spread between lending and borrowing rates, and more generally, to lower returns on financial investments.

Net commissions increased 10.1% from 46.4 to 51.1 billion. With regard to "profits (losses) from financial operations", which were determined, effective 1 January, using market value as the valuation criterion for listed securities, there was a loss of 27.7 billion compared to a profit of 38.5 billion in 1998. This result was partially offset by the posting of 22.1 billion in extraordinary income, which was equal to the difference between market value as at 31 December 1998 for listed securities and the corresponding book value, as a result of the adoption of the new valuation criterion. Thus, total revenues were 159 billion, down 31.4% from the prior year.

At the end of the period, overall administrative expenses reached 145.5 billion demonstrating considerable stability from the prior year (+0.2%) despite charges incurred for the migration of the computer system.

Adjustments to the value of intangible and tangible fixed assets were 17.5 billion compared to 12.8 in 1998. On the other hand, write-downs of loans, net of write-backs, were 32 billion compared to 11.8 billion last year, while write-downs of financial fixed assets were 800 million (1.4 billion in '98).

In light of the above performance, there was a loss before extraordinary items and income tax of 41.5 billion compared to a profit of 53.5 billion last year.

Extraordinary income totalled 41.2 billion compared to 9.1 billion posted in '98. In addition to the revaluation of 22.1 billion of listed securities in the portfolio at the beginning of the period, this amount includes the effect of applying new accounting principles regarding advance tax payments, which, due to the amount accumulated in prior periods, was 11.2 billion. This amount also includes capital gains from the sale of equity investments of 7.2 billion. Extraordinary charges were 6.4 billion.

The reporting of taxes applicable to the period was also affected by the different criterion used for quantifying statutory results and income for tax purposes. The positive amount of 3.7 billion is made up of the algebraic sum of current taxes (-7.4 billion) and the change in advance and deferred taxes of 11.1 billion.

In relation to extraordinary items reflected in the profit and loss account for the period, it was decided to use the entire amount of the "fund for general banking risks" (10.7 billion). Thus, net income was 7.7 billion, and was allocated to reserves, compared to 24.8 billion last year.

— **CREDITO FONDIARIO E INDUSTRIALE FONSPA S.p.A., Rome** (24.92% directly held) - The company ended the period with a loss of 956 billion. Of this loss,

- 224 billion was from ordinary operations;
- 692 billion for general write-downs applied to non-performing loans, watchlisted items, and restructured loans to adjust their value to prices obtainable from the approved sale without recourse of these loans;
- 40 billion for the establishment of a reserve for restructuring charges.

With respect to ordinary operations, the decline from the prior period is attributable to the performance of total revenues (that went from 118 billion in '98 to 62 billion in '99) and specific write-downs for doubtful loans totalling approximately 216 billion (with 73% increase over '98).

The above general write-downs applied to doubtful loans and the establishment of the reserve were made necessary due to the serious structural difficulties of the company that could not be overcome without a major restructuring, the first step of which will in fact be the sale of the doubtful loans due to their significant negative impact on operating results.

In light of the fact that the subsidiary no longer has a strategic significance for the reference shareholders UniCredito Italiano and Banca Commerciale Italiana, they have decided to sell their interest in the company, and in the meantime have received expressions of interest from leading international financial institutions.

The divestiture transaction would be carried out in the form of a structured transaction that would involve the following components in the order listed:

- The launch of a tender offer by the acquiring company for all options (at a price of 1,000 lire for each option) to which shareholders and convertible bond holders are entitled in relation to the increase in capital to be carried out by Fonspa. UniCredit and Comit will not participate in this tender offer;
- The subscription by UniCredit and Comit of their applicable portions of the capital increase, and their guarantee to subscribe any portion for which options are not exercised for participation in the tender offer;
- The sale of shares subscribed by UniCredit and Comit at the time of the capital increase at a price equal to their par value.

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## Financial area

### Asset management - Italian subsidiaries

- **EUROPLUS UNICREDIT ROLO GESTIONI SGR S.p.A. (formerly Europlus Credit Rolo Gestioni SGR), Milan** (65% directly held and 35% through Rolo Banca 1473) – The company's activity consists of analysing and selecting securities in support of the investment of segregated accounts, investment funds and pension funds, and direct development of investment portfolio management activities for institutional customers.

At the end of '99, the subsidiary directly managed 5,296 portfolios amounting to 11,309 million or Lit. 21,897 billion (4,019 portfolios totalling Lit. 15,262 billion as at December '98), of which 11,275 billion was for private customers and 10,622 billion came from institutional customers. In addition to the above relationships, the company entered into management and consultancy agreements with several Group companies worth 65,890 billion (64,000 billion as at December '98).

Commission income collected from management and consultancy services on investment portfolios amounted to 75.3 billion with an increase of 34% over the prior period (56.2 billion). Commissions paid to agents were 11.5 billion (20.7 billion last year), while those paid to Europlus Research & Management of Dublin for a number of management/consultancy contracts totalled 28 billion (9 billion last year). Changes in organisational processes and the growing complexity of customer demands led to an increase in staff levels from 83 to 115, and a resulting increase in related costs of 50% (18.6 billion compared to 12.4 billion in '98). Also worth noting among administrative expenses (that went from 7.1 billion in '98 to 13.6 billion in '99) was the one time charge of 4.7 billion for two consultancy assignments awarded to prime companies in the sector to optimise the organisational structure of the subsidiary.

The profit and loss account closed with net income of 1.9 billion lire (2.8 billion last year), of which 1.7 billion was allocated as a return on capital, and the remainder to reserves.

In March of this year, to support the development of business, the subsidiary decided to increase capital by 8.5 billion.

### Assets under management

During 1999 the mutual fund industry reported a substantial increase in assets under management from 720,823 billion to 979,139 billion with an increase of 35.8% (compared to an already substantial increase of 96% in '98). Net deposits totalled 137,206 billion compared to over 312,000 billion last year.

- **FONDINVEST RISPARMIO SGR S.p.A., Turin** (86.96% held through Banca CRT and 13.04% by Fida SIM) - The company was involved in the reorganisation process in the asset management sector at the Group level. This process calls for the centralisation of all management activities carried out by various product companies belonging to the Group into a single entity.

In this context, the subsidiary, on the one hand, granted management powers to Europlus Research & Management of Dublin (for funds investing in international markets and partially for shares invested in domestic markets) and mandated Europlus UniCredit Rolo SGR to provide consultancy services on the portion of the domestic portfolio that is still managed directly. On the other hand, in 2000 it will assume the role of a promotional SGR. In addition, Fondinvest is temporarily providing certain additional services to other Group fund management companies.

In 1999 net deposits of the subsidiary were 6,402 billion (6,478 billion in '98), and assets under management went from 15,145 billion at the end of '98 to 23,551 billion at the end of '99 (+55.5%); thus, market share rose from 2% to 2.56%.

Growth of assets under management was supported not only by the direct placement of funds, but

also by the increase in sales of GPF (segregated fund accounts) of the parent company Banca CRT. With regard to operating results, there was a significant increase in commission income, which reached 306.4 billion compared to 246.6 billion last year (+24.2%). Commission expense went from 218.8 billion in '98 to 278.6 billion in '99 (of which 185.2 billion was paid to Banca CRT). Thus, net commissions were 27.8 billion in line with the figure from the prior period (27.9 billion). Despite the increase in assets under management, the performance of net commissions was largely due to the substantial increase, which was more than proportional to commission income, in commission expense paid to placement entities following the increase in volumes raised. It was also the result of a significant decline in the component tied to performance commissions following the change in calculation parameters, as well as new management commissions paid to Europlus Research & Management as a function of the management powers granted in June of '99.

Administrative expenses and other operating expenses declined 7.1% (17 billion compared to 18.3 billion as at December '98). On the other hand, income from financial operations worsened (-2.1 billion compared to +7.4 billion in '98) largely due to losses and capital losses on investment and trading securities of 6.4 billion, compared to income of 2.9 billion as at December '98; in addition, interest income of approximately 4.3 billion contributed to financial income.

The profit and loss account closed with net income of 6.3 billion (10.9 billion last year), of which 6 billion was allocated as a return on capital, and the remainder to reserves.

During the period the direct parent company, Banca CRT, increased the stake held in Fondinvest Risparmio from 59.27% to 86.96%.

- **F.R.T. - FIDUCIARIA RISPARMIO TORINO - SIM S.p.A. - Turin** (100% held through FIDA SIM SpA.) - In 1999, despite the decline in assets managed for its customers from 4,565 billion to 4,304 billion, there was a significant increase in assets under administration reaching 11,123 billion (+143.6%) due to the increase in assets subject to the management powers issued by Banca CRT for its GPFs (segregated fund accounts).

With regard to income, commission income received from customers totalled 51.8 billion (67.8 billion in '98), while commissions that went back to placement channels were 32.5 billion (51.3 billion in '98) of which 20.3 billion was paid to Banca CRT.

Net income for the period was 5.6 billion, up significantly from the 3.6 billion in '98, and nearly all of this amount will be allocated as a return on capital.

- **GESTICREDIT S.G.R. p.A., Milan** (100% directly held) - With the goal of diversifying and expanding the range of products offered to customers, in October '99 this subsidiary, which is active in the mutual fund sector, launched a closed end property mutual fund called "Unicredito Immobiliare Uno". Bearing in mind the expansion of products offered in the sector with funds of other Group companies, the net deposits of the subsidiary were a negative 1,401 billion (a positive figure of 13,221 billion in '98) in mutual funds in addition to 774 billion collected from the property fund, while the total of funds managed, due to the effect of the revaluation of market values, went from 45,524 billion at the end of December '98 to 48,333 billion (+8.4%) at the end of '99.

With regard to operating results, total commission income was 895.6 billion, up 21.3% over December '98 (738.5 billion); overall there was a significant increase in performance commissions (+17.7% to 139.5 billion compared to 118.5 billion as at December '98); commissions paid to agents went from 648.2 billion in '98 to 772.4 billion in '99 (+19.2%).

There was a marked increase in consultancy and management commissions paid to Group companies (Europlus UniCredit Rolo Gestioni SGR and Europlus Research & Management of Dublin), which totalled

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71.7 billion (24.6 billion last year), especially due to the fact that management powers were activated at the Irish company.

The profit and loss account closed with net income of 66.7 billion (45.9 billion last year), of which 33.5 billion was allocated as a return on capital, and the remainder to the extraordinary reserve.

During the current period, the subsidiary was converted into a promotional SGR.

- **GESTIVENETO S.p.A., Verona** (100% held through Cariverona Banca) - The company, which is already active in the sector of mutual funds, commenced operations in the area of open-ended pension funds with the marketing of the "Drop Personale" fund.

Assets under management grew further reaching 22,012.9 billion with an increase of 42.7% on an annual basis, while net deposits went from 5,922 billion in '98 to 5,261 billion in '99.

At the same time as volumes were growing, there was a significant increase in commission income, up 53.5% from the prior period. On the other hand, the policy of providing greater compensation to sales agents, which was adopted during the year, led to a more than proportional rise in commission expense (+116.7%). In addition to these expenses were further commission expenses of 3.7 billion paid to Europlus UniCredit Rolo Gestioni SGR for the management powers. Thus, total commission expenses for the period were 182.6 billion (84.2 billion last year).

Net income was 6.5 billion (26.7 billion last year), of which 6.4 billion will be allocated as a return on capital, and the remainder to the extraordinary reserve.

- **ROLOFOND SGR S.p.A., Bologna** (100% held through Rolo Banca 1473) – The subsidiary, which manages 13 mutual funds (6 stock funds, 5 bond funds and 2 balanced funds), reported net deposits of 2,063 billion. Assets under management reached 27,993 billion with an increase of 20.5% over December '98, while the company's market share was 2.69%.

Total revenues were 10.8 billion with an increase of 28.6% (8.4 billion) over December '98.

The profit and loss account closed with net income of 4.3 billion (2.7 billion last year), of which 3.7 billion will be allocated as a return on capital, and the remainder to reserves.

- **CREDITRAS PREVIDENZA - SOCIETA' PER AZIONI DI INTERMEDIAZIONE MOBILIARE, Milan** (50% directly held) - In March of '99 this subsidiary commenced operations in the supplementary pension sector by launching the "Previcredit" open-ended pension fund, which features three investment options: the "Tranquilla" international bond fund, the "Equilibrata" balanced international fund, and the "Redditzia" international stock fund. At the end of the period, overall net deposits of the fund were 554 million. The reasons for the limited results achieved during the first year of operations of the "Previcredit" fund can be attributed to the low level of interest expressed by the public in all open-ended funds, partly due to the low tax benefits offered. The revision of pension regulations and increase of these tax benefits should permit brighter prospects in the medium term.

The profit and loss account closed with a loss of 365 million (compared to income of 70 million last year) due largely to start-up costs incurred.

#### Asset management - Subsidiaries abroad

- **UNICREDIT CAPITAL ITALIA ADVISORY COMPANY S.A. (formerly Credit Capital Advisory Company) Luxembourg** (100% directly held) - The subsidiary provides consultancy services on an exclusive basis for the management of the assets of Capital Italia, a SICAV organised under Luxembourg law, whose shares are distributed by the parent company.

The company ended '99 with net income of 3.2 billion (2.8 billion last year), formed from consultancy commission income for the management of the assets of the SICAV (22.9 billion), interest income and extraordinary income (900 million) net of commission expense (8 billion) and other operating expenses and charges (12.6 billion).

The above income was allocated entirely as a return on capital.

— **EUROPLUS ASSET MANAGEMENT S.A. (formerly Credit International Asset Management)**

**Luxembourg** (100% directly held) – This company, which was founded in January 1998 to manage a diversified mutual fund called “Europlus”, launched five new sub-funds of the “Euromix 1-5” fund in 1999 which were primarily targeted for retail distribution. Overall assets of the fund reached 13,305 billion compared to 1,258.6 billion at the end of December 1998.

The period ended with net income of 24 billion (9.1 billion last year) coming almost entirely from net commissions for management of the fund (23.9 billion).

The above net income was allocated entirely as a return on capital.

— **EUROPLUS ALTERNATIVE INVESTMENTS Ltd., Dublin** (100% directly held)

The company, which was founded in January 1999 to promote and manage hedge funds, commenced operations in April of last year through the establishment and management of the SICAV (open-end investment company) called “Europlus Global Opportunities”.

The subsidiary's net income of 1.8 billion was largely from management and performance commission income (6.3 billion) for services provided to the managed fund net of payroll, computer system expenses and commission expense (4.26 billion).

The above net income was allocated entirely as a return on capital.

— **EUROPLUS RESEARCH & MANAGEMENT LTD, Dublin** (65% directly held and 35% through Rolo Banca 1473)

- The subsidiary, which was founded in June 1998 as a part of a plan to reorganise asset management activities, manages mutual funds, provides consultancy services and does financial research. The goal is to create an international company by hiring staff specialising in Europe and the rest of the world (the number of employees as at 31 December 1999 was 106).

Net income for the period of 115.9 billion was largely from consultancy/management commission income (181.9 billion) net of administrative expenses (51.2 billion).

The above net income was fully allocated as a return on capital, and 92.4 billion of it was distributed in advance in 1999.

— **GESTIVENETO LUXEMBOURG S.A., Luxembourg** (100% directly held through: Cariverona Banca 99.98% and Gestiveneto 0.02%)

- The company, which manages mutual funds under Luxembourg law, manages a single diversified bond fund. At the end of December '99 the fund's total assets were 4.9 billion.

The profit and loss account closed with net income of 154 billion in line with that of the prior year.

— **ROLO INTERNATIONAL ASSET MANAGEMENT S.A. (RIAM), Luxembourg** (99% held through Rolo Banca 1473)

- The subsidiary, which was founded in July 1998, manages the “Plurifond” mutual funds with assets under management at the end of December '99 of 5,485 billion compared to 719 billion at the end of '98.

The company ended the period with net income of 110.8 billion largely from management commission income (114.7 billion) net of commission expense (4.3 billion). This net income was fully allocated as a return on capital.

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## Financial Brokerage - Foreign subsidiaries

- **CARIVERONA IRELAND LTD, Dublin** (100% held through: Cariverona Banca 75% and Cassamarca 25%) – The company, which was founded in 1995 as part of the International Financial Services Centre in Dublin, is a holding company whose purpose covers a wide range of financial activities including securities transactions, loans and related funding transactions, foreign exchange and derivative transactions.

As at 31 December 1999 total assets were 1,174.7 billion (+11.2% over the similar figure at the end of December '98), invested nearly entirely in bonds (1,131.2 billion compared to 901.2 billion as at December '98).

Fiscal year 1999 ended with net income of 10.6 billion compared to 18.8 billion for the prior period. Net income was affected by the decline in interest rates in the Euro area, and the reduction of spreads in money market activities.

Ten billion of the above net income was allocated as a dividend and distributed in advance in 1999.

- **UNICREDIT DELAWARE INC., (formerly Credito Italiano Delaware Inc. Wilmington) Dover** (100% directly held) - The subsidiary, which is engaged in raising capital in the US market through the issuance of commercial paper, closed 1999 with deposits of US \$ 284.6 million (US \$ 210 million last year) and loans of US \$ 282.3 million (US \$ 207.8 million last year).

The profit and loss account closed with net income of US \$ 9,266 (US \$ 8,825 last year).

## Trustee Business - Italian subsidiaries

- **CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI, Milan** (100% directly held) - The subsidiary, which operates in the "static" portfolio administration sector, had a total of 4,960 billion in assets under administration compared to 4,690 billion last year (+5.8%). Commission income was 7.6 billion compared to 5.7 billion as at December '98.

Gross operating income was 2.5 billion (1.7 billion last year), while net income was 2.2 billion (1.2 billion last year) which will be allocated to partially cover past losses.

During the current period, the subsidiary will vote on distributing a portion of taxed reserves totalling 2.5 billion.

## Financial products marketing network - Italian subsidiaries

In 1999 the gross volume of financial products brokered by the distribution networks increased approximately 26% over the prior year reaching a level of 189,050 billion compared to 150,000 billion in 1998.

- **UNICREDITSIM SOCIETA' PER AZIONI DI INTERMEDIAZIONE MOBILIARE (formerly CREDIT CONSULT-SIM) Milan** (89.82% directly held and 10.18% through Rolo Banca 1473) - As part of the reorganisation of the Group's activities related to "Promoters' Networks", on 15 December 1999 an agreement for the partial spin-off of Fida SIM (the area related to the promoters' network) into UniCreditSIM was entered into, valid for legal and accounting purposes on 1 January 2000. In order to satisfy the share exchange ratio, the subsidiary increased share capital from 16.7 billion to 29 billion. Currently share capital is divided among UniCredit (51.73%), Banca CRT (42.41%) and Rolo Banca 1473 (5.86%).

In 1999 the subsidiary increased the overall gross volume of financial products brokered by 42% from 3,696 billion in December '98 to 5,252 billion as at December '99.

There was significant growth in the area of assets under management: the gross volume of financial products brokered increased 61.05% from 1,093 billion to 3,065 billion. In terms of net funds inflow, the aggregate of assets under management was 1,230 billion compared to 1,011 billion as at December '98 (+21.7%).

Given the considerable expansion in assets under management, the administered savings area reported a 23% increase in the gross volume of financial assets brokered (the aggregate rose to 1,889 billion compared to 1,536 billion in '98), while insurance premiums rose 43.3% reaching 139 billion compared to 97 billion reported as at December '98.

The rise in the volume brokered was also made possible by the large growth of the network with 953 promoters at the end of the period compared to 740 at the beginning of the year.

At the end of December '99, the overall portfolio of the subsidiary totalled 5,101 billion. The increase in the number of promoters did not erode the per capita portfolio figure, which was 5.2 billion compared to 3.8 billion for the prior period.

With regard to operating results, commission income was up 30% from 68.4 billion in '98 to 88.7 billion in '99. Gross income experienced a limited increase of 12% (34 billion compared to 30.3 billion last year) due to the termination of incentive commissions distributed by Group product companies, which were tied to the start-up phase that the subsidiary has now completed.

Expenditures for providing selling services went from 12.1 billion in '98 to 15.2 billion in '99 following selling strategies aimed at increasing new business. There was a decline in the contribution of financial operations to net income for the period following the negative performance of the bond market (in fact, financial income went from 1,638 million in '98 to 554 million in '99), while tax provisions increased (3.3 billion compared to 2.4 billion as at December '98).

The profit and loss account closed with net income of 3.3 billion (5.9 billion last year), of which 2.4 billion was allocated as a return on capital, and the remainder to reserves.

The subsidiary changed its name to "UniCreditSIM Società per Azioni di Intermediazione Mobiliare" in order to standardise its name to that of the parent company. It then carried out an increase of capital of 11 billion (of which 9.3 billion was issue premiums), which was fully subscribed by Rolo Banca 1473. Starting with the current period, there are 1,624 promoters working for the company who are organised into three divisions, each dedicated to the respective reference banks.

— **FIDA – FINANZIARIA D'AFFARI SIM S.p.A. - Turin** (100% held through Banca CRT) - The company is a multifunctional SIM (securities firm) in the area of the production and distribution of financial services. It wholly owns FRT SIM S.p.A., which manages investment portfolios on behalf of third parties on an individual basis, and holds a significant equity investment in Fondinvest Risparmio SGR S.p.A. (13.04%), which operates in the area of the joint management of savings. Fida SIM provides a number of services to its two subsidiaries such as dealing on capital markets, EDP, administration and control.

In 1999, after Banca CRT acquired full ownership, a plan was approved for the partial spin-off of the Promoters' Network of Fida SIM (which, as at 31 December 1999 had 670 agents compared to 587 at the end of '98) to UniCreditSIM.

As already noted, the spin-off agreement for the division was entered into on 15 December 1999 with effect for legal, accounting and tax purposes starting 1 January 2000.

In 1999 the promoter network of FIDA brokered a gross volume of financial products of 2,066 billion compared to 2,150 billion last year, while third-party operations, regarding, in practice, the two subsidiaries, brokered Lit. 11,075 billion.

From the standpoint of income, the company collected 75.2 billion in commission income (74 billion in '98), of which 73.1 billion was for services offered outside the head office (67.8 billion in '98), and 2.1

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billion was for securities negotiation activities (4 billion in '98). Financial promoters were paid 42.1 billion in commissions (34.3 billion in '98).

There was a 2.7 billion loss from dealing for its own account, while in 1998 there was income of 1 billion.

Net income for the period was 13.1 billion (16.9 billion in '98), of which 12.4 billion was allocated as a return on capital, and the remainder to reserves.

### Consumer credit - Italian subsidiaries

— **FIDITALIA S.p.A. (formerly Credit Fidelity S.p.A.), Milan** (50% directly held) – The subsidiary, which operates in the consumer credit sector, made loans totalling 2,745 billion in 1999, up 40.3% over the prior year, while market share rose from 7.08% to 7.67%. Particularly high growth rates were reported in the automobile (+47%), furniture (+69.9%) and service areas (+40.8%), while impressive performance was also reported in other areas with an increase of 25.3% over '98. The leasing area also reported a profit with 198 billion in leases entered to, up 27.6% over the prior period.

The substantial increase in revenues led to significant growth in total assets that went from 2,445 billion to 3,348 billion at the end of December '99 as a result of the increase in loans to customers (+38.1%).

With regard to the profit and loss account, the growth in performing loans and a more stable average cost of funds compared to the prior period made it possible to achieve a significant increase in financial income to 298.1 billion compared to 254.2 billion as at December '98 (+17.3%). After provisions to the reserve for possible loan losses and brokerage payments, operating income was 141.3 billion with an increase of 14.6% over the prior year. Earnings before taxes were up 22.7% over the figure for '98 (56.2 billion compared to 45.8 billion) despite high levels of technological investments and a substantial increase in staff levels, which went from 472 employees at the end of '98 to 571 employees at the end of '99.

Net income was 31.8 billion (22.4 billion last year), of which 8.4 billion was allocated as a return on capital, and the remainder to reserves.

### Factoring - Italian subsidiaries

In 1999 the factoring market continued its positive performance registering overall turnover growth of 14% over the prior year.

— **UNICREDIT FACTORING S.p.A. (formerly Credit Factoring International S.p.A.-Società per il Factoring Internazionale), Milan** (66.67% directly held and 33.33% held through Rolo Banca 1473) – This subsidiary was designated to centralise the Group's factoring activities, and as a part of the related project, it carried out the merger of Quercia Factoring, which is wholly owned, and took on the new name of UniCredit Factoring S.p.A. The merger takes effect from a legal standpoint on 31 December 1999, and from an accounting standpoint on 1 January 1999. Thus, the profit and loss account and balance sheet reflect the combined figures for the two companies as at 31/12/99.

In 1999 the subsidiary achieved turnover of 3,620 billion, up approximately 20% over the prior year, making it possible to increase market share from 3.4% at the end of '98 to 3.8%.

With regard to credit risk, at the end of the period the principal amount of non-performing loans was 57.5 billion (-16.2% from '98) with a presumed realisable value of 23.8 billion. The percentage of gross non-performing loans to overall risks went from 10.9% in '98 to 8.2% in '99.

The strong commercial commitment combined with the process of reviewing company structures and

procedures, which is aimed at achieving an appropriate degree of integration with banking channels, made the company profitable from a structural standpoint.

In fact, net revenues of 27.9 billion were up 13.6% due to the performance of net commissions rising from 9.7 billion in '98 to 12.3 billion in '99, and the performance of financial operations, which, despite falling rates, registered an increase of 5%. Thanks to the reorganisation carried out, there was an 8.4% reduction in expenses. Thus, gross operating income was 7.5 billion compared to 2.3 billion in 1998, while income before extraordinary items and taxes was 3.7 billion (compared to a loss of 2.5 billion in '98) after specific and general write-downs of 4.2 billion and write-backs of 400 million.

The posting of the allowance for deferred taxes generated extraordinary income of approximately 10 billion making it possible to prudentially allocate 4.9 billion to the "reserve for general banking risks" and 3.5 billion to the "general reserve for credit risks".

Net income for the period was 3.1 billion (4.2 billion last year, with the latter figure affected by write-backs of 6.8 billion), of which 2.2 billion was allocated to cover prior period losses, 698 million was allocated as a return on capital, and the remainder to reserves.

- **SOGEFACOR S.r.l., Milan** (98.80% held through Fidelity) - The loan recovery activity related to disputed claims, which is carried out on behalf of the parent company, Fidelity, continued with satisfactory results.

Collections were up 19% over the prior period, with a total of 31.4 billion (26.4 billion last year). During the period, loans without recourse totalling 89.9 billion (of which 82.7 billion was for principal) were purchased at a cost of 20.2 billion. Loans reported in accounts, net of write-downs, were 50.5 billion in principal with an increase of about 8 billion over the figure for '98.

Revenues were up 17.1% from 22.8 billion as at December '98 to 26.7 billion as at December '99.

Operating expenses also increased following the expansion in operations.

Net income was 5 billion (2.7 billion last year), of which 4.8 was allocated as a return on capital, and the remainder to the legal reserve.

### Leasing - Italian subsidiaries

The financial leasing market reported a sharp increase in overall volumes (+26.4%) reaching 42,192 billion, with a significant increase in the property leasing area (+37.3%) and more limited increases in capital asset (+21%) and motor vehicle leasing (+27.5%).

- **LOCAT S.p.A., Bologna** (54.59% held directly, 8.83% through Banca CRT, 1.73% through Cariverona Banca and 23.33% through Rolo Banca 1473) – The company was involved in the reorganisation of the Group's leasing activities, which culminated with the merger of Findata Leasing and Quercia Leasing into Locat. These two companies were subsidiaries of Banca CRT and Cariverona Banca respectively. The merger agreement was entered into on 22 November 1999 with effect for legal purposes on 30 November 1999 and for accounting purposes on 1 January 1999.

Thus, Locat's balance sheet and profit and loss figures as at 31 December 1999 represent the overall situation of the activities of the three companies mentioned above.

Locat has therefore assumed the dual role of a product company for Group banks and an independent business engaged in distribution and production through its own network of branches, thereby strengthening the Group's leadership position in the leasing market. The increase in the volume of leases made and the containment of costs brought about by achievable synergies following the unification of the structures of the companies that participated in the merger will make it possible to achieve attractive levels of efficiency and profitability.

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In 1999 the subsidiary wrote new leases totalling 5,289 billion with an increase of 9.94% over the prior year confirming its overall market leadership position with a market share of 12.54%. Of these results, 45.7% were due to the contribution of the banking channel (2,419 billion) and 54.3% of leases came from the contribution of agents and Locat's own channel (2,870 billion). In fact, the company attaches particular strategic importance to maintaining a balance between the two sales channels allowing it to count on a strong, multifaceted sales network. The most important development was in the property area where leases totalling 1,671 billion (+23.2%) were finalised.

With regard to income, financial and service income was 276.3 billion, up 5.3% over '98. The increase in assets in administration and efficient management of funding made it possible, in fact, to achieve a gradual reduction of spreads. Moreover, part of this result was due to the lower percentage of fees paid to commercial partners for acquiring and providing information on leases.

Administrative expenses declined significantly from 116.7 billion in '98 to 105.3 billion in '99 (-9.75%). Extraordinary items benefited from new criteria followed, starting in '99, for the reporting of deferred taxes. In particular, the end-of-period balance (24.9 billion compared to 2.5 billion in '98) includes income of 21.2 billion related to advance tax payments for prior periods.

The balance of write-downs and write-backs, which did not change significantly between the two periods (56.2 billion compared to 55 billion in '98), reflects conservative valuations aimed at bringing the value of loans back to their presumed realisable value.

The profit and loss account closed with net income of 80.2 billion with a substantial increase over that achieved in '98 (46.1 billion) even though the impact from the referenced extraordinary income resulting from advance tax payments was excluded.

Of the above net income, 29.1 billion will be allocated as a return on capital, and the remainder to reserves.

In February of this year, in a joint venture with TEMsys (a leading company in the long-term motor vehicle rental sector in the French market which is a part of the Société Générale group), Locat founded Locat Rent S.p.A. The newly founded company will be active in the long-term rental market of motor vehicles.

Finally, in March of this year, in support of business growth, the Board of Directors of the subsidiary voted to submit to the extraordinary shareholders' meeting of 28 April 2000 a proposal to delegate authority, pursuant to Article 2443 of the Civil Code, to be exercised over three years, for an increase in capital by payment of an amount not exceeding 85.4 billion in nominal value with broad authority including the right to determine any issuance premiums, establish rights and features of the shares to be issued and the manner of subscribing and marketing the shares.

The Board of Directors also launched a shareholder plan for all staff and a stock option plan for top management and for agents who are not employees. With these initiatives the subsidiary intends to get all in-house and outside human resources directly involved in the development of the company.

### **Tax collection - Italian subsidiaries**

The tax collection sector was affected by the launching of a radical tax reform. This reform had an impact on the amount of direct payments that are no longer channelled through the agency system. Moreover, advance tax payments to tax authorities were abolished burdening agencies based on the "paid though not collected" obligation.

These changes resulted in a marked reduction in commissions collected and a deterioration of financial income bearing in mind the exposure for tax rolls that were anticipated and the termination of financial flows of direct payments. To cover the lost receipts, a Decree Law introduced protective mechanisms that call for the distribution of subsidies by the government.

- **CON.RI.T. S.p.A., Turin** (100% held through Banca CRT) - This company, which is a tax collection agency for Turin and Aosta provinces, reported gross operating income of 22.1 billion compared to 17.2 billion as at December '98 (+28%). However, there was a financial loss of 9.3 billion (-3 billion last year) due to the impact of making greater use of bank financing as a result of the collection service reform. The profit and loss account showed net income of 4.8 billion (358 million last year) primarily due to the substantial reduction in the need to make provisions to risk reserves, which partially offset the loss in the financial area.

Of the above net income, 4.7 billion will be allocated as a return on capital, and the remainder to the extraordinary reserve.

In 1999 the direct parent company, Banca CRT, increased its stake in CONRIT from 85% to 100%; this purchase is to be seen in the context of the project to concentrate the Group's tax collection activities into a single company.

- **ESAMARCA S.p.A., Treviso** (100% held through Cassamarca) – The subsidiary, which carries on tax collection activities in Treviso province, reported a decline in the amount of direct collections in 1999 with a resulting drop in related income from 9.3 billion in '98 to 50 million in '99. On the other hand, collection through tax rolls increased resulting in income of 4.7 billion (+7%), while collections for the ICI [local property tax] collection service reached 247 billion (+17.2% over '98) generating commissions of 3.4 billion.

Total commission income, including subsidies from the protective clause, were 30.1 billion (+6.4%); operating expenses were down 2.6% (22.8 billion compared to 23.4 billion in '98) due to lower payroll, while other administrative expenses remained substantially unchanged. However, these improvements were more than offset by the reduction in financial income that brought operating income to 2.1 billion compared to 2.9 billion in 1998. This is reflected in net income of 520 million compared to 922 million last year.

- **GESPRO S.p.A., Modena** (68% held through Rolo Banca) – This company carries on tax collection services for Modena province. The profit and loss account reported gross operating income of 4.3 billion (7.6 billion last year) with a decrease of 43.4%, and net income of 2 billion, down 28.6% from the 1998 figure (2.8 billion). This performance was the result of the deterioration of financial income following the reform of the sector.

Of the net income above, 1.7 billion was allocated as a return on capital, and the remainder to reserves.

- **VERISPARMIO GES. TRI S.p.A. Verona** (100% held through Cariverona Banca) - The company is not operational since the local agencies' treasury activity and the licensed management of tax collection services are carried out directly by Cariverona. The profit and loss account closed with net income of 6 million made up of financial income from the investment of capital.

#### Other financial companies – Italian subsidiaries

- **CREDIT CARIMONTE S.p.A., Modena** (51% directly held) - This subsidiary, which holds a 44.77% stake in the capital of Rolo Banca 1473 in its portfolio, closed its accounts as at 30 June 1999 (with only 6 months of operations due to a change in the end of the fiscal year) with net income of 216.9 billion (116.9 billion as at 31/12/98) primarily due to the collection of dividends paid by Rolo Banca 1473. Of this net income, 205.9 billion was allocated as a return on capital, and the remainder to reserves.

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- **COMEBA S.p.A., Turin** (100% held through Cariverona Banca) - This subsidiary, which operates in the merchant banking sector, is currently being reorganised. In fact, this company has been selected for the creation of a merchant bank to serve the Group, and for this purpose, it is expected that Cariverona Banca will transfer the entire amount of share capital to UniCredito Italiano.  
The period ending 30 June 1999 closed with net income of 1.6 billion compared to 35.4 billion last year. In January of this year, the company changed its name to "UniCredit Imprese S.p.A."

## Other areas of activity

### Brokerage/Bancassurance - Italian subsidiaries

- **BROKER CREDIT S.p.A., Milan** (100% directly held) - Starting last year, the subsidiary's activity has been limited to insurance brokerage in the "Large Accounts" and "Companies" areas; the Bancassurance business was transferred to CreditAssicura Srl (currently called UniCreditoAssicura Srl). In 1999 the company obtained quality certification based on the most demanding standards (UNI EN ISO 9001, which includes the activity of designing and developing products and services) from DNV (Det Norske Veritas).  
Premiums collected reached 91.4 billion (+35%), generating gross commissions of 8.1 billion (+33%) which were partly paid back (3.9 billion) to sales channels.  
The profit and loss account showed net income of 89.1 million (53 million last year) which was carried forward.
- **UNICREDITASSICURA S.r.l. (formerly CREDITASSICURA S.r.l.), Milan** (100% directly held) – The company acts as an interface in bancassurance activities between federated bank networks and insurance companies assuring standardised relationships at the group level, with administrative and product development functions. In 1999 its activities in this area generated a total of premiums collected of 5,000 billion, up 144% over that generated as at December '98 (2,050 billion).  
These volumes generated gross commissions of 248 billion (113.9 billion last year) of which 246 billion was paid to sales channels.  
The profit and loss account showed net income of 114.6 million (102 million last year) which was allocated to strengthening the company's capital base.

### Insurance - Significant influence - Italy

The life insurance market ended 1999 with approximately 67,500 billion in premiums issued (+42% over 1998), of which 53,000 billion was new business (+60%). The bancassurance segment made a significant contribution reaching a volume of premiums issued of approximately 40,000 billion (+67%), of which 37,500 was new business (+76%). It should be noted that of the top 10 Italian life insurance companies, 7 are bancassurance companies.

- **COMMERCIAL UNION VITA S.p.A., Milan** (45% directly held) – In 1999 the major growth phase of the subsidiary's insurance portfolio continued with overall premiums collected of 2,381 billion compared to 2,142 billion as at December '98.  
The profit and loss account reported gross income, before current and deferred taxes, of 29 billion compared to 21.3 billion last year. Net income was 10.5 billion (21.3 billion last year), of which 4.5 billion will be allocated as a return on capital, and the remainder to the extraordinary reserve.

- **CREDITRAS ASSICURAZIONI S.p.A. Milan** (50% directly held) - This subsidiary, which is engaged in the non-life sector, collected premiums of 39.2 billion in 1999 compared to 28.2 billion in 1998 (+39%). In particular, the most significant increases were achieved in the "Fire" (+46.2%), "Other Property Damage" (39.5%) and "General Liability" (56.1%) lines.  
The profit and loss account closed with net income of 4.3 billion (1.4 billion last year). Together with retained earnings of 1.3 billion, 5.4 billion will be allocated as a return on capital, and the remainder to reserves.
- **CREDITRAS VITA S.p.A. Milan** (50% directly held) - In 1999, with the agreement with UniCredito Italiano and UniCreditoSIM coming into force, the volume of premiums collected by the subsidiary rose sharply. Thus, a comparison with figures for '98 has little significance.  
Total premiums posted were 857.5 billion compared to 7.9 billion in '98. Actuarial reserves went from 11 billion in '98 to 882 billion in '99. Acquisition costs were 46.1 billion (1.1 billion last year).  
Fiscal year 1999 ended with a loss of 5.7 billion (income of 500 million last year) resulting from the direct allocation to the profit and loss account of the above acquisition costs (46.1 billion) for contracts related to the life sector.
- **RISPARMIO VITA ASSICURAZIONI S.p.A., Turin** (50% held through Banca CRT) - In 1999 the company started offering Unit Linked products reaching a volume of premiums issued of Lit. 1,187 billion (+307%) of which 1,067 billion was for new business (+418%). From the standpoint of operations, it should be noted that the comparison with the prior period is affected by the different types of products placed (for the company, Unit Linked policies have unit income that is much more limited, and placement potential that is significantly higher than traditional products). Fiscal year 1999 closed with gross income of approximately 14 billion and net income of 8.2 billion (-1.2% from '98), of which 3.7 billion was allocated as a return on capital, and the remainder to reserves.

#### Computer, administrative and other services - Italian subsidiaries

- **UNICREDIT SERVIZI INFORMATIVI Societa' Consortile Per Azioni (formerly Gruppo Credit Servizi Scpa), Milan** (100% held: 88% directly held, and 3% held by each of Banca CRT, Cariverona Banca, Cassamarca and Rolo Banca 1473) – During the period, the company was involved in the launching of a project to integrate the Group banks' computer systems. To this end, the company structure was expanded with the inclusion of federated banks. The subsidiary also changed its name to "UniCredit Servizi Informativi Scpa".  
Thus, the company will be responsible for developing and managing the Group's computer system, insuring the constant updating of technology and applications in order to satisfy the needs of users (Group banks and third parties), to optimise computer services offered and guarantee the supervision of business processes making sure that they are consistent throughout the organisation.  
In 1999 the subsidiary made investments in hardware totalling 5.7 billion (3.5 billion last year) and in software totalling 34.1 billion (16.6 billion last year); overall, software valued at 31.5 billion went into production in 1999.  
From the standpoint of income, total revenues from ordinary operations were 88.5 billion compared to 73.7 billion in '98, and cost of products sold was 88 billion (73.6 billion last year) including 25.2 billion in maintenance expense and hardware and software rental expense, and 24.7 billion in depreciation.  
The profit and loss account closed with net income of 241 million (452 million last year) which was allocated to reserves.

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- **QUERCIA SOFTWARE S.p.A., Verona** (100% held through Cariverona Banca) - Though operating in an extremely competitive market, the subsidiary further expanded its customer base and thoroughly updated its software and service products for the electronic banking and ATM segments.  
The value of products sold totalled 32.4 billion with an increase of 33.3% over the prior period.  
The profit and loss account reported net income of 2.6 billion, up 44.4% over the figure for '98 (1.8 billion), which was allocated as a return on capital.
  
- **UNICREDIT PRODUZIONI ACCENTRATE Società Consortile per Azioni, Milan** (100% held; 88% directly held, and 3% held by each of Banca CRT, Cariverona Banca, Cassamarca and Rolo Banca 1473)
  - This company was founded in September '99 as a part of the project aimed at concentrating “ the service centres” of Group banks into a new entity.
  - The subsidiary, with share capital of 5 billion, is responsible for supervising and providing administrative services linked to accounting processes, securities transactions, payment systems, foreign business and finance.
  - The profit and loss account closed with a loss of 46 million due to the company's start-up and administrative expenses.
  
- **UNICREDIT CONSULTING Srl – Milan** (100% directly held) – This company, which is involved in consultancy and estate and tax planning services in support of the Group's private banking network, ended its first full fiscal year in 1999, which was primarily devoted to strengthening relationships with Group companies. The profit and loss account closed at a near break-even situation (loss of 9 million).

#### Property - Italian Subsidiaries

- **IMMOBILIARE ARCHI S.r.l., Bologna** (100% held through Rolo Banca 1473) - The company operates in the property sector and owns buildings for bank use leased to Rolo Banca 1473.  
The profit and loss account reported net income of 337 million, a sharp decline from income in '98 (1.6 billion). This decrease was due to a reduction of approximately one third of all lease proceeds resulting from the signing of new leases for properties owned following the advance termination of these leases in order to bring lease payments in line with market conditions.  
Net income will be allocated to strengthen the company's capital base.
  
- **NETTUNO S.r.l., Modena** (100% held through Rolo Banca 1473) - This company operates in the property sector and owns portions of properties located in Milan that are leased to Rolo Banca 1473.  
The profit and loss account reported gross operating income of 1.1 billion and net income of 179 billion (209 billion last year) which was used to cover prior period losses.
  
- **TRIVIMM S.p.A., Verona** (73% held through: Mediovenetie Banca 48%, Cariverona Banca 18% and Cassamarca 7%) - This subsidiary, which provides property services and consultancy to member banks, ended the period with net income of 122.9 million (347 million last year), which will be allocated to reserves.



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# Breakdown of the Major Equity Investments

Pursuant to art. 126 of consob regulation no. 11971 of 14 may 1999 (list of equity investments and voting rights held directly and indirectly in any capacity as at 31/12/99 in an amount over 10% and equal to or greater than 20% respectively of capital represented by shares/quotas with voting rights in unlisted companies) (\*)

| NAME   | HEAD OFFICE                  | PERCENTAGE |          | HOLDING TITLE                               |
|--|------------------------------|------------|----------|---|
|  |                              | DIRECT     | INDIRECT |   |
| <i>Companies over 10% held</i>   |                              |            |          |   |
| Med-Ekspert Centrum Ekspertyz Lekarskich Sp. zo.o.   | Warsaw                       | 21.20      |          | Pekao Trading Co. (Canada) Ltd. (a)         |
|  |                              | 21.20      |          | Pekao Services Limited (a)                  |
|  |                              | 21.20      |          | Pekao-Cargo Agencja Celna Sp.zo.o. (a)      |
| Pekao Services Limited   | Warsaw                       | 100.00     |          | Pekao Trading Co. (Canada) Ltd. (a)         |
| Pekao-Cargo Agencja Celna Sp.zo.o.   | Warsaw                       | 90.00      |          | Pekao Trading Co. (Canada) Ltd. (a)         |
| Tayar Receivables Company  | Dublin                       | 15.50      |          | Tyrescom Limited (a)                        |
| <i>Companies for which voting rights equal to or greater than 20% are held in other capacities</i> |                              |            |          |   |
| Agricola San Crispino S.r.l. (in liquidation)  | Castelnuovo del Garda (VR)   | 79.98      |          | Cariverona Banca S.p.A. (b)                 |
| Artegrafica S.p.A.   | Verona                       | 97.50      |          | Cariverona Banca S.p.A. (b)                 |
| Botticelli S.p.A.  | Venice                       | 100.00     |          | (b)   |
| Calliope S.r.l.  | Venice                       | 100.00     |          | (b)   |
| Cartotecnica Montebello S.p.A.   | Sarego (VI)                  | 80.00      |          | (b)   |
| Corciano Calzature S.p.A. (in liquidation)   | Ellera Umbra (PG)            | 100.00     |          | (b)   |
| Della Valle Finanziaria S.p.A. (in liquidation)  | Milan                        | 100.00     |          | (b)   |
| Della Valle Immobiliare S.p.A. (in liquidation)  | Milan                        | 100.00     |          | (b)   |
| Di Vita S.p.A.   | Carmagnola (TO)              | 100.00     |          | Banca CRTS.p.A. (b)                         |
| Centro Calor S.p.A.  | Mondovi (CN)                 | 100.00     |          | Banca CRTS.p.A. (b)                         |
| Europlus Global Opportunities Plc.   | Dublin                       | 91.67      | 8.33     | UniCredito Italiano Bank (Ireland) Plc. (a) |
| Fashion Control Finance S.A.   | Luxembourg                   | 100.00     |          | (b)   |
| FCHFashion Control Holding A.G.  | Baar (CH)                    | 100.00     |          | (b)   |
| Funivie del Piccolo S.Bernardo S.p.A.  | La Thuile (AO)               | 27.00      |          | Banca CRT S.p.A. (b)                        |
| Gedaco S.p.A.  | Roverchiara (VR)             | 42.69      |          | Cariverona Banca S.p.A. (b)                 |
| G.I.A.R. Gestione Ital.Aziende Riunite S.p.A.  | Rome                         | 100.00     |          | (b)   |
| Golf Lignano S.r.l.  | Pordenone                    | 100.00     |          | (b)   |
| Holiday S.r.l.   | Torbole (TN)                 | 100.00     |          | Caritro S.p.A. (b)                          |
| Igicor S.p.A. (in liquidation)   | Verona                       | 100.00     |          | Mediovenezie Banca S.p.A. (b)               |
| Iniziativa Regaluxe S.r.l.   | Turin                        | 100.00     |          | Banca CRT S.p.A. (b)                        |
| Immobiliare Botticelli S.r.l.  | Vazzola (TV)                 | 100.00     |          | Cassamarca S.p.A. (b)                       |
| Imat S.p.A.  | Castel San Pietro Terme (BO) | 100.00     |          | (b)   |
| Immobiliare Piazza XXVII Ottobre S.r.l.  | Venice                       | 100.00     |          | (b)   |
| Impresa Avianese S.r.l.  | Aviano                       | 70.00      |          | Cassamarca S.p.A. (b)                       |
| Industrie Alimentari Cesarin S.p.A.  | Montecchia di Crosara (VR)   | 100.00     |          | Cariverona Banca S.p.A. (b)                 |
| Interporto di Venezia S.p.A.   | Venice                       | 35.14      |          | Cassamarca S.p.A. (b)                       |
| Interporto Roma Est S.p.A.   | Rome                         | 100.00     |          | (b)   |
| Laser S.r.l. (in liquidation)  | Milan                        | 22.00      |          | (b)   |
| Juniors' Playtime S.p.A.   | Pianoro (BO)                 | 23.91      |          | Rolo Banca 1473 S.p.A. (b)                  |
| Nord Auto Pimazzoni S.p.A. (in liquidation)  | Verona                       | 50.00      |          | Cariverona Banca S.p.A. (b)                 |
| Nuova Fima S.p.A.  | Inverio (NO)                 | 100.00     |          | (b)   |
| Nuove Fonti S.Martino S.p.A.   | Transacqua (TN)              | 100.00     |          | Caritro S.p.A. (b)                          |
| Pasc S.r.l. (in fallimento)  | Rome                         | 100.00     |          | Mediovenezie Banca S.p.A. (b)               |
| Pasta Zara S.p.A.  | Riese Pio X (TV)             | 66.27      |          | (b)   |
| Replay Stores Distribution A.G.  | Baar (CH)                    | 100.00     |          | (b)   |

| NAME  | HEAD OFFICE              | PERCENTAGE |                                  | HOLDING TITLE |
|---|--------------------------|------------|----------------------------------|---------------|
|   |                          | DIRECT     | INDIRECT                         |               |
| Rome American Hospital S.p.A.<br>(in settlement of creditors' claims) | Rome                     | 39.58      |                                  | (b)           |
| Sci Usa S.p.A.  | Genoa                    | 19.86      | 2.18 Rolo Banca 1473 S.p.A.      | (b)           |
| Selebeni S.r.l.   | Venice                   | 100.00     |                                  | (b)           |
| Servizi Veneti Ecologici S.p.A. (in liquidation)                      | Rovigo                   |            | 79.66 Mediovenezie Banca S.p.A.  | (b)           |
| Siata Soc. Industria Attrezzature Turistiche<br>Alberghiere S.p.A.    | Campobasso               |            | 100.00 Rolo Banca 1473 S.p.A.    | (b)           |
| Siba S.p.A.   | Milan                    | 83.33      |                                  | (b)           |
| S.I.F.A. Società Industriale Finanziaria S.p.A.                       | Reana<br>del Royale (UD) |            | 37.04 Mediovenezie Banca S.p.A.  | (b)           |
| SO.VE.DA.Società Veneta<br>Distributori Automatici S.p.A.             | Villorba (TV)            |            | 33.33 Cassamarca S.p.A.          | (b)           |
| Tiesse Textile Service S.r.l. (in liquidation)                        | Verona                   | 100.00     |                                  | (b)           |
| Trevitex S.p.A. (in bankruptcy)                                       | Milan                    | 44.49      |                                  | (b)           |
| Trinacria Distribuzione S.r.l.  | Venice                   | 100.00     |                                  | (b)           |
| Veneta Industria Commercio Autoveicoli S.p.A.                         | Miran (VE)               |            | 100.00 Cassamarca S.p.A.         | (b)           |
| Zuglia S.r.l.   | Vicenza                  |            | 100.00 Mediovenezie Banca S.p.A. | (b)           |

(\*) The list does not include equity investments already reported in Section 3 of the Notes to the Consolidated Accounts and in the attached lists.

(a) Investment and trading securities

(b) Pledged as security

|   |   |
|---|---|
| The Group's Activities  | □ |
| Operating Performance   | □ |
| Major Equity Investments<br>(Performance and Results for<br>the Period) | □ |
| Breakdown of the Major<br>Equity Investments                            | ■ |
| Information Regarding the<br>"Year 2000 Issue"                          | ■ |
| Subsequent Events and<br>Outlook  | □ |

# Information on the “Year 2000 Issue”

(consob notice no. 98079574 of 9 October 1998)

The transition to the year 2000 occurred without incident at the parent company and at subsidiary banks and other subsidiaries. There were no malfunctions of any sort with systems, computer applications and equipment, and services were provided to customers normally without the need to resort to any of the measures set forth in the specific “Emergency Plans” prepared by each of the group companies.

Similarly, there were no related irregularities from an operational or contractual standpoint in relationships with customers, suppliers and other third parties.

Although it is reasonable to state that the problem has now been overcome, Group companies will continue to make sure that no malfunctions or damage occurs in the coming months.

In 1999, the measures taken to adapt to the Year 2000 resulted in costs for all Group companies of approximately 40 billion, of which approximately 20 billion was charged directly to the profit and loss account. The overall figure of 40 billion included expenditures incurred by Bank Pekao S.A. in Warsaw totalling Lit. 10.5 billion that were not included in the forecasts reported in the Half Year Report as at 30 June 1999 since this subsidiary was consolidated after that date.

# Subsequent Events and Outlook

Subsequent to the closing of fiscal year 1999, several events occurred that are a part of the Group's growth strategy with regard to external matters. Details follow below:

- the acquisition by UniCredito Italiano of an overall 36.40% stake in "Cassa di Risparmio di Trieste" from Fondazione "Cassa di Risparmio di Trieste" and Assicurazioni Generali S.p.A. thereby acquiring a controlling interest in that company. The transaction was finalised through an increase in UniCredit capital in a total nominal amount of 19 billion (with over 126.7 billion in issuance premium) released for the transfer of approximately 10 million shares in "CR Trieste" by the Fondazione and Assicurazioni Generali;
- the signing of an outline agreement by Rolo Banca 1473 with Fondazione della Cassa di Risparmio di Carpi that calls for the purchase of a majority interest in Cassa Risparmio Carpi (with 32 branches located in the provinces of Modena, Reggio Emilia and Mantua). The plan is awaiting required authorisations from regulatory authorities;
- the signing, again by Rolo Banca 1473, of an agreement with Fondazione della Cassa di Risparmio di Perugia that calls for the acquisition of a controlling interest in the Banca dell'Umbria 1462 S.p.A. (with 67 branches located primarily in the region). The agreement is subject to the condition precedent of obtaining required authorisations from regulatory authorities.

There are also plans under way, some of which are at an advanced stage of development, for further growth in countries in Eastern and Central Europe.

Moving on to the outlook for the current period, as noted in the Report of the Parent Company, the projected increase in rates and spreads should make possible an improvement in the interest income of the Group and the industry in general. After the exceptional developments in past years, lower growth is projected in the area of assets under management.

In the area of costs, thanks to progress achieved in the integration process, significant synergies are anticipated from the staffing and computer system reorganisations that were launched with the creation of common Group service companies (USI for computer services, and UPA for centralised production). There are also plans for the final centralisation of the asset management operations into the Group's Asset Management companies, Europlus R&M and Europlus SGR. Finally, reference should be made to the Report of the Parent Company for an explanation of problems connected with Internet development and of transformations that may occur in the banking industry with the advent of the New Economy.

29 March 2000  
Chairman  
RONDELLI

THE BOARD OF DIRECTORS  
Managing Director/CEO  
PROFUMO

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Operating Performance

Major Equity Investments  
(Performance and Results for  
the Period)

Breakdown of the Major  
Equity Investments

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- Determination of Pro-Forma Profit and Loss Account as at 31 December 1998
- 1999 Accounts Balance Sheet Figures (Broken Down by Major Banks and Similar Business Activities)
- 1999 Accounts Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)
- Statement of Balance Sheet and Profit and Loss Account Figures Regarding Key Equity Investments (as described in 3.1 of the Notes to the Accounts) Regarding Balance Sheets as at 31/12/1999
- Composition of Item 70 "Equity Investments" as at 31 December 1999
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- Statement of Assets and Liabilities Positions with Group Companies as at 31 December 1999
- Statement of Assets and Liabilities Positions with Subsidiaries (Significant Equity Investments - Not Group Companies) as at 31 December 1999

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# Consolidated Accounts

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)

| ASSETS  |            |                    |
|---|------------|--------------------|
| 10. Cash and deposits with central banks and post offices                             |            | 2,200,496          |
| 20. Treasury notes and similar securities eligible for refinancing with central banks |            | 9,826,831          |
| 30. Loans to banks:   |            | 38,739,474         |
| a) <i>on demand</i>   | 2,460,831  |                    |
| b) <i>other loans</i>   | 36,278,643 |                    |
| 40. Loans to customers:   |            | 196,680,800        |
| of which:   |            |                    |
| - <i>loans on deposits received in administration</i>                                 | 267,825    |                    |
| 50. Bonds and other debt securities:  |            | 44,797,347         |
| a) <i>of public issuers</i>   | 31,874,501 |                    |
| b) <i>of banks</i>  | 9,214,278  |                    |
| of which:   |            |                    |
| - <i>investment and trading securities</i>  | 377,439    |                    |
| c) <i>of financial institutions</i>   | 1,297,187  |                    |
| of which:   |            |                    |
| - <i>investment and trading securities</i>  | —          |                    |
| d) <i>of other issuers</i>  | 2,411,381  |                    |
| 60. Shares, quotas and other variable-yield securities                                |            | 2,279,953          |
| 70. Equity investments:   |            | 2,013,374          |
| a) <i>valued at net equity</i>  | 739,855    |                    |
| b) <i>other</i>   | 1,273,519  |                    |
| 80. Investments in Group companies:   |            | 94,305             |
| a) <i>valued at net equity</i>  | 58,026     |                    |
| b) <i>other</i>   | 36,279     |                    |
| 90. Positive consolidation differences  |            | 992,974            |
| 100. Positive net equity differences  |            | —                  |
| 110. Intangible fixed assets  |            | 488,260            |
| of which:   |            |                    |
| - <i>start-up costs</i>   | 3,720      |                    |
| - <i>goodwill</i>   | 92,496     |                    |
| 120. Tangible fixed assets  |            | 5,144,367          |
| 140. Own shares or quotas   |            | 582                |
| <i>nominal value</i>  | (1,795)    |                    |
| 150. Other assets   |            | 19,640,533         |
| 160. Accrued income and pre-paid expenses:  |            | 4,190,097          |
| a) <i>accrued income</i>  | 2,382,960  |                    |
| b) <i>pre-paid expenses</i>   | 1,807,137  |                    |
| of which:   |            |                    |
| - <i>issue discount on securities</i>   | 6,441      |                    |
| <b>Total assets</b>   |            | <b>327,089,393</b> |

Consolidated Accounts

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(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)

## LIABILITIES

|  |            |                    |
|--|------------|--------------------|
| 10. Due to banks:  |            | 69,195,254         |
| a) <i>on demand</i>  | 7,899,791  |                    |
| b) <i>term or with notice</i>                                  | 61,295,463 |                    |
| 20. Due to customers:  |            | 140,996,473        |
| a) <i>on demand</i>  | 99,680,662 |                    |
| b) <i>term or with notice</i>                                  | 41,315,811 |                    |
| 30. Securities issued:   |            | 66,051,453         |
| a) <i>bonds</i>  | 42,156,701 |                    |
| b) <i>certificates of deposit</i>                              | 22,097,893 |                    |
| c) <i>other securities</i>                                     | 1,796,859  |                    |
| 40. Deposits received in administration                        |            | 269,261            |
| 50. Other liabilities  |            | 17,902,258         |
| 60. Accrued liabilities and deferred income:                   |            | 4,663,836          |
| a) <i>accrued liabilities</i>                                  | 2,438,915  |                    |
| b) <i>deferred income</i>                                      | 2,224,921  |                    |
| 70. Employee termination pay                                   |            | 1,615,412          |
| 80. Provisions for risks and charges:                          |            | 4,912,720          |
| a) <i>reserve for retirement and similar commitments</i>       | 1,049,614  |                    |
| b) <i>taxation reserve</i>                                     | 2,699,576  |                    |
| c) <i>consolidation provision for future risks and charges</i> | —          |                    |
| d) <i>other provisions</i>                                     | 1,163,530  |                    |
| 90. Reserve for general banking risks                          |            | 294,853            |
| 100. Fund for general banking risks                            |            | 127,815            |
| 110. Subordinated debt   |            | 2,653,964          |
| 120. Negative consolidation differences                        |            | 56,932             |
| 130. Negative net equity differences                           |            | —                  |
| 140. Minority portion of shareholders' equity (+ / -)          |            | 3,553,981          |
| 150. Capital   |            | 2,488,086          |
| 160. Issue premiums  |            | 5,909,224          |
| 170. Reserves:   |            | 3,060,741          |
| a) <i>legal reserve</i>  | 345,961    |                    |
| b) <i>reserve for own shares or quotas</i>                     | 582        |                    |
| c) <i>statutory reserves</i>                                   | 2,091,248  |                    |
| d) <i>other reserves</i>                                       | 622,950    |                    |
| 180. Revaluation reserves                                      |            | 846,880            |
| 190. Retained earnings (losses)                                |            | 240                |
| 200. Net income (loss) for the year                            |            | 2,490,010          |
| <b>Total liabilities</b>                                       |            | <b>327,089,393</b> |

## GUARANTEES AND COMMITMENTS

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)

## ITEMS

|   |            |            |
|---|------------|------------|
| 10. Guarantees given                              |            | 21,194,262 |
| <i>of which:</i>                                  |            |            |
| - <i>acceptances</i>                              | 83,294     |            |
| - <i>other guarantees</i>                         | 21,110,968 |            |
| 20. Commitments                                   |            | 26,014,208 |
| <i>of which:</i>                                  |            |            |
| - <i>for sales with obligation to re-purchase</i> | 609        |            |

Managing Director/CEO  
Profumo

Chief Accountant  
Vignoletti



|                       |   |
|-----------------------|---|
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## CONSOLIDATED PROFIT AND LOSS ACCOUNT AT 31 DECEMBER 1999

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|--|---|
| 10. Interest income and similar revenues                                   | 16,019,504                                |
| <i>of which:</i>   |   |
| - on loans to customers  | 10,764,810                                |
| - on debt securities   | 3,507,718                                 |
| 20. Interest expense and similar charges                                   | 8,509,136                                 |
| <i>of which:</i>   |   |
| - on due to customers  | 3,009,402                                 |
| - on securities issued   | 2,572,784                                 |
| 30. Dividends and other revenues:  | 321,486                                   |
| a) on shares, quotas and other variable-yield securities                   | 25,324                                    |
| b) on equity investments   | 293,971                                   |
| c) on investments in Group companies                                       | 2,191                                     |
| 40. Commission income  | 5,740,314                                 |
| 50. Commission expense   | 568,481                                   |
| 60. Profits/(losses) from financial transactions                           | 655,650                                   |
| 70. Other operating income   | 1,509,189                                 |
| 80. Administrative expenses:   | 7,404,322                                 |
| a) payroll   | 4,734,866                                 |
| <i>of which:</i>   |   |
| - wages and salaries   | 3,336,845                                 |
| - social security contributions  | 981,631                                   |
| - employment termination payment   | 210,230                                   |
| - reserve for retirement and similar commitments                           | 106,316                                   |
| b) other administrative expenses   | 2,669,456                                 |
| 90. Adjustments to the value of intangible and tangible fixed assets       | 698,387                                   |
| 100. Provisions for risks and charges                                      | 488,716                                   |
| 110. Other operating expenses  | 433,695                                   |
| 120. Write-downs of loans and provisions for guarantees and commitments    | 2,401,070                                 |
| 130. Write-backs to loans and to provisions for guarantees and commitments | 792,572                                   |
| 140. Provisions for risks and charges reserve                              | 86,658                                    |
| 150. Write-downs of financial investments                                  | 98,186                                    |
| 160. Write-backs to financial investments                                  | 45,022                                    |
| 170. Profits/(losses) on equity investments valued at net equity           | 1,330                                     |
| <b>180. Profit/(loss) before extraordinary items and income tax</b>        | <b>4,396,416</b>                          |
| 190. Extraordinary income  | 1,710,237                                 |
| 200. Extraordinary charges   | 577,701                                   |
| <b>210. Extraordinary income/(loss)</b>                                    | <b>1,132,536</b>                          |
| 230. Change in the reserve for general banking risks                       | 16,994                                    |
| 240. Income tax for the year   | 2,337,765                                 |
| 241. Provisions pursuant to Law 218 of 30.7.1990                           | —   |
| 242. Pekao Group pre-acquisition income                                    | 41,698                                    |
| 250. Minority portion of net income/(loss) for the year                    | 642,485                                   |
| <b>260. Net income/(loss) for the year</b>                                 | <b>2,490,010</b>                          |

Managing Director/CEO  
Profumo

Chief Accountant  
Vignoletti

# Comparative Accounts

## CONSOLIDATED BALANCE SHEET

| ASSETS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                    |
|---|---|--------------------|
|   | 31/12/1999                                | 31/12/1998         |
| 10. Cash and deposits with central banks and post offices                             | 2,200,496                                 | 1,217,810          |
| 20. Treasury notes and similar securities eligible for refinancing with central banks | 9,826,831                                 | 24,467,188         |
| 30. Loans to banks:   | 38,739,474                                | 44,820,175         |
| a) on demand  | 2,460,831                                 | 2,943,179          |
| b) other loans  | 36,278,643                                | 41,876,996         |
| 40. Loans to customers  | 196,680,800                               | 165,980,446        |
| of which:   |   |                    |
| - loans on deposits received in administration  | 267,825                                   | 191,533            |
| 50. Bonds and other debt securities:  | 44,797,347                                | 25,266,729         |
| a) of public issuers  | 31,874,501                                | 15,398,020         |
| b) of banks   | 9,214,278                                 | 7,145,064          |
| of which:   |   |                    |
| - investment and trading securities   | 377,439                                   | 228,282            |
| c) of financial institutions  | 1,297,187                                 | 836,472            |
| of which:   |   |                    |
| - investment and trading securities   | —   | —                  |
| d) of other issuers   | 2,411,381                                 | 1,887,173          |
| 60. Shares, quotas and other variable-yield securities                                | 2,279,953                                 | 640,976            |
| 70. Equity investments:   | 2,013,374                                 | 2,883,423          |
| a) valued at net equity   | 739,855                                   | 1,052,745          |
| b) other  | 1,273,519                                 | 1,830,678          |
| 80. Investments in Group companies:   | 94,305                                    | 41,602             |
| a) valued at net equity   | 58,026                                    | 38,460             |
| b) other  | 36,279                                    | 3,142              |
| 90. Positive consolidation differences  | 992,974                                   | —                  |
| 100. Positive net equity differences  | —   | —                  |
| 110. Intangible fixed assets  | 488,260                                   | 412,980            |
| of which:   |   |                    |
| - start-up costs  | 3,720                                     | 3,367              |
| - goodwill  | 92,496                                    | 104,424            |
| 120. Tangible fixed assets  | 5,144,367                                 | 4,137,766          |
| 140. Own shares or quotas   | 582                                       | 536                |
| nominal value   | (1,795)                                   | (1,750)            |
| 150. Other assets   | 19,640,533                                | 15,744,332         |
| 160. Accrued income and pre-paid expenses:  | 4,190,097                                 | 3,521,127          |
| a) accrued income   | 2,382,960                                 | 2,719,883          |
| b) pre-paid expenses  | 1,807,137                                 | 801,244            |
| of which:   |   |                    |
| - issue discount on securities  | 6,441                                     | 11,350             |
| <b>Total assets</b>   | <b>327,089,393</b>                        | <b>289,135,090</b> |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

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| LIABILITIES  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                    |
|--|--|--------------------|
|  | 31/12/1999                                 | 31/12/1998         |
| 10. Due to banks:  | 69,195,254                                 | 65,126,132         |
| a) <i>on demand</i>  | 7,899,791                                  | 10,040,542         |
| b) <i>term or with notice</i>                                  | 61,295,463                                 | 55,085,590         |
| 20. Due to customers:  | 140,996,473                                | 107,342,258        |
| a) <i>on demand</i>  | 99,680,662                                 | 82,115,569         |
| b) <i>term or with notice</i>                                  | 41,315,811                                 | 25,226,689         |
| 30. Securities issued:   | 66,051,453                                 | 70,741,888         |
| a) <i>bonds</i>  | 42,156,701                                 | 40,747,135         |
| b) <i>certificates of deposit</i>                              | 22,097,893                                 | 27,378,058         |
| c) <i>other securities</i>                                     | 1,796,859                                  | 2,616,695          |
| 40. Deposits received in administration                        | 269,261                                    | 201,430            |
| 50. Other liabilities  | 17,902,258                                 | 17,227,266         |
| 60. Accrued liabilities and deferred income:                   | 4,663,836                                  | 3,643,245          |
| a) <i>accrued liabilities</i>                                  | 2,438,915                                  | 2,882,289          |
| b) <i>deferred income</i>                                      | 2,224,921                                  | 760,956            |
| 70. Severance pay  | 1,615,412                                  | 1,604,201          |
| 80. Provisions for risks and charges:                          | 4,912,720                                  | 4,212,897          |
| a) <i>reserve for retirement and similar commitments</i>       | 1,049,614                                  | 1,146,455          |
| b) <i>taxation reserve</i>                                     | 2,699,576                                  | 2,312,565          |
| c) <i>consolidation provision for future risks and charges</i> | —  | —                  |
| d) <i>other provisions</i>                                     | 1,163,530                                  | 753,877            |
| 90. Reserve for general banking risks                          | 294,853                                    | 281,480            |
| 100. Fund for general banking risks                            | 127,815                                    | 99,332             |
| 110. Subordinated debt   | 2,653,964                                  | 2,503,775          |
| 120. Negative consolidation differences                        | 56,932                                     | 297,031            |
| 130. Negative net equity differences                           | —  | 14,261             |
| 140. Minority portion of shareholders' equity (+ / -)          | 3,553,981                                  | 3,596,672          |
| 150. Capital   | 2,488,086                                  | 2,340,454          |
| 160. Issue premiums  | 5,909,224                                  | 5,119,521          |
| 170. Reserves:   | 3,060,741                                  | 3,557,297          |
| a) <i>legal reserve</i>  | 345,961                                    | 254,601            |
| b) <i>reserve for own shares or quotas</i>                     | 582  | 536                |
| c) <i>statutory reserves</i>                                   | 2,091,248                                  | 2,091,248          |
| d) <i>other reserves</i>                                       | 622,950                                    | 1,210,912          |
| 180. Revaluation reserves                                      | 846,880                                    | 807,820            |
| 190. Retained earnings (losses)                                | 240  | 404                |
| 200. Net income (loss) for the year                            | 2,490,010                                  | 417,726            |
| <b>Total liabilities</b>                                       | <b>327,089,393</b>                         | <b>289,135,090</b> |

## GUARANTEES AND COMMITMENTS

| ITEMS   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |            |
|---|--|------------|
|   | 31/12/1999                                 | 31/12/1998 |
| 10. Guarantees given                              | 21,194,262                                 | 18,506,108 |
| <i>of which:</i>                                  |  |            |
| - <i>acceptances</i>                              | 83,294                                     | 483,345    |
| - <i>other guarantees</i>                         | 21,110,968                                 | 18,022,763 |
| 20. Commitments                                   | 26,014,208                                 | 23,280,624 |
| <i>of which:</i>                                  |  |            |
| - <i>for sales with obligation to re-purchase</i> | 609  | —          |

Managing Director/CEO  
Profumo

Chief Accountant  
Vignoletti

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                  |
|--|--|------------------|
|  | 1999                                       | 1998             |
| 10. Interest income and similar revenues                                   | 16,019,504                                 | 17,364,573       |
| <i>of which:</i>   |  |                  |
| - on loans to customers  | 10,764,810                                 | 11,023,073       |
| - on debt securities   | 3,507,718                                  | 3,368,035        |
| 20. Interest expense and similar charges                                   | 8,509,136                                  | 10,380,964       |
| <i>of which:</i>   |  |                  |
| - on due to customers  | 3,009,402                                  | 3,227,261        |
| - on securities issued   | 2,572,784                                  | 3,760,227        |
| 30. Dividends and other revenues:  | 321,486                                    | 112,584          |
| a) on shares, quotas and other variable-yield securities                   | 25,324                                     | 3,218            |
| b) on equity investments   | 293,971                                    | 109,366          |
| c) on investments in Group companies                                       | 2,191                                      | —                |
| 40. Commission income  | 5,740,314                                  | 4,380,872        |
| 50. Commission expense   | 568,481                                    | 400,087          |
| 60. Profits/(losses) from financial transactions                           | 655,650                                    | 558,355          |
| 70. Other operating income   | 1,509,189                                  | 1,106,334        |
| 80. Administrative expenses:   | 7,404,322                                  | 6,401,779        |
| a) payroll   | 4,734,866                                  | 4,180,874        |
| <i>of which:</i>   |  |                  |
| - wages and salaries   | 3,336,845                                  | 2,815,067        |
| - social security contributions  | 981,631                                    | 914,382          |
| - employment termination payments  | 210,230                                    | 207,008          |
| - retirement payments and similar commitments                              | 106,316                                    | 157,847          |
| b) other administrative expenses   | 2,669,456                                  | 2,220,905        |
| 90. Adjustments to the value of intangible and tangible fixed assets       | 698,387                                    | 668,508          |
| 100. Provisions for risks and charges                                      | 488,716                                    | 173,298          |
| 110. Other operating expenses  | 433,695                                    | 325,195          |
| 120. Write-downs of loans and provisions for guarantees and commitments    | 2,401,070                                  | 1,597,086        |
| 130. Write-backs to loans and to provisions for guarantees and commitments | 792,572                                    | 498,903          |
| 140. Provisions for risks and charges reserve                              | 86,658                                     | 69,557           |
| 150. Write-downs of financial investments                                  | 98,186                                     | 77,008           |
| 160. Write-backs to financial investments                                  | 45,022                                     | 7,524            |
| 170. Profits/(losses) on equity investments valued at net equity           | 1,330                                      | 20,256           |
| <b>180. Profit/(loss) before extraordinary items and income tax</b>        | <b>4,396,416</b>                           | <b>3,955,919</b> |
| 190. Extraordinary income  | 1,710,237                                  | 811,837          |
| 200. Extraordinary charges   | 577,701                                    | 1,614,931        |
| <b>210. Extraordinary income/(loss)</b>                                    | <b>1,132,536</b>                           | <b>(803,094)</b> |
| 230. Change in the reserve for general banking risks                       | 16,994                                     | 53,441           |
| 240. Income tax for the year   | 2,337,765                                  | 2,085,037        |
| 241. Provisions pursuant to Law 218 of 30.7.1990                           | —  | 889              |
| 242. Pekaio Group pre-acquisition income                                   | 41,698                                     | —                |
| 250. Minority portion of net income/(loss) for the year                    | 642,485                                    | 595,732          |
| <b>260. Net income/(loss) for the year</b>                                 | <b>2,490,010</b>                           | <b>417,726</b>   |

Managing Director/CEO  
Profumo

Chief Accountant  
Vignoletti



|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |



# Notes to the Accounts

## **Consolidation Principles and Criteria**

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### **Part A) Valuation Criteria**

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- Section 1 Illustration of valuation criteria
  - Section 2 Write-downs and tax provisions
- 

### **Part B) Notes to the Consolidated Balance Sheet**

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- Section 1 Loans
  - Section 2 Securities
  - Section 3 Equity investments
  - Section 4 Tangible and intangible fixed assets
  - Section 5 Other assets items
  - Section 6 Liabilities
  - Section 7 Reserves
  - Section 8 Capital, reserves, fund for general banking risks and subordinated debt
  - Section 9 Other liabilities items
  - Section 10 Guarantees and commitments
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  - Section 12 Management and brokerage on behalf of third parties
- 

### **Part C) Notes to the Consolidated Profit and Loss Account**

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- Section 1 Interest
  - Section 2 Commissions
  - Section 3 Profits and losses from financial transactions
  - Section 4 Administrative expenses
  - Section 5 Write-downs, write-backs and provisions
  - Section 6 Other Profit and Loss Account items
  - Section 7 Other notes to the Profit and Loss Account
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### **Part D) Other Information**

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- Section 1 Directors and Auditors
  - Section 2 Financial report
- 

For information requested in the CONSOB Notice of 7 April 2000, please see the Supplemental Report of the Board of Directors of 2 May 2000 on page 359.

## CONSOLIDATION PRINCIPLES AND CRITERIA

Below is a description of the consolidation principles and criteria followed.

### Statements subject to consolidation

The Accounts of the Parent Company and of the Group companies at 31 December 1999, prepared and approved by the management concerned, were used for consolidation purposes.

The Consolidated Accounts of Bank Pekao, reclassified in accordance with Italian law, were used for consolidating said bank.

The statements of the fully consolidated Group companies are certified by leading auditing firms, with the exception of two limited liability companies and one public limited company whose size is scarcely significant.

The statements were appropriately reclassified and adjusted to take into account consolidation requirements and, where needed, modified to bring them into line with Group accounting policies.

The figures relating to the 1998 period were achieved by combining the consolidated statements and CARITRO's data at 31/12/98, but do not take into account those relating to the Pekao Group.

The statements expressed in foreign currency were converted into year-end official exchange rates.

With regard to the leasing activities carried on by the Group, statements prepared on the "financial method" basis were used for consolidation purposes.

### Consolidation of equity investments

The book value of investments in subsidiary companies included - for the first time - in the consolidation is offset by the corresponding fraction of the subsidiaries' equity, taking into account assets and liabilities assumed, using the line-by-line or proportional method. The difference resulting from such set-off is recorded in the consolidated statements, if possible, on the subsidiary's assets and liabilities side.

Any residual difference is reported in the Consolidated Balance Sheet under "Negative consolidation differences" **if negative** and as a reduction to negative differences **if positive**, until they balance out.

If the negative difference is due to a forecast of unfavourable performance by a subsidiary's future earnings, such difference is reported under "Consolidation reserve for future risks and losses" which is transferred to the Consolidated Profit and Loss Account at the time and to the extent that the forecast materializes.

In view of the particular nature and size of the positive difference arising from Bank Pekao's consolidation it was decided to keep it separate.

Since it may reasonably be assumed that Bank Pekao's corporate values will permanently remain Group "assets," a ten-year period was adopted for amortisation purposes since this is believed to be

A vertical table of contents on the left side of the page. It consists of a vertical line with four square markers. From top to bottom, the markers are: a white square next to 'Consolidated Accounts', a white square next to 'Comparative Accounts', a black square next to 'Notes to the Accounts', and a white square next to 'Annexes'. Below the line, there is a red circle with a white number '1' inside it, positioned under the 'Notes to the Accounts' marker.

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consistent with the time needed to achieve the anticipated benefits. In the first year it was amortised proportionally to its ownership period (5/12).

Consolidated reserves also comprise differences due to conversion - at year-end official exchange rates - of shareholders' equity expressed in foreign currency for subsidiaries included in the consolidation.

With regard to companies consolidated using the line-by-line or proportional method, the consolidation procedures laid down by Circular no. 166 of the Regulatory Authority pursuant to Legislative Decree 87/92 were applied as follows:

- sum of the items from the individual statements in accordance with requirements;
- elision of inter-group Balance Sheet and P&L items;
- elimination of dividends received within the Group and of adjustments and write-backs made to consolidated equity investments;
- elimination of the subsidiaries' book value in the Parent Company's statements against the subsidiaries' equity, taking into account the criteria given above on reporting consolidation differences and changes;
- recording of the minority portion of shareholders' equity under the appropriate liability item, with a separate entry in the P&L Account of the minority portion of net income.

Changes to the value of the subsidiaries' equity corresponding to the ownership share, occurring in the years following the one in which the consolidation principle was first applied, are recorded under item 170 d) of the Balance Sheet ("Other reserves").

**Companies** on which the Parent Company exercises a significant influence, i.e. equity share exceeding 20%, and those subsidiaries not fully consolidated, are valued using the equity method.

Any book value in excess of the corresponding fraction of shareholders' equity, resulting at the time such valuation is applied and attributable to goodwill, is recorded under the appropriate asset item "Positive net equity differences" or is carried as a reduction of negative differences until they balance out.

If the book value is lower than the corresponding fraction of shareholders' equity, such value is recorded under "Negative net equity differences" or, if it is due to a forecast of unfavourable performance by a subsidiary's future earnings, under sub-item c) "Consolidation reserve for future risks and charges" of the item "Reserves for risks and charges".

Changes in a subsidiary's equity value corresponding to the ownership share, occurring in the years following the one in which the valuation principle was first applied, are reported as follows:

- the share of profit (loss) for the period under item 170 of the P&L Account ("Profits and losses of investments valued at net equity");
- the share of increase (decrease) of shareholders' equity under item 170 of the Balance Sheet ("Other reserves").

## PART A) VALUATION CRITERIA

### Section 1 – Illustration of valuation criteria

Following the inclusion of the Pekao Group and Caritro in the consolidation area, the Parent Company has also provided the necessary information designed to achieve a high standard of homogeneity in the valuation criteria, the accounting principles adopted and the description of some operational events.

The valuation criteria are in line with those followed in preparing the Consolidated Accounts at 31 December 1998.

It can also be stated that, in accordance with legal requirements, the balance sheet and the “off-balance sheet” assets and liabilities were assessed separately; nevertheless, all related assets and liabilities were valued consistently.

They are in any case connected where there are hedging transactions.

#### 1. Loans – Guarantees and commitments

##### *Loans*

Loans were assessed according to their presumed realisation value which was determined, also taking account of the market quotations, where they exist, on the basis of:

- a) the borrowers' solvency;
- b) the difficulty of servicing the debt by the borrowers' countries of residence.

With regard to customers, the determination of the presumed realisation value is made on the basis of a careful assessment of all the elements that affect the progress of the relationships, in the light of information available on the net-worth, economic, and financial situation of the borrowers.

Account is also taken of the nature of the economic activity undertaken, of the level of risk of the category of credit ratings and of any guarantees given.

Among the various categories of “doubtful loans”, there are the following:

- non-performing loans, being the area of formally deteriorated loans, made up of the exposure to customers who are in a state of insolvency even if not legally certified or in equivalent situations: the assessment is made on an analytical basis;
- watchlist items, defined as the area of lending that involves relationships with parties who are experiencing temporary difficulties and who are expected to recover within a reasonable period: they are usually assessed on an all-in basis using historical and statistical data, or analytically if the particular circumstances allow;
- loans to countries at risk, i.e. to Central Authorities, Banks or customers resident in countries that have difficulty in servicing their debt: they are written-down on an all-in basis using percentages determined in a uniform manner across the Italian banking industry and which are subject to periodic review, both in terms of the countries to be included in the area and of the amount of write-

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down to be applied. If the particular circumstances permit, the all-in write-downs are supplemented by analytical adjustments;

- consolidated or restructured loans or loans subject to possible consolidation or restructuring represent exposure to parties with whom agreements have been or are being entered into, providing for the granting of a moratorium on their debt payment and a simultaneous re-negotiation of the conditions at below-market rates, conversion of part of the loans into shares and/or sacrifices of the principal amount: these are assessed analytically, including in the write-down the cost of any rate re-negotiation at conditions below the cost expected for collection.

Doubtful positions are identified by the individual managers responsible for the relationships – acting within the powers entrusted to them – who have access to a point-scoring system that analyses the operational progress of the relationship.

At the head office of the individual banking companies a special team provides monitoring and supervision of the entire customer portfolio.

With regard to “performing loans” an all-in write-down is made for the positions concerning the entire loan portfolio or those areas of economic activity that at the moment have a higher risk level (so-called “normal” risk).

### *Guarantees and commitments*

The guarantees given and commitments assumed by the Bank, that involve credit risks, are entered for the total amount of the commitment assumed and are valued using the same principles as those adopted for loans.

Any presumed losses arising from the valuation of guarantees and commitments are set against the appropriate reserve.

Should the reasons that led to the write-down, whether for loans or for guarantees and commitments, fully or partly cease, then a suitable write-back is made.

## **2. Securities and “off-balance sheet” transactions (other than those involving foreign currency)**

### *2.1. Investment securities*

Securities that constitute financial fixed assets are assessed at their purchase cost adjusted, where applicable, by the write-down needed to cover the permanent deterioration of the issuer's solvency as well as the ability by the country of residence of the latter to pay the debt, except when suitable guarantees are provided.

Should the reasons that led to the write-downs cease, then these are fully or partly cancelled.

The cost is determined using the “average continuous weighted cost” principle on a daily basis.

The purchase cost is adjusted by the portion during the period of the issue spread (net of the withholding tax accrued up to the application of Legislative Decree 239/96) and by an equal amount of the (positive or negative) difference between such cost and the issue value of the securities.

## 2.2. Trading securities

Securities that do not constitute financial fixed assets are assessed:

- a) at market value, if quoted on organised markets;
- b) at either the purchase price or market value, whichever is the lesser, if not quoted on organised markets.

The cost is determined using the “average continuous weighted cost” principle on a daily basis and is adjusted by the portion during the period of the issue spread on securities (net of the withholding tax accrued up to the application of Legislative Decree 239/96).

The market value is determined as follows:

- a) for securities quoted on regulated markets in Italy or abroad by using the price quoted on the last day of the period if a significant percentage of such securities is hedged with derivative contracts; in all other cases by using the average prices quoted during the month of December;
- b) for securities not quoted on regulated markets in Italy or abroad by using their presumed realisation value.

The latter value is determined by reference to:

- the market performance of securities with similar characteristics that are quoted on regulated markets in Italy or abroad;
- future cash flow discounting on the basis of expected market returns;
- the issuers' solvency;
- any difficulty in servicing the debt by the issuers' countries of residence;
- any other elements that can be determined objectively.

## 2.3. “Off-balance sheet” transactions

“Off-balance sheet” transactions (other than those involving foreign currency) which constitute financial fixed assets are assessed at contract value whether these arise out of as yet unsettled spot or futures contracts on securities or for derivative contracts on an underlying security.

“Off-balance sheet” transactions (other than those involving foreign currency) which do **not** constitute financial fixed assets are assessed according to the following principles:

- as yet unsettled spot or futures contracts on securities:
  - if these are for securities quoted on organised markets, then at market value, meaning

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the price determined at the end of the period on maturities corresponding to the transactions being assessed;

- if these are for securities not quoted on organised markets, then at either the contract value or the market value, whichever is the lesser, in the case of a purchase, and at the greater of these values in the case of a sale. To determine the market value, the principles set out in the section relating to valuation of unlisted “trading” securities and those in the previous paragraph are used;

— derivative contracts on an underlying security or linked to interest rates, indices or other assets:

given that:

- in dealings with third parties there are desks specialised in a particular product or market that manage – with separate accounts and from a “trading” perspective – portfolios made up of securities and various types of derivative contracts (or just the latter), under defined powers in terms of net global risk and according to an overall economic result;
- for derivative contracts these desks also act as go-betweens for those who are not able to operate on the market and meet these needs by means of “internal” trading at market prices;
- these latter desks, that based on the assets attributed to them can use derivative contracts only for “hedging,” are also managed along the lines of separate accounts and management;

the following can be stated:

- the remaining contracts with the desks that manage composite trading portfolios mentioned above are assessed at market values, meaning:
  - for contracts quoted on organised markets, the relevant quotations;
  - for other contracts, the values obtained by using benchmarks quoted or available on information systems normally used at an international level and that in any case provide an objective assessment;
- however, the hedging contracts are treated in line with the assets/liabilities covered. Therefore:
  - at the desks that manage assets/liabilities which generate interest and are valued at cost/nominal value (e.g. deposits or investment securities), derivative contracts are also valued at cost and the differentials/profits settled/accrued in the period are added to the revenues (charges) along with the interest according to a time distribution in line with that of the recording of the interest produced by the assets/liabilities covered. This applies to specific hedging, otherwise it is according to the duration of the contract if the hedging is general (in this case, for futures or options on securities or interest rates reference is made to the duration – even if notional – of the underlying security; for forward rate agreements reference is made to the time period for which the interest differential is calculated);
  - if the assets/liabilities managed by the desks generate interest but are valued at market prices (e.g. trading securities portfolios):

- the settled/accrued differentials are added to interest, with the exception of those for single flow contracts on underlying assets greater than one year (e.g. futures and options) which are instead allocated to profits (losses) from financial transactions;
- derivative contracts are also subject to assessment only for the part of accruing differentials and the results are added to profits (losses) from financial transactions;
- finally, if the assets/liabilities hedged do not generate interest and are assessed at market values (e.g. equity securities), the hedging derivative contracts (options, futures) are also assessed at market value and the results are added to profits (losses) from financial transactions.

At the Foreign Branches of the Group companies, derivative contracts, whether trading or hedging depending on local regulations, are treated as follows:

- market valuation, as set out above, for trading contracts;
- apportionment according to settled/accrued differentials/profits for hedging contracts (detailed as investment securities or deposits/loans).

### 3. Equity investments

Investments in companies subject to significant influence are reported in the Consolidated Accounts at a value determined by using the net equity method, as described under **“Consolidation principles and criteria”**.

Investments in companies where the ownership share is below 20% of ordinary capital are valued at acquisition cost adjusted, if need be, by appropriate write-downs for any loss in value considered to be lasting.

Should the reasons that led to the write-downs cease to obtain, then these are fully or partly cancelled.

Investments in subsidiaries whose total assets have little significance or which do not operate in a homogeneous sector, are valued at net equity, while those under significant influence that are smaller or expected to be sold are valued at cost.

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

Assets and liabilities in foreign currency are valued at the spot exchange rate on the date prevailing at the end of the period.

Financial fixed assets that are not hedged globally or specifically on the spot or futures market are valued at the exchange rate prevailing on the date of their purchase.

Deposits in foreign currency against loans in Lit. covered by public guarantees on the exchange rate risk are held at the exchange rate prevailing on the date the loans are taken out.

“Off-balance sheet” foreign currency transactions are valued at the exchange rate prevailing at the end of the period, whether they are spot transactions to be settled or forward transactions (outright or repos).

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With regard to the latter, it is in fact deemed, in line with the logic of determining forward prices, that they should be treated as financial transactions equivalent to: deposits in foreign currencies and spot exchange rate transactions. The personnel involved, following this logic, handle the two risk components separately:

- the basic component, by systematically allocating it to the spot exchange rate position;
- the interest differentials component, by showing it in a special position that treats profits, like interest on deposits, according to where they belong.

## **5. Tangible fixed assets**

Tangible fixed assets are accounted at purchase price, including supplementary costs, plus any further incremental expenses, apart from the revaluations carried out in accordance with the law.

The cost of tangible fixed assets whose use is limited in time is systematically amortised for every period in terms of their residual potential usefulness.

The tangible fixed assets that at the end of the period are considerably below cost or value as determined above, are entered at whichever is the lower.

## **6. Intangible fixed assets**

Goodwill is amortised over a period of five/ten financial years.

The cost of patent rights and for the use of intellectual property, licence concessions, trade-marks, rights and similar assets is systematically amortised for every period according to their residual usefulness.

The start-up and expansion costs, research and development and other multi-year costs are amortised over a period not exceeding five years.

One exception are multi-year costs incurred for decorating and furnishing offices leased from third parties, which were capitalised up to 1992 and which continue to be amortised at rates referred to the length of the leasing contracts.

## **7. Deferred tax liability**

In accordance with the provisions of Consob Notice no. 99059010 of 30 July 1999 and the Measure by the Bank of Italy's Governor of 3 August 1999 published in the Gazzetta Ufficiale no. 188 dated 12 August 1999, the principle relating to deferred tax liability was applied.

Therefore, receivables and payables of a fiscal nature, originating from various criteria that govern the determination of net income for the period as against the criteria laid down in the tax regulations for determining taxable income, were reported separately for each individual company.

The difference in criteria generates misalignments of a temporary nature when the positive or negative components of the P&L Account take on fiscal importance during periods other than the ones in which they are posted to the Balance Sheet, therefore leading to:

- payment of advance taxes in the case of costs/charges;
- deferred tax payment (deferred taxes) in the case of revenues/income.

Assets for advance taxes are posted to the Balance Sheet if their recovery is reasonably certain, to be ascertained with reference to the size of the expected taxable income.

Liabilities for deferred taxes are posted to the Balance Sheet, unless they are quite unlikely to be incurred.

To achieve uniform reporting within the Group, the necessary information regarding the procedures followed by the Parent Company were provided to the fully consolidated companies.

Based on its particular tax situation, whether present or future, each company proceeded with the necessary calculations in pursuance of such principle.

As a result of applying such principle, **earnings for the period (233,206 million)** were positively affected as follows:

- **161,622** million relating to the net retroactive flows of **243,049** million to “Extraordinary income” and **81,427** million to “Extraordinary charges” .
- **71,584** million arising in the period and calculated as a reduction of “Income tax for the year” (a decrease of **152,152** million and an increase of **80,568** million).

In the assets of some companies there are assets (property and equity investments) recorded at higher values than those fiscally recognised (in pursuance of Law 218/90) which are expected to be sold. These values were originally entered by direct posting to shareholders’ equity without passing through the Profit and Loss Account; therefore, the deferred tax liability arising from such values was posted to the Taxation reserve by reducing the shareholders’ equity of the Banks involved. In this connection, Lit. 45,743 million was recorded.

In the **Balance Sheet** the **deferred tax liability** was shown under “**Taxation reserve**” (**217,176** million) against deferred taxes and under “**Other assets**” (**395,201** million) against advance taxes.

The methods used are described in detail in Part B), Section 7 – “Reserves” .

## 8. Other issues

Due to banks and customers and deposits received in administration are entered in the Balance Sheet at their nominal value.

Securities issued, consisting of bonds, certificates of deposit and bankers’ cheques are also entered at their nominal value, whereas those represented by “zero-coupon” securities are entered at their issue value plus the annual capitalisation of accrued interest.

The other assets include advances made as part of the tax activity to pay for taxes still to be collected, while the other liabilities include amounts of taxes collected but not yet paid to the revenue authorities, including any advance payments received from taxpayers.

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## Section 2 – Write-downs and tax provisions

### 2.1 Write-downs carried out exclusively in pursuance of tax rules

None

### 2.2 Provisions made exclusively in pursuance of tax rules

Some Group companies availed themselves of the powers granted by tax regulations. The effects are reported below:

#### *Provision to item 90 “Reserve for general banking risks”*

This amounts to Lit. 38,7103 million to meet default interest accrued during the period, set aside for possible risks only, pursuant to Article 71, paragraph 6 TUIR.

This entry was made for the purpose of taking advantage of tax concessions not otherwise available. Net of the tax effect - Lit. 16,413 million – net income for the period including the minority portion is reduced by Lit. 22,297 million. In so far as the Group portion is concerned, net income is reduced by Lit. 17,672 million.

## PART B) NOTES TO THE BALANCE SHEET

### Section 1 - Loans

The loan portfolio shown under items 10, 30 and 40 of Assets in the Consolidated Balance Sheet amounted to **237,620,770** million, net of write-downs totalling **7,299,529** million and is made up as follows with regard to the other party's economic nature:

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)<br>AMOUNTS AT 31/12/1999 |
|--|---|
| 10. Cash and deposits with central banks<br>and post offices | 2,200,496   |
| 30. Loans to banks   | 38,739,474  |
| 40. Loans to customers                                       | 196,680,800   |
| <b>Total</b>   | <b>237,620,770</b>  |

#### 1.1 Detail of item 30 "Loans to banks"

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)<br>AMOUNTS AT 31/12/1999 |
|--|---|
| a) loans to central banks                                | 3,239,928   |
| b) bills eligible for re-financing with<br>central banks | —   |
| c) loans for financial leasing contracts                 | 8,613   |
| d) repos   | 11,900,505  |
| e) securities lending                                    | 60,785  |

#### 1.2 Detail of item 40 "Loans to customers"

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)<br>AMOUNTS AT 31/12/1999 |
|--|---|
| a) bills eligible for re-financing with<br>central banks | 232,537   |
| b) loans for financial leasing contracts                 | 9,974,090   |
| c) repos   | 19,398,770  |
| d) securities lending                                    | 135,834   |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

### 1.3 Guaranteed loans to customers

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|--|-------------------|
| AMOUNTS AT 31/12/1999                      |                   |
| a) mortgages                               | 38,487,585        |
| b) liens on:                               |                   |
| 1. cash deposits                           | 748,869           |
| 2. securities                              | 3,705,089         |
| 3. other securities                        | 3,658,799         |
| c) guarantees from:                        |                   |
| 1. states                                  | 3,127,242         |
| 2. other public bodies                     | 369,019           |
| 3. banks                                   | 643,389           |
| 4. other operators                         | 27,600,579        |
| <b>Total</b>                               | <b>78,340,571</b> |

### 1.4 Non-performing loans (including default interest)

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                  |
|--|------------------|
| AMOUNTS AT 31/12/1999                      |                  |
| - customers                                | 4,184,178        |
| - banks                                    | 26,047           |
| <b>Total</b>                               | <b>4,210,225</b> |

### 1.5 Default interest loans

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |         |
|--|---------|
| AMOUNTS AT 31/12/1999                      |         |
| a) non-performing loans                    | 190,677 |
| b) other loans                             | 23,386  |

### Composition of item 10 "Cash and deposits with central banks and post offices"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)   |                       |                |                  |
|--|-----------------------|----------------|------------------|
|  | AMOUNTS AT 31/12/1999 |                | TOTAL            |
|  | EURO                  | CURRENCY       |                  |
| Notes and coins  | 1,330,515             | 533,082        | 1,863,598        |
| Current accounts with Treasury,<br>Postal deposits bank, Postal savings<br>banks and Italian Exchange Office | 12,677                | —              | 12,677           |
| Deposits with Bank of Italy and<br>central banks   | 34,847                | 289,375        | 324,222          |
| <b>Total</b>   | <b>1,378,039</b>      | <b>822,457</b> | <b>2,200,496</b> |

### Composition of item 30 "Loans to banks"

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                                   |                   |
|--|---|-----------------------------------|-------------------|
|  | EURO                                      | AMOUNTS AT 31/12/1999<br>CURRENCY | TOTAL             |
| <b>a) On demand:</b>                               |   |                                   |                   |
| Deposits   | 118,828                                   | 418,543                           | 537,371           |
| Financing  | 316,318                                   | 3,430                             | 319,748           |
| Current accounts for services rendered             | 932,579                                   | 486,306                           | 1,418,885         |
| Bills discounted                                   | 1,018                                     | 4,651                             | 5,669             |
| Other transactions                                 | 175,016                                   | 4,142                             | 179,158           |
|  | <b>1,543,759</b>                          | <b>917,072</b>                    | <b>2,460,831</b>  |
| <b>b) Other loans:</b>                             |   |                                   |                   |
| Loans to central banks                             | 3,239,920                                 | 8                                 | 3,239,928         |
| Bills eligible for re-financing with central banks | —   | —                                 | —                 |
| Loans for financial leasing contracts              | 8,613                                     | —                                 | 8,613             |
| Deposits   | 10,812,142                                | 6,955,451                         | 17,767,593        |
| Financing  | 2,052,648                                 | 1,007,228                         | 3,059,876         |
| Non-performing loans                               | 1,530                                     | 24,517                            | 26,047            |
| Repos  | 11,893,529                                | 6,976                             | 11,900,505        |
| Securities lending                                 | 60,785                                    | —                                 | 60,785            |
| Bills discounted                                   | 15,433                                    | 11,921                            | 27,354            |
| Other individual categories                        | 149,733                                   | 38,209                            | 187,942           |
|  | <b>28,234,333</b>                         | <b>8,044,310</b>                  | <b>36,278,643</b> |
| <b>Total</b>                                       | <b>29,778,092</b>                         | <b>8,961,382</b>                  | <b>38,739,474</b> |

### Composition of item 40 "Loans to customers"

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                                   |                    |
|--|---|-----------------------------------|--------------------|
|  | EURO                                      | AMOUNTS AT 31/12/1999<br>CURRENCY | TOTAL              |
| Bills eligible for re-financing with central banks | 209,929                                   | 22,608                            | 232,537            |
| Loans for financial leasing contracts              | 9,971,356                                 | 2,734                             | 9,974,090          |
| Bills discounted                                   | 3,353,577                                 | 398,003                           | 3,751,580          |
| Current accounts                                   | 37,254,284                                | 6,056,462                         | 43,310,746         |
| Loans  | 54,130,270                                | 361,367                           | 54,491,637         |
| Financing  | 11,643,605                                | 11,018,306                        | 22,661,911         |
| Other non-overdraft lending                        | 32,270,872                                | 3,812,125                         | 36,082,997         |
| Non-performing loans                               | 4,088,731                                 | 95,447                            | 4,184,178          |
| Repos  | 19,370,225                                | 28,545                            | 19,398,770         |
| Securities lending                                 | 135,834                                   | —                                 | 135,834            |
| Factoring transactions                             | 1,046,437                                 | 12,661                            | 1,159,098          |
| Other individual categories                        | 1,211,455                                 | 85,967                            | 1,297,422          |
| <b>Total</b>                                       | <b>174,686,575</b>                        | <b>21,994,225</b>                 | <b>196,680,800</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## Situation of loans and advances at 31 December 1999

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                   |                      |                   |
|---|-------------------|----------------------|-------------------|
| LOANS TO BANKS                            | GROSS<br>EXPOSURE | TOTAL<br>WRITE-DOWNS | NET<br>EXPOSURE   |
| A. Doubtful loans                         |                   |                      |                   |
| A.1. non-performing loans                 | 81,230            | 55,183               | 26,047            |
| A.2. watchlist                            | 13,240            | 10,075               | 3,165             |
| A.3. loans subject to restructuring       | —                 | —                    | —                 |
| A.4. restructured loans                   | 19,559            | 16,331               | 3,228             |
| A.5. unsecured loans to countries at risk | 285,151           | 139,981              | 145,170           |
| B. Performing loans                       | 38,562,036        | 172                  | 38,561,864        |
| <b>Total loans to banks</b>               | <b>38,961,216</b> | <b>221,742</b>       | <b>38,739,474</b> |

(\*) of which loans "subject to provisions" totalling 363,357 million

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                    |                      |                    |
|---|--------------------|----------------------|--------------------|
| LOANS TO CUSTOMERS                        | GROSS<br>EXPOSURE  | TOTAL<br>WRITE-DOWNS | NET<br>EXPOSURE    |
| A. Doubtful loans                         |                    |                      |                    |
| A.1. non-performing loans                 | 8,867,956          | 4,683,778            | 4,184,178          |
| A.2. watchlist                            | 3,165,077          | 666,956              | 2,498,121          |
| A.3. loans subject to restructuring       | 58,884             | 7,388                | 51,496             |
| A.4. restructured loans                   | 846,334            | 230,471              | 615,863            |
| A.5. unsecured loans to countries at risk | 279,294            | 98,322               | 180,972            |
| B. Performing loans                       | 190,541,042        | 1,390,872            | 189,150,170        |
| <b>Total loans to customers</b>           | <b>203,758,587</b> | <b>7,077,787</b>     | <b>196,680,800</b> |

(\*) of which loans "subject to provisions" totalling 374,308 million

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                    |                      |                    |
|---|--------------------|----------------------|--------------------|
| TOTAL LOANS                               | GROSS<br>EXPOSURE  | TOTAL<br>WRITE-DOWNS | NET<br>EXPOSURE    |
| A. Doubtful loans                         |                    |                      |                    |
| A.1. non-performing loans                 | 8,949,186          | 4,738,961            | 4,210,225          |
| A.2. watchlist                            | 3,178,317          | 677,031              | 2,501,286          |
| A.3. loans subject to restructuring       | 58,884             | 7,388                | 51,496             |
| A.4. restructured loans                   | 865,893            | 246,802              | 619,091            |
| A.5. unsecured loans to countries at risk | 564,445            | 238,303              | 326,142            |
| B. Performing loans                       | 229,103,078        | 1,391,044            | 227,712,034        |
| <b>Total loans</b>                        | <b>242,719,803</b> | <b>7,299,529</b>     | <b>235,420,274</b> |

(\*) of which loans "subject to provisions" totalling 737,665 million

## Trend of doubtful loans

### Loans to banks

| REASONS/CATEGORIES                                    | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                 |                                |                    |                                      |
|---|--|-----------------|--------------------------------|--------------------|--------------------------------------|
|   | NON-PERFORMING LOANS                       | WATCHLIST       | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK |
| <b>A. Initial gross exposure at 1/1/99</b>            | <b>19,055</b>                              | <b>33,360</b>   | <b>—</b>                       | <b>15,401</b>      | <b>384,140</b>                       |
| A.1 of which: for default interest                    | —  | —               | —                              | —                  | 28                                   |
| <b>B. Changes on the increase</b>                     | <b>91,359</b>                              | <b>3,172</b>    | <b>—</b>                       | <b>4,158</b>       | <b>71,799</b>                        |
| B.1 inflows from performing loans                     | 4,725                                      | 536             | —                              | —                  | 2,071                                |
| B.2 default interest                                  | —  | —               | —                              | —                  | 15                                   |
| B.3 transfers from other categories of doubtful loans | 11   | 174             | —                              | —                  | —                                    |
| B.4 other changes on the increase                     | 86,623                                     | 2,462           | —                              | 4,158              | 69,713                               |
| <b>C. Changes on the decrease</b>                     | <b>- 29,184</b>                            | <b>- 23,292</b> | <b>—</b>                       | <b>—</b>           | <b>-170,788</b>                      |
| C.1 outflows to performing loans                      | —  | —               | —                              | —                  | - 70,179                             |
| C.2 cancellations                                     | - 3,631                                    | - 22,354        | —                              | —                  | - 37                                 |
| C.3 collections                                       | - 6,101                                    | - 922           | —                              | —                  | - 70,929                             |
| C.4 realisation on disposals                          | - 14,763                                   | —               | —                              | —                  | —                                    |
| C.5 transfers to other categories of doubtful loans   | - 174                                      | - 11            | —                              | —                  | —                                    |
| C.6 other changes on the decrease                     | - 4,515                                    | - 5             | —                              | —                  | - 29,643                             |
| <b>D. Final gross exposure at 31/12/99</b>            | <b>81,230</b>                              | <b>13,240</b>   | <b>—</b>                       | <b>19,559</b>      | <b>285,151</b>                       |
| D.1 of which: for default interest                    | 6,410                                      | —               | —                              | —                  | 43                                   |

### Loans to customers

| REASONS/CATEGORIES                                    | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |                                |                    |                                      |
|---|--|-------------------|--------------------------------|--------------------|--------------------------------------|
|   | NON-PERFORMING LOANS                       | WATCHLIST         | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK |
| <b>A. Initial gross exposure at 1/1/99</b>            | <b>7,944,621</b>                           | <b>2,711,037</b>  | <b>69,400</b>                  | <b>1,182,158</b>   | <b>395,815</b>                       |
| A.1 of which: for default interest                    | 2,003,661                                  | 121,207           | —                              | 4,831              | —                                    |
| <b>B. Changes on the increase</b>                     | <b>3,315,237</b>                           | <b>2,855,577</b>  | <b>23,111</b>                  | <b>144,686</b>     | <b>65,340</b>                        |
| B.1 inflows from performing loans                     | 788,699                                    | 1,685,215         | 11,862                         | 92,998             | 13,737                               |
| B.2 default interest                                  | 336,103                                    | 23,674            | 234                            | 1,389              | —                                    |
| B.3 transfers from other categories of doubtful loans | 950,107                                    | 39,162            | 9,007                          | 33,665             | —                                    |
| B.4 other changes on the increase                     | 1,240,328                                  | 1,107,525         | 2,008                          | 16,634             | 51,603                               |
| <b>C. Changes on the decrease</b>                     | <b>-2,391,902</b>                          | <b>-2,401,539</b> | <b>-33,627</b>                 | <b>- 480,511</b>   | <b>- 181,862</b>                     |
| C.1 outflows to performing loans                      | - 59,209                                   | - 463,925         | - 6,000                        | - 89,377           | - 87,927                             |
| C.2 cancellations                                     | - 1,228,315                                | - 57,001          | - 3,910                        | - 34,769           | —                                    |
| C.3 collections                                       | - 958,292                                  | - 833,987         | - 1,686                        | - 124,417          | - 42,740                             |
| C.4 realisation on disposals                          | - 48,560                                   | - 42,401          | - 290                          | - 565              | —                                    |
| C.5 transfers to other categories of doubtful loans   | - 39,871                                   | - 914,264         | - 11,376                       | - 66,342           | - 88                                 |
| C.6 other changes on the decrease                     | - 57,655                                   | - 89,961          | - 365                          | - 165,041          | - 51,107                             |
| <b>D. Final gross exposure at 31/12/99</b>            | <b>8,867,956</b>                           | <b>3,165,074</b>  | <b>58,884</b>                  | <b>846,333</b>     | <b>279,293</b>                       |
| D.1 of which: for default interest                    | 2,279,685                                  | 76,713            | 3,248                          | 2,204              | —                                    |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



Total (Loans to customers and banks)

| REASONS/CATEGORIES                                    | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                    |                                |                    |                                      |
|---|---|--------------------|--------------------------------|--------------------|--------------------------------------|
|   | NON-PERFORMING LOANS                      | WATCHLIST          | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK |
| <b>A. Initial gross exposure at 1/1/99</b>            | <b>7,963,676</b>                          | <b>2,744,397</b>   | <b>69,400</b>                  | <b>1,197,559</b>   | <b>779,955</b>                       |
| A.1 of which: for default interest                    | 2,003,661                                 | 121,207            | —                              | 4,831              | 28                                   |
| <b>B. Changes on the increase</b>                     | <b>3,406,596</b>                          | <b>2,858,750</b>   | <b>23,111</b>                  | <b>148,844</b>     | <b>137,139</b>                       |
| B.1 inflows from performing loans                     | 793,424                                   | 1,685,751          | 11,862                         | 92,998             | 15,808                               |
| B.2 default interest                                  | 336,103                                   | 23,674             | 234                            | 1,389              | 15                                   |
| B.3 transfers from other categories of doubtful loans | 950,118                                   | 39,336             | 9,007                          | 33,665             | —                                    |
| B.4 other changes on the increase                     | 1,326,951                                 | 1,109,987          | 2,008                          | 20,792             | 121,316                              |
| <b>C. Changes on the decrease</b>                     | <b>-2,421,085</b>                         | <b>- 2,424,831</b> | <b>- 33,627</b>                | <b>- 480,511</b>   | <b>-352,650</b>                      |
| C.1 outflows to performing loans                      | - 59,209                                  | - 463,925          | - 6,000                        | - 89,377           | - 158,106                            |
| C.2 cancellations                                     | - 1,231,946                               | - 79,355           | - 3,910                        | - 34,769           | - 37                                 |
| C.3 collections                                       | - 964,393                                 | - 834,909          | - 11,686                       | - 124,417          | - 113,669                            |
| C.4 realisation on disposals                          | - 63,323                                  | 42,401             | - 290                          | - 565              | —                                    |
| C.5 transfers to other categories of doubtful loans   | - 40,045                                  | - 914,275          | - 11,376                       | - 66,342           | - 88                                 |
| C.6 other changes on the decrease                     | - 62,170                                  | - 89,966           | - 365                          | - 165,041          | - 80,750                             |
| <b>D. Final gross exposure at 31/12/99</b>            | <b>8,949,187</b>                          | <b>3,178,315</b>   | <b>58,884</b>                  | <b>865,892</b>     | <b>564,444</b>                       |
| D.1 of which: for default interest                    | 2,286,095                                 | 76,713             | 3,248                          | 2,204              | 43                                   |

## Trend of total write-downs

### Loans to banks

| REASONS/CATEGORIES                            | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                |                                |                    |                                      |                  |
|---|---|----------------|--------------------------------|--------------------|--------------------------------------|------------------|
|   | NON-PERFORMING LOANS                      | WATCHLIST      | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK | PERFORMING LOANS |
| <b>A. Initial total</b>                       |   |                |                                |                    |                                      |                  |
| <b>write-downs at 1/1/99</b>                  | <b>10,724</b>                             | <b>29,426</b>  | <b>—</b>                       | <b>10,981</b>      | <b>91,991</b>                        | <b>75</b>        |
| A.1 of which: for default interest            | —   | —              | —                              | —                  | 28                                   | 75               |
| <b>B. Changes on the increase</b>             | <b>64,571</b>                             | <b>3,936</b>   | <b>—</b>                       | <b>5,350</b>       | <b>72,136</b>                        | <b>699</b>       |
| B.1 write-downs                               | 11,718                                    | 1,730          | —                              | 5,350              | 71,973                               | 578              |
| B.1.1 of which: for default interest          | —   | —              | —                              | —                  | 15                                   | —                |
| B.2 use of reserves for general banking risks | —   | —              | —                              | —                  | —                                    | —                |
| B.3 transfers from other categories of loans  | 11  | 174            | —                              | —                  | —                                    | —                |
| B.4 other changes on the increase             | 52,842                                    | 2,032          | —                              | —                  | 163                                  | 121              |
| <b>C. Changes on the decrease</b>             | <b>-20,112</b>                            | <b>-23,287</b> | <b>—</b>                       | <b>—</b>           | <b>-24,146</b>                       | <b>- 602</b>     |
| C.1 write-backs from valuation                | - 7,136                                   | —              | —                              | —                  | - 14,925                             | —                |
| C.1.1 of which: for default interest          | —   | —              | —                              | —                  | —                                    | —                |
| C.2 write-backs from collections              | - 7,924                                   | - 917          | —                              | —                  | - 7,275                              | - 382            |
| C.2.1 of which: for default interest          | —   | —              | —                              | —                  | —                                    | —                |
| C.3 cancellations                             | - 3,631                                   | -22,354        | —                              | —                  | - 37                                 | —                |
| C.4 transfers to other categories of loans    | - 174                                     | - 11           | —                              | —                  | —                                    | —                |
| C.5 other changes on the decrease             | - 1,247                                   | - 5            | —                              | —                  | - 1,909                              | - 220            |
| <b>D. Final total</b>                         |   |                |                                |                    |                                      |                  |
| <b>write-downs at 31/12/99</b>                | <b>55,183</b>                             | <b>10,075</b>  | <b>—</b>                       | <b>16,331</b>      | <b>139,981</b>                       | <b>172</b>       |
| D.1 of which: for default interest            | 6,410                                     | —              | —                              | —                  | 43                                   | —                |

### Loans to customers

| REASONS/CATEGORIES                            | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                 |                                |                    |                                      |                  |
|---|---|-----------------|--------------------------------|--------------------|--------------------------------------|------------------|
|   | NON-PERFORMING LOANS                      | WATCHLIST       | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK | PERFORMING LOANS |
| <b>A. Initial total</b>                       |   |                 |                                |                    |                                      |                  |
| <b>write-downs at 1/1/99</b>                  | <b>3,598,389</b>                          | <b>514,872</b>  | <b>11,185</b>                  | <b>269,621</b>     | <b>86,754</b>                        | <b>1,172,619</b> |
| A.1 of which: for default interest            | 1,763,706                                 | 100,470         | —                              | 2,809              | —                                    | 395,570          |
| <b>B. Changes on the increase</b>             | <b>2,585,889</b>                          | <b>605,956</b>  | <b>6,377</b>                   | <b>42,808</b>      | <b>37,170</b>                        | <b>566,447</b>   |
| B.1 write-downs                               | 1,487,765                                 | 504,248         | 2,814                          | 23,935             | 36,187                               | 507,147          |
| B.1.1 of which: for default interest          | 298,611                                   | 12,275          | —                              | 258                | —                                    | 47,430           |
| B.2 use of reserves for general banking risks | 62,474                                    | 13,154          | —                              | 1,153              | —                                    | 979              |
| B.3 transfers from other categories of loans  | 284,671                                   | 40,151          | 3,563                          | 16,827             | 102                                  | 23,325           |
| B.4 other changes on the increase             | 750,979                                   | 48,403          | —                              | 893                | 881                                  | 34,996           |
| <b>C. Changes on the decrease</b>             | <b>- 1,500,500</b>                        | <b>-453,872</b> | <b>-10,174</b>                 | <b>- 81,958</b>    | <b>- 25,602</b>                      | <b>- 348,194</b> |
| C.1 write-back                                | - 31,460                                  | - 166,176       | - 3,300                        | - 30,323           | - 4,784                              | - 132,597        |
| C.5 other changes on the decrease             | - 8,769                                   | - 33,009        | —                              | - 1,057            | —                                    | - 9,004          |
| <b>D. Final total write-downs at 31/12/99</b> | <b>4,683,778</b>                          | <b>666,956</b>  | <b>7,388</b>                   | <b>230,471</b>     | <b>98,322</b>                        | <b>1,390,872</b> |
| D.1 of which: for default interest            | 2,089,008                                 | 65,172          | 3,014                          | 1,805              | —                                    | 400,124          |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

Total (loans to customers and banks)

| REASONS/CATEGORIES                            | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                  |                                |                    |                                      |                  |
|---|--|------------------|--------------------------------|--------------------|--------------------------------------|------------------|
|   | NON-PERFORMING LOANS                       | WATCHLIST        | LOANS SUBJECT TO RESTRUCTURING | RESTRUCTURED LOANS | UNSECURED LOANS TO COUNTRIES AT RISK | PERFORMING LOANS |
| <b>A. Initial total</b>                       |  |                  |                                |                    |                                      |                  |
| <b>write-downs at 1/1/99</b>                  | <b>3,609,113</b>                           | <b>544,298</b>   | <b>11,185</b>                  | <b>280,602</b>     | <b>178,745</b>                       | <b>1,172,694</b> |
| A.1 of which: for default interest            | 1,763,706                                  | 100,470          | —                              | 2,809              | 28                                   | 395,645          |
| <b>B. Changes on the increase</b>             | <b>2,650,459</b>                           | <b>609,893</b>   | <b>6,377</b>                   | <b>48,158</b>      | <b>109,306</b>                       | <b>567,146</b>   |
| B.1 write-downs                               | 1,499,483                                  | 505,978          | 2,814                          | 29,285             | 108,160                              | 507,725          |
| B.1.1 of which: for default interest          | 298,611                                    | 12,275           | —                              | 258                | 15                                   | 47,430           |
| B.2 use of reserves for general banking risks | 62,474                                     | 13,154           | —                              | 1,153              | —                                    | 979              |
| B.3 transfers from other categories of loans  | 284,682                                    | 40,325           | 3,563                          | 16,827             | 102                                  | 23,325           |
| B.4 other changes on the increase             | 803,821                                    | 50,435           | —                              | 893                | 1,044                                | 35,117           |
| <b>C. Changes on the decrease</b>             | <b>-1,520,611</b>                          | <b>- 477,160</b> | <b>- 10,174</b>                | <b>- 81,958</b>    | <b>- 49,748</b>                      | <b>- 348,796</b> |
| C.1 write-backs from valuation                | - 123,436                                  | - 174,307        | - 2,924                        | - 11,976           | - 35,016                             | - 59,880         |
| C.1.1 of which: for default interest          | 1,099                                      | - 1,185          | —                              | —                  | —                                    | —                |
| C.2 write-backs from collections              | - 123,579                                  | - 21,295         | - 40                           | - 3,833            | - 8,002                              | - 73,301         |
| C.2.1 of which: for default interest          | - 28,338                                   | - 2,819          | —                              | - 3                | —                                    | - 4,706          |
| C.3 cancellations                             | - 1,231,946                                | - 79,356         | - 3,910                        | - 34,769           | - 37                                 | - 73,794         |
| C.4 transfers to other categories of loans    | - 31,634                                   | - 166,187        | - 3,300                        | - 30,323           | - 4,784                              | - 132,597        |
| C.5 other changes on the decrease             | - 10,015                                   | - 33,015         | —                              | - 1,057            | - 1,909                              | - 9,224          |
| <b>D. Final total</b>                         |  |                  |                                |                    |                                      |                  |
| <b>write-downs at 31/12/99</b>                | <b>4,738,961</b>                           | <b>677,031</b>   | <b>7,388</b>                   | <b>246,802</b>     | <b>238,303</b>                       | <b>1,391,044</b> |
| D.1 of which: for default interest            | 2,095,418                                  | 65,172           | 3,014                          | 1,805              | 43                                   | 400,124          |

## Section 2 - Securities

Investment and trading securities shown under items 20, 50 and 60 of Assets in the Balance Sheet amounted to **56,904,131** million and were as follows:

| ITEMS   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|---|--|-------------------|
|   | AMOUNTS AT 31/12/1999                      |                   |
| 20. Treasury notes and similar securities eligible<br>for re-financing with central banks |  | 9,826,831         |
| 50. Bonds and other debt securities   |  | 44,797,374        |
| 60. Shares, quotas and other variable-yield securities                                    |  | 2,279,953         |
| <b>Total</b>  |  | <b>56,904,131</b> |
| of which: investment securities   |  | 28,952,026        |

As regards the criteria followed in evaluating securities, please see the relevant paragraph under "Valuation criteria".

### 2.1 Investment securities

| ITEMS/SECURITIES             | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|------------------------------|--|-------------------|
|                              | AMOUNTS AT 31/12/1999                      |                   |
|                              | BOOK VALUE                                 | MARKET VALUE      |
| 1. Debt securities           | 28,952,026                                 | 29,861,881        |
| 1.1 Government securities    | 15,107,188                                 | 16,138,994        |
| - <i>quoted</i>              | 15,097,520                                 | 16,129,340        |
| - <i>unquoted</i>            | 9,668                                      | 9,654             |
| 1.2 Other securities         | 13,844,838                                 | 13,722,887        |
| - <i>quoted</i>              | 6,470,490                                  | 6,419,251         |
| - <i>unquoted</i>            | 7,374,348                                  | 7,303,636         |
| 2. Variable-yield securities | —  | —                 |
| - <i>quoted</i>              | —  | —                 |
| - <i>unquoted</i>            | —  | —                 |
| <b>Total</b>                 | <b>28,952,026</b>                          | <b>29,861,881</b> |
|                              |  | + 909,855         |

Almost all the investment securities are "hedged" with derivative contracts, therefore any potential capital gains in the portfolio are offset by a reduction on these contracts.

### 2.2 Yearly changes of investment securities

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|---|--|-------------------|
|   | 1999                                       |                   |
| <b>A. Initial balance</b>                       |  | <b>21,820,232</b> |
| <b>B. Increases</b>                             |  | <b>19,643,948</b> |
| B.1 purchases                                   |  | 9,266,066         |
| B.2 write-backs                                 |  | 25,803            |
| B.3 transfers from trading securities portfolio |  | 1,827,802         |
| B.4 other changes                               |  | 8,524,277         |
| <b>C. Decreases</b>                             |  | <b>12,512,154</b> |
| C.1 sales                                       |  | 6,082,617         |
| C.2 redemptions                                 |  | 4,794,296         |
| C.3 write-downs                                 |  | 31,923            |
| of which: permanent write-downs                 |  | 2,625             |
| C.4 transfers to trading securities portfolio   |  | 800,936           |
| C.5 other changes                               |  | 802,382           |
| <b>D. Final balance</b>                         |  | <b>28,952,026</b> |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | ■ |
| Annexes               | □ |

The characteristics, volumes and means of determining and changing the investment securities portfolio are decided by the Group companies' administrative bodies, taking account of current regulations issued by Consob and the Bank of Italy. The portfolio also includes securities arising from loan restructuring.

## 2.3 Trading securities

| ITEMS/SECURITIES             | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|------------------------------|--|-------------------|
|                              | AMOUNTS AT 31/12/1999                      |                   |
|                              | BOOK VALUE                                 | MARKET VALUE      |
| 1. Debt securities           | 25,672,152                                 | 25,707,538        |
| 1.1 Government securities    | 17,731,580                                 | 17,725,581        |
| - <i>quoted</i>              | 17,728,497                                 | 17,722,497        |
| - <i>unquoted</i>            | 3,083                                      | 3,084             |
| 1.2 Other securities         | 7,940,572                                  | 7,981,957         |
| - <i>quoted</i>              | 4,549,400                                  | 4,571,554         |
| - <i>unquoted</i>            | 3,391,172                                  | 3,410,403         |
| 2. Variable-yield securities | 2,279,953                                  | 2,243,905         |
| - <i>quoted</i>              | 2,234,234                                  | 2,243,905         |
| - <i>unquoted</i>            | 45,719                                     | 52,765            |
| <b>Total</b>                 | <b>27,952,105</b>                          | <b>28,004,208</b> |

## 2.4 Yearly changes in trading securities

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                    |
|--|--|--------------------|
|  | 1999                                       |                    |
| <b>A. Initial balance</b>                              |  | <b>28,554,615</b>  |
| <b>B. Increases</b>                                    |  | <b>671,484,732</b> |
| B.1 Purchases  |  | 668,223,950        |
| - debt securities                                      |  | 649,348,994        |
| <i>government securities</i>                           | 543,098,530                                |                    |
| <i>other securities</i>                                | 106,250,464                                |                    |
| - variable-yield securities                            |  | 18,874,956         |
| B.2 Write-backs and revaluations                       |  | 300,445            |
| B.3 Transfers from the investment securities portfolio |  | 800,936            |
| B.4 Other changes                                      |  | 2,159,400          |
| <b>C. Decreases</b>                                    |  | <b>672,087,241</b> |
| C.1 Sales and redemptions                              |  | 668,790,300        |
| - debt securities                                      |  | 651,095,563        |
| <i>government securities</i>                           | 546,670,974                                |                    |
| <i>other securities</i>                                | 104,424,589                                |                    |
| - variable-yield securities                            |  | 17,694,737         |
| C.2 Write-downs  |  | 206,629            |
| C.3 Transfers to the investment securities portfolio   |  | 1,827,802          |
| C.4 Other changes                                      |  | 1,262,510          |
| <b>D. Final balance</b>                                |  | <b>27,952,105</b>  |

## Section 3 – Equity Investments

Investments in fully or proportionally unconsolidated companies shown under items 70 and 80 of Assets in the Consolidated Balance Sheet amounted to **2,107,679** million, net of **277,212** million in write-downs, **66,262** million of which carried out in the current period. They are as follows:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |
|---|-----------------------|
| ITEMS                                     | AMOUNTS AT 31/12/1999 |
| 70. Equity investments                    | 2,013,374             |
| 80. Investments in Group companies        | 94,305                |
| <b>Total</b>                              | <b>2,107,679</b>      |

### 3.1 Significant equity investments

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                                    |                                   |                          |                      |           |                              |                      |  |            |  |
|--|-----------------------------------|--------------------------|----------------------|-----------|------------------------------|----------------------|--|------------|--|
| NAME   | OFFICE                            | TYPE OF RELATIONSHIP (1) | SHAREHOLDERS' EQUITY | GAIN/LOSS | INVESTMENT INVESTING COMPANY | RELATIONSHIP % SHARE | AVAILABILITY OF VOTES (%) IN GENERAL MEETING | BOOK VALUE |  |
| <b>A. Companies included in consolidation</b>                                |                                   |                          |                      |           |                              |                      |  |            |  |
| <b>A.1 Line-by-line method</b>   |                                   |                          |                      |           |                              |                      |  |            |  |
| 1) UNICREDITO ITALIANO S.p.A.  | Genoa                             |                          |                      |           | Parent Company               |                      |  |            |  |
| 2) BANCA DI BERGAMO S.p.A.   | Bergamo                           | 1                        | 195,445              | - 5,647   | A1.1                         | 86.14                | 86.14  | xxxx       |  |
| 3) BANCA CRT S.p.A.  | Turin                             | 1                        | 2,554,921            | 413,252   | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 4) CARIVERONA BANCA S.p.A.   | Verona                            | 1                        | 3,294,851            | 471,876   | A1.1                         | 99.72                | 99.72  | xxxx       |  |
| 5) CASSA DI RISPARMIO DI TRENTO<br>E ROVERETO S.p.A.                         | Trento                            | 1                        | 619,622              | 45,094    | A1.1                         | 96.81                | 96.77  | xxxx       |  |
| 6) CASSAMARCA S.p.A.   | Treviso                           | 1                        | 422,239              | 57,054    | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 7) ROLO BANCA 1473 S.p.A.  | Bologna                           | 1                        | 5,244,622            | 1,006,071 | A1.1                         | 19.90                | 19.90  | xxxx       |  |
|  |                                   |                          |                      |           | A1.20                        | 44.77                | 44.77  | xxxx       |  |
| 8) UNICREDIT BANCA MOBILIARE S.p.A.  | Milan                             | 1                        | 15,129               | - 77      | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 9) BANCA MEDIOCREDITO S.p.A.   | Turin                             | 1                        | 618,783              | 24,762    | A1.3                         | 62.22                | 62.22  | xxxx       |  |
|  |                                   |                          |                      |           | A1.4                         | 0.20                 | 0.20   | xxxx       |  |
| 10) MEDIOVENEZIE BANCA S.p.A.  | Verona                            | 1                        | 636,697              | 86,404    | A1.4                         | 98.62                | 99.78  | xxxx       |  |
| 11) BANQUE MONEGASQUE<br>DE GESTIONS.A.                                      | Monaco<br>(Montecarlo)            | 1                        | 26,414               | 5,429     | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 12) BANK PEKAO S.A. - GRUPA PEKAO S.A.                                       | Warsaw                            | 1                        | 1,747,581            | 63,720    | A1.1                         | 50.09                | 50.09  | xxxx       |  |
| 13) CREDITO ITALIANO FINANCE<br>CORPORATION LIMITED                          | Nassau                            | 1                        | 109,505              | 9,726     | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 14) UNICREDIT (SUISSE) BANK S.A.   | Lugano                            | 1                        | 19,857               | - 1,857   | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 15) UNICREDITO ITALIANO BANK<br>(IRELAND) PLC                                | Dublin                            | 1                        | 816,811              | 16,277    | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 16) BANCA AGRICOLA COMMERCIALE<br>DELLA REPUBBLICA DI<br>S.MARINO S.A.       | Borgo<br>Maggiore<br>(San Marino) | 1                        | 146,809              | 32,872    | A1.7                         | 85.65                | 85.65  | xxxx       |  |
| 17) BANK DEPOZYTOWO-KREDYTOWY<br>(UKRAINA) LTD                               | Luck                              | 1                        | 16,772               | 2,194     | A1.12                        | 35.00                | 35.00  | xxxx       |  |
|  |                                   |                          |                      |           | A1.46                        | 35.00                | 35.00  | xxxx       |  |
|  |                                   |                          |                      |           | C.22                         | 30.00                | 30.00  | xxxx       |  |
| 18) BANK PEKAO<br>TEL-AVIV LTD   | Tel Aviv                          | 1                        | 12,432               | - 1,748   | A1.12                        | 99.99                | 99.99  | xxxx       |  |
| 19) CORDUSIO Società Fiduciaria per Azioni                                   | Milan                             | 1                        | 5,099                | 2,223     | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |
| 20) CREDIT CARIMONTE S.p.A.  | Modena                            | 1                        | 2,488,439            | 217,466   | A1.1                         | 51.00                | 51.00  | xxxx       |  |
| 21) CREDITRAS PREVIDENZA- Società per<br>Azioni di Intermediazione Mobiliare | Milan                             | 4                        | 6,168                | - 365     | A1.1                         | 50.00                | 50.00  | xxxx       |  |
| 22) EUROPLUS UNICREDIT<br>ROLO S.G.R. S.p.A.                                 | Milan                             | 1                        | 33,381               | 1,855     | A1.1                         | 65.00                | 65.00  | xxxx       |  |
|  |                                   |                          |                      |           | A1.7                         | 35.00                | 35.00  | xxxx       |  |
| 23) FIDITALIA S.p.A.   | Milan                             | 4                        | 168,283              | 31,765    | A1.1                         | 50.00                | 50.00  | xxxx       |  |
| 24) GESTICREDIT S.G.R. p.A.  | Milan                             | 1                        | 89,819               | 66,698    | A1.1                         | 100.00               | 100.00                                       | xxxx       |  |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

## Significant equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | OFFICE     | TYPE OF RELATIONSHIP (1) | SHAREHOLDERS' EQUITY | GAIN/LOSS | INVESTMENT INVESTING COMPANY | RELATIONSHIP % SHARE | AVAILABILITY OF VOTES (%) IN GENERAL MEETING | BOOK VALUE |
|---|------------|--------------------------|----------------------|-----------|------------------------------|----------------------|--|------------|
| 25) LOCAT S.p.A.  | Bologna    | 1                        | 462,417              | 80,158    | A1.1                         | 54.59                | 54.59  | xxxx       |
|   |            |                          |                      |           | A1.3                         | 8.83                 | 8.83   | xxxx       |
|   |            |                          |                      |           | A1.4                         | 1.73                 | 1.73   | xxxx       |
|   |            |                          |                      |           | A1.7                         | 23.33                | 23.33  | xxxx       |
| 26) UNICREDITSIM S.p.A.                                     | Milan      | 1                        | 30,493               | 3,275     | A1.1                         | 89.82                | 89.82  | xxxx       |
|   |            |                          |                      |           | A1.7                         | 10.18                | 10.18  | xxxx       |
| 27) UNICREDIT FACTORING S.p.A.                              | Milan      | 1                        | 56,687               | 3,083     | A1.1                         | 66.67                | 66.67  | xxxx       |
|   |            |                          |                      |           | A1.7                         | 33.33                | 33.33  | xxxx       |
| 28) COMEBA S.p.A.   | Milan      | 1                        | 5,978                | - 22      | A1.4                         | 100.00               | 100.00                                       | xxxx       |
| 29) CON.RI.T. S.p.A.  | Turin      | 1                        | 19,960               | 4,799     | A1.3                         | 100.00               | 100.00                                       | xxxx       |
| 30) ESAMARCA S.p.A.   | Treviso    | 1                        | 11,488               | 520       | A1.6                         | 100.00               | 100.00                                       | xxxx       |
| 31) FIDASIM S.p.A.  | Turin      | 1                        | 87,263               | 13,084    | A1.3                         | 100.00               | 100.00                                       | xxxx       |
| 32) FRT- FIDUCIARIA RISPARMIO TORINO SIM S.p.A.             | Turin      | 1                        | 9,948                | 5,543     | A1.31                        | 100.00               | 100.00                                       | xxxx       |
| 33) FONDINVEST RISPARMIO S.G.R. S.p.A.                      | Turin      | 1                        | 36,154               | 6,328     | A1.3                         | 86.96                | 86.96  | xxxx       |
|   |            |                          |                      |           | A1.31                        | 13.04                | 13.04  | xxxx       |
| 34) GESPRO S.p.A.   | Modena     | 1                        | 6,174                | 2,027     | A1.7                         | 68.00                | 68.00  | xxxx       |
| 35) GESTIVENETO S.G.R. S.p.A.                               | Verona     | 1                        | 31,046               | 6,453     | A1.4                         | 100.00               | 100.00                                       | xxxx       |
| 36) ROLOFOND S.G.R. S.p.A.                                  | Bologna    | 1                        | 27,827               | 4,252     | A1.7                         | 100.00               | 100.00                                       | xxxx       |
| 37) SOGEFACTOR S.r.l.                                       | Milan      | 1                        | 12,895               | 5,018     | A1.23                        | 98.80                | 98.80  | xxxx       |
| 38) EUROPLUS ASSET MANAGEMENT S.A.                          | Luxembourg | 1                        | 24,358               | 24,036    | A1.1                         | 100.00               | 100.00                                       | xxxx       |
| 39) EUROPLUS RESEARCH & MANAGEMENT LTD                      | Dublin     | 1                        | 145,926              | 115,926   | A1.1                         | 65.00                | 65.00  | xxxx       |
|   |            |                          |                      |           | A1.7                         | 35.00                | 35.00  | xxxx       |
| 40) TYRERESCOM LTD  | Dublin     | 1                        | 50,325               | 2,440     | A1.1                         | 100.00               | 100.00                                       | xxxx       |
| 41) UNICREDIT DELAWARE Inc.                                 | Dover      | 1                        | 175                  | 18        | A1.1                         | 100.00               | 100.00                                       | xxxx       |
| 42) CARIVERONA IRELAND Ltd.                                 | Dublin     | 1                        | 414,135              | 10,624    | A1.4                         | 75.00                | 75.00  | xxxx       |
|   |            |                          |                      |           | A1.6                         | 25.00                | 25.00  | xxxx       |
| 43) CENTRALNY DOM MAKLERSKI GRUPY PEKAO S.A. SPOLKA AKCYJNA | Warsaw     | 1                        | 93,470               | 28,820    | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 44) GESTIVENETO LUXEMBOURG S.A.                             | Luxembourg | 1                        | 418                  | 154       | A1.4                         | 99.98                | 99.98  | xxxx       |
|   |            |                          |                      |           | A1.35                        | 0.02                 | 0.02   | xxxx       |
| 45) PBG - LEASING SP. ZO.O                                  | Lodz       | 1                        | 7,114                | 3,850     | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 46) PEKAO FAKTORING SP. ZO.O                                | Lublin     | 1                        | 17,066               | - 5,439   | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 47) PEKAO FUNDUSZ KAPITALOWY SP.ZO.O                        | Lodz       | 1                        | 31,211               | 1,404     | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 48) PEKAO LEASING SP. ZO.O                                  | Warsaw     | 1                        | - 5,249              | - 23,141  | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 49) ROLO INTERNATIONAL ASSET MANAGEMENT S.A. (RIAM)         | Luxembourg | 1                        | 112,625              | 110,833   | A1.7                         | 99.00                | 99.00  | xxxx       |
| 50) UNICREDIT PRODUZIONI ACCENTRATE S.c.p.a.                | Milan      | 1                        | 4,954                | - 46      | A1.1                         | 88.00                | 88.00  | xxxx       |
|   |            |                          |                      |           | A1.3                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.4                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.7                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.6                         | 3.00                 | 3.00   | xxxx       |
| 51) UNICREDIT SERVIZI INFORMATIVI S.c.p.a.                  | Milan      | 1                        | 35,708               | 241       | A1.1                         | 88.00                | 88.00  | xxxx       |
|   |            |                          |                      |           | A1.3                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.4                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.7                         | 3.00                 | 3.00   | xxxx       |
|   |            |                          |                      |           | A1.6                         | 3.00                 | 3.00   | xxxx       |
| 52) IMMOBILIARE ARCHI S.r.l.                                | Bologna    | 1                        | 72,835               | 337       | A1.7                         | 100.00               | 100.00                                       | xxxx       |
| 53) NETTUNO S.r.l.  | Modena     | 1                        | 19,938               | 179       | A1.7                         | 100.00               | 100.00                                       | xxxx       |
| 54) PRZEDSIEBIORSTWO ZARZADZANIA NIERUCHOMOSCIAMI SP. ZO.O  | Warsaw     | 1                        | 2,673                | 988       | A1.12                        | 85.05                | 85.05  | xxxx       |
|   |            |                          |                      |           | B.40                         | 14.95                | 14.95  | xxxx       |
| 55) QUERCIA SOFTWARE S.p.A.                                 | Verona     | 1                        | 3,513                | 2,573     | A1.4                         | 100.00               | 100.00                                       | xxxx       |
| 56) TRIVIMM S.p.A.  | Verona     | 1                        | 2,200                | 123       | A1.4                         | 18.00                | 18.00  | xxxx       |
|   |            |                          |                      |           | A1.6                         | 7.00                 | 7.00   | xxxx       |
|   |            |                          |                      |           | A1.10                        | 48.00                | 48.00  | xxxx       |

## Significant equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME   | OFFICE               | TYPE OF RELATIONSHIP (1) | SHAREHOLDERS' EQUITY | GAIN/LOSS | INVESTMENT RELATIONSHIP INVESTING COMPANY | % SHARE                        | AVAILABILITY OF VOTES (%) IN GENERAL MEETING | BOOK VALUE                   |
|--|----------------------|--------------------------|----------------------|-----------|---|--------------------------------|--|------------------------------|
| <b>A.2 Proportional method</b>                                 |                      |                          |                      |           |   |                                |  |                              |
| 1) CREDITO FONDIARIO E INDUSTRIALE FONSPA S.p.A.               | Rome                 | 7                        | - 385,596            | - 956,010 | A1.1                                      | 24.92                          | 24.92  | xxxx                         |
| <b>B. Investments valued at net equity</b>                     |                      |                          |                      |           |   |                                |  |                              |
| 1) BROKER CREDIT S.p.A.  | Milan                | 1                        | 2,385                | 89        | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 2) CASSA DI RISPARMIO DI TRIESTE BANCA S.p.A.                  | Trieste              | 8                        | 393,494              | 6,507     | A1.1                                      | 27.97                          | 28.10  | xxxx                         |
| 3) COMMERCIAL UNION VITA S.p.A.                                | Milan                | 8                        | 112,926              | 21,351    | A1.1                                      | 45.00                          | 45.00  | xxxx                         |
| 4) CREDITO ITALIANO INTERNATIONAL SERVICES (C.I.I.S) S.r.l.    | Rome                 | 1                        | 2                    | - 18      | A1.1                                      | 90.00                          | 90.00  | xxxx                         |
| 5) CREDITRAS ASSICURAZIONI S.p.A.                              | Milan                | 8                        | 18,094               | 4,302     | A1.1                                      | 50.00                          | 50.00  | xxxx                         |
| 6) CREDITRAS VITA S.p.A.                                       | Milan                | 8                        | 49,943               | - 5,695   | A1.1                                      | 50.00                          | 50.00  | xxxx                         |
| 7) EUROPLUS ALTERNATIVE INVESTMENTS LTD                        | Dublin               | 1                        | 6,836                | 1,841     | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 8) EUROPLUS FUNDS MANAGEMENT LTD                               | Dublin               | 1                        | 3,078                | - 20      | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 9) EURO CAPITAL STRUCTURES LTD                                 | Dublin               | 1                        | - 869                | - 3,290   | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 10) FIDIA- Fondo Interbancario d'Investimento Azionario S.p.A. | Milan                | 8                        | 31,744               | 642       | A1.1                                      | 25.00                          | 25.00  | xxxx                         |
| 11) IMMOBILIARE LOMBARDA S.p.A.                                | Milan                | 8                        | 516,440              | - 28,266  | A1.1<br>A2.1                              | 19.81<br>(* ) 5.65             | 20.89<br>5.87                                | xxxx<br>xxxx                 |
| 12) MULTITEL S.p.A.  | Anzola d'Emilia (BO) | 8                        | 7,146                | 77        | A1.1<br>A1.7                              | 4.00<br>25.76                  | 4.00<br>25.76                                | xxxx<br>xxxx                 |
| 13) PRIMASS S.p.A.   | Rome                 | 8                        | 5,016                | 4         | A1.1<br>A2.1                              | 1.00<br>(* ) 24.42             | 1.00<br>24.42                                | xxxx<br>xxxx                 |
| 14) PROMINVESTMENT S.p.A.                                      | Rome                 | 8                        | 1,656                | - 315     | A1.1                                      | 25.00                          | 25.00  | xxxx                         |
| 15) RHO88S.p.A.  | Milan                | 8                        | 10,740               | - 1,586   | A1.1                                      | 20.49                          | 20.49  | xxxx                         |
| 16) S.T.T. S.p.A.  | Verona               | 8                        | 10,237               | 293       | A1.1<br>A1.3<br>A1.4<br>A1.6              | 3.00<br>14.00<br>12.00<br>3.00 | 3.00<br>14.00<br>12.00<br>3.00               | xxxx<br>xxxx<br>xxxx<br>xxxx |
| 17) UNICREDITASSICURA S.r.l.                                   | Milan                | 1                        | 321                  | 111       | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 18) UNICREDIT CAPITAL ITALIA ADVISORY COMPANY S.A.             | Luxembourg           | 1                        | 3,376                | 3,159     | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 19) UNICREDIT CONSULTING S.r.l.                                | Milan                | 1                        | 138                  | - 9       | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 20) UNITRADE SIM S.p.A.  | Milan                | 1                        | 29,001               | - 997     | A1.1                                      | 100.00                         | 100.00                                       | xxxx                         |
| 21) BANCA CASSA DI RISPARMIO DI SAVIGLIANO S.p.A.              | Savigliano (CN)      | 8                        | 105,511              | 5,732     | A1.3                                      | 31.01                          | 31.01  | xxxx                         |
| 22) Bank Handlowy International S.A.                           | Luxembourg           | 8                        | 66,281               | -         | A1.12<br>B.34                             | 21.60<br>5.30                  | 21.60<br>5.30                                | xxxx<br>xxxx                 |
| 23) BDK Daewoo Leasing Sp. Zo.O                                | Lublin               | 8                        | 8,988                | 3,271     | A1.12                                     | 50.00                          | 50.00  | xxxx                         |
| 24) CA.RI.CE.S.E. S.r.l.                                       | Bologna              | 8                        | 3,819                | 294       | A1.7                                      | 32.20                          | 32.20  | xxxx                         |
| 25) CASSA DI RISPARMIO DI BRA S.p.A.                           | Bra (CN)             | 8                        | 81,588               | 4,820     | A1.3                                      | 31.02                          | 31.02  | xxxx                         |
| 26) CASSA DI RISPARMIO DI FOSSANO S.p.A.                       | Fossano (CN)         | 8                        | 132,795              | 4,500     | A1.3                                      | 23.08                          | 23.08  | xxxx                         |
| 27) CASSA DI RISPARMIO DI SALUZZO S.p.A.                       | Saluzzo (CN)         | 8                        | 114,326              | 6,711     | A1.3                                      | 31.02                          | 31.02  | xxxx                         |
| 28) CASSA E ASSICURAZIONI S.p.A.                               | Verona               | 1                        | 425                  | - 545     | A1.4                                      | 65.00                          | 65.00  | xxxx                         |
| 29) CASSE E GENERALI VITA S.p.A.                               | Verona               | 8                        | 40,500               | 3,919     | A1.4<br>A1.6                              | 40.00<br>10.00                 | 40.00<br>10.00                               | xxxx<br>xxxx                 |
| 30) Central Poland Fund LLC                                    | Wilmington           | 1                        | 17,724               | - 394     | A1.12                                     | 53.19                          | 53.19  | xxxx                         |
| 31) CENTROZAP S.A. (\$) )                                      | Katowice             | 8                        | 53,664               | 5,098     | A1.12<br>B.51                             | 18.83<br>20.01                 | 18.83<br>20.01                               | xxxx<br>xxxx                 |
| 32) DUERREVITA S.p.A.  | Bologna              | 8                        | 134,219              | 6,775     | A1.7                                      | 50.00                          | 50.00  | xxxx                         |
| 33) FINDATASYSTEM S.p.A.                                       | Turin                | 8                        | 4,418                | 198       | A1.3                                      | 30.00                          | 30.00  | xxxx                         |
| 34) Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank    | Frankfurt            | 8                        | 114,967              | 7,397     | A1.12                                     | 29.99                          | 29.99  | xxxx                         |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



## Significant equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | OFFICE                    | TYPE OF RELATIONSHIP (1) | SHAREHOLDERS' EQUITY | GAIN/LOSS | INVESTMENT INVESTING COMPANY | RELATIONSHIP % SHARE | AVAILABILITY OF VOTES (%) IN GENERAL MEETING | BOOK VALUE |
|---|---------------------------|--------------------------|----------------------|-----------|------------------------------|----------------------|--|------------|
| 35) PEKAO DEVELOPMENT SP.ZO.O                               | Lodz                      | 1                        | 8,837                | 73        | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 36) PEKAO/ALLIANCE PTES.A.                                  | Warsaw                    | 1                        | 545                  | 8,506     | A1.12                        | 51.00                | 51.00  | xxxx       |
| 37) PEKAO FINANCIAL SERVICES SP ZO.O                        | Warsaw                    | 1                        | 1,354                | 741       | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 38) PEKAO INFORMATYKA SP.ZO.O                               | Lodz                      | 1                        | 224                  | 343       | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 39) PEKAO TRADING COMPANY (CANADA) LTD.                     | Toronto                   | 1                        | 3,211                | 18        | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 40) PEKAO TRADING CORPORATION S.A.                          | New York                  | 1                        | 6,779                | 209       | A1.12                        | 100.00               | 100.00                                       | xxxx       |
| 41) PEKAO/ALLIANCE TFI                                      | Warsaw                    | 1                        | 3,194                | 8,061     | A1.12                        | 51.00                | 51.00  | xxxx       |
| 42) RISPARMIO ASSICURAZIONI S.p.A.                          | Turin                     | 8                        | 10,540               | 49        | A1.3                         | 23.08                | 23.08  | xxxx       |
| 43) RISPARMIO VITA ASSICURAZIONI S.p.A.                     | Turin                     | 8                        | 56,210               | 8,275     | A1.3                         | 50.00                | 50.00  | xxxx       |
| 44) S+R INVESTIMENTI E GESTIONI S.G.R. Sp.A.                | Milan                     | 7                        | 8,788                | 107       | A1.7                         | 50.00                | 50.00  | xxxx       |
| 45) SOCIETÀ FRIULANA ESAZIONE TRIBUTI S.F.E.T. S.p.A.       | Udine                     | 8                        | 8,150                | 2,285     | A1.7                         | 33.33                | 33.33  | xxxx       |
| 46) SOCIÉTÉ ANONYME DE GESTION FINANCIERE- SAGEFI           | Monaco (Montecarlo)       | 1                        | 141                  | 1         | A1.11                        | 90.00                | 90.00  | xxxx       |
| 47) SOCIÉTÉ CIVILE IMMOBILIÈRE CORDUSIO                     | Montecarlo                | 1                        | 5,732                | 5,711     | A1.11                        | 100.00               | 100.00                                       | xxxx       |
| 48) S.S.I.S. SOCIETÀ SERVIZI INFORMATICI SAMMARINESE S.P.A. | Borgo Maggiore (S.Marino) | 8                        | 150                  | —         | A1.16                        | 50.00                | 50.00  | xxxx       |
| 49) TRINITY MANAGEMENT SP.ZO.O.                             | Warsaw                    | 8                        | 1,493                | 87        | A1.12                        | 50.00                | 50.00  | xxxx       |
| 50) TRZECI NARODOWY FUNDUSZ INWESTYCYJNY S.A.               | Warsaw                    | 8                        | 137,751              | 24,786    | A1.48                        | 5.48                 | 5.48   | xxxx       |
| 51) VERISPARMIO GES.TRI. S.p.A.                             | Verona                    | 1                        | 1,332                | 6         | A1.4                         | 100.00               | 100.00                                       | xxxx       |
| 52) XI NARODOWY FUNDUSZ INWESTYCYJNY S.A.                   | Warsaw                    | 8                        | 173,882              | 24,154    | A1.12                        | 34.23                | 34.23  | xxxx       |

### C. Other significant equity investments

|   |           |   |         |        |          |        |        |        |
|---|-----------|---|---------|--------|----------|--------|--------|--------|
| 1) AUGES S.p.A. SIM (in liquidation)  | Verona    | 1 | 500     | 8      | A1.1     | 7.77   | 7.77   |        |
|   |           |   |         |        | A1.4     | 92.23  | 92.23  | 38     |
| 2) CREDITO ITALIANO S.p.A.  | Milan     | 1 | 12,500  | —      | A1.1     | 100.00 | 100.00 | 12,500 |
| 3) LA COMPAGNIE FIDUCIAIRE S.p.A. (in liquidation)  | Milan     | 8 | 107     | 30     | A1.1     | 30.00  | 30.00  | ••     |
| 4) ARGENTEA S.p.A.  | Trento    | 8 | 945     | 7      | A1.5     | 26.00  | 26.00  | 140    |
| 5) Autostrada BS-VR-VI-PD S.p.A.  | Verona    | 8 | 519,424 | 38,341 | A1.4     | 5.80   | 5.80   | ••     |
|   |           |   |         |        | A1.10    | 14.50  | 14.50  | ••     |
| 6) CONRIT SERVIZI S.r.l.  | Turin     | 1 | 40      | 1      | A1.29    | 100.00 | 100.00 | 40     |
| 7) CRT SERVICES S.a.r.l. (in liquidation)   | Paris     | 1 | 1,505   | 40     | A1.3     | 100.00 | 100.00 | 1,497  |
| 8) ENTE AUTONOMO PER LE FIERE DI VERONA   | Verona    | 8 | 32,944  | 165    | A1.4     | 20.18  | 20.18  |        |
|   |           |   |         |        | A1.10    | 1.98   | 1.98   | 2,990  |
| 9) INIZIATIVE URBANE S.p.A.   | Trento    | 8 | 8,474   | 26     | A1.5     | 27.78  | 27.78  | 5,000  |
| 10) LITCORP Ltd (in liquidation)  | London    | 1 | 2,180   | —      | A1.3     | 100.00 | 100.00 | 1,090  |
| 11) PROGETTO CITY CARD S.p.A. (in liquidation)  | Bologna   | 8 | 24      | 1      | A1.7     | 24.50  | 24.50  | ••     |
| 12) RI.PO.S.r.l.  | Turin     | 1 | 473     | 449    | A1.9     | 99.00  | 99.00  | 20     |
| 13) SELEZIONE TERZA S.r.l.  | Milan     | 8 | 322     | 1      | A2.1 (*) | 24.92  | 24.92  | 150    |
| 14) SERIN S.r.l.  | Trento    | 8 | 167     | 23     | A1.5     | 20.00  | 20.00  | 38     |
| 15) S.T.O.A. SOCIETÀ TRIVENETA PER L'ORGANIZZAZIONE E L'AUTOMAZIONE S.p.A. (in liquidation) | Venice    | 8 | 323     | 47     | A1.10    | 11.11  | 11.11  | ••     |
|   |           |   |         |        | A1.6     | 11.11  | 11.11  | ••     |
| 16) AGENCJA INWESTYCYJNA CORP S.A.  | Warsaw    | 8 | 64      | 121    | A1.54    | 36.20  | 36.20  | 22     |
| 17) BUILD SHIP SP.ZO.O.   | Sopot     | 1 | 185     | 262    | A1.12    | 100.00 | 100.00 | 2      |
| 18) DRUKBANK SP.ZO.O.   | Zamosc    | 1 | 6,784   | 165    | A1.12    | 100.00 | 100.00 | 6,201  |
| 19) FABRYKA SPRZETU OKRETOWEGO "MEBLOMOR" S.A.  | Czarnkow  | 8 | 4,478   | 47     | A1.47    | 23.81  | 23.81  | 624    |
| 20) GRUPA INWESTYCYJNA NYWING SP.ZO.O.  | Warsaw    | 8 | 2,538   | 381    | A1.12    | 24.60  | 24.60  | 172    |
| 21) GRUPA INWESTYCYJNA VRATISLAVIA SP. ZO.O.  | Wroclaw   | 8 | 1,490   | —      | A1.12    | 39.30  | 39.30  | 586    |
| 22) KRAJOWA IZBA ROZLICZENIOWA S.A.   | Warsaw    | 8 | 11,836  | 5,180  | A1.12    | 22.96  | 22.96  | 582    |
| 23) LANNEN POLSKA SP.ZO.O.  | Tolkmicko | 8 | 9,435   | 572    | A1.47    | 50.00  | 50.00  | 3,956  |
| 24) LODOM SP. ZO.O.   | Szczecin  | 8 | 2,914   | 750    | A1.12    | 30.08  | 30.08  | ••     |

## Significant equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | OFFICE              | TYPE OF RELATIONSHIP (1) | SHAREHOLDERS' EQUITY | GAIN/LOSS | INVESTMENT INVESTING COMPANY | RELATIONSHIP % SHARE | AVAILABILITY OF VOTES (%) IN GENERAL MEETING | BOOK VALUE |
|---|---------------------|--------------------------|----------------------|-----------|------------------------------|----------------------|--|------------|
| 25) LUBELSKA KORPORACJA KOMUNIKACYJNA SP.ZO.O | Lublin              | 8                        | – 755                | – 626     | A1.48                        | 58.50                | 58.50  | ••         |
| 26) ODLEWNIA ZELIWA SREM S.A.                 | Srem                | 8                        | 22,586               | 2,072     | A1.12                        | 25.10                | 25.10  |            |
|   |                     |                          |                      |           | B.31                         | 44.90                | 44.90  | 7,187      |
| 27) PEKAO DELTA TRADING COMPANY PTY.LTD.      | Sydney              | 1                        | – 2,243              | – 64      | A1.12                        | 89.50                | 89.50  | ••         |
| 28) PKO IMMOBILIER SARL                       | Paris               | 1                        | – 266                | 18        | A1.12                        | 100.00               | 100.00                                       | 15         |
| 29) PEKAO OCHRONA SP. ZO.O.                   | Warsaw              | 1                        | 233                  | —         | A1.12                        | 100.00               | 100.00                                       | 233        |
| 30) PKO TRADING CORPORATION                   | New York            | 1                        | 4                    | —         | A1.12                        | 100.00               | 100.00                                       | 4          |
| 31) POLCARD S.A.                              | Warsaw              | 8                        | 8,536                | 4,213     | A1.12                        | 29.70                | 29.70  | 950        |
| 32) POLSKI LEASING PRZEMYSLOWY S.A.           | Warsaw              | 8                        | 1,286                | – 186     | A1.12                        | 24.88                | 24.88  | 931        |
| 33) PRACOWNICZE TOWARZYSTWO EMERYTALNE S.A.   | Warsaw              | 8                        | 47                   | —         | A1.43                        | 100.00               | 100.00                                       | 47         |
| 34) RYNEX SP.ZO.O.                            | Plock               | 8                        | 4,562                | 94        | A1.47                        | 25.57                | 25.67  | 1,242      |
| 35) SRP INVESTMENT SP.ZO.O.                   | Lublin              | 8                        | – 222                | – 224     | A1.12                        | 50.00                | 50.00  | ••         |
| 36) SRPBG SP.ZO.O.                            | Lodz                | 1                        | – 604                | – 1,163   | A1.12                        | 95.00                | 95.00  | ••         |
| 37) SYRENA INTERNATIONAL SP.ZO.O.             | Warsaw              | 8                        | – 69,342             | – 10,413  | A1.12                        | 35.00                | 35.00  | ••         |
| 38) TOMTEX S.A.                               | Tomaszów Mazowiecki | 8                        | 8,734                | 206       | A1.47                        | 21.55                | 21.55  | 156        |
| 39) WŁÓKNINA SP.ZO.O.                         | Zdunska Wola        | 8                        | 839                  | —         | A1.12                        | 33.00                | 33.00  | 280        |
| 40) WYTWORNIA SILNIKOW PZL-MIELEC SP. ZO.O.   | Mielec              | 8                        | 8,494                | 73        | A1.47                        | 42.87                | 42.87  | 1,131      |
| 41) ZASLAW SP. ZO.O. (in liquidation)         | Zagorz              | 1                        | 423                  | – 394     | A1.12                        | 100.00               | 100.00                                       | ••         |
| 42) ZPC SWIDNIK SP.ZO.O.                      | Swidnik             | 8                        | 2,341                | – 136     | A1.46                        | 26.81                | 35.97  | 190        |
| 43) ZWOLTEX S.A.                              | Zdunska Wola        | 8                        | 24,955               | – 1,481   | A1.47                        | 41.30                | 41.30  | 1,477      |

(\*) Pro rata

(\$) In addition to 6.40% held by 03 Narodowy Fundusz Inwestycyjny S.A.

(1) Type of relationship:

1= Control pursuant to Art. 2359 of the Civil Code, § 1, no. 1 (majority of voting rights in the General Meeting);

2= Control pursuant to Art. 2359 of the Civil Code, § 1, no. 2 (controlling influence in the General Meeting);

3= Control pursuant to Art. 23 T.U., § 2, no. 1 (agreements with other shareholders);

4= Other types of control;

5= Single management pursuant to Art. 26 § 1, of the "Decree";

6= Single management pursuant to Art. 26 § 2, of the "Decree";

7= Joint control;

8= Associated company

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

### 3.2 Assets and liabilities positions with Group companies

|   |                | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---|----------------|--|
|   |                | AMOUNTS AT 31/12/1999                      |
| <b>a) Assets</b>                        |                |  |
| 1. loans to banks                       | —              |  |
| <i>of which: subordinated</i>           | —              |  |
| 2. loans to financial institutions      | 2,585          |  |
| <i>of which: subordinated</i>           | —              |  |
| 3. loans to other customers             | 87,325         |  |
| <i>of which: subordinated</i>           | —              |  |
| 4. bonds and other debt securities      | —              |  |
| <i>of which: subordinated</i>           | —              |  |
| <b>Total Assets</b>                     | <b>89,910</b>  |  |
| <b>b) Liabilities</b>                   |                |  |
| 1. due banks                            | —              |  |
| 2. due to financial institutions        | 1,336          |  |
| 3. due to other customers               | 102,507        |  |
| 4. securities issued                    | —              |  |
| 5. subordinated debt                    | —              |  |
| <b>Total Liabilities</b>                | <b>103,843</b> |  |
| <b>c) Guarantees and commitments</b>    |                |  |
| 1. guarantees given                     | 32             |  |
| 2. commitments                          | 47,404         |  |
| <b>Total Guarantees and commitments</b> | <b>47,436</b>  |  |

The balances of the aforementioned relationships refer to unconsolidated Group companies

### 3.3 Assets and liabilities positions with subsidiaries (other than Group companies)

|   |                  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---|------------------|--|
|   |                  | AMOUNTS AT 31/12/1999                      |
| <b>a) Assets</b>                        |                  |  |
| 1. loans to banks                       | 4,296,581        |  |
| <i>of which: subordinated</i>           | —                |  |
| 2. loans to financial institutions      | 1,926,216        |  |
| <i>of which: subordinated</i>           | —                |  |
| 3. loans to other customers             | 534,114          |  |
| <i>of which: subordinated</i>           | —                |  |
| 4. bonds and other debt securities      | 1,076,619        |  |
| <i>of which: subordinated</i>           | —                |  |
| <b>Total Assets</b>                     | <b>7,833,530</b> |  |
| <b>b) Liabilities</b>                   |                  |  |
| 1. due banks                            | 803,166          |  |
| 2. due to financial institutions        | 268,007          |  |
| 3. due to other customers               | 483,153          |  |
| 4. securities issued                    | 20,000           |  |
| 5. subordinated debt                    | —                |  |
| <b>Total Liabilities</b>                | <b>1,574,326</b> |  |
| <b>c) Guarantees and commitments</b>    |                  |  |
| 1. guarantees given                     | 80,721           |  |
| 2. commitments                          | 411,269          |  |
| <b>Total Guarantees and commitments</b> | <b>491,990</b>   |  |

### 3.4 Composition of item 70 "Equity investments"

|                                     | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|-------------------------------------|--|
|                                     | AMOUNTS AT 31/12/1999                      |
| <b>a) In banks</b>                  | <b>1,160,358</b>                           |
| 1. listed                           | 661,805                                    |
| 2. unlisted                         | 498,553                                    |
| <b>b) In financial institutions</b> | <b>334,298</b>                             |
| 1. listed                           | 101,929                                    |
| 2. unlisted                         | 232,369                                    |
| <b>c) Other</b>                     | <b>518,718</b>                             |
| 1. listed                           | 145,778                                    |
| 2. unlisted                         | 372,940                                    |
| <b>Total item 70</b>                | <b>2,013,374</b>                           |

The detailed composition is shown in the annex

### 3.5 Composition of item 80 "Investments in Group companies"

|                                     | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|-------------------------------------|--|
|                                     | AMOUNTS AT 31/12/1999                      |
| <b>a) In banks</b>                  | <b>12,500</b>                              |
| 1. listed                           | —  |
| 2. unlisted                         | 12,500                                     |
| <b>b) In financial institutions</b> | <b>54,212</b>                              |
| 1. listed                           | —  |
| 2. unlisted                         | 54,212                                     |
| <b>c) Other</b>                     | <b>27,593</b>                              |
| 1. listed                           | —  |
| 2. unlisted                         | 27,593                                     |
| <b>Total item 80</b>                | <b>94,305</b>                              |

The detailed composition is shown in the annex

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## 3.6 Yearly changes in equity investments

### 3.6.1 Investments in Group companies

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |               |
|---|---------------|
| 1999                                      |               |
| <b>A. Initial balance</b>                 | <b>41,602</b> |
| <b>B. Increases</b>                       | <b>89,463</b> |
| B.1 purchases                             | 53,074        |
| B.2 write-backs                           | 34            |
| B.3 revaluations                          | —             |
| B.4 other changes                         | 36,355        |
| <b>C. Decreases</b>                       | <b>36,760</b> |
| C.1 sales                                 | —             |
| C.2 write-downs                           | 3,001         |
| of which: permanent write-downs           | 3,001         |
| C.3 other changes                         | 33,759        |
| <b>D. Final balance</b>                   | <b>94,305</b> |
| <b>E. Total revaluations</b>              | <b>—</b>      |
| <b>F. Total write-downs</b>               | <b>19,703</b> |

The main changes relating to “Investments in Group companies” are as follows:

#### B. 1 Purchases:

|                                     |               |
|-------------------------------------|---------------|
| Eurocapital Structures LTD          | 2,420         |
| Europlus Alternative Investment LTD | 4,996         |
| Europlus Fund Management LTD        | 3,098         |
| UnitradeSim S.p.A.                  | 30,060        |
| Credito Italiano S.p.A.             | 12,500        |
|                                     | <u>53,074</u> |

#### B. 2 Write-backs:

|  |           |
|--|-----------|
| Companies valued at cost (Pekao Group) | <u>34</u> |
|--|-----------|

#### B. 4 Other changes:

|  |               |
|--|---------------|
| Companies deriving from the Pekao Group acquisition          | 29,014        |
| Differences in the value of investments valued at net equity | 7,304         |
| Other  | 37            |
|  | <u>36,355</u> |

#### C. 2 Write-downs:

|  |              |
|--|--------------|
| Companies valued at cost (Pekao Group) | <u>3,001</u> |
|--|--------------|

#### C. 3 Other changes:

|  |               |
|--|---------------|
| Differences in the value of investments valued at net equity | 2,839         |
| Companies transferred to the full consolidation area:        |               |
| Unicredit Suisse Bank S.A.                                   | 21,751        |
| Europlus Asset Management S.A.                               | 3,265         |
| Other  | 5,904         |
|  | <u>33,759</u> |

### 3.6.2 Other equity investments

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                  |
|---|------------------|
| 1999                                      |                  |
| <b>A. Initial balance</b>                 | <b>2,883,423</b> |
| <b>B. Increases</b>                       | <b>1,427,628</b> |
| B.1 purchases                             | 164,034          |
| B.2 write-backs                           | 19,183           |
| B.3 revaluations                          | —                |
| B.4 other changes                         | 1,244,410        |
| <b>C. Decreases</b>                       | <b>2,297,677</b> |
| C.1 sales                                 | 1,947,384        |
| C.2 write-downs                           | 63,261           |
| of which: permanent write-downs           | 63,261           |
| C.3 other changes                         | 287,032          |
| <b>D. Final balance</b>                   | <b>2,013,374</b> |
| <b>E. Total revaluations</b>              | <b>118,654</b>   |
| <b>F. Total write-downs</b>               | <b>431,499</b>   |

The main changes relating to "Other equity investments" are as follows:

#### B. 1 Purchases:

|  |                |
|--|----------------|
| Casse e Generali Vita S.p.A.                   | 5,000          |
| DuerreVita S.p.A.                              | 25,000         |
| Risparmio Vita Assicurazioni S.p.A.            | 7,500          |
| Mediobanca Banca di credito finanziario S.p.A. | 37,262         |
| Cassa di Risparmio di Rimini S.p.A.            | 1,095          |
| I.C.C.R.I Banca Fed. Europea S.p.A.            | 11,522         |
| Veneto Sviluppo S.p.A.                         | 2,209          |
| Tecnost S.p.A.                                 | 51,284         |
| Iniziative urbane S.p.A.                       | 1,500          |
| Unibon salumi S.C.a.r.l.                       | 3,000          |
| Other  | 18,662         |
|  | <b>164,034</b> |

#### B. 2 Write-backs:

|             |               |
|-------------|---------------|
| Pekao Group | 19,098        |
| Other       | 85            |
|             | <b>19,183</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

#### B. 4 Other changes:

|   |         |                  |
|---|---------|------------------|
| • Profits on disposals:   |         |                  |
| Banque Tratatlantique S.A.  | 2,022   |                  |
| Cassa di Risparmio di Udine e Pordenone S.p.A.  | 35,110  |                  |
| Compart S.p.A.  | 99,958  |                  |
| Banca Nazionale del lavoro S.p.A.   | 3,085   |                  |
| Safinvest S.p.A.  | 1,180   |                  |
| Tecnost S.p.A.  | 1,022   |                  |
| Telecom Italia S.p.A.   | 569,609 |                  |
| Pekao Group   | 9,367   |                  |
| Other   | 9,993   | 731,346          |
| • Profits on exchange rates:  |         |                  |
| Nortel Inversora S.A.   | 1,693   |                  |
| Other   | 174     | 1,867            |
| • Capital increase as part of financial restructuring of NFM-PREMAFIN Group   |         |                  |
| Immobiliare Lombarda S.p.A. - Milan   | 152,150 |                  |
| • Share withdrawal for take-over bid Olivetti/Tecnost   |         |                  |
| Tecnost S.p.A.  | 119,662 |                  |
| • Investments deriving from acquisition of  |         |                  |
| Pekao Group   | 205,168 |                  |
| • Other:  |         |                  |
| increase in the "equity investments" item as a result of differences in the value of investments valued at net equity | 34,134  |                  |
| other   | 84      | 511,198          |
|   |         | <u>1,244,411</u> |

#### C. 1 Sales:

|  |           |                  |
|--|-----------|------------------|
| Cassa di Risparmio di Udine e Pordenone S.p.A.                   | 138,951   |                  |
| Comeba Consulting S.p.A.   | 1,100     |                  |
| Banca Nazionale del lavoro S.p.A.                                | 3,275     |                  |
| Banque Tratatlantique S.A.                                       | 9,923     |                  |
| Mediovenezie Banca   | 2,322     |                  |
| I.C.C.R.I. Banca Fed. Europea S.p.A.                             | 198,055   |                  |
| ISTBANK Istituto Centrale di Banche e Banchieri S.p.A.           | 1,194     |                  |
| COMPART S.p.A.   | 212,393   |                  |
| GIM - Generale Industrie Metallurgiche S.p.A.                    | 5,169     |                  |
| CARITRO Servizi Finanziari S.p.A.                                | 3,060     |                  |
| FONDICRI S.p.A.  | 3,293     |                  |
| SELLA CAPITAL MARKET SIM S.p.A.                                  | 1,071     |                  |
| S.I.N.T. Società Intermediari Negoziatori in Titoli S.p.A.       | 1,222     |                  |
| SO.RI.T. - Ravenna Società per la riscossione dei Tributi S.p.A. | 1,000     |                  |
| S.M.I. - Società Metallurgica Italiana S.p.A.                    | 12,597    |                  |
| TECNOST S.p.A.   | 171,968   |                  |
| TELECOM ITALIA S.p.A.  | 1,170,166 |                  |
| SANDRETTO HOLDING S.p.A.   | 3,735     |                  |
| Other  | 6,890     |                  |
|  |           | <u>1,947,384</u> |

C. 2 Write-downs:

|  |        |                      |
|--|--------|----------------------|
| I.C.C.R.I. Banca Fed. Europea S.p.A.                           | 16,832 |                      |
| CENTRO LEASING S.p.A.  | 1,088  |                      |
| Lingotto S.p.A.  | 6,984  |                      |
| Società del GRUPPO PEKAO                                       | 33,576 |                      |
| S.I.T.A.F. S.p.A. - Società Italiana Traforo Autostrade Frejus | 3,267  |                      |
| Other  | 1,514  |                      |
|  |        | <u><u>63,261</u></u> |

C.3 Other changes:

• Losses on disposals:

|                                      |         |         |
|--------------------------------------|---------|---------|
| I.C.C.R.I. Banca Fed. Europea S.p.A. | 102,003 |         |
| Pekao Group                          | 3,028   |         |
| Other                                | 2,187   | 107,218 |

• Share of partial income allotment from liquidation of the following company:

|  |       |  |
|--|-------|--|
| S.I.N.T. Società Intermediari negoziatori in Titoli S.p.A.<br>(in liquidation) | 2,445 |  |
|--|-------|--|

• Credito Fondiario Trentino Alto Adige  
Company merged with CARITRO S.p.A.

68,660

• Other:

|  |         |                       |
|--|---------|-----------------------|
| decrease in the "equity investments" item as a result of differences<br>in the value of investments valued at net equity | 108,443 |                       |
| Other  | 266     | 179,814               |
|  |         | <u><u>287,032</u></u> |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | ■ |
| Annexes               | □ |



## Section 4 – Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets shown under items 120 and 110 of Assets in the Consolidated Balance Sheet amounted to **5,632,627** million, net of **4,689,061** million of total write-downs, and were as follows:

| ITEMS                        | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |  |
|------------------------------|--|--|
|                              | AMOUNTS AT 31/12/1999                      |  |
| 110. Intangible fixed assets | 488,260                                    |  |
| 120. Tangible fixed assets   | 5,144,367                                  |  |
| <b>Total</b>                 | <b>5,632,627</b>                           |  |

(\*) of which:

— Buildings owned by the Parent Group and other Group credit institutions used for their own activities

### 4.1 Yearly changes in “Tangible fixed assets”

|                              | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |  |
|------------------------------|--|--|
|                              | 1999                                       |  |
| <b>A. Initial balance</b>    | <b>4,137,766</b>                           |  |
| <b>B. Increases</b>          | <b>1,802,090</b>                           |  |
| B.1 purchases                | 373,781                                    |  |
| B.2 write-backs              | —  |  |
| B.3 revaluations             | —  |  |
| B.4 other changes            | 1,428,309                                  |  |
| <b>C. Decreases</b>          | <b>795,489</b>                             |  |
| C.1 sales                    | 155,398                                    |  |
| C.2 write-downs:             | 393,968                                    |  |
| a) depreciation              | 387,269                                    |  |
| b) permanent write-downs     | 6,699                                      |  |
| C.3 other changes            | 246,123                                    |  |
| <b>D. Final balance</b>      | <b>5,144,367</b>                           |  |
| <b>E. Total revaluations</b> | <b>3,086,168</b>                           |  |
| <b>F. Total write-downs</b>  | <b>3,805,569</b>                           |  |
| a) depreciation              | 3,765,721                                  |  |
| b) permanent write-downs     | 39,848                                     |  |

Based on the main types of assets, the yearly changes in 1999 were as follows:

|                              | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                |                  |                  |
|------------------------------|--|----------------|------------------|------------------|
|                              | PROPERTY                                   | FURNITURE      | EQUIPMENT        | TOTAL            |
| <b>A. Initial balance</b>    | <b>3,708,251</b>                           | <b>108,002</b> | <b>321,513</b>   | <b>4,137,766</b> |
| <b>B. Increases</b>          | <b>1,217,036</b>                           | <b>187,204</b> | <b>397,852</b>   | <b>1,802,090</b> |
| B.1 purchases                | 168,858                                    | 80,492         | 124,431          | 373,781          |
| B.2 write-backs              | —  | —              | —                | —                |
| B.3 revaluations             | —  | —              | —                | —                |
| B.4 other changes            | 1,048,176                                  | 106,712        | 273,421          | 1,428,309        |
| <b>C. Decreases</b>          | <b>518,861</b>                             | <b>99,818</b>  | <b>176,810</b>   | <b>795,489</b>   |
| C.1 sales                    | 146,006                                    | 6,156          | 3,236            | 155,398          |
| C.2 write-downs              | 165,924                                    | 75,653         | 152,391          | 393,968          |
| a) depreciation              | 159,225                                    | 75,653         | 152,391          | 387,269          |
| b) permanent write-downs     | 6,699                                      | —              | —                | 6,699            |
| C.3 other changes            | 306,931                                    | 18,009         | 21,183           | 246,123          |
| <b>D. Final balance</b>      | <b>4,406,424</b>                           | <b>195,388</b> | <b>542,555</b>   | <b>5,144,367</b> |
| <b>E. Total revaluations</b> | <b>3,074,658</b>                           | <b>8,779</b>   | <b>2,731</b>     | <b>3,086,168</b> |
| <b>F. Total write-downs</b>  | <b>1,804,969</b>                           | <b>648,872</b> | <b>1,351,728</b> | <b>3,805,569</b> |
| a) depreciation              | 1,774,328                                  | 644,129        | 1,347,264        | 3,765,721        |
| b) permanent write-downs     | 30,641                                     | 4,743          | 4,464            | 39,848           |

## 4.2 Yearly changes in "Intangible fixed assets"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                  |
|---|------------------|
| 1999                                      |                  |
| <b>A. Initial balance</b>                 | <b>412,980</b>   |
| <b>B. Increases</b>                       | <b>369,632</b>   |
| B.1 purchases                             | 200,931          |
| B.2 write-backs                           | —                |
| B.3 revaluations                          | —                |
| B.4 other changes                         | 168,701          |
| <b>C. Decreases</b>                       | <b>294,352</b>   |
| C.1 sales                                 | 861              |
| C.2 write-downs:                          | 258,052          |
| a) amortisation                           | 258,052          |
| b) permanent write-downs                  | —                |
| C.3 other changes                         | 35,439           |
| <b>D. Final balance</b>                   | <b>488,260</b>   |
| <b>E. Total revaluations</b>              | <b>—</b>         |
| <b>F. Total write-downs</b>               | <b>1,031,688</b> |
| a) amortisation                           | 1,031,688        |
| b) Permanent write-downs                  | —                |

Intangible fixed assets consist of:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                |
|---|----------------|
| AMOUNTS AT 31/12/1999                     |                |
| Intangibles                               | 162,010        |
| "Start-up" costs (1)                      | 91,398         |
| Other multi-year costs to be amortised    | 234,852        |
| <b>Total</b>                              | <b>488,260</b> |

(1) They refer mainly to Locat S.p.A. Credit Factoring International S.p.A. and Rolo Banca 1473 S.p.A. (Banca del Friuli) to be amortised over 10 years.

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## Section 5 – Other Assets Items

Items 150 and 160 of Assets in the Consolidated Balance Sheet amounted to **23,830,630** million and were as follows.

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                       |
|--|-----------------------|
| ITEMS                                      | AMOUNTS AT 31/12/1999 |
| 150. Other assets                          | 19,640,533            |
| 160. Accrued income and pre-paid expenses  | 4,190,097             |
| <b>Total</b>                               | <b>23,830,630</b>     |

### 5.1 Composition of item 150 "Other assets"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)  |                   |
|---|-------------------|
| AMOUNTS AT 31/12/1999   |                   |
| <b>Cash and other securities to cashier's order:</b>                                    |                   |
| - current account cheques drawn on third parties being negotiated                       | 1,287,745         |
| - current account cheques to Bank's order received from clearing house being debited    | 68,427            |
| - money orders, banker's cheques and equivalent bills                                   | —                 |
| - coupons, on demand securities, stamps and other securities                            | 12,404            |
|   | <b>1,368,573</b>  |
| <b>Interest and fees to be charged to:</b>  |                   |
| - customers   | 499,246           |
| - banks   | 35,228            |
|   | <b>534,474</b>    |
| <b>Caution monies:</b>  |                   |
| - in own name and on own account  | 49,614            |
| - in name and on account of third parties   | 212,029           |
|   | <b>261,643</b>    |
| <b>Items in transit between branches but not attributed to destination accounts</b>     |                   |
| <b>Items being processed</b>  | <b>899,166</b>    |
| <b>Receivables for advance tax collection services</b>                                  | <b>2,103,258</b>  |
| <b>Tax items:</b>   | <b>2,009,753</b>  |
| - partial payments to tax authorities   | 2,544,334         |
| - tax credits   | 802,549           |
| - other tax items   | 335,120           |
|   | <b>3,682,003</b>  |
| <b>Advance taxes</b>  | <b>395,201</b>    |
| <b>Items arising from valuation of off-balance sheet transactions</b>                   |                   |
| - customers   | 1,180,666         |
| - banks   | 4,509,820         |
|   | <b>5,690,486</b>  |
| <b>Items judged definitive but not attributable to other items:</b>                     |                   |
| - securities and coupons to be settled  | 87,882            |
| - other transactions  | 1,161,776         |
|   | <b>1,249,658</b>  |
| <b>Adjustments for unpaid bills/notes</b>   | <b>155</b>        |
| <b>Other items:</b>   |                   |
| - items relating to proceedings and disputes to be settled (presumed realisation value) | 47,549            |
| - other items   | 1,398,614         |
|   | <b>1,446,163</b>  |
| <b>Total</b>  | <b>19,640,533</b> |

## 5.2 Composition of item 160 "Accrued income and pre-paid expenses"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)             |                  |
|---|------------------|
| AMOUNTS AT 31/12/1999                                 |                  |
| <b>Accrued income on:</b>                             |                  |
| Interest accrued on investment and trading securities | 852,624          |
| Interest accrued on loans to banks                    | 338,628          |
| Interest accrued on loans to customers                | 400,674          |
| Differentials on derivative contracts                 | 764,082          |
| Other transactions                                    | 26,952           |
| <b>Total accrued income</b>                           | <b>2,382,960</b> |
| <b>Pre-paid expenses on:</b>                          |                  |
| Advance rents payable                                 | 22,209           |
| Issue discount on securities                          | 6,441            |
| Derivative contracts                                  | 445,194          |
| Miscellaneous fees and commissions                    | 150,850          |
| Other transactions                                    | 1,181,843        |
| <b>Total pre-paid expenses</b>                        | <b>1,807,137</b> |
| <b>Total accrued income and pre-paid expenses</b>     | <b>4,190,097</b> |

Income and expenses are recorded on an accrual basis and pursuant to Article 2424a of the Civil Code

## 5.3 Adjustments for accrued income and pre-paid expenses

It must be stated that plus or minus adjustments were made against the assets and liabilities accounts to which accrued income and pre-paid expenses refer for a total of **212,101** million.

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                |
|---|----------------|
| AMOUNTS AT 31/12/1999                     |                |
| a) Assets                                 |                |
| – loans to banks                          | 183,968        |
| – loans to customers                      | 28,133         |
| – bonds and other debt securities         |                |
| b) Liabilities                            |                |
| – due to banks                            | —              |
| – due to customers                        | —              |
| <b>Total</b>                              | <b>212,101</b> |

## 5.4 Breakdown of subordinated assets

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                |
|---|----------------|
| AMOUNTS AT 31/12/1999                     |                |
| a) loans to banks                         | 8,381          |
| b) loans to customers                     | —              |
| c) bonds and other debt securities        | 397,200        |
| <b>Total</b>                              | <b>405,581</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## Section 6 – Liabilities

The total of items 10, 20, 30 and 40 of Liabilities in the Consolidated Balance Sheet amounted to **276,512,441** million and was as follows:

| ITEMS                                   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |  |
|---|--|--|
|   | AMOUNTS AT 31/12/1999                      |  |
| 10. Due to banks                        | 69,195,254                                 |  |
| 20. Due to customers                    | 140,996,473                                |  |
| 30. Securities issued                   | 66,051,453                                 |  |
| 40. Deposits received in administration | 269,261                                    |  |
| <b>Total</b>                            | <b>276,512,441</b>                         |  |

### 6.1 Detail of item 10 “Due to banks”

|                       | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |  |
|-----------------------|--|--|
|                       | AMOUNTS AT 31/12/1999                      |  |
| a) repos              | 24,398,236                                 |  |
| b) securities lending | 14,207                                     |  |

### 6.2 Detail of item 20 “Due to customers”

|                       | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |  |
|-----------------------|--|--|
|                       | AMOUNTS AT 31/12/1999                      |  |
| a) repos              | 17,866,213                                 |  |
| b) securities lending | 342,806                                    |  |

### Composition of item 10 “Due to banks”

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                                   |                   |
|--|--|-----------------------------------|-------------------|
|  | EURO                                       | AMOUNTS AT 31/12/1999<br>CURRENCY | TOTAL             |
| <b>a) On demand:</b>                                 |  |                                   |                   |
| Demand deposits                                      | 6,361,572                                  | 346,072                           | 6,707,644         |
| Current accounts for services rendered               | 1,047,772                                  | 109,029                           | 1,156,801         |
| Other individual categories                          | 31,926                                     | 3,420                             | 35,346            |
|  | <b>7,441,270</b>                           | <b>458,521</b>                    | <b>7,899,791</b>  |
| <b>b) Term or with notice:</b>                       |  |                                   |                   |
| Time deposits  | 12,294,018                                 | 17,943,135                        | 30,237,153        |
| Repos  | 24,354,943                                 | 43,293                            | 24,398,236        |
| Securities lending                                   | 14,207                                     | —                                 | 14,207            |
| Financing from international<br>banking institutions | 1,003,427                                  | 79,457                            | 1,082,884         |
| Other individual categories                          | 4,887,408                                  | 675,575                           | 5,562,983         |
|  | <b>42,554,003</b>                          | <b>18,741,460</b>                 | <b>61,295,463</b> |
| <b>Total</b>   | <b>49,995,273</b>                          | <b>19,199,981</b>                 | <b>69,195,254</b> |

### Composition of item 20 "Due to customers"

|                                | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |                    |
|--------------------------------|---|-----------------------|--------------------|
|                                | EURO AREA                                 | AMOUNTS AT 31/12/1999 |                    |
|                                |   | CURRENCY              | TOTAL              |
| <b>a) On demand:</b>           |   |                       |                    |
| Savings deposits               | 10,713,110                                | 8,779                 | 10,721,889         |
| Current accounts               | 79,004,615                                | 9,689,850             | 88,694,465         |
| Other individual categories    | 245,025                                   | 19,283                | 264,308            |
|                                | <b>89,962,750</b>                         | <b>9,717,912</b>      | <b>99,680,662</b>  |
| <b>b) Term or with notice:</b> |   |                       |                    |
| Savings deposits               | 3,086,169                                 | 455,326               | 3,541,495          |
| Current accounts               | 2,600,461                                 | 15,306,618            | 17,907,079         |
| Repos                          | 17,859,757                                | 6,456                 | 17,866,213         |
| Securities lending             | 314,260                                   | 28,546                | 342,806            |
| Other transactions             | 1,065,632                                 | 592,586               | 1,658,218          |
|                                | <b>24,926,279</b>                         | <b>16,389,532</b>     | <b>41,315,811</b>  |
| <b>Total</b>                   | <b>114,889,029</b>                        | <b>26,107,444</b>     | <b>140,996,473</b> |

### Composition of item 30 "Securities issued"

|                         | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |                   |
|-------------------------|---|-----------------------|-------------------|
|                         | EURO AREA                                 | AMOUNTS AT 31/12/1999 |                   |
|                         |   | CURRENCY              | TOTAL             |
| Bonds                   | 42,085,088                                | 71,613                | 42,156,701        |
| Certificates of deposit | 14,789,587                                | 7,308,306             | 22,097,893        |
| Other securities        | 1,772,192                                 | 24,667                | 1,796,859         |
| <b>Total</b>            | <b>58,646,867</b>                         | <b>7,404,586</b>      | <b>66,051,453</b> |

### Composition of item 40 "Deposits received in administration"

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |                |
|--|---|-----------------------|----------------|
|  | EURO AREA                                 | AMOUNTS AT 31/12/1999 |                |
|  |   | CURRENCY              | TOTAL          |
| Received from the State                    | 45,580                                    | —                     | 45,580         |
| Received from the regions and other bodies | 223,681                                   | —                     | 223,681        |
| <b>Total</b>                               | <b>269,261</b>                            | <b>—</b>              | <b>269,261</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## Section 7 - Reserves

Reserves not requiring an assets adjustment, shown under items 70, 80 and 90 of Liabilities in the Consolidated Balance Sheet, amounted to **6,822,985** million and were as follows:

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|--|--|
|  | AMOUNTS AT 31/12/1999                      |
| 70. Employment termination payments                          | 1,615,412                                  |
| 80. Reserves for risks and charges                           | 4,912,720                                  |
| <i>a) reserve for retirement and similar obligations</i>     | 1,049,614                                  |
| <i>b) taxation reserve</i>                                   | 2,699,576                                  |
| <i>c) consolidation reserve for future risks and charges</i> | —  |
| <i>d) other reserves</i>                                     | 1,163,530                                  |
| 90. Reserve fund for possible loan losses                    | 294,853                                    |
| <b>Total</b>   | <b>6,822,985</b>                           |

### 7.1 Composition of item 90 "Reserve fund for possible loan losses"

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|--|--|
|  | AMOUNTS AT 31/12/1999                      |
| Default interest on loans to customers | 217,436                                    |
| Other                                  | 77,417                                     |
|  | <b>(*) 294,853</b>                         |

(\*) of which minority portion 65,453 million

The item "Reserve fund for possible loan losses" should be understood as covering potential loan losses which, in their present state, cannot be evaluated and are therefore "probable".

### 7.2 Changes in "Reserve fund for possible loan losses" (item 90) occurring during the period

|                           | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---------------------------|--|
|                           | 1999                                       |
| <b>A. Initial balance</b> | 281,480                                    |
| <b>B. Increases</b>       | <b>86,658</b>                              |
| B.1 provisions            | 86,658                                     |
| B.2 other changes         | —  |
| <b>C. Decreases</b>       | <b>73,285</b>                              |
| C.1 uses                  | 33,929                                     |
| C.2 other changes         | 39,356                                     |
| <b>D. Final balance</b>   | <b>294,853</b>                             |

### 7.3 Composition of item 80 d) "Reserves for risks and charges: other reserves"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                        |                  |
|--|------------------|
| AMOUNTS AT 31/12/1999  |                  |
| <b>Write-down reserves for guarantees given and commitments:</b> |                  |
| - analytical write-downs   | 91,919           |
| - all-in write-downs for "country risk"                          | 8,761            |
| - other all-in write-downs                                       | 52,216           |
|  | <b>152,896</b>   |
| <b>Other reserves for risks and charges:</b>                     |                  |
| - forecast outlay for personnel-related disputes and charges     | 226,182          |
| - forecast outlay for disputes to be settled                     | 15,640           |
| - call option for I.C.C.R.I. Bca Fed. Europea S.p.A.             | 139,578          |
| - bankruptcy proceedings and pending actions                     | 232,838          |
| - holidays not taken   | 34,055           |
| - employee seniority bonus                                       | 33,956           |
| - forecast for future F.I.T.D. interventions                     | 32,985           |
| - forecast future charges on equity investments                  | 169,920          |
| - other  | 125,480          |
|  | <b>1,010,634</b> |
| <b>Total</b>   | <b>1,163,530</b> |

### 7.4 Composition of item 80 b) "Reserve for risks and charges: taxation reserve"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)      |                  |
|--|------------------|
| AMOUNTS AT 31/12/1999                          |                  |
| Income tax for the year                        | 2,244,241        |
| Various indirect taxes                         | 96,537           |
| Taxes due by Parent Company's foreign branches | 113,543          |
| Deferred taxes                                 | 217,176          |
| Other taxes                                    | 28,079           |
| <b>Total</b>                                   | <b>2,699,576</b> |

On 2 May 2000 The Board of Directors supplied the information requested in the CONSOB Notice of 7 April 2000, pursuant to Art. 114 of Legislative Decree No. 58 dated 24 February 1998 (see page 359).

Following are the changes occurring in 1999 in the reserves referred to below:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)             |  |   |                     |  |                   |   |
|---|--|---|---------------------|--|-------------------|---|
|   | RESERVE FOR<br>EMPLOYMENT<br>TERMINATION<br>PAYMENTS | RESERVE FOR<br>RETIREMENT<br>AND SIMILAR<br>OBLIGATIONS | TAXATION<br>RESERVE | CONSOLIDATION<br>RESERVE FOR FUTURE<br>RISKS AND CHARGES | OTHER<br>RESERVES | RESERVES<br>FUND FOR<br>POSSIBLE<br>LOAN LOSSES |
| <b>Amounts at 31/12/1998</b>                          | <b>1,604,201</b>                                     | <b>1,146,455</b>  | <b>2,312,565</b>    | <b>—</b>   | <b>753,877</b>    | <b>281,480</b>                                  |
| Changes in 1998:                                      |  |   |                     |  |                   |   |
| Use of provisions for<br>payments made                | - 177,881  | - 220,607   | - 2,075,599         | —  | - 142,503         | - 33,929  |
| Re-allocations<br>to P&L Account                      | - 1,625  | - 9,967   | - 105,130           | —  | - 142,503         | - 8,436   |
| Provisions  | + 202,944  | + 110,297   | + 2,337,765         | —  | + 639,975         | + 86,658  |
| Endorsement from Reserves (*)                         | —  | —   | + 45,743            | —  | —                 | —   |
| Differences in counter-valuation<br>and other changes | - 12,227   | + 23,436  | + 184,232           | —  | - 16,176          | - 30,920  |
| <b>Amounts at 31/12/1999</b>                          | <b>1,615,412</b>                                     | <b>1,049,614</b>  | <b>2,699,576</b>    | <b>—</b>   | <b>1,163,530</b>  | <b>294,853</b>                                  |

(\*) Deferred tax with counter-entry to shareholders' equity

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## Deferred tax liability

In accordance with the principle requiring reporting of deferred tax liability, the following criteria were adopted:

- posting of advance taxes based on the following assumptions:
  - existence of taxable income in future periods, by adopting a time space up to three years, prudently considering the existence of business plans covering such period and extending into subsequent years within the limits of deferred taxes, however posted, referring to the corresponding year;
  - posting only of advance taxes arising from costs already recorded in the P&L Account when the period in which they will be deductible from taxable income is known with certainty;
- posting of deferred taxes for their entire amount.

For purposes of determining deferred tax liability the full IRPEG (corporate income tax) rate of 37% and the IRAP (regional tax on production) rate applicable to the periods under review were normally used, i.e.:

|                   |       |
|-------------------|-------|
| for the year 2000 | 5.40% |
| for the year 2001 | 5.00% |
| for the year 2002 | 4.75% |
| for the year 2003 | 4.25% |

Any generalised application of the average IRPEG rate, which is different for every company - compared with taxable elements and taxes as shown in the 1999 Balance Sheet - would have produced a marginal effect that would have been largely offset by the limits adopted and the allowance for deferred tax liability not recorded because of its potential nature.

Determination of the potential average rate is rather difficult because to date the taxable elements contained in the portions subject to tax are not exactly known.

The changes occurring in 1999 are provided below. It must be stated that the principle used by the Parent Company was adopted and the data reported by the single companies in their accounts was re-classified to this end:

**Assets for deferred tax (included in item 130 "Other assets")** with a counter-entry to the P&L Account

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                      |                |
|--|----------------|
| <b>1. Initial amount</b>                                       | —              |
| <b>2. Increases</b>  | <b>395,201</b> |
| 2.1 advance taxes arising in the period                        | 152,152        |
| 2.2 other increases (retrospective effects compared with 1999) | 243,049        |
| <b>3. Decreases</b>  | —              |
| 3.1 advance taxes cancelled in the period                      | —              |
| 3.2 other decreases  | —              |
| <b>Final amount</b>  | <b>395,201</b> |

The main items that caused recording of deferred tax were the following:

- write-downs of loans to customers
- write-downs of equity investments
- payroll costs

**Liabilities for deferred tax (included in sub-item 80 b) "Taxation reserve")** with a counter-entry to the P&L Account

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                      |                |
|--|----------------|
| <b>1. Initial amount</b>                                       | <b>14,338</b>  |
| <b>2. Increases</b>  | <b>161,995</b> |
| 2.1 deferred taxes arising in the period                       | 80,568         |
| 2.2 other increases (retrospective effects compared with 1999) | 81,427         |
| <b>3. Decreases</b>  | <b>4,900</b>   |
| 3.1 deferred taxes cancelled in the period                     | 4,900          |
| 3.2 other decreases  | —              |
| <b>Final amount</b>  | <b>171,433</b> |

The initial amount agrees with the final figure for the 1998 period reported in the accounts of companies that adopted such principle – with regard to deferred taxes - during periods prior to 1999.

The main items that led to recording of the aforementioned deferred taxes are represented by capital gains realised on disposal of financial and tangible fixed assets.

**Liabilities for deferred tax (included in sub-item 80 b) "Taxation reserve")** with a counter-entry to Shareholders' equity reserves

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)  |               |
|--|---------------|
| <b>1. Initial amount</b>                   | <b>—</b>      |
| <b>2. Increases</b>                        | <b>45,743</b> |
| 2.1 deferred taxes arising in the period   | 45,743        |
| 2.2 other increases                        | —             |
| <b>3. Decreases</b>                        | <b>—</b>      |
| 3.1 deferred taxes cancelled in the period | —             |
| 3.2 other decreases                        | —             |
| <b>Final amount</b>                        | <b>45,743</b> |

The events that led to recording of the aforementioned deferred taxes are represented by capital gains on property and equity investments already expected to be sold, on which tax has been deferred.

The main items that required **no** recording of advance taxes were the following:

- write-downs of loans to banks, which cannot be deducted from taxable income for the period;
- write-downs of equity investments, securities and tangible fixed assets exceeding the portion that can be deducted from the period income for tax purposes;
- reserves set up with provisions for probable or indisputable charges when the period in which they will actually be incurred is not known;

In view of such exclusions there exists a **potential allowance for deferred tax liability** that will be reported in the Profit and Loss Account when the expected charge from which it originates can be deducted.

|                       |   |
|-----------------------|---|
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## Section 8 – Capital, Reserves, Fund for General Banking Risks and Subordinated Debt

The liabilities items reported in the Consolidated Balance Sheet and the assets items relating to positive consolidation and net equity differences as well as to own shares or quotas shown below totalled **17,540,353** million.

Considering that subordinated debt shown under item 110 of Liabilities amounted to **2,653,964** million, the aggregate under review came to **20,194,317** million.

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIRE)          |                         |
|---|-------------------------|
| AMOUNTS AT 31/12/1999                               |                         |
| <b>Liabilities items:</b>                           |                         |
| 110. Subordinated debt                              | 2,653,964               |
| 100. Fund for general banking risks                 | 127,815                 |
| 120. Negative consolidation differences             | 56,932                  |
| 130. Negative net equity differences                | —                       |
| 140. Minority portion of shareholders' equity (+/-) | 3,553,981               |
| 150. Capital  | 2,488,086               |
| 160. Issue premiums                                 | 5,909,224               |
| 170. Reserves                                       | 3,060,741               |
| 180. Revaluation reserves                           | 846,880                 |
| 190. Retained earnings (losses)                     | 240                     |
| 200. Net income (loss) for the period               | 2,490,010               |
|   | <b>a) 18,533,909</b>    |
| <b>Assets items:</b>                                |                         |
| 90. Positive consolidation differences              | 992,974                 |
| 100. Positive net equity differences                | —                       |
| 130. Subscribed capital not paid up                 | —                       |
| 140. Own shares or quotas                           | 582                     |
|   | <b>b) 993,556</b>       |
|   | <b>(a-b) 17,540,353</b> |
| <b>Total</b>  | <b>20,194,317</b>       |

## Liabilities

### Item 110 – Subordinated debt

#### a) Maturity date, denomination currency, interest rate, amount and value:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |          |   |                            |                        |
|---|----------|---|----------------------------|------------------------|
| MATURITY                                  | CURRENCY | RATE  | NOMINAL AMOUNT<br>PER UNIT | VALUE<br>AT 31/12/1999 |
| <b>Parent Company</b>                     |          |   |                            |                        |
| 1) 22.06.2003                             | USD      | libor – 1/8<br>(min 6% max 10%)   | 200,000,000                | 385,480                |
| 2) 24.09.2003                             | USD      | libor – 0.1875%<br>(min 5.3/4 max 10%)  | 250,000,000                | 481,851                |
| 3) 15.10.2003                             | CAND     | libor – 0.25%<br>(min 7% max 10%)   | 150,000,000                | 198,823                |
| 4) 09.06.2003                             | LUF      | 8.1/8%  | 1,000,000,000              | 47,999                 |
| 5) 01.07.2003                             | LUF      | 8%  | 1,000,000,000              | 47,999                 |
| 6) 01.06.2003                             | LIT      | Ribor 6 mths<br>+ 0.25% p.a.  | 400,000,000,000            | 400,000                |
| 7) 05.12.2007                             | LIT      | libor 6 mths<br>+ 0.45% p.a. for<br>1-5 years<br>+ 0.95% p.a. for<br>6-10 years | 440,000,000,000            | 440,000                |
| 8) 19.12.2007                             | LIT      | libor 6 mths  | 230,000,000,000            | 230,000                |

#### Other Group companies:

|                |      |              |                 |         |
|----------------|------|--------------|-----------------|---------|
| 19) 01.10.2003 | LIT  | Libor 6 mths | 350,000,000,000 | 350,000 |
| 10) 01.07.2003 | LIT  | 5.10%        | 25,000,000,000  | 25,000  |
| 11) 15.03.2001 | LIT  | 5.0%         | 9,968,000,000   | 9,968   |
| 12) 25.10.2004 | EURO | 5.7%         | 14,475,000,000  | 14,475  |
| 13) 01.05.2001 | LIT  | 7.5%         | 22,369,000,000  | 22,369  |

**Total item 110** **2,653,964**

of which: to be calculated for regulatory purposes

2,290,019

With regard to conversion into Lit. the exchange rates applied are those indicated in the Notes to the Accounts.

#### b) Advance payments

With regard to loans issued by the **Parent Company**, it is stated that the aforementioned transactions are expected to be carried out in the event of a tax burden occurring, subject to the Bank of Italy's approval.

As regards the transaction listed under 6, the bonds will be redeemed in five constant six-month instalments as from 1 June 2001, by reducing one fifth of the nominal value of each security outstanding. Subject to the Bank of Italy's approval, this transaction may also involve advance payment of all or part of the outstanding bonds, 60 months after the issue date, at least at one month's notice.

Payment for the transaction listed under 7 will take place in a single payment at maturity. This transaction may also involve an advance payment five years after the issue date, on the issuer's initiative and subject to the Bank of Italy's authorisation, as well as before five years, again on the issuer's initiative and subject to the Bank of Italy's authorisation, in the event of a change in tax laws that would make the loan more burdensome.

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With regard to the transaction mentioned under 8, repayment will take place in five equal instalments due in the last five years of the loan's life.

A prepayment may be made five years after the loan's issue but only on the issuer's initiative and subject to the Bank of Italy's authorisation.

Detailed information concerning the characteristics of loans issued by other Group companies was provided in the companies' statutory accounts.

#### c) Subordination conditions

With regard to all the transactions, ordinary creditors' rights will take precedence over subordinated creditors' rights in the event of a liquidation.

Finally, it must be mentioned that all subordinated debt at 31 December 1999 was accounted for in the "Capital for regulatory purposes" in accordance with required procedures, since it had already been authorised by the Bank of Italy.

#### Item 100 – Fund for general banking risks

This fund is intended to hedge against the bank's general risks and is entirely comparable to an equity reserve.

| <small>(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)</small> |                |
|---|----------------|
| <b>Balance at 31/12/1998</b>                              | <b>99,332</b>  |
| Allocations   | + 28,474       |
| Withdrawals   | – 11,479       |
| Other changes – Consolidation area                        | + 11,488       |
| <b>Balance at 31/12/1999 (*)</b>                          | <b>127,815</b> |
| <i>(*) of which:</i>                                      |                |
| - Banca CRTS.p.A.   | 33,000         |
| - Banque Monegasque de Gestion S.A.                       | 30             |
| - B.A.C.S.Marino S.A.                                     | 805            |
| - Cariverona Banca S.p.A.                                 | 39,887         |
| - Cassamarca S.p.A.                                       | 17,500         |
| - Mediovenezie Banca S.p.A.                               | 22,914         |
| - Caritro S.p.A.  | 6,293          |
| - UniCredit Factoring S.p.A.                              | 6,392          |
| - CON.RI.T. S.p.A.  | 994            |

## “Negative consolidation and net equity differences”

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)         |                |
|---|----------------|
| ITEM 120<br>NEGATIVE CONSOLIDATION<br>DIFFERENCES |                |
| – Negative differences                            | 349,123        |
| offset by:  |                |
| – positive differences                            | 292,191        |
| <b>Amounts at 31 December 1999</b>                | <b>56,932</b>  |
| The composition is as follows:                    |                |
| Negative differences:                             |                |
| – Cariverona Banca S.p.A.                         | 323,930        |
| – B.A.C. S.Marino S.A.                            | 17,566         |
| – other consolidated companies                    | 7,627          |
|   | <b>349,123</b> |
| Positive differences:                             |                |
| – Mediovenezie Banca S.p.A.                       | 36,012         |
| – Caritro S.p.A.                                  | 102,370        |
| – Fida Sim S.p.A.                                 | 41,545         |
| – Gestiveneto S.G.R.                              | 33,108         |
| – Cassa di Risparmio di Trieste Banca S.p.A.      | 44,981         |
| – other consolidated companies                    | 34,175         |
|   | <b>292,191</b> |

## Item 140 - “Minority portion of shareholders’ equity” – changes:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                  |
|---|------------------|
| <b>Amounts at 31 December 1998</b>        | <b>3,579,069</b> |
| Increases                                 | + 987,574        |
| Decreases                                 | – 1,012,662      |
| <b>Amounts at 31 December 1999 (*)</b>    | <b>3,553,981</b> |
| (*) of which:                             |                  |
| – Credit Carimonte                        | 1,113,503        |
| – Rolo Banca 1473                         | 1,072,462        |
| – Gruppo Bank Pekao S.A.                  | 836,117          |
| – Banca Mediocredito                      | 232,528          |
| – Fidelity                                | 84,141           |

|                       |   |
|-----------------------|---|
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### Composition of item 150 "Capital"

| <small>(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)</small> |                  |
|---|------------------|
| <small>AMOUNTS AT 31/12/1999</small>                      |                  |
| Ordinary shares 4,954,465,306 nominal value Lit. 500 each | 2,477,233        |
| Savings shares 21,706,552 nominal value Lit. 500 each     | 10,853           |
| <b>Total</b>  | <b>2,488,086</b> |

During the period, Capital which at 31 December 1998 consisted of 4,659,201,907 ordinary shares and 21,706,552 savings shares of Lit. 500 each nominal value for both classes, changed as a result of related capital increases:

- share exchange offer reserved for the minority shareholders of Cariverona (**99,049** million);
- merger of Banca Popolare di Rieti (**1,138** million);
- Senior Management Incentive Plan approved by the Extraordinary Shareholders' Meeting of 27 April 1998 (**1,010** million);
- purchase of a majority stake in the capital of Cassa di Risparmio di Trento e Rovereto S.p.A. (**46,353** million);

Therefore capital rose from **2,340,454** million at the end of 1998 to **2,488,086** million at the end of 1999, consisting of **4,954,465,306** ordinary shares of **Lit. 500** each nominal value and **21,706,552** savings shares of **Lit. 500** each nominal value.

### Composition of item 160 "Issue premiums"

| <small>(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)</small> |                  |
|---|------------------|
| <small>AMOUNTS AT 31/12/1999</small>                      |                  |
| Additional paid-in capital                                | 5,909,224        |
| <b>Total</b>  | <b>5,909,224</b> |

Compared with the previous period, the item "issue premiums" increased by 789,703 million due to the already mentioned capital increases connected with the share exchange offer reserved for the minority shareholders of "Cariverona" (**409,956** million) and the purchase of a majority stake in "Caritro" (**379,747** million).

### Composition of item 170 "Reserves"

| <small>(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)</small>           |                  |
|---|------------------|
| <small>AMOUNTS AT 31/12/1999</small>                                |                  |
| Legal reserve   | 345,961          |
| Reserve for own shares or quotas                                    | 582              |
| Statutory reserves  | 2,091,248        |
| Other reserves  | 622,950          |
| <i>of which:</i>  |                  |
| reserve for exchange rate differences in balance sheet translations | 8,685            |
| <b>Total</b>  | <b>3,060,741</b> |

## Composition of item 180 "Revaluation reserves"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)               |                |
|--|----------------|
| AMOUNTS AT 31/12/1999                                    |                |
| Monetary revaluation reserve pursuant to Law 72/83       | 126,587        |
| Real property revaluation reserve pursuant to Law 413/91 | 649,546        |
| Other revaluation reserves                               | 70,747         |
| <b>Total</b>   | <b>846,880</b> |

## Assets items

### Change in "Positive consolidation and net equity differences":

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)    |  |  |
|---|--|--|
|   | ITEM 90<br>POSITIVE CONSOLIDATION<br>DIFFERENCES | ITEM 100<br>POSITIVE NET EQUITY<br>DIFFERENCES |
| <b>Amounts at 31 December 1998</b>            |  |  |
| Balance of item at period-end before set-offs | —  | 6,121  |
| Transfer from liabilities due to set-offs     | —  | - 2,894  |
|   | —  | 3,227  |
| Increases                                     | 1,036,147  | —  |
| Decreases                                     | —  | —  |
| - depreciation                                | 43,173   | 3,227  |
| <b>Amounts at 31 December 1999</b>            | <b>992,974</b>                                   | <b>—</b>                                       |

## Composition of shareholders' equity and prudential requirements for regulatory purposes at 31/12/1999

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)             |             |
|--|-------------|
| CATEGORIES/VALUES                                      | AMOUNT      |
| <b>Capital for regulatory purposes</b>                 |             |
| Tier 1 capital   | 14,948,116  |
| Tier 2 capital   | 3,352,380   |
| Items to be deducted                                   | 664,106     |
| Capital for regulatory purposes                        | 17,636,390  |
| <b>Prudential requirements for regulatory purposes</b> |             |
| Credit risks   | 15,727,398  |
| Market risks (**)                                      | 780,336     |
| - of which:  |             |
| - trading portfolio risks                              | 720,836     |
| - exchange rate risks                                  | 59,500      |
| Other prudential requirements                          | —           |
| Total prudential requirements                          | 16,507,734  |
| <b>Risk assets and regulatory ratios</b>               |             |
| Weighted risk assets (*)                               | 206,346,675 |
| Tier 1 capital/Weighted risk assets                    | 7.24%       |
| Capital for regulatory purposes/Weighted risk assets   | 8.55%       |

Note (\*): Total prudential requirements multiplied by the reciprocal of the minimum compulsory ratio for credit risks  
 (\*\*): Estimated figures

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |



## Section 9 – Other Liabilities Items

Items 50 and 60 of Liabilities in the Consolidated Balance Sheet amounted to **22,566,094** million and were as follows:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)  |                       |
|---|-----------------------|
| ITEMS                                       | AMOUNTS AT 31/12/1999 |
| 50. Other liabilities                       | 17,902,258            |
| 60. Accrued liabilities and deferred income | 4,663,836             |
| <b>Total</b>                                | <b>22,566,094</b>     |

### 9.1 Composition of item 50 "Other liabilities"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)  |                       |
|---|-----------------------|
|   | AMOUNTS AT 31/12/1999 |
| <b>Interest and fees to be debited to:</b>  |                       |
| - customers   | 89,355                |
| - banks   | 25,776                |
|   | <b>115,131</b>        |
| <b>Various tax items</b>  | <b>624,160</b>        |
| <b>Items in transit between branches not yet attributed to destination accounts</b> | <b>460,861</b>        |
| <b>Sums available due to third parties</b>  | <b>2,246,562</b>      |
| <b>Items still being processed</b>  | <b>1,138,603</b>      |
| <b>Items deriving from valuation of off-balance sheet transactions:</b>             |                       |
| - customers   | 940,713               |
| - banks   | 4,267,856             |
|   | <b>5,208,569</b>      |
| <b>Items relating to securities trading</b>   | <b>387,623</b>        |
| <b>Items judged definitive but not attributable to other items:</b>                 |                       |
| - provisions for payroll costs  | 533,577               |
| - payables to suppliers   | 1,044,735             |
| - provisions for tax advances on accrued interest, coupons or dividends             | 3,781                 |
| - other items   | 2,146,992             |
|   | <b>3,729,085</b>      |
| <b>Payables for items other than tax collection services</b>                        | <b>442,354</b>        |
| <b>Adjustments for unpaid bills, etc.</b>   | <b>1,196,718</b>      |
| <b>Other items</b>  | <b>2,352,592</b>      |
| <b>Total</b>  | <b>17,902,258</b>     |

## 9.2 Composition of item 60 "Accrued liabilities and deferred income"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)            |                  |
|--|------------------|
| AMOUNTS AT 31/12/1999                                |                  |
| <b>ACCRUED LIABILITIES</b>                           |                  |
| Interest accrued on accounts with banks              | 438,485          |
| Interest accrued on accounts with customers          | 416,879          |
| Interest accrued on securities issued                | 1,022,274        |
| Interest accrued on differences on contracts         | 512,617          |
| Interest accrued on subordinated debt                | 5,325            |
| Other transactions                                   | 43,339           |
| <b>Total accrued liabilities</b>                     | <b>2,438,919</b> |
| <b>DEFERRED INCOME</b>                               |                  |
| Relating to interest on bills discounted             | 46,870           |
| Derivative contracts                                 | 418,567          |
| Other loans to customers                             | 235,510          |
| Securities issued                                    | 20,384           |
| Rents billed in advance                              | 48,738           |
| Various fees and commissions                         | 36,897           |
| Other transactions                                   | 1,417,951        |
| <b>Total deferred income</b>                         | <b>2,224,917</b> |
| <b>Total accrued liabilities and deferred income</b> | <b>4,663,836</b> |

Accrued liabilities and deferred income are recorded on an accrual basis and in compliance with the provisions of Article 2424 a of the Civil Code

## 9.3 Adjustments to accrued liabilities and deferred income

These are plus or minus adjustments totalling 405,197 million made to offset the assets and liabilities accounts to which accrued liabilities and deferred income refer.

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                |
|---|----------------|
| AMOUNTS AT 31/12/1999                     |                |
| a) Assets items                           |                |
| – loans to banks                          | 2,233          |
| – loans to customers                      | 184,514        |
| b) Liabilities items                      |                |
| – due to banks                            | 43,457         |
| – due to customers                        | 11,469         |
| – securities issued                       | 163,524        |
| <b>Total</b>                              | <b>405,197</b> |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | ■ |
| Annexes               | □ |

## Section 10 – Guarantees and Commitments

Items 10 and 20 of Liabilities in the Consolidated Balance Sheet relating to guarantees given and commitments undertaken, involving the assumption of credit risks, amounted to **47,208,470** million. Below is a detail:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |
|---|-----------------------|
| ITEMS                                     | AMOUNTS AT 31/12/1999 |
| 10. Guarantees given                      | 21,194,262            |
| 20. Commitments                           | 26,014,208            |
| <b>Total</b>                              | <b>47,208,470</b>     |

### 10.1 Composition of item 10 “Guarantees given”

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)  |                   |
|--|-------------------|
| AMOUNTS AT 31/12/1999                      |                   |
| a) Guaranteed loans of a commercial nature | 14,939,415        |
| b) Guaranteed loans of a financial nature  | 6,226,507         |
| c) Pledged assets                          | 28,340            |
| <b>Total</b>                               | <b>21,194,262</b> |

### 10.2 Composition of item 20 “Commitments”

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                         |                   |
|---|-------------------|
| AMOUNTS AT 31/12/1999   |                   |
| a) Commitments to lend funds of certain use                       | 20,431,988        |
| <i>of which:</i>  |                   |
| - <i>available margins on irrevocable lines of credit</i>         | 13,293,874        |
| - <i>securities to be received for transactions to be settled</i> | 2,311,153         |
| - <i>deposits and financing to be disbursed</i>                   | 1,346,017         |
| - <i>other commitments to lend funds</i>                          | 3,480,944         |
| b) Commitments to lend funds of uncertain use                     | 5,582,220         |
| <i>of which:</i>  |                   |
| - <i>commitment to Fondo Interbancario di Tutela dei Depositi</i> | 218,320           |
| - <i>other commitments to lend funds</i>                          | 5,363,900         |
| <b>Total</b>  | <b>26,014,208</b> |

### 10.3 Pledged assets to guarantee own debts

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                           |                   |
|---|-------------------|
| AMOUNTS AT 31/12/1999   |                   |
| Investment and trading securities as guarantee for banker's cheques | 267,540           |
| Investment and trading securities as guarantee for other services   | 3,770             |
| Investment and trading securities linked to repos                   | 18,383,729        |
| Reserve and surety obligations of Parent Company's foreign branches | 234,194           |
| Securities and other pledged securities                             | 263,115           |
| <b>Total</b>  | <b>19,152,348</b> |

## 10.4 Receivable margins usable on lines of credit

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                  |
|---|------------------|
| AMOUNTS AT 31/12/1999                     |                  |
| a) Central banks                          | 3,204,339        |
| b) Other banks                            | 2,766,465        |
| <b>Total</b>                              | <b>5,970,804</b> |

## 10.5 Forward transactions

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |                    |                    |                    |
|---|-----------------------|--------------------|--------------------|--------------------|
| CATEGORIES OF TRANSACTIONS                | AMOUNTS AT 31/12/1999 |                    |                    |                    |
|   | HEDGING               | TRADING            | OTHER TRANSACTIONS | TOTAL              |
| <b>1. Buying and selling</b>              | <b>66,590,091</b>     | <b>5,558,205</b>   | <b>1,000</b>       | <b>72,149,296</b>  |
| 1.1 Securities                            | —                     | 4,238,657          | 1,000              | 4,239,657          |
| - purchases                               | —                     | 2,310,653          | 500                | 2,311,153          |
| - sales                                   | —                     | 1,928,004          | 500                | 1,928,504          |
| 1.2 Currencies                            | 66,590,091            | 1,319,548          | —                  | 67,909,639         |
| - currencies against currencies           | 7,329,501             | 748,414            | —                  | 8,077,915          |
| - purchases against Euro                  | 32,422,986            | 390,890            | —                  | 32,813,876         |
| - sales against Euro                      | 26,837,604            | 180,224            | —                  | 27,017,848         |
| <b>2. Deposits and financing</b>          | <b>—</b>              | <b>194,485</b>     | <b>2,993,276</b>   | <b>3,187,761</b>   |
| - to pay                                  | —                     | 10,659             | 1,335,358          | 1,346,017          |
| - to receive                              | —                     | 183,826            | 1,657,918          | 1,841,744          |
| <b>3. Derivative contracts</b>            | <b>64,201,660</b>     | <b>255,752,396</b> | <b>6,658,923</b>   | <b>326,612,979</b> |
| 3.1 With exchange of assets               | 2,393,409             | 17,644,903         | 188,407            | 20,226,719         |
| a) securities                             | 215,541               | 3,341,571          | 188,407            | 3,745,519          |
| - purchases                               | 188,407               | 1,176,224          | —                  | 1,364,631          |
| - sales                                   | 27,134                | 2,165,347          | 188,407            | 2,380,888          |
| b) currencies                             | 2,177,280             | 14,302,634         | —                  | 16,479,914         |
| - currencies against currencies           | 104,528               | 3,510,058          | —                  | 3,614,586          |
| - purchases against Euro                  | 1,529,766             | 5,829,519          | —                  | 7,359,285          |
| - sales against Euro                      | 542,986               | 4,963,057          | —                  | 5,506,043          |
| c) other securities                       | 588                   | 698                | —                  | 1,286              |
| - purchases                               | —                     | 349                | —                  | 937                |
| - sales                                   | 588                   | 349                | —                  | 937                |
| 3.2 Without exchange of assets            | 61,808,251            | 238,107,493        | 6,470,516          | 306,386,260        |
| a) currencies                             | 154,005               | 1,953,547          | —                  | 2,107,552          |
| - currencies against currencies           | 24,356                | 22,400             | —                  | 46,756             |
| - purchases against Euro                  | 126,961               | 758,553            | —                  | 885,514            |
| - sales against Euro                      | 2,688                 | 1,172,594          | —                  | 1,175,282          |
| b) other securities                       | 61,654,246            | 236,153,946        | 6,470,516          | 304,278,708        |
| - purchases                               | 29,004,995            | 100,639,754        | 22,868             | 129,667,617        |
| - sales                                   | 32,649,251            | 135,514,192        | 6,447,648          | 174,611,091        |
| <b>Total</b>                              | <b>130,791,751</b>    | <b>261,505,086</b> | <b>9,653,199</b>   | <b>401,950,036</b> |

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## Section 11 – Concentration and Distribution of Assets and Liabilities

### 11.1 Large risks

|  | AMOUNTS AT 31/12/1999 |
|--|-----------------------|
| a) amount (consolidated amounts in millions of lit.) | 8,955,869             |
| b) number  | 3                     |

The figures refer to the total weighted amount of risk positions that make up a "large risk" in accordance with current regulations (exposures exceeding 10% of consolidated capital for regulatory purposes)

### 11.2 Breakdown of loans to customers by main debtor categories

|                           | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---------------------------|--|
|                           | AMOUNTS AT 31/12/1999                      |
| a) governments            | 4,491,018                                  |
| b) other public bodies    | 6,105,420                                  |
| c) non-holding companies  | 104,336,224                                |
| d) financial institutions | 30,628,861                                 |
| e) family firms           | 11,327,716                                 |
| f) other operators        | 39,791,561                                 |
| <b>Total</b>              | <b>196,680,800</b>                         |

### 11.3 Breakdown of loans to non-holding companies and domestic family firms

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|--|--|
|  | AMOUNTS AT 31/12/1999                      |
| a) commercial services, salvages and repairs | 16,999,321                                 |
| b) other services intended for sale          | 13,944,948                                 |
| c) building and public works                 | 9,088,654                                  |
| d) textiles, leather and footwear, clothing  | 5,600,552                                  |
| e) agricultural and industrial machines      | 5,064,099                                  |
| f) other branches                            | 45,018,694                                 |
| <b>Total</b>                                 | <b>95,716,268</b>                          |

### 11.4 Breakdown of guarantees given by main categories of parties

|                           | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---------------------------|--|
|                           | AMOUNTS AT 31/12/1999                      |
| a) governments            | 1,984                                      |
| b) other public bodies    | 190,686                                    |
| c) banks                  | 2,114,145                                  |
| d) non-holding companies  | 14,092,458                                 |
| e) financial institutions | 3,582,580                                  |
| f) family firms           | 322,946                                    |
| g) other operators        | 889,463                                    |
| <b>Total</b>              | <b>21,194,262</b>                          |

## 11.5 Breakdown of assets and liabilities by area

|                                      | AMOUNTS AT 31/12/1999 |                    |                   | TOTAL              |
|--------------------------------------|-----------------------|--------------------|-------------------|--------------------|
|                                      | ITALY                 | OTHER EU COUNTRIES | OTHER COUNTRIES   |                    |
| <b>1. Assets</b>                     | <b>221,772,397</b>    | <b>35,366,042</b>  | <b>35,185,966</b> | <b>292,324,405</b> |
| 1.1 loans to banks                   | 17,975,813            | 15,106,364         | 5,657,297         | 38,739,474         |
| 1.2 loans to customers               | 163,649,832           | 15,876,476         | 17,154,492        | 196,680,800        |
| 1.3 securities                       | 40,146,752            | 4,383,202          | 12,374,177        | 56,904,131         |
| <b>2. Liabilities</b>                | <b>190,060,633</b>    | <b>44,855,439</b>  | <b>44,250,333</b> | <b>279,166,405</b> |
| 2.1 due to banks                     | 28,190,626            | 23,672,784         | 17,331,844        | 69,195,254         |
| 2.2 due to customers                 | 106,510,930           | 9,312,478          | 25,173,065        | 140,996,473        |
| 2.3 securities issued                | 53,598,005            | 10,708,024         | 1,745,424         | 66,051,453         |
| 2.4 other accounts                   | 1,761,072             | 1,162,153          | —                 | 2,923,225          |
| <b>3. Guarantees and commitments</b> | <b>31,219,724</b>     | <b>5,213,792</b>   | <b>10,774,954</b> | <b>47,208,470</b>  |

The annex also includes the figures at 31/12/1998

## 11.6 Breakdown of assets and liabilities by maturity

| ITEMS/RESIDUAL MATURITY              | AMOUNTS AS AT 31/12/1999 |                    |                     |                   |                   |                   |                   |                     | TOTAL              |
|--------------------------------------|--------------------------|--------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
|                                      | ON DEMAND                | UP TO 3 MONTHS     | FROM 3 TO 12 MONTHS | DEFINITE MATURITY |                   | OVER 5 YEARS      |                   | INDEFINITE MATURITY |                    |
|                                      |                          |                    |                     | FIXED RATE        | INDEXED RATE      | FIXED RATE        | INDEXED RATE      |                     |                    |
| <b>1. Assets</b>                     |                          |                    |                     |                   |                   |                   |                   |                     |                    |
| 1.1 Re-financeable treasury notes    | 93,992                   | 717,081            | 2,024,858           | 1,650,684         | 4,520,311         | 361,843           | 458,061           | 1                   | 9,826,831          |
| 1.2 Loans to banks                   | 4,182,310                | 24,048,137         | 6,538,405           | 32,191            | 651,024           | 8,249             | 176,891           | 3,102,267           | 38,739,474         |
| 1.3 Loans to customers               | 59,012,026               | 36,784,406         | 23,028,981          | 12,275,015        | 30,217,958        | 4,826,857         | 24,008,428        | 6,527,129           | 196,680,800        |
| 1.4 Bonds and other debt securities  | 220,010                  | 2,806,375          | 6,908,921           | 6,751,183         | 14,647,801        | 6,909,863         | 6,551,754         | 1,440               | 44,797,347         |
| 1.5 "Off-balance sheet" transactions | 63,508,338               | 64,355,999         | 38,501,165          | 20,709,073        | 50,037,094        | 12,106,812        | 31,195,134        | 9,630,837           | 290,044,452        |
|                                      | 6,429,595                | 105,386,656        | 94,942,644          | 55,389,258        | 9,393,649         | 16,778,216        | 4,658,999         | 1,653               | 292,980,670        |
| <b>Total Assets</b>                  | <b>69,937,933</b>        | <b>169,742,655</b> | <b>133,443,809</b>  | <b>76,098,331</b> | <b>59,430,743</b> | <b>28,885,028</b> | <b>35,854,133</b> | <b>9,632,490</b>    | <b>583,025,122</b> |
| <b>2. Liabilities</b>                |                          |                    |                     |                   |                   |                   |                   |                     |                    |
| 2.1 Due to banks                     | 23,555,789               | 35,262,990         | 5,782,355           | 906,138           | 1,932,951         | 115,208           | 1,637,714         | 2,109               | 69,195,254         |
| 2.2 Due to customers                 | 102,468,744              | 29,044,075         | 8,414,840           | 72,431            | 440,106           | 817               | 11,185            | 544,275             | 140,996,473        |
| 2.3 Securities issued                |                          |                    |                     |                   |                   |                   |                   |                     |                    |
| - bonds                              | 1,125,264                | 953,524            | 4,413,754           | 6,386,970         | 17,874,596        | 2,964,387         | 8,434,599         | 3,607               | 42,156,701         |
| - certificates of deposit            | 379,671                  | 12,169,039         | 7,630,778           | 1,400,819         | 437,586           | 80,000            | —                 | —                   | 22,097,893         |
| - other securities                   | 1,553,991                | 54,736             | 153,371             | 263               | —                 | —                 | 34,498            | —                   | 1,796,859          |
| 2.4 Subordinated debt                | —                        | —                  | —                   | 142,810           | 1,841,154         | —                 | 670,000           | —                   | 2,653,964          |
| 2.5 "Off-balance sheet" transactions | 129,083,459              | 77,484,364         | 26,395,098          | 8,909,431         | 22,526,393        | 3,160,412         | 10,787,996        | 549,991             | 278,897,144        |
|                                      | 12,581,922               | 100,798,612        | 93,188,691          | 56,659,082        | 6,521,128         | 20,940,707        | 1,986,825         | 120,746             | 292,797,713        |
| <b>Total Liabilities</b>             | <b>141,665,381</b>       | <b>178,282,976</b> | <b>119,583,789</b>  | <b>65,568,513</b> | <b>29,047,521</b> | <b>24,101,119</b> | <b>12,774,821</b> | <b>670,737</b>      | <b>571,694,857</b> |

The annex also includes the figures at 31/12/1998

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## 11.7 Currency assets and liabilities

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|--|-------------------|
| AMOUNTS AT 31/12/1999                      |                   |
| <b>a) Assets</b>                           |                   |
| 1. loans to banks                          | 8,961,382         |
| 2. loans to customers                      | 21,994,225        |
| 3. securities                              | 12,353,569        |
| 4. equity investments                      | 341,144           |
| 5. other accounts                          | 822,457           |
| <b>Total</b>                               | <b>44,472,777</b> |
| <b>b) Liabilities</b>                      |                   |
| 1. due to banks                            | 19,199,981        |
| 2. due to customers                        | 26,107,444        |
| 3. securities issued                       | 7,404,586         |
| 4. other accounts                          | 1,066,154         |
| <b>Total</b>                               | <b>53,778,165</b> |

Based on current provisions, "other accounts" under Assets are made up of item 10; "other accounts" under Liabilities are made up of items 40 and 110

For the purposes of converting the foreign currency Accounts of fully consolidated companies and currency items which are more significant in the Group's activities into Lit., the following exchange rates were applied:

| DECEMBER 1999 EXCHANGE RATE |          |
|-----------------------------|----------|
| US dollar                   | 1.0046   |
| Canadian dollar             | 1.4608   |
| British pound               | 0.6217   |
| Swiss franc                 | 1.6051   |
| Japanese yen                | 102.7300 |
| Polish zloty                | 4.1587   |

The exchange rates at 31 December 1999 indicated above represent the Euro parity with individual foreign currencies.

The Euro amounts deriving from the application of such exchange rates were converted into Lit. using the fixed-rate conversion (1 Euro = Lit. 1,936.27)

## Section 12 – Management and Brokerage on Behalf of Third Parties

### 12.1 Security dealing

|                     |  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|---------------------|--|---|
|                     |  | AMOUNTS AT 31/12/1999                     |
| <b>a) Purchases</b> |  | <b>168,808,001</b>                        |
| 1. settled          |  | 162,998,696                               |
| 2. unsettled        |  | 5,809,305                                 |
| <b>b) Sales</b>     |  | <b>163,319,497</b>                        |
| 1. settled          |  | 160,712,259                               |
| 2. unsettled        |  | 2,547,238                                 |

### 12.2 Segregated accounts

|   |  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|---|--|---|
|   |  | AMOUNTS AT 31/12/1999                     |
| Securities assets managed on behalf of customers<br>(at market) |  | 79,885,715                                |

### 12.3 Custody and administration of securities

|  |  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|--|--|---|
|  |  | AMOUNTS AT 31/12/1999                     |
| <b>a) Securities received on deposit (excluding segregated accounts)</b> |  |   |
| 1) surety  |  | 111,844                                   |
| 2) guarantee   |  | 11,367,143                                |
| 3) custody   |  | 291,613,864                               |
|  |  | <b>303,092,851</b>                        |
| <b>b) Securities deposited with third parties</b>                        |  | <b>239,834,700</b>                        |
| <b>c) Investment and trading securities deposited with third parties</b> |  | <b>37,504,929</b>                         |

### 12.4 Collection of receivables on behalf of third parties: debit and credit adjustments

|                                     |  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|-------------------------------------|--|---|
|                                     |  | AMOUNTS AT 31/12/1999                     |
| <b>a) "Debit" adjustments</b>       |  |   |
| 1. current accounts                 |  | 363,457                                   |
| 2. bills and notes                  |  | 22,847,797                                |
| 3. cash                             |  | 4,098,510                                 |
| 4. other accounts                   |  | 6,151,363                                 |
|                                     |  | <b>33,461,127</b>                         |
| <b>b) "Credit" adjustments</b>      |  |   |
| 1. current accounts                 |  | 300,116                                   |
| 2. transferring bills and documents |  | 33,953,104                                |
| 3. other accounts                   |  | 339,271                                   |
|                                     |  | <b>34,592,491</b>                         |
| <b>Balance (a - b)</b>              |  | <b>- 1,131,364</b>                        |

### 12.5 Other transactions

|  |  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|--|--|---|
|  |  | AMOUNTS AT 31/12/1999                     |
| Other securities received on deposit                                   |  | 10,447,181                                |
| Other securities received deposited with third parties                 |  | 724,505                                   |
| Other investment and trading securities deposited with third parties   |  | 20,674                                    |
| Other securities relating to tax collection activities                 |  |   |
| 1. expired tax rolls with obligation to be collected                   |  | 1,414,875                                 |
| 2. expired tax rolls with obligation under grace                       |  | 777,035                                   |
| 3. expiring tax rolls with obligation to be collected                  |  | 207,894                                   |
| 4. expired tax rolls without obligation to be collected                |  | 17,242,158                                |
| 5. expired tax rolls without obligation – insolvent – to be collected  |  | 2,204,349                                 |
| 6. tax collection assignments received<br>from third-party franchisers |  | 2,781,256                                 |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



## PART C) NOTES TO THE PROFIT AND LOSS ACCOUNT

### Section 1 - Interest

Interest, and similar revenues and charges, which are detailed below, were posted to items 10 and 20 of the Profit and Loss Account and showed the following results:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |            |
|--|------------|
| ITEMS                                      | 1999       |
| 10. Interest income and similar revenues   | 16,019,504 |
| 20. Interest expense and similar charges   | 8,509,136  |

#### 1.1 Composition of item 10 "Interest income and similar revenues"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)                     |                   |
|--|-------------------|
| 1999   |                   |
| a) on loans to banks   | 1,718,092         |
| <i>of which:</i>   |                   |
| - on loans to central banks                                    | 60,794            |
| b) on loans to customers                                       | 10,764,810        |
| c) on debt securities  | 3,507,718         |
| d) other interest income                                       | 28,884            |
| e) positive balance of differentials on "hedging" transactions | —                 |
| <b>Total</b>   | <b>16,019,504</b> |

#### 1.2 Composition of item 20 "Interest expense and similar charges"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)                     |                  |
|--|------------------|
| 1999   |                  |
| a) on internak deposits  | 2,370,915        |
| b) on customer deposits  | 3,009,402        |
| c) on securities issued  | 2,572,784        |
| <i>of which:</i>   |                  |
| - on certificates of deposit                                   | 907,880          |
| d) on deposits received in administration                      | 296              |
| e) on subordinated debt  | 126,200          |
| f) negative balance of differentials on "hedging" transactions | 429,539          |
| <b>Total</b>   | <b>8,509,136</b> |

#### 1.3 Detail of item 10 "Interest income and similar revenues"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                   |
|--|-------------------|
| 1999                                       |                   |
| a) on currency assets                      | 3,949,199         |
| b) on Euro assets                          | 12,070,305        |
| <b>Total</b>                               | <b>16,019,504</b> |

## 1.4 Detail of item 20 "Interest expense and similar charges"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                      |                  |
|--|------------------|
|  | 1999             |
| a) on currency liabilities                                     | 3,422,164        |
| b) on Euro liabilities   | 4,657,433        |
|  | <b>8,079,597</b> |
| c) negative balance of differentials on "hedging" transactions | 429,539          |
| <b>Total</b>   | <b>8,509,136</b> |

## Section 2 - Commissions

The commissions detailed below were posted to items 40 and 50 of the Profit and Loss Account and were as follows:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |           |
|---|-----------|
| ITEMS                                     | 1999      |
| 40. Commission income                     | 5,740,314 |
| 50. Commission expense                    | 568,481   |

## 2.1 Composition of item 40 "Commission income"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                    |                  |
|--|------------------|
|  | 1999             |
| a) guarantees given  | 160,649          |
| b) collection and payment services                           | 618,458          |
| c) management, brokerage and consultancy services:           |                  |
| 1. security dealing  | 466,001          |
| 2. currency dealing  | 160,481          |
| 3. segregated accounts                                       | 411,723          |
| 4. custody and administration of securities                  | 150,156          |
| 5. placement of securities                                   | 470,135          |
| 6. consultancy   | 2,310            |
| 7. door-to-door selling of securities, products and services | 19,976           |
| 8. acceptance of trading instructions                        | 36,450           |
| 9. management of collective investment funds                 | 1,762,582        |
|  | <b>3,479,814</b> |
| d) tax collection services                                   | 264,449          |
| e) other services  | 1,216,944        |
| <b>Total</b>   | <b>5,740,314</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## 2.2 Composition of item 50 "Commission expense"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)                   |                |
|--|----------------|
| 1999   |                |
| a) collection and payment services                           | 109,937        |
| b) management and brokerage services:                        |                |
| 1. security dealing  | 20,587         |
| 2. currency dealing  | 6,531          |
| 3. segregated accounts                                       | 1,449          |
| 4. custody and administration of securities                  | 27,413         |
| 5. placement of securities                                   | 10,245         |
| 6. door-to-door selling of securities, products and services | 135,593        |
| 7. management of collective investment funds                 | 34,627         |
|  | 236,445        |
| c) other services  | 203,345        |
| d) guarantees received                                       | 18,754         |
| <b>Total</b>   | <b>568,481</b> |

### Net commissions are detailed below:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)        |                  |
|---|------------------|
| 1999  |                  |
| 1) guarantees given and received                  | 141,895          |
| 2) collection and payment services                | 508,521          |
| 3) management, brokerage and consultancy services | 3,243,369        |
| 4) tax collection services                        | 264,449          |
| 5) other services                                 | 1,013,599        |
| <b>Total</b>                                      | <b>5,171,833</b> |

## Section 3 – Profits and Losses From Financial Transactions

Profits and losses from financial transactions, posted to item 60 of the Profit and Loss Account, showed the following balance:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)       |         |
|--|---------|
| ITEM   | 1999    |
| 60. Profits/(losses) from financial transactions | 655,650 |

### 3.1 Composition of item 60 "Profits/(losses) from financial transactions"

| 1999                                  |                          | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                       |                |
|---------------------------------------|--------------------------|---|-----------------------|----------------|
| ITEMS/TRANSACTIONS                    | SECURITY<br>TRANSACTIONS | CURRENCY<br>TRANSACTIONS                  | OTHER<br>TRANSACTIONS | TOTAL          |
| A.1 revaluations                      | 496,959                  |   | 1,643,655             | 2,140,614      |
| A.2 write-downs                       | - 533,235                |   | - 948,579             | - 1,481,814    |
| B. other profits/(losses)             | 75,905                   | 344,956                                   | - 424,011             | - 3,150        |
| <b>Totals</b>                         | <b>39,629</b>            | <b>344,956</b>                            | <b>271,065</b>        | <b>655,650</b> |
| 1. government securities              | - 219,360                |   |                       |                |
| 2. other debt securities              | 33,991                   |   |                       |                |
| 3. variable-yield securities          | 417,112                  |   |                       |                |
| 4. derivative contracts on securities | - 124,132                |   |                       |                |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | ■ |
| Annexes               | □ |

## Section 4 – Administrative Expenses

Administrative expenses, which are detailed below, were posted to item 80 of the Profit and Loss Account and showed the following balance:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |           |
|--|-----------|
| ITEM                                       | 1999      |
| 80. Administrative expenses                | 7,404,322 |

### Composition of item 80 "Administrative expenses"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |                  |
|--|------------------|
| 1999                                       |                  |
| <b>a) Payroll costs:</b>                   |                  |
| - wages and salaries                       | 3,336,845        |
| - social security contributions            | 981,631          |
| - employment termination payments          | 210,230          |
| - retirement payments and similar          | 106,316          |
| - other                                    | 99,844           |
| <b>a)</b>                                  | <b>4,734,866</b> |
| <b>b) Other administrative expenses:</b>   |                  |
| - indirect taxes and dues                  | 542,971          |
| - various costs and expenses               | 2,126,485        |
| <b>b)</b>                                  | <b>2,669,456</b> |
| <b>Total (a+b)</b>                         | <b>7,404,322</b> |

"Various costs and expenses" are detailed below:

|   |                  |
|---|------------------|
| External consultants                              | 190,389          |
| Directors and internal auditors                   | 26,925           |
| Insurance   | 48,159           |
| Advertising                                       | 150,971          |
| Charitable donations                              | 5,847            |
| Hardware and software lease rentals               | 30,660           |
| Postal and telecom                                | 302,605          |
| Printed items and stationery                      | 63,690           |
| Supply of office items                            | 13,142           |
| Internal and external site surveillance           | 72,136           |
| Credit information and enquiries                  | 30,093           |
| Various services rendered by third parties        | 303,376          |
| Transport/escort of valuable paper                | 62,566           |
| Cleaning  | 49,966           |
| Maintenance and repair of furniture and equipment | 86,735           |
| Site maintenance                                  | 66,809           |
| Travel expense                                    | 55,074           |
| Various lease rentals                             | 31,980           |
| Rentals   | 245,066          |
| Utilities, etc.                                   | 102,542          |
| Other   | 187,754          |
| <b>Total</b>                                      | <b>2,126,485</b> |

#### 4.1 Average number of employees by category

| AVERAGE NUMBER OF EMPLOYEES | 1999          |
|-----------------------------|---------------|
| a) executives               | 459           |
| b) officers                 | 4,973         |
| c) remaining employees      | 43,981        |
| <b>Total (*)</b>            | <b>49,413</b> |

(\*) of which: (pro rata) relating to companies consolidated using the proportional method 78  
 The aforementioned number of employees is calculated as the arithmetic mean of staff numbers at the end of the current period and of the previous period.

| NUMBER OF EMPLOYEES AT YEAR-END | 1999          |
|---------------------------------|---------------|
| a) executives                   | 588           |
| b) officers                     | 5,060         |
| c) remaining employees          | 56,640        |
| <b>Total</b>                    | <b>62,288</b> |

At year-end total numbers for part-time staff were 3,673

#### Section 5 – Write-downs, write-backs and provisions

Write-downs, write-backs and provisions posted to items 90, 100, 120, 130, 140, 150, 160, 170 and 230 of the Profit and Loss Account showed the following amounts:

| ITEMS  | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) | 1999      |
|--|---|-----------|
| 90. Adjustments to the value of intangible and tangible fixed assets       |   | 698,387   |
| 100. Provisions for risks and charges                                      |   | 488,716   |
| 120. Write-downs of loans and provisions for guarantees and commitments    |   | 2,401,070 |
| 130. Write-backs to loans and to provisions for guarantees and commitments |   | 792,572   |
| 140. Provisions for possible loan losses                                   |   | 86,658    |
| 150. Write-downs of financial investments                                  |   | 98,186    |
| 160. Write-backs to financial investments                                  |   | 45,022    |
| 170. Profits/(losses) on investments valued at net equity                  |   | 1,330     |
| 230. Change in fund for general banking risks                              |   | + 16,994  |

#### Composition of item 90 "Adjustments to the value of intangible and tangible fixed assets"

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) | 1999           |
|---|---|----------------|
| <b>Tangible fixed assets:</b>             |   |                |
| - property                                |   | 165,923        |
| - furniture                               |   | 75,653         |
| - equipment                               |   | 152,391        |
|   |   | <b>393,967</b> |
| <b>Intangible fixed assets</b>            |   | <b>258,052</b> |
| - of which: goodwill                      |   | 29,509         |
| <b>Positive consolidation differences</b> | (*)                                       | <b>43,141</b>  |
| <b>Positive net equity differences</b>    | (*)                                       | <b>3,227</b>   |
| <b>Total</b>                              |   | <b>698,387</b> |

(\*) For details please see Section 8 of the Notes to the Accounts, Items 90 and 100.

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

### Composition of item 100 "Provisions for risks and charges"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)      |                |
|---|----------------|
| 1999  |                |
| Provisions to "reserves for risks and charges": |                |
| - sub-item d) "other reserves"                  | 488,716        |
| <b>Total</b>                                    | <b>488,716</b> |

### Detail of item 120 "Write-downs of loans and provisions for guarantees and commitments"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)      |                  |
|---|------------------|
| 1999  |                  |
| Write-downs of loans:                           |                  |
| - to banks                                      | 91,349           |
| - to customers                                  | 2,188,424        |
| - to subsidiaries (other than Group companies)  | 15,098           |
|   | <b>2,294,871</b> |
| Provisions to "reserves for risks and charges": |                  |
| - sub-item d) "other reserves":                 |                  |
| provisions for guarantees and commitments       | 106,199          |
|   | <b>106,199</b>   |
| <b>Total</b>                                    | <b>2,401,070</b> |

### Composition of item 130 "Write-backs to loans and to provisions for guarantees and commitments"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)  |                |
|---|----------------|
| 1999  |                |
| - loans                                     | 756,158        |
| - provisions for guarantees and commitments | 36,414         |
| <b>Total</b>                                | <b>792,572</b> |

### Composition of item 140 "Provisions for possible loan losses"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |               |
|--|---------------|
| 1999                                       |               |
| Provisions for the year                    | 86,658        |
| <b>Total</b>                               | <b>86,658</b> |

### Composition of item 150 "Write-downs of financial investments"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |               |
|--|---------------|
| 1999                                       |               |
| Securities                                 | 31,924        |
| Equity investments                         | 66,262        |
| <b>Total</b>                               | <b>98,186</b> |

### Composition of item 160 "Write-backs to financial investments"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |               |
|---|---------------|
| 1999                                      |               |
| - securities                              | 25,805        |
| - equity investments                      | 19,217        |
| <b>Total</b>                              | <b>45,022</b> |

### Composition of item 170 "Profits/(losses) of investments valued at net equity"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |               |               |              |
|---|---------------|---------------|--------------|
|   | 1999          |               |              |
|   | PROFITS       | LOSSES        | TOTAL        |
| Group companies                           | 10,918        | 23,187        | (12,269)     |
| Other principal companies                 | 30,605        | 17,006        | 13,599       |
| <b>Total</b>                              | <b>41,523</b> | <b>40,193</b> | <b>1,330</b> |

### Composition of item 230 "Change in the fund for general banking risks"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                 |
|---|-----------------|
| 1999                                      |                 |
| Allotments                                | + 28,474        |
| Withdrawals                               | - 11,480        |
| <b>Total</b>                              | <b>+ 16,994</b> |
| <i>of which:</i>                          |                 |
| <i>Cassamarca S.p.A.</i>                  | <i>7.500</i>    |
| <i>Caritro S.p.A.</i>                     | <i>6.293</i>    |
| <i>UniCredit Factoring S.p.A.</i>         | <i>3.965</i>    |

### 5.1 Composition of item 120 "Write-downs of loans and provisions for guarantees and commitments"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)       |                  |
|---|------------------|
| 1999  |                  |
| Write-downs of loans:                           | 2,294,871        |
| <i>of which:</i>                                |                  |
| - <i>all-in write-downs for country risk</i>    | <i>86,037</i>    |
| - <i>other all-in write-downs</i>               | <i>543,158</i>   |
| Provisions to "reserves for risks and charges": |                  |
| - sub-item d) "other reserves":                 |                  |
| provisions for guarantees and commitments       | 106,199          |
| <i>of which:</i>                                |                  |
| - <i>all-in provisions for country risk</i>     | <i>1,609</i>     |
| - <i>other all-in provisions</i>                | <i>578</i>       |
| <b>Total (a+b)</b>                              | <b>2,401,070</b> |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | ■ |
| Annexes               | □ |



## Section 6 - Other Profit and Loss Account Items

Items 30, 70, 110, 190, 200, 240, 242 and 250 of the Profit and Loss Account not shown in preceding sections of the Notes to the Accounts are as follows:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)              |           |
|---|-----------|
| ITEMS   | 1999      |
| 30. Dividends and other income                          | 321,486   |
| 70. Other operating income                              | 1,509,189 |
| 110. Other operating expenses                           | 433,695   |
| 190. Extraordinary income                               | 1,710,237 |
| 200. Extraordinary expenses                             | 577,701   |
| 240. Income tax for the year                            | 2,337,765 |
| 242. Pekao Group pre-acquisition income                 | 41,698    |
| 250. Minority portion of net income/(loss) for the year | 642,485   |

### Composition of item 30 "Dividends and other income"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)               |                |
|--|----------------|
| 1999   |                |
| <b>Dividends and other income:</b>                       |                |
| a) on shares, quotas and other variable-yield securities | 25,324         |
| b) on equity investments                                 | 293,971        |
| c) on investments in Group companies                     | 2,191          |
| <b>Total</b>   | <b>321,486</b> |

### 6.1 Composition of item 70 "Other operating income"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)                |                  |
|---|------------------|
| 1999  |                  |
| <b>Merchant banking activities</b>                        | <b>8,398</b>     |
| <b>Premiums received on options</b>                       | <b>113,772</b>   |
| <b>Debited to third parties:</b>                          |                  |
| - tax recoveries  | 362,391          |
| - customers' insurance premiums                           | 24,841           |
| - on deposits and current accounts                        | 548,300          |
|   | <b>935,532</b>   |
| <b>Miscellaneous income:</b>                              |                  |
| - rents   | 29,254           |
| - recoveries of various fees from previous periods        | 20,490           |
| - various refunds of charges incurred in previous periods | 51,498           |
| - other   | 294,382          |
|   | <b>395,624</b>   |
| <b>Income from leasing of fixed assets</b>                | <b>55,863</b>    |
| <b>Total</b>  | <b>1,509,189</b> |

## 6.2 Composition of item 110 "Other operating expenses"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)              |                |
|--|----------------|
| 1999   |                |
| Rentals for fixed assets in financial leasing          | 2,097          |
| Losses on leased fixed assets                          | 25,510         |
| Adjustments of conditions relating to previous periods | 39,246         |
| Reversion of banking income                            | 6,126          |
| Premiums on options                                    | 113,180        |
| Other expenses   | 247,536        |
| <b>Total</b>   | <b>433,695</b> |

## 6.3 Composition of item 190 "Extraordinary income"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)             |                  |
|---|------------------|
| 1999  |                  |
| <b>Profits on disposals of:</b>                       |                  |
| - property  | 85,772           |
| - investment securities                               | 209,372          |
| - equity investments                                  | 731,347          |
| - other assets  | 5,431            |
| - fully consolidated investments                      | 17,250           |
|   | <b>1,049,172</b> |
| <b>Contingent gains and non-existent liabilities:</b> |                  |
| - surplus from prior-year provisions                  | 168,311          |
| - non-existent liabilities due to write-offs          | 9,581            |
| - recoveries of written-off assets                    | 14,314           |
| - re-allocation to reserve pursuant to Law 218/90     | 61,597           |
| - advance taxes relating to previous periods          | 243,049          |
| - various   | 164,213          |
|   | <b>661,065</b>   |
| <b>Total</b>  | <b>1,710,237</b> |

## 6.4 Composition of item 200 "Extraordinary expenses"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                      |                |
|--|----------------|
| 1999   |                |
| <b>Losses on disposals of:</b>                                 |                |
| - property   | 2,210          |
| - investment securities  | 27,864         |
| - equity investments   | 107,217        |
| - other financial fixed assets                                 | 142,842        |
| - other assets   | 4,175          |
|  | <b>284,308</b> |
| <b>Contingent losses and non-existent assets:</b>              |                |
| - payroll costs due to leaving incentives                      | 44,087         |
| - losses for various risks                                     | 34,271         |
| - deferred taxes relating to previous periods                  | 81,427         |
| - provisions to reserve for retirement and similar obligations | 42,875         |
| - various  | 90,733         |
|  | <b>293,393</b> |
| <b>Total</b>   | <b>577,701</b> |

|                       |                                     |
|-----------------------|-------------------------------------|
| Consolidated Accounts | <input type="checkbox"/>            |
| Comparative Accounts  | <input type="checkbox"/>            |
| Notes to the Accounts | <input checked="" type="checkbox"/> |
| Annexes               | <input type="checkbox"/>            |

## Composition of item 250 "Minority portion of net income/(loss) for the period"

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |
|---|--|
|   | 1999                                       |
| <b>Companies' net income</b>                                  | <b>865,711</b>                             |
| - Rolo Banca 1473 S.p.A.                                      | 576,134                                    |
| - Credit Carimonte S.p.A.                                     | 106,558                                    |
| - Rolo International Asset Management S.A.                    | 63,943                                     |
| - Europlus Research & Management Ltd.                         | 23,235                                     |
| - Banca Agricola Comm. Rep. S.Marino S.A.                     | 20,783                                     |
| - Locat S.p.A.  | 19,950                                     |
| - Fiditalia S.p.A.  | 15,882                                     |
| - Gruppo Bank Pekao S.A.                                      | 14,865                                     |
| - Banca Mediocredito S.p.A.                                   | 9,306                                      |
| - Sogefactor S.r.l.   | 2,539                                      |
| - Rolofond S.G.R.p.A.   | 2,435                                      |
| - Duerrevita S.p.A.   | 1,940                                      |
| - Caritro S.p.A.  | 1,439                                      |
| - Gespro S.p.A.   | 1,438                                      |
| - Mediovenezie Banca S.p.A.                                   | 1,432                                      |
| - Cariverona Banca S.p.A.                                     | 1,336                                      |
| - UniCredit Factoring S.p.A.                                  | 589  |
| - S.F.E.T. S.p.A.   | 436  |
| - Europlus UniCredit Rolo S.G.R.p.A.                          | 372  |
| - Immobiliare Archi S.r.l.                                    | 193  |
| - UniCredit SIM S.p.A.  | 191  |
| - Nettuno S.r.l.  | 102  |
| - other   | 613  |
| <b>Companies' net loss</b>                                    | <b>- 966</b>                               |
| - Banca di Bergamo S.p.A.                                     | - 782                                      |
| - CreditRas Previdenza S.p.A.                                 | - 183                                      |
| - Cassa e Assicurazioni S.p.A.                                | - 1  |
| <b>Consolidation adjustments</b>                              | <b>- 222,260</b>                           |
| - reversal of dividends received from Credit Carimonte S.p.A. | - 105,832                                  |
| - reversal of dividends received from Rolo Banca 1473 S.p.A.  | - 87,910                                   |
| - reversal of dividends received from Cariverona Banca S.p.A. | - 508                                      |
| - other Pekao adjustments                                     | - 28,010                                   |
| <b>Total</b>  | <b>642,485</b>                             |

## Section 7 – Other Notes to the Profit and Loss Account

### 7.1 Distribution of income by area

This refers to items 10, 30, 40, 60 and 70 of the Profit and Loss Account.

|                      | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|----------------------|---|
|                      | 1999                                      |
| - Italy              | 19,114,797                                |
| - other EU countries | 1,446,885                                 |
| - other countries    | 3,684,461                                 |
| <b>Total</b>         | <b>24,246,143</b>                         |

## PART D) OTHER INFORMATION

### Section 1 – Directors and Auditors

#### 1.1 Remuneration

|              | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|--------------|---|
|              | 1999                                      |
| a) directors | 7,011                                     |
| b) auditors  | 664                                       |
|              | <b>7,675</b>                              |

#### 1.2 Loans and guarantees given

|              | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |
|--------------|---|
|              | 1999                                      |
| a) directors | 1,434,698                                 |
| b) auditors  | 526                                       |
|              | <b>1,435,224</b>                          |

Amounts include transactions carried out - in compliance with applicable regulations - with companies in which the Parent Company's corporate members had an interest.

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## Section 2 - Financial Report

### Consolidated financial report

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)   |                  |
|---|------------------|
| 1999  |                  |
| <b>FUNDS GENERATED AND COLLECTED</b>  |                  |
| <i>Funds generated by the business:</i>   |                  |
| Net income for the period   | 2,490.0          |
| Provision to fund for general banking risks   | (1) 17.0         |
| Provisions for possible loan losses   | (1) 78.3         |
| Provisions to reserves for employment termination and retirement payments   | (1) 301.6        |
| Provision to taxation reserve   | (1) 2,232.6      |
| Provisions for risks and charges - other  | (1) 497.5        |
| Write-downs of (write-backs to) loans   | 1,608.5          |
| Write-downs of (write-backs to) intangible and tangible fixed assets  | 698.4            |
| Write-downs of (write-backs to) financial fixed assets  | 53.2             |
| <b>Total funds generated by the business</b>  | <b>7,977.1</b>   |
| <i>Shareholders' equity:</i>  |                  |
| <i>Capital increase and reserves: (2)</i>   |                  |
| - share capital   | 147.6            |
| - issue premiums  | 789.7            |
| <b>Total capital increase and reserves</b>  | <b>937.3</b>     |
| Positive consolidation and net equity differences   | - 993.0          |
| Negative consolidation and net equity differences   | - 254.4          |
| Other changes   | - 896.9          |
| <b>Total shareholders' equity</b>   | <b>- 1,207.0</b> |
| <b>Minority portion of shareholders' equity</b>   | <b>- 42.7</b>    |
| <i>Other funds collected:</i>   |                  |
| Subordinated debt   | 150.2            |
| Due to banks  | 4,069.1          |
| Due to customers  | 33,722.1         |
| Securities issued   | - 4,690.4        |
| Accrued liabilities and deferred income   | 675.0            |
| Other liabilities   | 1,020.5          |
| <b>Total change in other funds collected</b>  | <b>34,946.5</b>  |
| <b>TOTAL FUNDS GENERATED AND COLLECTED</b>  | <b>41,673.9</b>  |
| <b>FUNDS USED AND INVESTED</b>  |                  |
| Ordinary and extraordinary dividends distributed  | 553.4            |
| Use of provisions of taxation reserve, reserve for employment termination payments, reserve for general banking risks | 2,445.0          |
| Cash and deposits with central banks  | 982.7            |
| Loans to banks  | - 6,080.8        |
| Loans to customers  | 30,700.2         |
| Securities  | 6,529.4          |
| Equity investments  | 222.8            |
| Intangible and tangible fixed assets  | 1,756.0          |
| Accrued income and pre-paid expenses  | 669.0            |
| Other assets  | 3,896.2          |
| <b>Total funds used and employed</b>  | <b>41,673.9</b>  |

Notes:

(1) Net of re-allocations to the P&L Account

(2) The figure refers only to the Parent Company UniCredito Italiano (formerly Credito Italiano)

Managing Director/CEO  
Profumo

Chief Accountant  
Vignoletti

# Annexes

Composition of Pro Forma Balance Sheet and Profit and Loss Account – 1998 Period

Balance Sheet and Profit and Loss Results  
(broken down by main banks and similar business groups)

Statement of Balance Sheet and Profit and Loss data for the principal equity investments  
(as referred to under 3.1 of Notes to the Accounts)  
(the statement excludes data already reported by other listed Group companies)

- Banks - subsidiaries - Italy  
(Rolo Banca 1473 S.p.A.; Banca CRTS.p.A.; Cariverona Banca S.p.A.; Cassamarca S.p.A.; Cassa di Risparmio di Trento e Rovereto S.p.A.; Banca di Bergamo S.p.A.; Banca Mediocredito S.p.A.; Mediovenezie Banca S.p.A.; Unicredit Banca Mobiliare S.p.A.)
- Banks - subsidiaries - Abroad  
(Banque Monegasque de Gestion S.A.; Bank Pekao S.A. (Consolidated Accounts); Credito Italiano Finance Corp. Ltd; UniCredito Italiano Bank (Ireland) Plc; UniCredit (Suisse) Bank S.A.)
- Financial institutions - subsidiaries - Italy  
(Comeba S.p.A.; Con.Ri.T. S.p.A.; Cordusio Società Fiduciaria per Azioni; Credit Carimonte S.p.A.; UniCredit Factoring S.p.A.; Fidelity S.p.A.; Esamarca S.p.A.; Europlus UniCredit Rolo S.G.R. S.p.A.; Fondinvest Risparmio S.G.R. S.p.A.; Gesticredit S.G.R. p.A.; Gestiveneto S.G.R. p.A.; Locat S.p.A.; Sogefactor S.r.l.)
- Financial institutions - subsidiaries - Abroad  
(Cariverona Ireland Ltd; UniCredit Capital Italia Advisory Company S.A.; Europlus Asset Management S.A.; Europlus Alternative Investments Ltd; Europlus Funds Management Ltd; Euro Capital Structures Ltd; UniCredit Delaware Inc; Europlus Research & Management Ltd; Gestiveneto Luxembourg S.A.; Sagefi; Tyrescom Ltd)
- Financial institutions (S.I.M.) - subsidiaries - Italy  
(Auges S.p.A. Sim (in liquidation); UniCreditSIM Società per Azioni di Intermediazione Mobiliare; CreditRas Previdenza Società per azioni di Intermediazione Mobiliare; FIDA Sim S.p.A.; FRT Fiduciaria Risparmio Torino Sim S.p.A.; UniTrade SIMS.p.A.)
- Other (non-financial) - subsidiaries - Italy  
(Broker Credit S.p.A.; UniCredit Consulting S.r.l.; UniCreditAssicura Srl; Credito Italiano International Services (C.I.I.S.) Srl; Cassa e Assicurazioni S.p.A.; Quercia Software S.p.A.; Verisparmio Ges.Tri S.p.A.; Trivimm S.p.A.; UniCredit Servizi Informativi S.c.p.A.; UniCredit Produzioni Accentrate S.c.p.A.)
- Other (non-financial) - subsidiaries - Abroad  
(Sci Cordusio)
- Banks – Significant influence - Italy  
(Cassa di Risparmio di Trieste Banca S.p.A.; Credito Fondiario e Industriale Fonspa S.p.A.)

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- Other - (insurance) - Significant influence - Italy  
(Commercial Union Vita S.p.A.; CreditRas Assicurazioni S.p.A.; CreditRas Vita S.p.A.)
- Financial institutions - Significant influence - Italy  
(Fidia S.p.A.; Prominvestment S.p.A.)
- Other - (non-financial) - Significant influence - Italy  
(La Compagnie Fiduciaire S.p.A. (in liquidation); Rho 88 S.p.A.; Immobiliare Lombarda S.p.A.)

Composition of item 70 "Equity investments"

Statements of asset and liability positions with Group companies

Statements of asset and liability positions with subsidiary companies (principal companies other than Group companies)

## COMPOSITION OF THE PRO FORMA BALANCE SHEET

### Consolidated Balance Sheet – 1998 Period

| ASSETS   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT) |                  |             | TOTAL<br>PRO-FORMA |
|--|---|------------------|-------------|--------------------|
|  | UNICREDITO<br>ITALIANO<br>GROUP           | CARITRO          | ADJUSTMENTS |                    |
| 10. Cash and deposits with central banks and post offices                              | 1,144,694                                 | 73,116           |             | 1,217,810          |
| 20. Treasury notes and similar securities eligible for re-financing with central banks | 24,177,899                                | 289,289          |             | 24,467,188         |
| 30. Loans to banks:  | 43,810,052                                | 1,010,123        |             | 44,820,175         |
| <i>a) on demand</i>  | 2,854,051                                 | 89,128           |             | 2,943,179          |
| <i>b) other loans</i>  | 40,956,001                                | 920,995          |             | 41,876,996         |
| 40. Loans to customers   | 163,578,856                               | 2,401,590        |             | 165,980,446        |
| <i>of which:</i>   |   |                  |             |                    |
| - <i>loans on deposits received in administration</i>                                  | 174,190                                   | 17,343           |             | 191,533            |
| 50. Bonds and other debt securities:   | 24,379,353                                | 887,376          |             | 25,266,729         |
| <i>a) of public issuers</i>  | 15,332,432                                | 65,588           |             | 15,398,020         |
| <i>b) of banks</i>   | 6,438,094                                 | 706,970          |             | 7,145,064          |
| <i>of which</i>  |   |                  |             |                    |
| - <i>investment and trading securities</i>   | 228,282                                   |                  |             | 228,282            |
| <i>c) of financial institutions</i>  | 836,472                                   |                  |             | 836,472            |
| <i>of which:</i>   |   |                  |             |                    |
| - <i>investment and trading securities</i>   |   |                  |             |                    |
| <i>d) of other issuers</i>   | 1,772,355                                 | 114,818          |             | 1,887,173          |
| 60. Shares, quotas and other variable-yield securities                                 | 637,798                                   | 3,178            |             | 640,976            |
| 70. Equity investments:  | 2,736,129                                 | 147,294          |             | 2,883,423          |
| <i>a) valued at net equity</i>   | 984,152                                   | 68,593           |             | 1,052,745          |
| <i>b) other</i>  | 1,751,977                                 | 78,701           |             | 1,830,678          |
| 80. Investments in Group companies:  | 41,602                                    | —                |             | 41,602             |
| <i>a) valued at net equity</i>   | 38,460                                    |                  |             | 38,460             |
| <i>b) other</i>  | 3,142                                     |                  |             | 3,142              |
| 90. Positive consolidation differences   |   |                  |             | —                  |
| 100. Positive net equity differences   |   |                  |             | —                  |
| 110. Intangible fixed assets   | 407,218                                   | 5,762            |             | 412,980            |
| <i>of which:</i>   |   |                  |             |                    |
| - <i>start-up costs</i>  | 3,367                                     |                  |             | 3,367              |
| - <i>goodwill</i>  | 102,264                                   | 2,160            |             | 104,424            |
| 120. Tangible fixed assets   | 4,054,294                                 | 83,472           |             | 4,137,766          |
| 140. Own shares or quotas  | 536                                       |                  |             | 536                |
| <i>nominal value</i>   | (1,750)                                   |                  |             | (1,750)            |
| 150. Other assets  | 15,430,102                                | 314,230          |             | 15,744,332         |
| 160. Accrued income and pre-paid expenses:   | 3,488,178                                 | 32,949           |             | 3,521,127          |
| <i>a) accrued income</i>   | 2,687,174                                 | 32,709           |             | 2,719,883          |
| <i>b) pre-paid expenses</i>  | 801,004                                   | 240              |             | 801,244            |
| <i>of which:</i>   |   |                  |             |                    |
| - <i>issue discount on securities</i>  | 11,350                                    |                  |             | 11,350             |
| <b>Total assets</b>  | <b>283,886,711</b>                        | <b>5,248,379</b> | <b>—</b>    | <b>289,135,090</b> |

Consolidated Accounts

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Notes to the Accounts

Annexes



## Consolidated Balance Sheet - Liabilities - 1998 Period

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                      |                                 |                  |             |                    |
|--|---------------------------------|------------------|-------------|--------------------|
| ASSETS   | UNICREDITO<br>ITALIANO<br>GROUP | CARITRO          | ADJUSTMENTS | TOTAL<br>PRO-FORMA |
| 10. Due to banks:  | 64,221,304                      | 904,828          |             | 65,126,132         |
| <i>a) on demand</i>  | 9,581,047                       | 459,495          |             | 10,040,542         |
| <i>b) term or with notice</i>                                  | 54,640,257                      | 445,333          |             | 55,085,590         |
| 20. Due to customers:  | 105,384,790                     | 1,957,468        |             | 107,342,258        |
| <i>a) on demand</i>  | 80,392,858                      | 1,722,711        |             | 82,115,569         |
| <i>b) term or with notice</i>                                  | 24,991,932                      | 234,757          |             | 25,226,689         |
| 30. Securities issued:   | 69,768,419                      | 973,469          |             | 70,741,888         |
| <i>a) bonds</i>  | 40,191,286                      | 555,849          |             | 40,747,135         |
| <i>b) certificates of deposit</i>                              | 26,986,250                      | 391,808          |             | 27,378,058         |
| <i>c) other securities</i>                                     | 2,590,883                       | 25,812           |             | 2,616,695          |
| 40. Deposits received in administration                        | 184,101                         | 17,329           |             | 201,430            |
| 50. Other liabilities  | 16,790,588                      | 436,678          |             | 17,227,266         |
| 60. Accrued liabilities and deferred income:                   | 3,555,225                       | 88,020           |             | 3,643,245          |
| <i>a) accrued liabilities</i>                                  | 2,796,359                       | 85,930           |             | 2,882,289          |
| <i>b) deferred income</i>                                      | 758,866                         | 2,090            |             | 760,956            |
| 70. Employee severance pay                                     | 1,572,734                       | 31,467           |             | 1,604,201          |
| 80. Provisions for risks and charges:                          | 3,977,775                       | 235,122          |             | 4,212,897          |
| <i>a) termination compensation and similar obligations</i>     | 954,064                         | 192,391          |             | 1,146,455          |
| <i>b) taxation reserve</i>                                     | 2,283,099                       | 29,466           |             | 2,312,565          |
| <i>c) consolidation provision for future risks and charges</i> |                                 |                  |             | —                  |
| <i>d) other provisions</i>                                     | 740,612                         | 13,265           |             | 753,877            |
| 90. Reserve for general banking risks                          | 275,401                         | 6,079            |             | 281,480            |
| 100. Fund for general banking risks                            | 99,332                          | 5,500            | - 5,500     | 99,332             |
| 110. Subordinated debt   | 2,457,673                       | 46,102           |             | 2,503,775          |
| 120. Negative consolidation differences                        | 297,031                         |                  |             | 297,031            |
| 130. Negative net equity differences                           | 14,261                          |                  |             | 14,261             |
| 140. Minority portion of shareholders' equity (+/-)            | 3,579,069                       |                  | 17,603      | 3,596,672          |
| 150. Capital   | 2,340,454                       | 164,002          | - 164,002   | 2,340,454          |
| 160. Issue premiums  | 5,119,521                       | 57,674           | - 57,674    | 5,119,521          |
| 170. Reserves:   | 3,050,187                       | 219,767          | 287,343     | 3,557,297          |
| <i>a) legal reserve</i>  | 254,601                         | 26,223           | - 26,223    | 254,601            |
| <i>b) reserve for own shares or quotas</i>                     | 536                             |                  |             | 536                |
| <i>c) statutory reserves</i>                                   | 2,091,248                       |                  |             | 2,091,248          |
| <i>d) other reserves</i>                                       | 703,802                         | 193,544          | 313,566     | 1,210,912          |
| 180. Revaluation reserves                                      | 807,820                         | 76,877           | - 76,877    | 807,820            |
| 190. Retained earnings (losses)                                | 404                             |                  |             | 404                |
| 200. Net income (loss) for the period                          | 390,622                         | 27,997           | - 893       | 417,726            |
| <b>Total liabilities</b>                                       | <b>283,886,711</b>              | <b>5,248,379</b> | <b>—</b>    | <b>289,135,090</b> |

## GUARANTEES AND COMMITMENTS

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)         |                     |         |             |                    |
|---|---------------------|---------|-------------|--------------------|
|   | UNICREDITO<br>GROUP | CARITRO | ADJUSTMENTS | TOTAL<br>PRO-FORMA |
| 10. Guarantees given                              | 18,140,781          | 365,327 |             | 18,506,108         |
| <i>of which:</i>                                  |                     |         |             |                    |
| - <i>acceptances</i>                              | 483,150             | 195     |             | 483,345            |
| - <i>other guarantees</i>                         | 17,657,631          | 365,132 |             | 18,022,763         |
| 20. Commitments                                   | 23,245,922          | 34,702  |             | 23,280,624         |
| <i>of which</i>                                   |                     |         |             |                    |
| - <i>for sales with obligation to re-purchase</i> |                     |         |             | —                  |



|                       |   |
|-----------------------|---|
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## COMPOSITION OF PRO FORMA PROFIT AND LOSS ACCOUNT

### 1998 Period

| ITEMS   | (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.) |               |              |                  |
|---|--|---------------|--------------|------------------|
|   | UNICREDITO ITALIANO GROUP                  | CARITRO       | ADJUSTMENTS  | TOTAL PRO-FORMA  |
| 10. Interest income and similar revenues                                | 17,074,459                                 | 290,114       |              | 17,364,573       |
| <i>of which:</i>  |  |               |              |                  |
| - on loans to customers   | 10,862,463                                 | 160,610       |              | 11,023,073       |
| - on debt securities  | 3,271,293                                  | 96,742        |              | 3,368,035        |
| 20. Interest expense and similar charges                                | 10,227,915                                 | 153,049       |              | 10,380,964       |
| <i>of which:</i>  |  |               |              |                  |
| - on due to customers   | 3,165,016                                  | 62,245        |              | 3,227,261        |
| - on securities issued  | 3,707,219                                  | 53,008        |              | 3,760,227        |
| 30. Dividends and other revenues:                                       | 102,468                                    | 10,116        |              | 112,584          |
| a) on shares, quotas and other variable-yield securities                | 3,165                                      | 53            |              | 3,218            |
| b) on equity investments  | 99,303                                     | 10,063        |              | 109,366          |
| c) on investments in Group companies                                    |  |               |              |                  |
| 40. Commission income   | 4,316,407                                  | 64,465        |              | 4,380,872        |
| 50. Commission expense  | 394,335                                    | 5,752         |              | 400,087          |
| 60. Profits (losses) from financial transactions                        | 540,690                                    | 17,665        |              | 558,355          |
| 70. Other operating income  | 1,090,651                                  | 15,683        |              | 1,106,334        |
| 80. Administrative expenses   | 6,227,779                                  | 174,000       |              | 6,401,779        |
| a) payroll costs  | 4,068,157                                  | 112,717       |              | 4,180,874        |
| <i>of which:</i>  |  |               |              |                  |
| - wages and salaries  | 2,747,323                                  | 67,744        |              | 2,815,067        |
| - social security contributions   | 894,721                                    | 19,661        |              | 914,382          |
| - severance pay   | 202,353                                    | 4,655         |              | 207,008          |
| - termination compensation and other                                    | 142,565                                    | 15,282        |              | 157,847          |
| b) other administrative expenses  | 2,159,622                                  | 61,283        |              | 2,220,905        |
| 90. Adjustments to the value of intangible and tangible fixed assets    | 657,800                                    | 10,708        |              | 668,508          |
| 100. Provisions for risks and charges                                   | 171,146                                    | 2,152         |              | 173,298          |
| 110. Other operating expenses   | 324,452                                    | 743           |              | 325,195          |
| 120. Write-downs of loans and provisions for guarantees and commitments | 1,577,979                                  | 19,107        |              | 1,597,086        |
| 130. Write-backs to loans and provisions for guarantees and commitments | 486,434                                    | 12,469        |              | 498,903          |
| 140. Provisions for general banking risk reserves                       | 66,965                                     | 2,592         |              | 69,557           |
| 150. Write-downs of financial fixed assets                              | 76,984                                     | 24            |              | 77,008           |
| 160. Write-backs to financial fixed assets                              | 7,519                                      | 5             |              | 7,524            |
| 170. Profits (losses) of investments valued at net equity               | 20,256                                     |               |              | 20,256           |
| <b>180. Profit (loss) before extraordinary items and income tax</b>     | <b>3,913,529</b>                           | <b>42,390</b> |              | <b>3,955,919</b> |
| 190. Extraordinary income   | 802,044                                    | 9,793         |              | 811,837          |
| 200. Extraordinary charges  | 1,613,927                                  | 1,004         |              | 1,614,931        |
| <b>210. Extraordinary income (loss)</b>                                 | <b>(811,883)</b>                           | <b>8,789</b>  |              | <b>(803,094)</b> |
| 220. Use of consolidation reserve for future risks and charges          | —  | —             |              | —                |
| 230. Change in the fund for general banking risks                       | 53,441                                     |               |              | 53,441           |
| 240. Income tax for the period  | 2,061,855                                  | 23,182        |              | 2,085,037        |
| 241. Provisions pursuant to Law 218 of 30/7/1990                        | 889  |               |              | 889              |
| 250. Minority portion of net income (loss) for the period               | 594,839                                    |               | 893          | 595,732          |
| <b>260. Net income (loss) for the period</b>                            | <b>390,622</b>                             | <b>27,997</b> | <b>- 893</b> | <b>417,726</b>   |

**1999 ACCOUNTS  
BALANCE SHEET RESULTS**  
(BROKEN DOWN BY MAIN BANKS AND SIMILAR BUSINESS GROUPS)

|  | DOMESTIC CREDIT INSTITUTIONS  |                     |                   |                            |                      |                           | TOTAL OTHER<br>ITALIAN<br>BANKING COS.<br>(1) |
|--|-------------------------------|---------------------|-------------------|----------------------------|----------------------|---------------------------|---|
|  | UNICREDITO<br>ITALIANO S.P.A. | BANCA CRT<br>S.P.A. | CARITRO<br>S.P.A. | CARIVERONA<br>BANCA S.P.A. | CASSAMARCA<br>S.P.A. | ROLO BANCA<br>1473 S.P.A. |   |
| <b>ASSETS</b>  |                               |                     |                   |                            |                      |                           |   |
| 1) Cash and deposits with<br>central banks and<br>post offices | 383.3                         | 249.6               | 39.8              | 258.8                      | 41.3                 | 340.0                     | 4.9   |
| 2) Loans   |                               |                     |                   |                            |                      |                           |   |
| - to customers   | 70,998.7                      | 16,221.4            | 3,437.8           | 18,559.0                   | 4,478.4              | 48,003.4                  | 19,244.5                                      |
| - to banks   | 34,921.0                      | 12,064.9            | 766.7             | 4,053.1                    | 106.2                | 14,079.1                  | 584.9   |
| of which: net non-performing loans                             | 1,248.8                       | 159.1               | 27.1              | 277.4                      | 49.3                 | 344.1                     | 1,812.7                                       |
| 3) Trading securities  | 16,980.4                      | 1,220.0             | 624.5             | 4,032.3                    | 1,029.0              | 1,845.4                   | 110.5   |
| 4) Fixed assets:   |                               |                     |                   |                            |                      |                           |   |
| a) investment securities                                       | 8,194.2                       | 1,628.4             | 594.7             | 1,609.0                    | 419.3                | 9,998.2                   | 3.0   |
| b) equity investments  | 13,257.5                      | 936.3               | 68.8              | 1,021.7                    | 60.6                 | 401.9                     | 42.6  |
| c) own shares or quotas  | —                             | —                   | —                 | —                          | —                    | 0.1                       | 0.5   |
| d) intangible and tangible                                     | 1,007.4                       | 747.7               | 79.4              | 601.5                      | 140.9                | 993.8                     | 141.4   |
| e) positive consolidation and net<br>equity differences        | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| f) subscribed capital not paid in                              | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| 5) Other assets items  | 12,858.3                      | 1,128.2             | 364.1             | 1,734.3                    | 222.6                | 3,346.6                   | 795.1   |
| <b>Total assets</b>  | <b>158,600.8</b>              | <b>34,196.5</b>     | <b>5,975.8</b>    | <b>31,869.7</b>            | <b>6,498.3</b>       | <b>79,008.5</b>           | <b>20,927.4</b>                               |
| <b>LIABILITIES</b>   |                               |                     |                   |                            |                      |                           |   |
| 1) Due   |                               |                     |                   |                            |                      |                           |   |
| - to customers   | 46,794.2                      | 20,133.1            | 2,656.1           | 13,074.8                   | 3,663.3              | 30,563.9                  | 313.8   |
| - securities issued  | 14,318.2                      | 4,966.3             | 1,298.1           | 9,624.9                    | 1,148.6              | 26,502.1                  | 12,282.4                                      |
| - to banks   | 64,701.0                      | 4,448.1             | 520.2             | 3,196.6                    | 847.1                | 11,769.2                  | 5,638.3                                       |
| 2) Specific reserves   | 2,334.2                       | 976.7               | 275.8             | 898.3                      | 149.5                | 1,749.0                   | 206.0   |
| 3) Other liabilities items                                     | 11,463.0                      | 744.2               | 572.5             | 1,747.0                    | 260.4                | 3,154.6                   | 898.0   |
| 4) Reserves for general banking risks                          | —                             | 23.1                | 11.1              | 33.2                       | 7.1                  | —                         | 150.4   |
| 5) Subordinated debt   | 5,117.2                       | 350.0               | 22.3              | —                          | —                    | 25.0                      | 67.9  |
| 6) Fund for general banking risks                              | —                             | 100.0               | 28.8              | 75.0                       | 22.5                 | —                         | 84.3  |
| 7) Minority portion of shareholders' equity                    | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| 8) Shareholders' equity:                                       | 13,873.0                      | 2,455.0             | 590.9             | 3,219.9                    | 399.8                | 5,244.7                   | 1,286.3                                       |
| - capital, reserves, and retained earnings                     | 12,088.0                      | 2,041.7             | 545.8             | 2,748.0                    | 342.7                | 4,238.6                   | 1,419.1                                       |
| - negative consolidation and net<br>equity differences         | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| - net income (loss) for the period                             | 1,785.0                       | 413.3               | 45.1              | 471.9                      | 57.1                 | 1,006.1                   | (132.8)                                       |
| <b>Total liabilities</b>                                       | <b>158,600.8</b>              | <b>34,196.5</b>     | <b>5,975.8</b>    | <b>31,869.7</b>            | <b>6,498.3</b>       | <b>79,008.5</b>           | <b>20,927.4</b>                               |
| <b>Guarantees and commitments</b>                              | <b>26,947.1</b>               | <b>2,935.7</b>      | <b>611.6</b>      | <b>2,711.1</b>             | <b>338.1</b>         | <b>7,115.3</b>            | <b>1,291.3</b>                                |
| Securities in custody and administration                       | 120,143.6                     | 55,694.9            | 3,000.2           | 40,866.6                   | 5,716.9              | 87,082.7                  | 1,250.7                                       |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

(CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)

| TOTAL DOMESTIC CREDIT INSTITUTIONS | TOTAL DOMESTIC FINANCIAL AND ANCILLARY COMPANIES (2) | TOTAL CREDIT INSTITUTIONS AND FINANCIAL COMPANIES (3) | TOTAL            | PEKAO GROUP CONSOLIDATED FINAN. STATEMENTS (4) | AGGREGATE TOTAL  | CONSOLIDATION ELISIONS/ADJUSTMENTS | CONSOLIDATION ADJUSTMENTS | CONSOLIDATED TOTAL |
|------------------------------------|--|---|------------------|--|------------------|------------------------------------|---------------------------|--------------------|
| 1,317.7                            | 5.9  | 28.3  | 1,351.9          | 848.6  | 2,200.5          | —                                  | —                         | 2,200.5            |
| 180,943.2                          | 14,404.9   | 619.9   | 195,968.0        | 12,374.6                                       | 208,342.6        | - 11,661.2                         | - 0.7                     | 196,680.7          |
| 66,575.9                           | 397.8  | 3,544.7   | 70,518.4         | 1,964.4  | 72,482.8         | - 33,701.6                         | - 41.8                    | 38,739.4           |
| 3,918.5                            | 162.2  | 9.9   | 4,090.6          | 119.6  | 4,210.2          | —                                  | —                         | 4,210.2            |
| 25,842.1                           | 298.7  | 3,498.3   | 29,639.1         | 910.8  | 30,549.9         | - 2,607.8                          | + 10.0                    | 27,952.1           |
| 22,446.8                           | 56.5   | 2,466.8   | 24,970.1         | 8,568.7  | 33,538.8         | - 4,586.7                          | —                         | 28,952.1           |
| 15,789.4                           | 2,267.3  | 13.3  | 18,070.0         | 231.2  | 18,301.2         | —                                  | - 16,193.5                | 2,107.7            |
| 0.6                                | —  | —   | 0.6              | —  | 0.6              | —                                  | —                         | 0.6                |
| 3,712.1                            | 1,102.1  | 25.2  | 4,839.4          | 886.8  | 5,726.2          | —                                  | - 93.6                    | 5,632.6            |
| —                                  | —  | —   | —                | —  | —                | —                                  | + 993.0                   | 993.0              |
| —                                  | 1.1  | —   | 1.1              | —  | 1.1              | —                                  | - 1.1                     | —                  |
| 20,449.2                           | 2,521.8  | 342.9   | 23,313.9         | 1,857.4  | 25,171.3         | - 417.7                            | - 923.0                   | 23,830.6           |
| <b>337,077.0</b>                   | <b>21,056.1</b>                                      | <b>10,539.4</b>                                       | <b>368,672.5</b> | <b>27,642.5</b>                                | <b>396,315.0</b> | <b>- 52,975.0</b>                  | <b>- 16,250.7</b>         | <b>327,089.3</b>   |
| 117,199.2                          | 1,022.5  | 3,186.8   | 121,408.5        | 20,791.1                                       | 142,199.6        | - 933.8                            | —                         | 141,265.8          |
| 70,140.6                           | —  | 138.1   | 70,278.7         | 23.9   | 70,302.6         | - 4,251.1                          | —                         | 66,051.5           |
| 91,120.5                           | 14,401.9   | 5,178.2   | 110,700.6        | 2,820.4  | 113,521.0        | - 44,325.8                         | —                         | 69,195.2           |
| 6,589.5                            | 391.3  | 31.1  | 7,011.9          | 161.8  | 7,173.7          | —                                  | - 645.6                   | 6,528.1            |
| 18,839.7                           | 1,475.8  | 137.9   | 20,453.4         | 1,980.2  | 22,433.6         | - 510.9                            | + 643.3                   | 22,566.0           |
| 224.9                              | 10.1   | —   | 235.0            | 59.9   | 294.9            | —                                  | —                         | 294.9              |
| 5,582.4                            | 25.0   | —   | 5,607.4          | —  | 5,607.4          | - 2,953.4                          | —                         | 2,654.0            |
| 310.6                              | 10.4   | 2.8   | 323.8            | —  | 323.8            | —                                  | - 196.0                   | 127.8              |
| —                                  | —  | —   | —                | —  | —                | —                                  | + 3,554.0                 | 3,554.0            |
| 27,069.6                           | 3,719.1  | 1,864.5   | 32,653.2         | 1,805.2  | 34,458.4         | —                                  | - 19,606.4                | 14,852.0           |
| 23,423.9                           | 3,261.5  | 1,538.2   | 28,223.6         | 1,695.6  | 29,919.2         | —                                  | - 17,614.1                | 12,305.1           |
| —                                  | —  | —   | —                | 38.1   | 38.1             | —                                  | + 18.8                    | 56.9               |
| 3,645.7                            | 457.6  | 326.3   | 4,429.6          | 71.5   | 4,501.1          | —                                  | - 2,011.1                 | 2,490.0            |
| <b>337,077.0</b>                   | <b>21,056.1</b>                                      | <b>10,539.4</b>                                       | <b>368,672.5</b> | <b>27,642.5</b>                                | <b>396,315.0</b> | <b>- 52,975.0</b>                  | <b>- 16,250.7</b>         | <b>327,089.3</b>   |
| <b>41,950.2</b>                    | <b>18,250.3</b>                                      | <b>247.2</b>  | <b>60,447.7</b>  | <b>3,103.0</b>                                 | <b>63,550.7</b>  | <b>- 16,342.2</b>                  | <b>—</b>                  | <b>47,208.5</b>    |
| 313,755.6                          | 3,382.6  | 2,927.0   | 320,065.2        | 1,409.1  | 321,474.3        | - 12,231.4                         | —                         | 309,242.9          |

(1) Includes: Banca di Bergamo S.p.A., Banca Mediocredito S.p.A., Mediobanca S.p.A., UniCredit Banca Mobiliare S.p.A. and Credito Fondiario e Industriale FONSPA S.p.A. (pro rata).

(2) Includes: Cordusio Società Fiduciaria per Azioni, Credit Carimonte S.p.A., UniCreditSim S.p.A., UniCredit Factoring S.p.A., Fidelity S.p.A., CreditRas Previdenza Società per Azioni di Intermediazione Mobiliare, Europlus UniCredit Rolo SGR S.p.A., Gesticredit S.G.R. p.A., Locat S.p.A., Comeba S.p.A., CON.RI.T. S.p.A., Esamarca S.p.A., Fida Sim S.p.A., FRT - Fiduciaria Risparmio Torino Sim S.p.A., Fondinvest Risparmio S.G.R.S.p.A., Gespro S.p.A., Gestiveneto S.G.R. S.p.A., Rolo Fondo S.G.R.S.p.A., Sogefactor S.r.l., UniCredit Servizi Informativi S.c.p.A., UniCredit Produzioni Accentrate S.c.p.A., Immobiliare Archi S.r.l., Nettuno S.r.l., Quercia Software S.p.A., Trivimm S.p.A.

(3) Includes: Banque Monegasque de Gestion SA, B.A.C.S. Marino SA, Unicredit Delaware Inc., Credito Italiano Finance Corporation Limited, Cariverona Ireland Ltd, Europlus Asset Management S.A., Europlus Research &amp; Management Ltd, Gestiveneto Luxembourg SA, Rolo International Asset Management SA (RIAM), Tyrescom Ltd, UniCredit Italiano Bank (Ireland) Plc.

(4) Includes: Bank Pekao S.A., Grupa Pekao S.A., Bank Pekao Tel-Aviv Ltd, Bank Depozytowo-Kredytowy (Ukraine) Ltd, PBG - Leasing Sp.Zo.O., CDMGrupy Pekao S.A., Spółka Akcyjna, Pekao Faktoring Sp.Zo.O., Pekao Fundusz Kapitałowy Sp.Zo.O., Pekao Leasing Sp.Zo.O. Przedsiębiorstwo Zarządzania Sp. Zo.O.

Consolidation elisions result from the elimination of reciprocal balance sheet and profit and loss items.

The consolidation adjustments comprise all consolidation entries as detailed under "Consolidation principles and criteria".

**1999 ACCOUNTS**  
**PROFIT AND LOSS RESULTS**  
(BROKEN DOWN BY MAIN BANKS AND SIMILAR BUSINESS GROUPS)

|   | DOMESTIC CREDIT INSTITUTIONS  |                     |                   |                            |                      |                           |   |
|---|-------------------------------|---------------------|-------------------|----------------------------|----------------------|---------------------------|---|
|   | UNICREDITO<br>ITALIANO S.P.A. | BANCA CRT<br>S.P.A. | CARITRO<br>S.P.A. | CARIVERONA<br>BANCA S.P.A. | CASSAMARCA<br>S.P.A. | ROLO BANCA<br>1473 S.P.A. | TOTAL OTHER<br>ITALIAN<br>BANKING COS.<br>(1) |
| 10. Interest income and similar revenues  | 5,262.9                       | 1,417.4             | 273.4             | 1,407.3                    | 269.5                | 3,215.1                   | 1,380.2                                       |
| 20. Interest expense and similar charges  | 3,144.0                       | 690.9               | 131.2             | 607.1                      | 84.7                 | 1,745.8                   | 980.2   |
| 30. Dividends and other revenues  | 1,168.4                       | 384.4               | 18.4              | 305.6                      | 43.2                 | 163.9                     | 5.2   |
| 170. Profits (losses) on investments valued<br>at net equity                        | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| <b>NET INTEREST INCOME</b>  | <b>3,287.3</b>                | <b>1,110.9</b>      | <b>160.6</b>      | <b>1,105.8</b>             | <b>228.0</b>         | <b>1,633.2</b>            | <b>405.2</b>                                  |
| 40. Commission income   | 1,934.2                       | 658.0               | 92.1              | 596.0                      | 112.5                | 1,056.1                   | 32.9  |
| 50. Commission expense  | 244.8                         | 36.3                | 4.7               | 29.1                       | 4.6                  | 52.7                      | 15.6  |
| <i>Net commissions</i>  | <i>1,689.4</i>                | <i>621.7</i>        | <i>87.4</i>       | <i>566.9</i>               | <i>107.9</i>         | <i>1,003.4</i>            | <i>17.3</i>                                   |
| 60. Profits (losses) from financial transactions                                    | 356.7                         | 13.9                | 7.0               | 2.8                        | 0.2                  | 116.0                     | 2.3   |
| 70. Other operating income  | 434.1                         | 187.6               | 19.1              | 297.1                      | 29.0                 | 242.6                     | 22.6  |
| 110. Other operating expenses   | 38.1                          | 9.5                 | 1.1               | 118.4                      | 1.7                  | 17.8                      | 8.6   |
| <i>Other net income</i>   | <i>396.0</i>                  | <i>178.1</i>        | <i>18.0</i>       | <i>178.7</i>               | <i>27.3</i>          | <i>224.8</i>              | <i>14.0</i>                                   |
| <b>Brokerage and miscellaneous income</b>   | <b>2,442.1</b>                | <b>813.7</b>        | <b>112.4</b>      | <b>748.4</b>               | <b>135.4</b>         | <b>1,344.2</b>            | <b>33.6</b>                                   |
| <b>TOTAL REVENUES</b>   | <b>5,729.4</b>                | <b>1,924.6</b>      | <b>273.0</b>      | <b>1,854.2</b>             | <b>363.4</b>         | <b>2,977.4</b>            | <b>438.8</b>                                  |
| Payroll costs   | 1,649.5                       | 570.5               | 112.9             | 552.2                      | 125.3                | 809.4                     | 65.4  |
| Other administrative expenses   | 853.4                         | 340.4               | 63.8              | 298.8                      | 76.3                 | 464.4                     | 79.3  |
| <b>80. Administrative expenses</b>  | <b>2,502.9</b>                | <b>910.9</b>        | <b>176.7</b>      | <b>851.0</b>               | <b>201.6</b>         | <b>1,273.8</b>            | <b>144.7</b>                                  |
| <b>90. Adjustments to the value of intangible<br/>and tangible fixed assets (1)</b> | <b>159.6</b>                  | <b>80.6</b>         | <b>9.7</b>        | <b>76.2</b>                | <b>15.7</b>          | <b>81.7</b>               | <b>17.1</b>                                   |
| <b>OPERATING INCOME</b>   | <b>3,066.9</b>                | <b>933.1</b>        | <b>86.6</b>       | <b>927.0</b>               | <b>146.1</b>         | <b>1,621.9</b>            | <b>277.0</b>                                  |
| 90. Other adjustments to the value of intangible<br>and tangible fixed assets (2)   | —                             | —                   | 0.7               | 1.7                        | —                    | 14.4                      | —   |
| 100. Provisions for risks and charges   | 141.9                         | 171.2               | 4.6               | 26.0                       | 6.8                  | 25.0                      | 11.5  |
| 120. Write-downs of loans and provisions<br>for guarantees and commitments          | 645.3                         | 183.9               | 21.7              | 113.5                      | 21.9                 | 274.2                     | 452.9   |
| 130. Write-backs to loans and to provisions<br>for guarantees and commitments       | 148.0                         | 137.5               | 9.6               | 21.5                       | 6.4                  | 90.2                      | 101.7   |
| 140. Provisions for general banking risk reserves                                   | —                             | 10.0                | 2.1               | 5.1                        | 0.2                  | —                         | 47.6  |
| 150. Write-downs of financial fixed assets  | 118.7                         | 25.3                | 1.4               | 3.8                        | 0.1                  | 0.3                       | 8.2   |
| 160. Write-backs to financial fixed assets  | 19.9                          | —                   | 0.1               | —                          | —                    | —                         | —   |
| <b>PROFIT (LOSS) BEFORE EXTRAORDINARY<br/>ITEMS AND INCOME TAX</b>                  | <b>2,328.9</b>                | <b>680.2</b>        | <b>65.8</b>       | <b>798.4</b>               | <b>123.5</b>         | <b>1,398.2</b>            | <b>(141.5)</b>                                |
| 190. Extraordinary income   | 816.2                         | 299.3               | 17.6              | 82.7                       | 23.5                 | 241.3                     | 104.3   |
| 200. Extraordinary charges  | 187.6                         | 255.1               | 4.3               | 53.8                       | 31.7                 | 32.5                      | 6.4   |
| <b>Extraordinary income (loss)</b>  | <b>628.6</b>                  | <b>44.2</b>         | <b>13.3</b>       | <b>28.9</b>                | <b>(8.2)</b>         | <b>208.8</b>              | <b>97.9</b>                                   |
| 220. Use of consolidation reserve for future<br>risks and charges                   | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| 230. Change in the fund for<br>general banking risks                                | —                             | —                   | 6.5               | —                          | 7.5                  | —                         | —   |
| 240. Income tax for the period  | 1,172.5                       | 311.1               | 27.5              | 355.4                      | 50.7                 | 600.9                     | 89.2  |
| 241. Provisions pursuant to Law 218 of 30.7.1990                                    | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| 241. Pekao Group pre-acquisition income   | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| <b>NET INCOME (LOSS) FOR THE PERIOD</b>   | <b>1,785.0</b>                | <b>413.3</b>        | <b>45.1</b>       | <b>471.9</b>               | <b>57.1</b>          | <b>1,006.1</b>            | <b>(132.8)</b>                                |
| 250. Minority portion of net income (loss)<br>for the period                        | —                             | —                   | —                 | —                          | —                    | —                         | —   |
| <b>GROUP PORTION OF NET INCOME<br/>(LOSS) FOR THE PERIOD</b>                        | <b>1,785.0</b>                | <b>413.3</b>        | <b>45.1</b>       | <b>471.9</b>               | <b>57.1</b>          | <b>1,006.1</b>            | <b>(132.8)</b>                                |

(1) Value adjustments to positive consolidation and net equity differences as well as the amortisation share of goodwill are excluded.  
(2) Value adjustments to positive consolidation and net equity differences as well as the amortisation share of goodwill are included.

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

(CONSOLIDATED AMOUNTS IN BILLIONS OF LIT)

| TOTAL DOMESTIC CREDIT INSTITUTIONS | TOTAL DOMESTIC FINANCIAL AND ANCILLARY COMPANIES (2) | TOTAL CREDIT INSTITUTIONS AND FINANCIAL COMPANIES (3) | TOTAL           | PEKAO GROUP CONSOLIDATED FINAN. STATEMENTS (4) | AGGREGATE TOTAL | CONSOLIDATION ELISIONS/ADJUSTMENTS | CONSOLIDATION ADJUSTMENTS | CONSOLIDATED TOTAL |
|------------------------------------|--|---|-----------------|--|-----------------|------------------------------------|---------------------------|--------------------|
| 13,225.8                           | 1,113.9  | 306.0   | 14,645.7        | 2,493.1  | 17,138.8        | -1,119.3                           | —                         | 16,019.5           |
| 7,383.9                            | 501.7  | 212.5   | 8,098.1         | 1,542.8  | 9,640.9         | -1,131.8                           | —                         | 8,509.1            |
| 2,089.1                            | 350.6  | 1.0   | 2,440.7         | 2.5  | 2,443.2         | —                                  | -2,121.7                  | 321.5              |
| —                                  | —  | —   | —               | (25.1)   | (25.1)          | —                                  | + 26.4                    | 1.3                |
| <b>7,931.0</b>                     | <b>962.8</b>   | <b>94.5</b>   | <b>8,988.3</b>  | <b>927.7</b>                                   | <b>9,916.0</b>  | <b>+ 12.5</b>                      | <b>-2,095.3</b>           | <b>7,833.2</b>     |
| 4,481.8                            | 2,342.3  | 510.0   | 7,334.1         | 346.2  | 7,680.3         | -1,940.0                           | —                         | 5,740.3            |
| 387.8                              | 1,888.2  | 160.2   | 2,436.2         | 56.6   | 2,492.8         | -1,917.8                           | - 6.5                     | 568.5              |
| 4,094.0                            | 454.1  | 349.8   | 4,897.9         | 289.6  | 5,187.5         | - 22.2                             | + 6.5                     | 5,171.8            |
| 498.9                              | (16.1)   | (0.6)   | 482.2           | 155.3  | 637.5           | + 8.2                              | + 10.0                    | 655.7              |
| 1,232.1                            | 321.9  | 3.0   | 1,557.0         | 171.8  | 1,728.8         | - 219.6                            | —                         | 1,509.2            |
| 195.2                              | 242.4  | 1.6   | 439.2           | 23.1   | 462.3           | - 22.1                             | - 6.5                     | 433.7              |
| 1,036.9                            | 79.5   | 1.4   | 1,117.8         | 148.7  | 1,266.5         | - 197.5                            | + 6.5                     | 1,075.5            |
| <b>5,629.8</b>                     | <b>517.5</b>   | <b>350.6</b>  | <b>6,497.9</b>  | <b>593.6</b>                                   | <b>7,091.5</b>  | <b>- 211.5</b>                     | <b>+ 23.0</b>             | <b>6,903.0</b>     |
| <b>13,560.8</b>                    | <b>1,480.3</b>                                       | <b>445.1</b>  | <b>15,486.2</b> | <b>1,521.3</b>                                 | <b>17,007.5</b> | <b>- 199.0</b>                     | <b>-2,072.3</b>           | <b>14,736.2</b>    |
| 3,885.2                            | 235.0  | 35.0  | 4,155.2         | 579.7  | 4,734.9         | —                                  | —                         | 4,734.9            |
| 2,176.4                            | 283.5  | 52.1  | 2,512.0         | 357.7  | 2,869.7         | - 200.3                            | —                         | 2,669.4            |
| <b>6,061.6</b>                     | <b>518.5</b>   | <b>87.1</b>   | <b>6,667.2</b>  | <b>937.4</b>                                   | <b>7,604.6</b>  | <b>- 200.3</b>                     | <b>—</b>                  | <b>7,404.3</b>     |
| <b>440.6</b>                       | <b>56.8</b>  | <b>6.7</b>  | <b>504.1</b>    | <b>112.3</b>                                   | <b>616.4</b>    | <b>—</b>                           | <b>+ 6.2</b>              | <b>622.6</b>       |
| <b>7,058.6</b>                     | <b>905.0</b>   | <b>351.3</b>  | <b>8,314.9</b>  | <b>471.6</b>                                   | <b>8,786.5</b>  | <b>+ 1.3</b>                       | <b>-2,078.5</b>           | <b>6,709.3</b>     |
| 16.8                               | 8.0  | —   | 24.8            | 5.3  | 30.1            | —                                  | + 45.7                    | 75.8               |
| 387.0                              | 13.6   | 0.3   | 400.9           | 19.7   | 420.6           | —                                  | + 68.1                    | 488.7              |
| 1,713.4                            | 210.0  | 5.1   | 1,928.5         | 447.2  | 2,375.7         | —                                  | + 25.4                    | 2,401.1            |
| 514.9                              | 41.2   | 0.3   | 556.4           | 236.2  | 792.6           | —                                  | —                         | 792.6              |
| 65.0                               | 0.1  | —   | 65.1            | 21.6   | 86.7            | —                                  | —                         | 86.7               |
| 157.8                              | 0.7  | —   | 158.5           | 65.9   | 224.4           | —                                  | - 126.2                   | 98.2               |
| 20.0                               | —  | 2.9   | 22.9            | 22.1   | 45.0            | —                                  | —                         | 45.0               |
| <b>5,253.5</b>                     | <b>713.8</b>   | <b>349.1</b>  | <b>6,316.4</b>  | <b>170.2</b>                                   | <b>6,486.6</b>  | <b>+ 1.3</b>                       | <b>-2,091.5</b>           | <b>4,396.4</b>     |
| 1,584.9                            | 71.8   | 0.5   | 1,657.2         | 30.4   | 1,687.6         | - 1.6                              | + 24.2                    | 1,710.2            |
| 571.4                              | 12.6   | 0.8   | 584.8           | 36.1   | 620.9           | - 0.3                              | - 42.9                    | 577.7              |
| <b>1,013.5</b>                     | <b>59.2</b>  | <b>(0.3)</b>  | <b>1,072.4</b>  | <b>(5.7)</b>                                   | <b>1,066.7</b>  | <b>- 1.3</b>                       | <b>+ 67.1</b>             | <b>1,132.5</b>     |
| —                                  | —  | —   | —               | —  | —               | —                                  | —                         | —                  |
| 14.0                               | 5.9  | - 4.8   | 15.1            | —  | 15.1            | —                                  | + 1.9                     | 17.0               |
| 2,607.3                            | 309.5  | 27.3  | 2,944.1         | 93.0   | 3,037.1         | —                                  | - 699.4                   | 2,337.7            |
| —                                  | —  | —   | —               | —  | —               | —                                  | —                         | —                  |
| —                                  | —  | —   | —               | —  | —               | —                                  | + 41.7                    | 41.7               |
| <b>3,645.7</b>                     | <b>457.6</b>   | <b>326.3</b>  | <b>4,429.6</b>  | <b>71.5</b>                                    | <b>4,501.1</b>  | <b>—</b>                           | <b>-1,368.6</b>           | <b>3,132.5</b>     |
| —                                  | —  | —   | —               | —  | —               | —                                  | + 642.5                   | 642.5              |
| <b>3,645.7</b>                     | <b>457.6</b>   | <b>326.3</b>  | <b>4,429.6</b>  | <b>71.5</b>                                    | <b>4,501.1</b>  | <b>—</b>                           | <b>-2,011.1</b>           | <b>2,490.0</b>     |

(1) Includes: Banca di Bergamo S.p.A., Banca Mediocredito S.p.A., Mediobanca S.p.A., UniCredit Banca Mobiliare S.p.A. and Credito Fondiario e Industriale FONSPA S.p.A. (pro rata).

(2) Includes: Cordusio Società Fiduciaria per Azioni, Credit Carimonte S.p.A., UniCreditSim S.p.A., UniCredit Factoring S.p.A., Fidalta S.p.A., CreditRas Previdenza Società per Azioni di Intermediazione Mobiliare, Europlus UniCredit Rolo SGR S.p.A., Gesticredit S.G.R. p.A., Local S.p.A., Comeba S.p.A., CON.RI.T. S.p.A., Esamarc S.p.A., Fida Sim S.p.A., FRT - Fiduciaria Risparmio Torino Sim S.p.A., Fondinvest Risparmio S.G.R. S.p.A., Gespro S.p.A., Gestiveneto S.G.R. S.p.A., Rolo Fondo S.G.R.S.p.A., Sogefactor S.r.l., UniCredit Servizi Informativi S.c.p.a., UniCredit Produzioni Accentrate S.c.p.a., Immobiliare Archi S.r.l., Nettuno S.r.l., Quercia Software S.p.A., Trivimm S.p.A.

(3) Includes: Banque Monegasque de Gestion SA, B.A.C.S. Marino SA, Unicredit Delaware Inc., Credito Italiano Finance Corporation Limited, Cariverona Ireland Ltd, Europlus Asset Management S.A., Europlus Research &amp; Management Ltd, Gestiveneto Luxembourg SA, Rolo International Asset Management SA (RIAM), Tyrescom Ltd, UniCredito Italiano Bank (Ireland) Plc.

(4) Includes: Bank Pekao S.A., Grupa Pekao S.A., Bank Pekao Tel-Aviv Ltd, Bank Depozytowe-Kredytowy (Ukraine) Ltd, PBG - Leasing Sp. z o.o., CDMGrupy Pekao S.A. Spółka Akcyjna, Pekao Faktoring Sp. z o.o., Pekao Fundusz Kapitałowy Sp. z o.o., Pekao Leasing Sp. z o.o. Przedsiębiorstwo Zarządzania Sp. z o.o.

Consolidation elisions result from the elimination of reciprocal balance sheet and profit and loss items.

The consolidation adjustments comprise all consolidation entries as detailed under "Consolidation principles and criteria".

**STATEMENT OF BALANCE SHEET AND PROFIT AND  
LOSS DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Banks - Subsidiaries - Italy

|  | BANCA CRT S.p.A.          | BANCA DI BERGAMO S.p.A. | BANCA MEDIOCREDITO S.p.A. |
|--|---------------------------|-------------------------|---------------------------|
|  | (Lit.)                    | (Lit.)                  | (Lit.)                    |
| <b>BALANCE SHEET</b>   |                           |                         |                           |
| <b>Assets</b>  |                           |                         |                           |
| 10. Cash and deposits with central banks and post offices                                      | 249,568,175,582           | 819,324,767             | 3,207,147,008             |
| 20. Treasury notes and similar securities eligible for re-financing with central banks         | 534,930,223,305           | 46,259,863,522          | —                         |
| 30. Loans to banks   | 12,064,862,208,335        | 114,867,730,354         | 328,354,869,097           |
| 40. Loans to customers   | 16,221,390,048,197        | 77,704,075,389          | 11,063,164,490,634        |
| 50. Bonds and other debt securities  | 2,308,743,186,052         | 5,159,552,599           | 18,466,022,791            |
| 60. Shares, quotas and other variable-yield securities   | 4,775,150,399             | —                       | 8,941,741,581             |
| 70. Equity investments   | 353,020,820,433           | —                       | 5,058,996,186             |
| 80. Investments in Group companies   | 583,238,744,229           | —                       | 19,800,000                |
| 90. Intangible fixed assets  | 15,456,364,573            | 6,191,481,520           | 9,388,811,264             |
| 100. Tangible fixed assets   | 732,275,561,798           | 2,780,931,502           | 57,277,135,080            |
| 120. Own shares or quotas (*)  | —                         | —                       | —                         |
| 130. Other assets  | 1,107,004,665,633         | 5,327,496,898           | 195,629,281,031           |
| 140. Accrued income and pre-paid expenses  | 21,225,082,135            | 1,219,440,409           | 217,870,184,123           |
| <b>Total assets</b>  | <b>34,196,490,230,671</b> | <b>260,329,896,960</b>  | <b>11,907,378,478,795</b> |
| <b>Liabilities</b>   |                           |                         |                           |
| 10. Due to banks   | 4,448,144,063,727         | 26,701,155,766          | 3,127,915,257,462         |
| 20. Due to customers   | 20,133,038,692,486        | 28,745,658,708          | 105,134,437,811           |
| 30. Securities issued  | 4,966,273,547,667         | 2,655,000,000           | 7,311,854,151,890         |
| 40. Deposits received in administration  | 68,483,089                | —                       | 87,847,153,410            |
| 50. Other liabilities  | 722,872,393,592           | 6,303,510,943           | 62,490,910,597            |
| 60. Accrued liabilities and deferred income  | 21,319,417,379            | 79,603,795              | 409,894,198,263           |
| 70. Employee severance pay   | 263,254,869,482           | 281,330,741             | 13,369,116,423            |
| 80. Provisions for risks and charges   | 713,526,792,011           | 108,996,901             | 79,059,346,834            |
| 90. Reserve for general banking risks  | 23,071,092,252            | —                       | 91,031,120,689            |
| 100. Fund for general banking risks (*)  | 100,000,000,000           | —                       | —                         |
| 110. Subordinated debt   | 350,000,000,000           | —                       | —                         |
| 120. Capital (*)   | 1,000,000,000,000         | 200,000,000,000         | 500,000,000,000           |
| 130. Issue premiums (*)  | —                         | 250,000,000             | —                         |
| 140. Reserves (*)  | 1,041,668,408,794         | 851,234,688             | 94,020,471,644            |
| 150. Revaluation reserves (*)  | —                         | —                       | —                         |
| 170. Net income (loss) for the period (*)  | 413,252,470,192           | (5,646,594,582)         | 24,762,313,772            |
| <b>Total liabilities</b>   | <b>34,196,490,230,671</b> | <b>260,329,896,960</b>  | <b>11,907,378,478,795</b> |
| <b>Guarantees and commitments</b>  |                           |                         |                           |
| 10. Guarantees given   | 1,958,867,952,222         | 3,268,137,305           | 66,105,241,490            |
| 20. Commitments  | 976,824,888,234           | 3,147,788,736           | 498,998,577,436           |
| <b>Total guarantees and commitments</b>  | <b>2,935,692,840,456</b>  | <b>6,415,926,041</b>    | <b>565,103,818,926</b>    |
| <b>(*) Shareholders' equity</b> (liabilities: 100-120-130-140-150-170 less item 120 of assets) | <b>2,554,920,878,986</b>  | <b>195,454,640,106</b>  | <b>618,782,785,416</b>    |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



|  | CARIVERONA BANCA S.p.A.   | CASSAMARCA S.p.A.        | CASSA DI RISPARMIO DI<br>TRENTO E ROVERETO S.p.A. | MEDIOVENEZIE BANCA<br>S.p.A. | ROLO BANCA 1473 S.p.A.    | UNICREDIT BANCA<br>MOBILIARE S.p.A. |
|--|---------------------------|--------------------------|---|------------------------------|---------------------------|-------------------------------------|
|  | (Lit.)                    | (Lit.)                   | (Lit.)  | (Lit.)                       | (Lit.)                    | (Euro)                              |
|  | 258,832,885,428           | 41,311,310,400           | 39,839,458,171                                    | 938,890,391                  | 339,983,539,660           | 508.09                              |
|  | 1,966,593,351,727         | 122,437,635,371          | 259,362,785,818                                   | 1,139,797,707                | 1,162,718,223,017         | —                                   |
|  | 4,053,145,417,415         | 106,201,206,654          | 766,642,913,325                                   | 113,755,888,978              | 14,079,137,613,636        | 7,712,691.24                        |
|  | 18,558,983,003,233        | 4,478,391,311,018        | 3,437,838,023,486                                 | 6,289,172,704,165            | 48,003,360,181,660        | —                                   |
|  | 3,663,044,985,092         | 1,318,727,446,357        | 959,840,646,052                                   | 31,908,300,337               | 10,674,404,753,015        | —                                   |
|  | 11,743,317,081            | 7,074,668,853            | —   | —                            | 6,451,639,986             | —                                   |
|  | 50,246,566,194            | 16,949,044,383           | 68,757,216,467                                    | 9,959,829,986                | 147,270,649,226           | —                                   |
|  | 971,370,955,791           | 43,669,999,000           | —   | 994,345,461                  | 254,634,026,210           | —                                   |
|  | 43,858,126,710            | 9,661,032,901            | 3,884,626,627                                     | —                            | 79,345,455,609            | 98,397.16                           |
|  | 557,660,873,129           | 131,155,585,039          | 75,468,815,711                                    | 32,224,820,695               | 914,474,563,918           | —                                   |
|  | —                         | —                        | —   | 536,666,667                  | 45,280,000                | —                                   |
|  | 1,556,557,717,177         | 196,489,035,765          | 334,484,395,568                                   | 209,581,658,629              | 2,296,612,297,974         | —                                   |
|  | 177,671,138,462           | 26,114,286,513           | 29,619,236,469                                    | 32,660,531,499               | 1,050,019,526,275         | 58,044.12                           |
|  | <b>31,869,708,337,439</b> | <b>6,498,182,562,254</b> | <b>5,975,738,117,694</b>                          | <b>6,722,873,434,515</b>     | <b>79,008,457,750,186</b> | <b>7,869,640.61</b>                 |
|  | 3,196,630,691,327         | 847,109,837,603          | 520,221,649,136                                   | 1,733,729,258,016            | 11,769,173,393,079        | —                                   |
|  | 13,049,520,188,582        | 3,662,687,209,540        | 2,553,942,061,079                                 | 36,137,681,213               | 30,552,271,996,504        | —                                   |
|  | 9,624,897,795,917         | 1,148,626,139,071        | 1,298,149,253,947                                 | 3,803,426,295,582            | 26,502,125,655,229        | —                                   |
|  | 25,200,799,368            | 594,474,984              | 102,132,744,387                                   | 35,993,083,854               | 11,589,228,198            | —                                   |
|  | 1,337,158,384,595         | 250,935,381,342          | 491,789,342,431                                   | 214,316,241,715              | 2,175,996,680,876         | 56,264.87                           |
|  | 409,837,916,952           | 9,456,291,805            | 80,683,891,383                                    | 111,807,937,498              | 978,626,798,722           | —                                   |
|  | 145,327,118,141           | 50,960,391,076           | 31,350,442,439                                    | 6,638,415,604                | 377,391,760,153           | —                                   |
|  | 741,882,862,716           | 98,510,486,317           | 244,379,096,310                                   | 88,590,667,834               | 1,371,659,609,383         | —                                   |
|  | 33,287,078,036            | 7,063,260,239            | 11,098,555,570                                    | 55,000,000,000               | —                         | —                                   |
|  | 75,000,000,000            | 22,500,000,000           | 28,820,548,101                                    | 84,271,851,002               | —                         | —                                   |
|  | —                         | —                        | 22,368,650,000                                    | —                            | 25,000,000,000            | —                                   |
|  | 1,955,586,580,000         | 270,000,000,000          | 172,958,216,000                                   | 150,957,870,000              | 438,603,599,000           | 7,853,307.34                        |
|  | 224,911,791,000           | —                        | 72,451,413,200                                    | —                            | 290,670,217,000           | —                                   |
|  | 578,590,900,535           | 72,684,805,407           | 223,420,264,006                                   | 311,433,193,897              | 2,977,082,112,405         | —                                   |
|  | —                         | —                        | 76,877,520,483                                    | 4,167,219,309                | 532,195,501,109           | —                                   |
|  | 471,876,230,270           | 57,054,284,870           | 45,094,469,222                                    | 86,403,718,991               | 1,006,071,198,528         | (39,931.60)                         |
|  | <b>31,869,708,337,439</b> | <b>6,498,182,562,254</b> | <b>5,975,738,117,694</b>                          | <b>6,722,873,434,515</b>     | <b>79,008,457,750,186</b> | <b>7,869,640.61</b>                 |
|  | 1,916,320,012,848         | 292,910,797,428          | 414,496,141,865                                   | 26,190,530,789               | 2,987,219,719,293         | —                                   |
|  | 794,820,097,377           | 45,197,441,455           | 197,083,765,184                                   | 533,353,980,469              | 4,128,123,426,933         | —                                   |
|  | <b>2,711,140,110,225</b>  | <b>338,108,238,883</b>   | <b>611,579,907,049</b>                            | <b>559,544,511,258</b>       | <b>7,115,343,146,226</b>  | <b>—</b>                            |
|  | <b>3,305,965,501,805</b>  | <b>422,239,090,277</b>   | <b>619,622,431,012</b>                            | <b>636,697,186,532</b>       | <b>5,244,577,348,042</b>  | <b>7,813,375.74</b>                 |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Banks - Subsidiaries - Italy

|  | BANCA CRT S.p.A.       | BANCA DI BERGAMO S.p.A. | BANCA MEDIOCREDITO S.p.A. |
|--|------------------------|-------------------------|---------------------------|
|  | (Lit.)                 | (Lit.)                  | (Lit.)                    |
| <b>PROFIT AND LOSS ACCOUNT</b>   |                        |                         |                           |
| 10. Interest income and similar revenues                                   | 1,417,388,725,965      | 8,609,947,250           | 757,327,032,489           |
| 20. Interest expense and similar charges                                   | 690,836,244,314        | 518,953,043             | 525,820,380,299           |
| 30. Dividends and other revenues   | 384,391,734,571        | —                       | 352,785,847               |
| 40. Commission income  | 657,997,798,313        | 1,074,067,290           | 5,144,234,628             |
| 50. Commission expense   | 36,321,241,614         | 120,793,494             | 11,146,729,665            |
| 60. Profits (losses) from financial transactions                           | 13,924,834,723         | (2,190,390,237)         | 6,208,031,953             |
| 70. Other operating income   | 187,604,859,399        | 169,971,910             | 12,954,127,214            |
| 80. Administrative expenses  | 910,873,007,728        | 10,214,825,953          | 64,642,820,494            |
| 90. Adjustments to the value of intangible<br>and tangible fixed assets    | 80,626,822,020         | 1,415,731,249           | 11,282,592,942            |
| 100. Provisions for risks and charges                                      | 171,225,620,354        | 53,869,553              | 875,000,000               |
| 110. Other operating expenses  | 9,539,690,772          | 4,087,869               | 6,413,096,641             |
| 120. Write-downs of loans and provisions<br>for guarantees and commitments | 183,915,240,761        | 1,195,263,953           | 153,814,308,800           |
| 130. Write-backs to loans and provisions<br>for guarantees and commitments | 137,451,347,142        | 260,569,868             | 22,782,563,613            |
| 140. Provisions for general banking risk reserves                          | 10,041,128,626         | —                       | 21,145,105,218            |
| 150. Write-downs of financial fixed assets                                 | 25,256,375,461         | —                       | 7,265,041                 |
| 160. Write-backs to financial fixed assets                                 | —                      | 6,795,016               | —                         |
| <b>170. Profit (loss) before extraordinary items and income tax</b>        | <b>680,123,928,463</b> | <b>(5,599,359,033)</b>  | <b>9,628,271,660</b>      |
| 180. Extraordinary income  | 299,318,153,520        | 1,217,615               | 38,428,180,097            |
| 190. Extraordinary charges   | 255,089,611,791        | 48,453,164              | 3,296,137,985             |
| <b>200. Extraordinary income (loss)</b>                                    | <b>44,228,541,729</b>  | <b>(47,235,549)</b>     | <b>35,132,042,112</b>     |
| 210. Change in the fund for general banking risks                          | —                      | —                       | —                         |
| 220. Income tax for the period   | 311,100,000,000        | —                       | 19,998,000,000            |
| <b>260. Net income (loss) for the period</b>                               | <b>413,252,470,192</b> | <b>(5,646,594,582)</b>  | <b>24,762,313,772</b>     |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

|  | CARIVERONA BANCA S.p.A. | CASSAMARCA S.p.A.      | CASSA DI RISPARMIO DI<br>TRENTO E ROVERETO S.p.A. | MEDIOVENEZIE BANCA<br>S.p.A. | ROLO BANCA 1473 S.p.A.   | UNICREDIT BANCA<br>MOBILIARE S.p.A. |
|--|-------------------------|------------------------|---|------------------------------|--------------------------|-------------------------------------|
|  | (Lit.)                  | (Lit.)                 | (Lit.)  | (Lit.)                       | (Lit.)                   | (Euro)                              |
|  | 1,407,323,791,252       | 269,494,928,680        | 273,399,826,634                                   | 498,601,118,985              | 3,215,056,972,373        | 54,609.12                           |
|  | 607,074,466,925         | 84,674,998,692         | 131,207,574,999                                   | 347,519,997,208              | 1,745,832,836,470        | —                                   |
|  | 305,546,235,535         | 43,168,665,096         | 18,433,745,352                                    | 4,790,478,447                | 163,927,332,515          | —                                   |
|  | 596,026,632,702         | 112,514,224,123        | 92,072,774,351                                    | 20,083,003,803               | 1,056,072,598,002        | —                                   |
|  | 29,162,976,511          | 4,624,014,057          | 4,659,182,294                                     | 3,836,646,197                | 52,673,243,874           | 48.12                               |
|  | 2,787,963,492           | 165,396,436            | 7,027,207,343                                     | (1,783,115,028)              | 116,044,337,645          | —                                   |
|  | 297,123,761,032         | 29,040,032,263         | 19,160,554,540                                    | 4,469,327,829                | 242,559,268,161          | —                                   |
|  | 850,995,051,695         | 201,671,914,725        | 176,718,384,008                                   | 49,686,634,687               | 1,273,863,817,788        | 94,492.60                           |
|  | 77,840,780,346          | 15,689,595,797         | 10,353,034,483                                    | 1,749,363,808                | 96,090,487,603           | —                                   |
|  | 26,013,684,353          | 6,824,230,753          | 4,617,140,462                                     | 686,686,878                  | 25,000,000,000           | —                                   |
|  | 118,442,228,274         | 1,670,342,117          | 1,086,954,573                                     | 2,071,240,392                | 17,791,632,974           | —                                   |
|  | 113,543,903,617         | 21,877,271,490         | 21,734,843,412                                    | 71,563,570,899               | 274,112,630,500          | —                                   |
|  | 21,512,656,758          | 6,445,155,258          | 9,573,524,113                                     | 69,998,712,866               | 90,201,401,334           | —                                   |
|  | 5,064,685,698           | 231,504,718            | 2,127,240,888                                     | 24,600,000,000               | —                        | —                                   |
|  | 3,795,178,390           | 82,839,998             | 1,433,985,915                                     | —                            | 329,942,421              | —                                   |
|  | —                       | 78,487,607             | —   | —                            | —                        | —                                   |
|  | <b>798,388,084,962</b>  | <b>123,481,689,509</b> | <b>65,807,778,906</b>                             | <b>94,445,386,833</b>        | <b>1,398,167,318,400</b> | <b>(39,931.60)</b>                  |
|  | 82,724,232,241          | 23,481,773,740         | 17,650,338,872                                    | 63,307,356,521               | 241,294,056,537          | —                                   |
|  | 53,832,712,915          | 31,715,331,411         | 4,373,903,003                                     | 2,147,631,297                | 32,525,118,508           | —                                   |
|  | <b>28,891,519,326</b>   | <b>(8,233,557,671)</b> | <b>13,276,435,869</b>                             | <b>61,159,725,224</b>        | <b>208,768,938,029</b>   | —                                   |
|  | —                       | - 7,500,000,000        | - 6,500,000,000                                   | —                            | —                        | —                                   |
|  | 355,403,374,018         | 50,693,846,968         | 27,489,745,553                                    | 69,201,393,066               | 600,865,057,901          | —                                   |
|  | <b>471,876,230,270</b>  | <b>57,054,284,870</b>  | <b>45,094,469,222</b>                             | <b>86,403,718,991</b>        | <b>1,006,071,198,528</b> | <b>(39,931.60)</b>                  |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Banks - Subsidiaries - Overseas

| BALANCE SHEET  | BANQUE MONEGASQUE<br>DE GESTION S.A. | CREDITO ITALIANO<br>FINANCE CORP. LTD. | UNICREDITO ITALIANO<br>BANK (IRELAND) PLC. | UNICREDIT<br>(SUISSE)<br>BANK S.A. |
|--|--------------------------------------|--|--|------------------------------------|
|  | (Euro)                               | (U.S. \$.)*                            | (Euro)                                     | (FSV)*                             |
| <b>Assets</b>  |                                      |  |  |                                    |
| 10. Cash and deposits with central banks and post offices                              | 5,213,130                            | —                                      | 5,291,434                                  | 1,132,017                          |
| 20. Treasury notes and similar securities eligible for re-financing with central banks | —                                    | —                                      | —  | 4,954,155                          |
| 30. Loans to banks   | 297,391,873                          | 19,849,597.02                          | 1,182,505,403                              | 13,977,812                         |
| 40. Loans to customers   | 14,674,724                           | 476,456.54                             | 12,578,737                                 | 22,681,936                         |
| 50. Bonds and other debt securities  | —                                    | 54,625,958.34                          | 1,480,368,507                              | 6,830,740                          |
| 60. Shares, quotas and other variable-yield securities                                 | —                                    | —                                      | 2,924,250                                  | 109,146                            |
| 70. Equity investments   | —                                    | 6,172,772.00                           | —  | —                                  |
| 80. Investments in Group companies   | 70,066                               | —                                      | —  | —                                  |
| 90. Intangible fixed assets  | 2,033,974                            | —                                      | —  | 915,232                            |
| 100. Tangible fixed assets   | 940,503                              | —                                      | 185,448                                    | 1,418,841                          |
| 130. Other assets  | 1,733,981                            | —                                      | 624,707                                    | 111,327                            |
| 140. Accrued income and pre-paid expenses  | 1,153,540                            | 1,006,925.97                           | 28,367,280                                 | 179,494                            |
| <b>Total assets</b>  | <b>323,211,791</b>                   | <b>82,131,709.87</b>                   | <b>2,712,845,766</b>                       | <b>52,310,700</b>                  |
| <b>Liabilities</b>   |                                      |  |  |                                    |
| 10. Due to banks   | 40,878,303                           | 24,941,419.24                          | 2,188,534,765                              | 12,267,260                         |
| 20. Due to customers   | 265,525,464                          | —                                      | 79,530,028                                 | 22,221,772                         |
| 50. Other liabilities  | 697,640                              | 22,890.00                              | 258,389                                    | 333,894                            |
| 60. Accrued liabilities and deferred income  | 517,247                              | 352,644.58                             | 21,715,350                                 | 942,062                            |
| 80. Provisions for risks and charges   | 1,951,341                            | —                                      | 959,359                                    | 85,000                             |
| 100. Fund for general banking risks (*)  | 320,143                              | —                                      | —  | —                                  |
| 120. Capital future share capital increase account (*)                                 | 6,400,000                            | 23,000,000.00                          | 7,785,832                                  | 18,000,000                         |
|  | (a) 3,048,980                        | —                                      | —  | —                                  |
| 140. Reserves (*)  | 259,596                              | 28,768,731.71                          | 405,418,666                                | —                                  |
| 160. Retained earnings (losses) (*)  | 809,321                              | —                                      | 236,983                                    | —                                  |
| 170. Net income (loss) for the period (*)  | 2,803,756                            | 5,046,024.34                           | 8,406,394                                  | (1,539,288)                        |
| <b>Total liabilities</b>   | <b>323,211,791</b>                   | <b>82,131,709.87</b>                   | <b>2,712,845,766</b>                       | <b>52,310,700</b>                  |
| <b>Guarantees and commitments</b>  |                                      |  |  |                                    |
| 10. Guarantees given   | 31,691,412                           | —                                      | —  | 372,848                            |
| <b>Total guarantees and commitments</b>  | <b>31,691,412</b>                    | <b>—</b>                               | <b>—</b>                                   | <b>372,848</b>                     |
| <b>(*) Shareholders' equity</b> (Liabilities: 100-120-140-160-170)                     | <b>13,641,796</b>                    | <b>56,814,756.05</b>                   | <b>421,847,875</b>                         | <b>16,460,712</b>                  |

(\*) The amount in Lit. is obtained by applying period-end exchange rates.

(a) This amount was reported by our subsidiary among "Subordinated debt" in accordance with current regulations in Monaco.

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

## PROFIT AND LOSS ACCOUNT

|  | BANQUE MONEGASQUE<br>DE GESTION S.A. | CREDITO ITALIANO<br>FINANCE CORP. LTD. | UNICREDITO ITALIANO<br>BANK (IRELAND) PLC. | UNICREDIT<br>(SUISSE)<br>BANK S.A. |
|--|--------------------------------------|--|--|------------------------------------|
|  | (Euro)                               | (U.S. \$.)*                            | (Euro)                                     | (FSV)*                             |
| 10. Interest income and similar revenues                                   | 11,700,605                           | 4,358,752.27                           | 59,765,924                                 | 861,370                            |
| 20. Interest expense and similar charges                                   | 9,393,847                            | 1,093,273.84                           | 44,919,841                                 | 307,613                            |
| 30. Dividends and other revenues   | —                                    | 509,371.97                             | —  | 4,109                              |
| 40. Commission income  | 6,689,807                            | —                                      | —  | 3,287,549                          |
| 50. Commission expense   | 150,620                              | 745.28                                 | 21,162                                     | 900,235                            |
| 60. Profits (losses) from financial transactions                           | 249,353                              | (65,618.52)                            | (1,886,053)                                | 815,625                            |
| 70. Other operating income   | 37,381                               | —                                      | 24,411                                     | —                                  |
| 80. Administrative expenses  | 4,088,380                            | 168,863.62                             | 2,741,865                                  | 4,632,399                          |
| 90. Adjustments to the value of intangible<br>and tangible fixed assets    | 798,278                              | —                                      | 113,340                                    | —                                  |
| 100. Provisions for risks and charges                                      | 53,884                               | —                                      | —  | 583,518                            |
| 110. Other operating expenses  | 71,042                               | —                                      | 767,636                                    | —                                  |
| 120. Write-downs of loans and provisions<br>for guarantees and commitments | 36,555                               | 13,760.15                              | —  | —                                  |
| 130. Write-backs to loans and provisions<br>for guarantees and commitments | 140,409                              | —                                      | —  | —                                  |
| 160. Write-backs to financial fixed assets                                 | —                                    | 1,531,763.01                           | —  | —                                  |
| <b>170. Profit (loss) before extraordinary items and income tax</b>        | <b>4,224,949</b>                     | <b>5,057,625.84</b>                    | <b>9,340,438</b>                           | <b>(1,455,112)</b>                 |
| 180. Extraordinary income  | 68,435                               | 119.20                                 | —  | 824                                |
| 190. Extraordinary charges   | 76,408                               | 11,720.70                              | —  | —                                  |
| <b>200. Extraordinary income (loss)</b>                                    | <b>(7,973)</b>                       | <b>(11,601.50)</b>                     | <b>—</b>                                   | <b>824</b>                         |
| 220. Income tax for the period   | 1,413,220                            | —                                      | 934,044                                    | 85,000                             |
| <b>230. Net income (loss) for the period</b>                               | <b>2,803,756</b>                     | <b>5,046,024.34</b>                    | <b>8,406,394</b>                           | <b>(1,539,288)</b>                 |

(\* The amount in Lit. is obtained by applying period-end exchange rates.

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Financial Institutions - Subsidiaries - Italy

**BALANCE SHEET**

|   | COMEBA<br>S.p.A. (a)  | CON.RI.T.<br>S.p.A.      | CORDUSIO<br>SOCIETA'<br>FIDUCIARIA<br>PER AZIONI | CREDIT<br>CARIMONTE<br>S.p.A. (a) | FIDITALIA<br>S.p.A.      | ESAMARCA S.p.A.        |
|---|-----------------------|--------------------------|--|-----------------------------------|--------------------------|------------------------|
|   | (Lit.)                | (Lit.)                   | (Lit.)   | (Lit.)                            | (Lit.)                   | (Lit.)                 |
| <b>Assets</b>   |                       |                          |  |                                   |                          |                        |
| 10. Cash and deposits   | 282,905               | 1,184,494,640            | 8,796,500  | —                                 | 74,268,272               | 4,095,659,291          |
| 20. Loans to banks  | 21,900,003,124        | 4,830,373                | 2,144,406,633                                    | 9,119,984,995                     | 16,725,201,804           | 417,789                |
| 30. Loans to financial institutions   | —                     | —                        | 593,500  | 150,449,736,341                   | 10,235,313,236           | —                      |
| 40. Loans to customers  | —                     | —                        | 2,815,460,267                                    | —                                 | 3,003,592,105,267        | 2,575,668,741          |
| 45. Loans for advances issued to<br>tax-levying bodies                      | —                     | 990,286,092,089          | —  | —                                 | —                        | 116,648,307,282        |
| 50. Bonds and other fixed-income<br>securities                              | 1,387,500,000         | —                        | 1,813,576,343                                    | 69,199,544,421                    | —                        | —                      |
| 60. Shares, quotas and other<br>variable-income securities                  | —                     | —                        | —  | —                                 | —                        | —                      |
| 70. Equity investments  | —                     | —                        | —  | —                                 | —                        | —                      |
| 80. Investments in Group<br>companies                                       | —                     | 40,000,000               | —  | 2,258,456,756,605                 | 2,470,000,000            | —                      |
| 90. Intangible fixed assets   | —                     | 1,434,204,159            | 766,958,558                                      | 18,135,055                        | 9,284,040,321            | 669,410,429            |
| 100. Tangible fixed assets  | —                     | 2,776,530,487            | 237,152,221                                      | —                                 | 220,872,188,284          | 1,025,511,820          |
| 130. Other assets   | 502,783,151           | 11,715,323,501           | 744,210,257                                      | 127,039,760,155                   | 24,074,936,558           | 8,034,148,223          |
| 140. Accrued income and pre-paid expenses                                   | 12,473,261            | 329,249,189              | 32,733,888                                       | 1,068,424,600                     | 61,207,382,942           | 56,381,018             |
| <b>Total assets</b>   | <b>23,803,042,441</b> | <b>1,007,770,724,438</b> | <b>8,563,888,167</b>                             | <b>2,615,352,342,172</b>          | <b>3,348,535,436,684</b> | <b>133,105,504,603</b> |
| <b>Liabilities</b>  |                       |                          |  |                                   |                          |                        |
| 10. Due to banks  | —                     | 851,929,198,955          | 447,230,327                                      | —                                 | 2,786,932,197,434        | 25,152,988,887         |
| 20. Due to financial institutions   | —                     | —                        | 21,646,748                                       | —                                 | 225,000,000,000          | —                      |
| 30. Due to customers  | —                     | 103,249,564,961          | —  | —                                 | —                        | 1,376,297,178          |
| 35. Due to tax-levying bodies   | —                     | —                        | —  | —                                 | —                        | 87,560,407,831         |
| 50. Other liabilities   | 82,503,070            | 16,398,523,117           | 2,194,785,076                                    | 28,801,307                        | 94,848,795,546           | 5,119,508,237          |
| 60. Accrued liabilities and deferred income                                 | —                     | 284,969,849              | 1,595,500  | 153,500                           | 51,630,139,009           | 60,161,365             |
| 70. Employee severance pay  | —                     | 74,738,287               | 553,950,267                                      | —                                 | 10,600,456,385           | —                      |
| 80. Provisions for risks and charges  | 232,524,000           | 5,908,296,002            | 245,813,320                                      | 127,475,913,000                   | 11,241,255,319           | 2,348,206,626          |
| 90. Reserve for general banking risks                                       | —                     | 9,965,646,939            | —  | —                                 | —                        | —                      |
| 100. Fund for general financial<br>risks (*)                                | —                     | 2,500,000,000            | —  | —                                 | —                        | —                      |
| 110. Subordinated debt  | —                     | —                        | —  | —                                 | —                        | —                      |
| 120. Capital (*)  | 20,000,000,000        | 5,000,000,000            | 1,000,000,000                                    | 1,163,109,220,000                 | 83,880,000,000           | 2,000,000,000          |
| 130. Issue premiums (*)   | —                     | 132,256,103              | —  | 1,095,547,526,000                 | —                        | —                      |
| 140. Reserves (*)   | 2,235,774,106         | 7,528,148,820            | 5,378,840,741                                    | 11,442,786,410                    | 52,637,820,758           | 8,968,055,367          |
| 160. Retained earnings (losses) (*)   | —                     | —                        | (3,503,106,299)                                  | 873,702,044                       | —                        | —                      |
| 170. Net income (loss) for the period (*)                                   | 1,252,241,265         | 4,799,381,404            | 2,223,132,487                                    | 216,874,239,911                   | 31,764,772,233           | 519,879,112            |
| <b>Total liabilities</b>  | <b>23,803,042,441</b> | <b>1,007,770,724,437</b> | <b>8,563,888,167</b>                             | <b>2,615,352,342,172</b>          | <b>3,348,535,436,684</b> | <b>133,105,504,603</b> |
| <b>Guarantees and commitments</b>   |                       |                          |  |                                   |                          |                        |
| 10. Guarantees given  | —                     | —                        | —  | —                                 | —                        | —                      |
| 20. Commitments   | —                     | —                        | 136,099,096,029                                  | —                                 | —                        | —                      |
| <b>Total guarantees and commitments</b>                                     | <b>—</b>              | <b>—</b>                 | <b>136,099,096,029</b>                           | <b>—</b>                          | <b>—</b>                 | <b>—</b>               |
| <b>(*) Shareholders' equity (liabilities: 100-120-130-<br/>140-160-170)</b> | <b>23,488,015,371</b> | <b>19,959,786,327</b>    | <b>5,098,866,929</b>                             | <b>2,487,847,474,365</b>          | <b>168,282,592,991</b>   | <b>11,487,934,479</b>  |

(a) Balance sheet figures at 30.06.1999.

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

| EUROPLUS<br>UNICREDIT ROLO<br>S.G.R. S.p.A. | FONDINVEST<br>RISPARMIO<br>S.G.R. S.p.A. | GESTICREDIT<br>S.G.R. p.A. | GESTIVENETO<br>S.G.R. p.A. | LOCAT S.p.A.              | SOGEFACOR<br>S.r.L.   | UNICREDIT<br>FACTORING<br>S.p.A. |
|---|--|----------------------------|----------------------------|---------------------------|-----------------------|----------------------------------|
| (Euro)                                      | (Lit.)                                   | (Euro)                     | (Lit.)                     | (Lit.)                    | (Lit.)                | (Lit.)                           |
| 3,178                                       | 314,250                                  | 623.50                     | 251,800                    | 67,809,034                | 4,326,769             | 15,559,793                       |
| 9,257,056                                   | 164,238,917,406                          | 21,673,527.80              | 2,118,691,284              | 26,643,821,424            | —                     | 7,949,227,261                    |
| 2,642,689                                   | —  | —                          | 110,634,992                | 348,822,222               | —                     | —                                |
| 377,504                                     | 30,652,172,868                           | —                          | 20,218,663,082             | 595,949,630,102           | 50,469,586,112        | 1,226,443,805,401                |
| —   | —  | —                          | —                          | —                         | —                     | —                                |
| 19,083,229                                  | 39,210,066,931                           | 25,236,400.89              | 28,730,135,447             | 2,627,333,590             | —                     | —                                |
| —   | —  | 9,588,343.70               | —                          | —                         | —                     | —                                |
| —   | —  | —                          | —                          | —                         | —                     | 24,366,555                       |
| —   | —  | —                          | 47,849                     | —                         | —                     | —                                |
| 1,242,991                                   | 269,710,563                              | 183,550.77                 | 5,203,600                  | 52,798,591,696            | 100,805,517           | 3,433,725,205                    |
| 949,318                                     | 71,692,656                               | 213,692.90                 | 7,070,540                  | 10,367,071,583,505        | 52,906,744            | 542,844,719                      |
| 2,562,098                                   | 10,317,019,990                           | 56,108,714.12              | 7,789,488,454              | 387,467,199,363           | 6,393,468,722         | 11,942,387,239                   |
| 338,945                                     | 673,471,935                              | 281,414.07                 | 484,335,117                | 194,854,854,396           | 52,331                | 1,254,012,724                    |
| <b>36,457,008</b>                           | <b>245,433,366,599</b>                   | <b>113,286,267.75</b>      | <b>59,464,522,165</b>      | <b>11,627,829,645,332</b> | <b>57,021,146,195</b> | <b>1,251,605,928,897</b>         |
| 6,065,848                                   | 185,823,525,303                          | —                          | 20,343,123,267             | 9,717,319,592,477         | 17,467,000,201        | 722,774,554,914                  |
| 5,138,480                                   | 5,043,516,725                            | —                          | 2,614,000,000              | 94,339,476,907            | 22,317,164,632        | —                                |
| —   | —  | —                          | —                          | 257,466,140,152           | —                     | 416,492,658,191                  |
| —   | —  | —                          | —                          | —                         | —                     | —                                |
| 5,654,963                                   | 9,740,212,382                            | 39,315,188.55              | 467,180,344                | 595,313,849,491           | 2,585,075,445         | 13,912,675,783                   |
| 113,328                                     | 15,322,800                               | —                          | —                          | 383,906,788,776           | 471,339,667           | 12,778,464,306                   |
| 592,054                                     | 659,493,471                              | 178,931.44                 | 146,266,179                | 18,162,615,108            | 450,563,890           | 3,398,462,976                    |
| 1,652,662                                   | 7,997,560,935                            | 27,404,256.84              | 4,847,745,767              | 98,903,721,000            | 835,001,668           | 562,000,000                      |
| —   | —  | —                          | —                          | —                         | —                     | —                                |
| —   | —  | —                          | —                          | —                         | —                     | 7,900,000,000                    |
| —   | —  | —                          | —                          | —                         | —                     | 25,000,000,000                   |
| 15,600,000                                  | 15,180,000,000                           | 7,746,853.49               | 13,260,125,000             | 328,982,806,360           | 2,500,000,000         | 45,000,000,000                   |
| —   | —  | —                          | —                          | —                         | —                     | 1,842,000,000                    |
| 681,688                                     | 14,645,768,913                           | 4,099,010.23               | 11,333,380,487             | 53,276,539,811            | 5,376,801,017         | 1,070,495,311                    |
| —   | —  | 95,443.30                  | —                          | —                         | —                     | (2,208,691,517)                  |
| 957,985                                     | 6,327,966,070                            | 34,446,583.90              | 6,452,701,121              | 80,158,115,250            | 5,018,199,675         | 3,083,308,933                    |
| <b>36,457,008</b>                           | <b>245,433,366,599</b>                   | <b>113,286,267.75</b>      | <b>59,464,522,165</b>      | <b>11,627,829,645,332</b> | <b>57,021,146,195</b> | <b>1,251,605,928,897</b>         |
| —   | —  | —                          | —                          | 259,417,000               | —                     | 3,814,000,000                    |
| —   | —  | 6,307,977,431.22           | 528,819,863,071            | 5,012,896,043,377         | —                     | 293,347,463,556                  |
| —   | —  | <b>6,307,977,431.22</b>    | <b>528,819,863,071</b>     | <b>5,013,155,460,377</b>  | —                     | <b>297,161,463,556</b>           |
| <b>17,239,673</b>                           | <b>36,153,734,983</b>                    | <b>46,387,890.92</b>       | <b>31,046,206,608</b>      | <b>462,417,461,421</b>    | <b>12,895,000,692</b> | <b>56,687,112,727</b>            |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1998**

Financial Institutions - Subsidiaries - Italy

**PROFIT AND LOSS ACCOUNT**

|   | COMEBA<br>S.p.A. (a) | CON.RI.T.<br>S.p.A.    | CORDUSIO<br>SOCIETÀ<br>FIDUCIARIA<br>PER AZIONI | CREDIT<br>CARIMONTE<br>S.p.A. (a) | FIDITALIA<br>S.p.A.    | ESAMARCA S.p.A.       |
|---|----------------------|------------------------|---|-----------------------------------|------------------------|-----------------------|
|   | (Lit.)               | (Lit.)                 | (Lit.)  | (Lit.)                            | (Lit.)                 | (Lit.)                |
| <b>Expenses</b>   |                      |                        |   |                                   |                        |                       |
| 10. Interest expense and similar charges  | —                    | 9,803,800,583          | 43,487  | —                                 | 100,239,047,790        | 2,727,866,151         |
| 20. Commission expense  | 1,440,118            | 236,382,095            | 1,691,590,275                                   | 125,765,519                       | 3,145,716,369          | 2,775,588,535         |
| 30. Losses from financial transactions  | —                    | —                      | 58,192,677                                      | 658,458,724                       | 10,716,962             | —                     |
| 40. Administrative expenses   | 179,077,261          | 79,346,624,152         | 4,186,441,764                                   | 194,551,225                       | 101,111,869,841        | 22,782,598,442        |
| 50. Adjustments to the value of intangible<br>and tangible fixed assets         | —                    | 4,104,083,392          | 376,149,098                                     | 14,535,056                        | 156,558,671,348        | 694,053,833           |
| 60. Other operating expenses  | —                    | 134,412,443            | 64,485,088                                      | 92,500                            | 92,527,794,775         | 89,525,150            |
| 70. Provisions for risks and charges  | —                    | 1,456,606,461          | 49,528,420                                      | —                                 | 1,220,977,118          | —                     |
| 90. Write-downs of loans and provisions<br>for guarantees and commitments       | —                    | 1,563,503,806          | 45,888,542                                      | —                                 | 81,133,075,448         | —                     |
| 100. Write-downs of financial<br>fixed assets                                   | 474,832,950          | —                      | —   | —                                 | —                      | —                     |
| 110. Extraordinary charges  | 731,929,766          | 40,712,548             | 73,490,109                                      | 197,606                           | 278,687,263            | 178,574,728           |
| 120. Positive change in the fund for<br>general financial risks                 | —                    | 994,000,000            | —   | —                                 | —                      | —                     |
| 130. Income tax for the period  | 1,505,087,000        | 2,947,219,000          | 188,954,554                                     | 127,475,913,000                   | 24,462,297,789         | 1,431,370,000         |
| 140. Net income for the period  | 1,252,241,265        | 4,799,381,404          | 2,223,132,487                                   | 216,874,239,911                   | 31,764,772,233         | 519,879,112           |
| <b>Total expenses</b>   | <b>4,144,608,360</b> | <b>105,426,725,884</b> | <b>8,957,896,501</b>                            | <b>345,343,753,541</b>            | <b>592,453,626,936</b> | <b>31,199,455,951</b> |
| <b>Revenues</b>   |                      |                        |   |                                   |                        |                       |
| 10. Interest income and similar revenues  | 110,198,913          | 1,189,858,699          | 118,279,629                                     | 2,512,550,752                     | 349,224,753,585        | 768,102,622           |
| 20. Dividends and other revenues  | —                    | —                      | —   | 342,830,554,789                   | —                      | —                     |
| 30. Commission income   | —                    | 99,881,487,326         | 7,568,108,911                                   | —                                 | 36,798,371,567         | 30,149,610,301        |
| 40. Profits from financial transactions   | 4,034,126,537        | —                      | —   | —                                 | —                      | —                     |
| 50. Write-backs to loans<br>and to provisions<br>for guarantees and commitments | —                    | 1,843,788,744          | —   | —                                 | 10,368,700             | —                     |
| 70. Other operating income  | —                    | 853,888,785            | 779,935,170                                     | —                                 | 197,418,051,539        | 254,819,868           |
| 80. Extraordinary income  | 282,910              | 1,657,702,330          | 491,572,791                                     | 648,000                           | 9,002,081,545          | 26,923,160            |
| <b>Total revenues</b>   | <b>4,144,608,360</b> | <b>105,426,725,884</b> | <b>8,957,896,501</b>                            | <b>345,343,753,541</b>            | <b>592,453,626,936</b> | <b>31,199,455,951</b> |

(a) Accounts data at 30.6.1999.

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | □ |
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|  | EUROPLUS<br>UNICREDIT ROLO<br>S.G.R. S.p.A. | FONDIRVEST<br>RISPARMIO<br>S.G.R. S.p.A. | GESTICREDIT<br>S.G.R. p.A. | GESTIVENETO<br>S.G.R. p.A. | LOCAT S.p.A.             | SOGEFACOR<br>S.r.L.   | UNICREDIT<br>FACTORING<br>S. p.A. |
|--|---|--|----------------------------|----------------------------|--------------------------|-----------------------|-----------------------------------|
|  | (Euro)                                      | (Lit.)                                   | (Euro)                     | (Lit.)                     | (Lit.)                   | (Lit.)                | (Lit.)                            |
|  | 2,230                                       | 7,653                                    | 858.50                     | 2,525,607                  | 364,497,659,013          | 820,851,091           | 18,763,830,379                    |
|  | 20,401,864                                  | 278,615,385,258                          | 399,087,132.92             | 186,259,265,502            | 48,330,747,064           | 239,563,393           | 3,854,491,446                     |
|  | —   | 6,368,267,250                            | 49,035.64                  | 1,021,902,730              | 4,523,974,069            | —                     | —                                 |
|  | 16,625,049                                  | 5,805,962,621                            | 2,853,800.33               | 8,660,093,071              | 92,895,199,371           | 3,765,755,031         | 18,977,383,509                    |
|  | 1,121,845                                   | 244,123,731                              | 485,709.29                 | 56,142,513                 | 3,583,421,578,281        | 105,988,816           | 1,480,530,073                     |
|  | 174,498                                     | 11,193,382,948                           | 4,268,970.02               | 713,934,280                | 86,043,346,341           | 7,274,700,935         | —                                 |
|  | —   | 1,210,094,282                            | 1,859,244.84               | —                          | 3,645,000,000            | —                     | —                                 |
|  | —   | —  | —                          | —                          | 55,326,352,323           | 6,621,052,920         | 9,423,782,132                     |
|  | —   | —  | —                          | —                          | —                        | —                     | —                                 |
|  | 19,414                                      | 29,941,606                               | 1,062,806.84               | 13,650,823                 | 6,371,197,839            | 9,634,315             | 2,064,726,897                     |
|  | —   | —  | —                          | —                          | —                        | —                     | 4,900,000,000                     |
|  | 1,073,089                                   | 6,080,000,000                            | 25,261,564.00              | 4,840,114,186              | 57,644,321,000           | 3,640,941,374         | 1,935,000,000                     |
|  | 957,985                                     | 6,327,966,070                            | 34,446,583.90              | 6,452,701,121              | 80,158,115,250           | 5,018,199,675         | 3,083,308,933                     |
|  | <b>40,375,974</b>                           | <b>315,875,131,419</b>                   | <b>469,375,706.28</b>      | <b>208,020,329,833</b>     | <b>4,382,857,490,551</b> | <b>27,496,687,550</b> | <b>64,483,053,369</b>             |
|  | 744,195                                     | 4,275,119,046                            | 1,462,083.73               | 2,499,667,815              | 47,428,497,801           | 11,892,463,031        | 34,434,499,917                    |
|  | —   | —  | —                          | 43,876                     | —                        | —                     | —                                 |
|  | 38,892,838                                  | 306,386,809,066                          | 462,538,162.17             | 205,196,000,776            | 699,083,806              | —                     | 14,206,714,912                    |
|  | 33,466                                      | —  | —                          | —                          | —                        | —                     | 611,477                           |
|  | —   | —  | —                          | —                          | 37,809,297,897           | —                     | 1,562,086,814                     |
|  | 336,977                                     | 5,130,591,768                            | 2,693,084.73               | 304,082,868                | 4,257,563,183,583        | 14,849,453,164        | 1,898,473,136                     |
|  | 368,498                                     | 82,611,539                               | 2,682,375.65               | 20,534,498                 | 39,357,427,464           | 754,771,355           | 12,380,667,113                    |
|  | <b>40,375,974</b>                           | <b>315,875,131,419</b>                   | <b>469,375,706.28</b>      | <b>208,020,329,833</b>     | <b>4,382,857,490,551</b> | <b>27,496,687,550</b> | <b>64,483,053,369</b>             |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Financial Institutions - Subsidiaries - Abroad

|  | CARIVERONA<br>IRELAND LTD. | EUROPLUS<br>ALTERNATIVE<br>INVESTMENTS<br>LTD | EUROPLUS<br>ASSET<br>MANAGEMENT<br>S.A. | EURO CAPITAL<br>STRUCTURES<br>LTD. |
|--|----------------------------|---|---|------------------------------------|
|  | (Lit.)                     | (Euro)  | (Euro)                                  | (Euro)                             |
| <b>BALANCE SHEET</b>                                   |                            |   |   |                                    |
| <b>Assets</b>  |                            |   |   |                                    |
| 10. Cash and deposits                                  | 1,218,929                  | 3,202,165                                     | —                                       | —                                  |
| 20. Loans to banks                                     | 6,152,533,191              | —   | 19,600,531                              | 1,533,457                          |
| 30. Loans to financial institutions                    | —                          | —   | 6,060,694                               | —                                  |
| 40. Loans to customers                                 | —                          | 1,142,559                                     | —                                       | —                                  |
| 50. Bonds and other fixed-income securities            | 1,131,191,499,181          | —   | —                                       | —                                  |
| 60. Shares, quotas and other variable-yield securities | —                          | —   | —                                       | —                                  |
| 70. Equity investments                                 | —                          | —   | —                                       | —                                  |
| 90. Intangible fixed assets                            | 8,461,301                  | 224,633                                       | 4,632                                   | —                                  |
| 100. Tangible fixed assets                             | —                          | 30,946  | —                                       | 216,866                            |
| 130. Other assets                                      | 10,016,205,096             | —   | —                                       | 271,156                            |
| 140. Accrued income and pre-paid expenses              | 27,315,040,841             | —   | —                                       | 256,248                            |
| <b>Total assets</b>                                    | <b>1,174,684,958,539</b>   | <b>4,600,303</b>                              | <b>25,665,857</b>                       | <b>2,277,727</b>                   |
| <b>Liabilities</b>                                     |                            |   |   |                                    |
| 10. Due to banks                                       | 729,386,883,850            | —   | 8,312,304                               | —                                  |
| 20. Due to financial institutions                      | —                          | 98,973  | 4,741,695                               | 805,593                            |
| 30. Due to customers                                   | —                          | 863,301                                       | —                                       | 102,367                            |
| 50. Other liabilities                                  | 6,322,997,578              | —   | 4,318                                   | 8,824                              |
| 60. Accrued liabilities and deferred income            | 23,689,777,528             | —   | 27,903                                  | 809,966                            |
| 70. Employee severance pay                             | —                          | 3,572   | —                                       | —                                  |
| 80. Provisions for risks and charges                   | 1,149,534,723              | 103,732                                       | —                                       | —                                  |
| 110. Subordinated debt                                 | —                          | —   | —                                       | 1,000,000                          |
| 120. Capital (*)                                       | 15,000,000,000             | 1,032,000                                     | 150,000                                 | 62,500                             |
| 140. Reserves (*)                                      | 388,511,429,883            | (b) 1,548,000                                 | 15,000                                  | (b) 1,187,500                      |
| 160. Retained earnings (losses) (*)                    | —                          | —   | 1,157                                   | —                                  |
| 170. Net income (loss) for the period (*)              | (a) 10,624,334,977         | 950,725                                       | 12,413,480                              | (1,699,023)                        |
| <b>Total liabilities</b>                               | <b>1,174,684,958,539</b>   | <b>4,600,303</b>                              | <b>25,665,857</b>                       | <b>2,277,727</b>                   |
| <b>(*) Shareholders' equity (liabilities:</b>          |                            |   |   |                                    |
| 120-140-160-170)                                       | <b>414,135,764,860</b>     | <b>3,530,725</b>                              | <b>12,579,637</b>                       | <b>(449,023)</b>                   |

(\*) The amount in Lit. is obtained by applying period-end exchange rates - irrevocable parity with the Euro.

(a) Amount before interim dividends paid during 1999 (Lit. 10,000,000,000).

(b) As "capital contribution".

(c) Amount after interim dividends paid during 1999 (Euro 47,739,437).

(d) Net income - GBP 783,366 - was fully distributed during 1999.

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

| EUROPLUS FUNDS MANAGEMENT LTD | EUROPLUS RESEARCH & MANAGEMENT LTD. | GESTIVENETO LUXEMBOURG S.A. | SAGEFI         | TYRERESCOM LTD.   | UNICREDIT CAPITAL ITALIA ADVISORY COMPANY S.A. | UNICREDIT DELAWARE INC. |
|-------------------------------|-------------------------------------|-----------------------------|----------------|-------------------|--|-------------------------|
| (Euro)                        | (Euro)                              | (Euro)                      | (F.F.)*        | (LST.)*           | (Euro)   | (U.S. \$)*              |
| —                             | 523                                 | —                           | 44,340         | —                 | —  | —                       |
| 1,602,934                     | 14,258,603                          | 312,820.41                  | 500,000        | —                 | 7,820,508                                      | 282,462,424.67          |
| —                             | 25,260,411                          | —                           | —              | —                 | 7,144,251                                      | —                       |
| —                             | —                                   | —                           | —              | —                 | —  | —                       |
| —                             | —                                   | —                           | —              | —                 | —  | —                       |
| —                             | —                                   | —                           | —              | —                 | 62,874   | —                       |
| —                             | —                                   | —                           | —              | 15,375,000        | —  | —                       |
| —                             | 323,655                             | 8,297.47                    | —              | —                 | —  | —                       |
| —                             | 2,614,603                           | —                           | —              | —                 | —  | —                       |
| —                             | 1,399,988                           | 9,493.45                    | —              | 3,023             | —  | —                       |
| —                             | 88,404                              | —                           | 77             | —                 | —  | 2,392,806.08            |
| <b>1,602,934</b>              | <b>43,946,187</b>                   | <b>330,611.33</b>           | <b>544,417</b> | <b>15,378,023</b> | <b>15,027,633</b>                              | <b>284,855,230.75</b>   |
| —                             | —                                   | 106,315.96                  | —              | —                 | —  | 25,066.25               |
| 9,462                         | —                                   | —                           | —              | —                 | 13,283,943                                     | —                       |
| —                             | 297,564                             | —                           | —              | —                 | —  | 284,675,000.00          |
| —                             | 1,531,214                           | 8,400.83                    | —              | 3,023             | —  | —                       |
| 3,809                         | 7,525,306                           | —                           | 15,075         | —                 | —  | 64,130.00               |
| —                             | —                                   | —                           | —              | —                 | —  | —                       |
| —                             | 6,966,871                           | —                           | —              | —                 | —  | 227.49                  |
| —                             | —                                   | —                           | —              | —                 | —  | —                       |
| 125,000                       | 1,032,914                           | 125,000.00                  | 500,000        | 100               | 96,730   | 1,000.00                |
| (b) 1,475,000                 | (b) 14,460,793                      | 11,373.67                   | 5,667          | (b) 15,374,900    | 9,673  | 80,540.65               |
| —                             | —                                   | —                           | 26,580         | —                 | 5,827  | —                       |
| (10,337)                      | (c) 12,131,525                      | 79,520.87                   | (2,905)        | (d)               | 1,631,460                                      | 9,266.36                |
| <b>1,602,934</b>              | <b>43,946,187</b>                   | <b>330,611.33</b>           | <b>544,417</b> | <b>15,378,023</b> | <b>15,027,633</b>                              | <b>284,855,230.75</b>   |
| <b>1,589,663</b>              | <b>75,364,669</b>                   | <b>215,894.54</b>           | <b>529,342</b> | <b>16,158,366</b> | <b>1,743,690</b>                               | <b>90,807.01</b>        |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Financial Institutions - Subsidiaries - Abroad

| PROFIT AND LOSS ACCOUNT   | CARIVERONA<br>IRELAND LTD.<br>(Lit.) | EUROPLUS<br>ALTERNATIVE<br>INVESTMENTS<br>LTD<br>(Euro) | EUROPLUS<br>ASSET<br>MANAGEMENT<br>S.A.<br>(Euro) | EURO CAPITAL<br>STRUCTURES<br>LTD.<br>(Euro) |
|---|--------------------------------------|---|---|--|
| <b>Expenses</b>   |                                      |   |   |  |
| 10. Interest expense and similar charges                                | 62,820,747,502                       | —   | 5,264   | —  |
| 20. Commission expense  | 213,778,033                          | 174,000   | 78,111,323  | —  |
| 30. Losses from financial transactions                                  | 791,134,499                          | —   | —   | —  |
| 40. Administrative expenses   | 2,194,700,409                        | 2,026,054   | 75,938  | —  |
| 50. Adjustments to the value of intangible<br>and tangible fixed assets | 6,508,087                            | —   | 1,502   | —  |
| 60. Other operating expenses  | —                                    | —   | —   | 2,087,734                                    |
| 110. Extraordinary charges  | —                                    | —   | —   | —  |
| 130. Income tax for the period  | 943,724,916                          | 104,360   | —   | —  |
| 140. Net income for the period  | (a) 10,624,334,977                   | 950,725   | 12,413,480  | —  |
| <b>Total expenses</b>   | <b>77,594,928,423</b>                | <b>3,255,139</b>  | <b>90,607,507</b>                                 | <b>2,087,734</b>                             |
| <b>Revenues</b>   |                                      |   |   |  |
| 10. Interest income and similar revenues                                | 76,767,842,241                       | 52,000  | 156,788   | —  |
| 20. Dividends and other revenues  | —                                    | —   | —   | —  |
| 30. Commission income   | 827,086,182                          | 3,203,139   | 90,450,719  | 200,000                                      |
| 40. Profits from financial transactions                                 | —                                    | —   | —   | —  |
| 70. Other operating income  | —                                    | —   | —   | —  |
| 80. Extraordinary income  | —                                    | —   | —   | 188,711                                      |
| 100. Net loss for the period  | —                                    | —   | —   | 1,699,023                                    |
| <b>Total revenues</b>   | <b>77,594,928,423</b>                | <b>3,255,139</b>  | <b>90,607,507</b>                                 | <b>2,087,734</b>                             |

(\*) The amount in Lit. is obtained by applying period-end exchange rates – irrevocable parity with the Euro.

(a) Amount before interim dividends paid during 1999 (Lit. 10,000,000,000).

(b) Amount before interim dividends paid during 1999 (Euro 47,739,437).

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
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| Notes to the Accounts | □ |
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| EUROPLUS FUNDS MANAGEMENT LTD<br>(Euro) | EUROPLUS RESEARCH & MANAGEMENT LTD.<br>(Euro) | GESTIVENETO LUXEMBOURG S.A.<br>(Euro) | SAGEFI<br>(F.F.)* | TYRERESCOM LTD.<br>(LST.)* | UNICREDIT CAPITAL ITALIA ADVISORY COMPANY S.A.<br>(Euro) | UNICREDIT DELAWARE INC.<br>(U.S. \$)* |
|---|---|---------------------------------------|-------------------|----------------------------|--|---------------------------------------|
| 20                                      | —   | —                                     | 64                | —                          | —  | 8,139,776.46                          |
| —                                       | 730,657                                       | 29,511.59                             | —                 | —                          | 4,154,918  | —                                     |
| —                                       | 91,186  | 165.11                                | —                 | —                          | —  | —                                     |
| 13,272                                  | 26,435,204                                    | 7,286.71                              | 15,075            | —                          | —  | 253,909.90                            |
| —                                       | 891,894                                       | 3,713.23                              | —                 | —                          | —  | —                                     |
| —                                       | —   | —                                     | —                 | —                          | 6,535,722  | —                                     |
| —                                       | —   | —                                     | —                 | —                          | —  | 2,300.00                              |
| —                                       | 6,599,523                                     | —                                     | —                 | —                          | —  | 4,773.49                              |
| —                                       | (b) 59,870,962                                | 79,520.87                             | —                 | 783,366                    | 1,631,460  | 9,266.36                              |
| <b>13,292</b>                           | <b>94,619,426</b>                             | <b>120,197.51</b>                     | <b>15,139</b>     | <b>783,366</b>             | <b>12,322,100</b>  | <b>8,410,026.21</b>                   |
| 2,955                                   | 660,005                                       | 7,409.52                              | 12,234            | —                          | 259,403  | 8,139,776.46                          |
| —                                       | —   | —                                     | —                 | 783,366                    | —  | —                                     |
| —                                       | 93,959,421                                    | 98,305.32                             | —                 | —                          | 11,839,995   | 14,039.68                             |
| —                                       | —   | 14,482.67                             | —                 | —                          | —  | —                                     |
| —                                       | —   | —                                     | —                 | —                          | —  | 255,209.89                            |
| —                                       | —   | —                                     | —                 | —                          | 222,702  | 1,000.18                              |
| 10,337                                  | —   | —                                     | 2,905             | —                          | —  | —                                     |
| <b>13,292</b>                           | <b>94,619,426</b>                             | <b>120,197.51</b>                     | <b>15,139</b>     | <b>783,366</b>             | <b>12,322,100</b>  | <b>8,410,026.21</b>                   |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Financial Institutions (S.I.M.) - Subsidiaries - Italy

| <b>BALANCE SHEET</b>                                   | AUGES S.p.A. SIM<br>(in liquidation) | CREDITRAS<br>PREVIDENZA<br>Società per az.<br>di Interm.<br>Mobiliare | FIDA<br>SIM S.p.A.     | FRT<br>FIDUCIARIA<br>RISPARMIO<br>TORINO SIM<br>Sp.A. | UNICREDIT<br>SIM Sp.A. | UNITRADE<br>SIM Sp.A. |
|--|--------------------------------------|---|------------------------|---|------------------------|-----------------------|
|  | (Lit.)                               | (Euro)  | (Lit.)                 | (Lit.)  | (Lit.)                 | (Lit.)                |
| <b>Assets</b>  |                                      |   |                        |   |                        |                       |
| 10. Cash and deposits                                  | 260,000                              | —   | 583,475                | 511,400   | 9,103,450              | 1,732,000             |
| 20. Loans to banks                                     | 677,603,318                          | 385,876.71  | 17,371,681,114         | 5,683,568,598   | 15,101,694,010         | 28,467,357,457        |
| 30. Loans to financial institutions                    | —                                    | —   | 6,091,016,142          | —   | 6,959,396,573          | —                     |
| 40. Loans to customers                                 | —                                    | —   | 2,644,636,542          | 5,407,536,897   | 5,446,439,731          | —                     |
| 50. Bonds and other debt securities                    | —                                    | 2,730,079.77  | 88,076,024,811         | 2,949,633,022   | 25,662,538,375         | —                     |
| 60. Shares, quotas and other variable-yield securities | —                                    | —   | 375,004,188            | —   | —                      | —                     |
| 80. Equity investments                                 | —                                    | —   | 85,906,100             | —   | —                      | —                     |
| 90. Investments in Group companies                     | —                                    | —   | 6,229,735,638          | —   | —                      | —                     |
| 100. Intangible fixed assets                           | 1,550,000                            | 17,137.75   | 1,771,525,397          | 69,461,822  | 1,280,204,753          | 4,015,330,800         |
| 110. Tangible fixed assets                             | —                                    | 5,420.15  | 2,153,208,976          | 8,658,189   | 1,350,497,216          | 1,901,280,001         |
| 140. Other assets                                      | 30,928,855                           | 99,638.90   | 20,559,212,963         | 11,142,690,185  | 5,520,454,813          | 49,991,873            |
| 150. Accrued income and pre-paid expenses              | —                                    | 20,697.65   | 1,684,761,068          | 27,028,849  | 550,056,105            | —                     |
| <b>Total assets</b>                                    | <b>710,342,173</b>                   | <b>3,258,850.93</b>   | <b>147,043,296,414</b> | <b>25,289,088,962</b>                                 | <b>61,880,385,026</b>  | <b>34,435,692,131</b> |
| <b>Liabilities</b>                                     |                                      |   |                        |   |                        |                       |
| 10. Due to banks                                       | —                                    | —   | —                      | 1,662,051,863   | 99,651,715             | —                     |
| 20. Due to financial institutions                      | —                                    | 23,131,564,328  | 23,131,564,328         | 1,024,668,770   | —                      | —                     |
| 30. Due to customers                                   | —                                    | —   | 40,615,434             | —   | —                      | —                     |
| 60. Other liabilities                                  | 113,152,225                          | 46,952.39   | 19,385,023,067         | 7,153,325,810   | 24,224,900,999         | 5,435,097,234         |
| 70. Accrued liabilities and deferred income            | —                                    | 26,633.70   | 1,601,240,264          | 15,478,149  | —                      | —                     |
| 80. Employee severance pay                             | —                                    | —   | 2,451,143,362          | 610,762,430   | 508,029,776            | —                     |
| 90. Provisions for risks and charges                   | 96,976,096                           | —   | 13,171,098,203         | 4,874,907,320   | 6,554,350,585          | —                     |
| 130. Capital (*)                                       | 4,999,981,748                        | 2,582,284.50  | 41,000,000,000         | 2,500,000,000   | 16,700,000,000         | 30,000,000,000        |
| 140. Issue premiums (*)                                | —                                    | —   | 13,602,875,000         | —   | 9,300,000,000          | —                     |
| 150. Reserves (*)                                      | 1,000,032,831                        | 790,421.80  | 19,576,201,000         | 1,904,663,919   | 1,218,250,584          | —                     |
| 170. Retained earnings (losses) (*)                    | (5,507,381,714)                      | 1,257.49  | —                      | —   | —                      | (2,803,663)           |
| 180. Net income (loss) for the period (*)              | 7,580,987                            | (188,698.95)  | 13,083,535,756         | 5,543,230,701   | 3,275,201,367          | (996,601,440)         |
| <b>Total liabilities</b>                               | <b>710,342,173</b>                   | <b>3,258,850.93</b>   | <b>147,043,296,414</b> | <b>25,289,088,962</b>                                 | <b>61,880,385,026</b>  | <b>34,435,692,131</b> |
| <b>Guarantees and commitments</b>                      |                                      |   |                        |   |                        |                       |
| 20. Commitments  | —                                    | —   | —                      | —   | 9,598,417,111          | —                     |
| <b>Total guarantees and commitments</b>                | <b>—</b>                             | <b>—</b>  | <b>—</b>               | <b>—</b>  | <b>9,598,417,111</b>   | <b>—</b>              |
| <b>(*) Shareholders' equity (liabilities):</b>         |                                      |   |                        |   |                        |                       |
| 130-140-150-170-180)                                   | 500,213,852                          | 3,185,264.84  | 87,262,611,756         | 9,947,894,620   | 30,493,451,951         | 29,000,594,897        |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

## PROFIT AND LOSS ACCOUNT

|   | AUGES S.p.A. SIM<br>(in liquidation) | CREDITRAS<br>PREVIDENZA<br>Società per az.<br>di Interm.<br>Mobiliare | FIDA<br>SIM S.p.A.    | FRT<br>FIDUCIARIA<br>RISPARMIO<br>TORINO SIM<br>Sp.A. | UNICREDIT<br>SIM Sp.A. | UNITRADE<br>SIM Sp.A. |
|---|--------------------------------------|---|-----------------------|---|------------------------|-----------------------|
|   | (Lit.)                               | (Euro)  | (Lit.)                | (Lit.)  | (Lit.)                 | (Lit.)                |
| 10. Profits (losses) from financial transactions                              | —                                    | (15,441.20)   | (2,744,022,784)       | (397,752,207)   | (373,339,715)          | —                     |
| 20. Commission income   | —                                    | 53,240.87   | 75,241,460,685        | 51,799,899,249  | 88,686,673,228         | —                     |
| 30. Commission expense  | —                                    | 37,740.26   | 42,127,975,907        | 32,525,477,485  | 54,693,019,636         | —                     |
| 40. Interest income and similar revenues                                      | 10,662,225                           | 108,113.25  | 4,624,306,126         | 370,352,176   | 1,015,165,235          | 148,025,084           |
| 50. Interest expense and similar charges                                      | —                                    | 2.50  | 1,505,129,174         | 43,806,095  | 3,402,533              | —                     |
| 60. Dividends and other revenues  | —                                    | —   | 7,817,627,143         | —   | —                      | —                     |
| 70. Other operating income  | 3,842                                | 2,354.61  | 16,180,082,048        | 4,912,353,136   | 37,821,015             | 365                   |
| 80. Administrative expenses   | 155,367,361                          | 296,368.01  | 17,868,077,010        | 4,852,069,629   | 26,618,610,206         | 249,677,916           |
| 90. Adjustments to the value of intangible and<br>tangible fixed assets       | —                                    | 36,525.18   | 2,670,895,849         | 43,173,391  | 671,068,311            | 842,752,400           |
| 100. Provisions for risks and charges   | —                                    | —   | 1,200,000,000         | 100,000,000   | 739,033,545            | —                     |
| 110. Other operating expenses   | 11,251,400                           | —   | 13,080,123,633        | 8,838,635,602   | 78,555,047             | 52,196,573            |
| 120. Write-downs of loans and provisions<br>for guarantees and commitments    | —                                    | —   | 14,858,985            | —   | —                      | —                     |
| 130. Write-backs to loans and to provisions<br>for guarantees and commitments | —                                    | —   | —                     | —   | 867,889                | —                     |
| 140. Provisions for general banking risk reserves                             | —                                    | —   | —                     | —   | —                      | —                     |
| <b>170. Profit (loss) before extraordinary items and income tax</b>           | <b>(155,952,694)</b>                 | <b>(222,368.42)</b>   | <b>22,652,392,660</b> | <b>10,281,690,152</b>                                 | <b>6,563,498,374</b>   | <b>(996,601,440)</b>  |
| 180. Extraordinary income   | 179,976,916                          | 37,081.46   | 423,077,122           | 22,620,028  | 187,296,022            | —                     |
| 190. Extraordinary charges  | 16,443,235                           | 3,411.99  | 391,934,026           | 21,079,479  | 219,309,029            | —                     |
| <b>200. Extraordinary income (loss)</b>                                       | <b>163,533,681</b>                   | <b>33,669.47</b>  | <b>31,143,096</b>     | <b>1,540,549</b>                                      | <b>(32,013,007)</b>    | <b>—</b>              |
| 220. Income tax for the period  | —                                    | —   | 9,600,000,000         | 4,740,000,000   | 3,256,284,000          | —                     |
| <b>230. Net income (loss) for the period</b>                                  | <b>7,580,987</b>                     | <b>(188,698.95)</b>   | <b>13,083,535,756</b> | <b>5,543,230,701</b>                                  | <b>3,275,201,367</b>   | <b>(996,601,440)</b>  |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Other Non Financial - Subsidiaries - Italy

| BALANCE SHEET  | BROKER CREDIT S.p.A.  | CASSA &<br>ASSICURAZIONI<br>S.p.A. | CREDITO ITALIANO INTER-<br>NATIONAL SERVICES<br>(C.I.I.S.) S.r.L. |
|--|-----------------------|------------------------------------|---|
|  | (Lit.)                | (Lit.)                             | (Lit.)  |
| <b>Voci dell'attivo</b>                                |                       |                                    |   |
| <b>A Shareholder receivables for contributions due</b> | <b>700,000,000</b>    | —                                  | —   |
| <b>B Fixed assets:</b>                                 |                       |                                    |   |
| B.I Intangible fixed assets                            | 396,416,138           | 63,648,396                         | 31,640,000  |
| B.II Tangible fixed assets                             | 128,506,532           | 71,582,840                         | —   |
| B.III Financial fixed assets                           | 9,040,000             | 12,525,000                         | —   |
| <b>Total fixed assets</b>                              | <b>533,962,670</b>    | <b>147,756,236</b>                 | <b>31,640,000</b>   |
| <b>C Current assets</b>                                |                       |                                    |   |
| C.I Inventory  | —                     | —                                  | —   |
| C.II Loans   | 15,256,868,774        | 976,571,003                        | 20,536,420  |
| C.III Financial assets not classified as fixed assets  | —                     | —                                  | —   |
| C.IV Liquid assets                                     | 4,693,346,113         | 3,855,306,837                      | 340,223   |
| <b>Total current assets</b>                            | <b>19,950,214,887</b> | <b>4,831,877,840</b>               | <b>20,876,643</b>   |
| <b>D Accrued income and pre-paid expenses</b>          | <b>9,045,671</b>      | <b>9,933,000</b>                   | —   |
| <b>Total assets</b>                                    | <b>21,193,223,228</b> | <b>4,989,567,076</b>               | <b>52,516,643</b>   |
| <b>Liabilities</b>                                     |                       |                                    |   |
| <b>A. Shareholders' equity</b>                         |                       |                                    |   |
| A.I Capital  | 2,000,000,000         | 600,000,000                        | 20,000,000  |
| A.IV Legal reserve                                     | 400,000,000           | 40,000,000                         | —   |
| A.VI Statutory reserves                                | —                     | —                                  | —   |
| A.VII Other reserves                                   | 279,411,079           | 221,937,888                        | —   |
| A.VIII Retained earnings (losses)                      | 316,502,991           | —                                  | —   |
| A.IX Net income (loss) for the period                  | 89,100,028            | 107,823,128                        | (17,915,687)  |
| <b>Total shareholders' equity</b>                      | <b>3,085,014,098</b>  | <b>969,761,016</b>                 | <b>2,084,313</b>  |
| <b>B Provisions for risks and charges</b>              | <b>65,394,000</b>     | —                                  | —   |
| <b>C Employee severance pay</b>                        | <b>358,327,901</b>    | <b>40,439,606</b>                  | —   |
| <b>D Debt</b>  | <b>17,374,735,170</b> | <b>3,955,184,250</b>               | <b>50,432,330</b>   |
| <b>E Accrued liabilities and deferred income</b>       | <b>309,752,059</b>    | <b>24,182,204</b>                  | —   |
| <b>Total liabilities</b>                               | <b>21,193,223,228</b> | <b>4,989,567,076</b>               | <b>52,516,643</b>   |
| <b>Memorandum accounts</b>                             |                       |                                    |   |
| <b>Shareholders equity, less item A of assets</b>      | <b>2,385,014,098</b>  | <b>969,761,016</b>                 | <b>2,084,313</b>  |

**PROFIT AND LOSS ACCOUNT**

|  |                    |                      |                     |
|--|--------------------|----------------------|---------------------|
| A Production value                                   | 9,099,675,709      | 2,000,006,909        | 91,549,453          |
| B Production costs                                   | 8,824,974,435      | 2,588,213,616        | 109,144,090         |
| <b>Difference between production value and costs</b> | <b>274,701,274</b> | <b>(588,206,707)</b> | <b>(17,594,637)</b> |
| C Financial income and (charges)                     | 59,167,770         | 25,129,159           | (650,983)           |
| E Extraordinary income and (charges)                 | 29,438,984         | 18,043,749           | 329,933             |
| <b>Pre-tax income (loss)</b>                         | <b>363,308,028</b> | <b>(545,033,799)</b> | <b>(17,915,687)</b> |
| 22 Income tax for the year                           | 274,208,000        | —                    | —                   |
| <b>26 Net income (loss) for the period</b>           | <b>89,100,028</b>  | <b>(545,033,799)</b> | <b>(17,915,687)</b> |

(a) Accounts data at 31/12/1998.

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



| QUERCIA<br>SOFTWARE S.p.A. | TRIVIMM S.p.A.        | UNICREDITASSICURA<br>S.r.l. | UNICREDIT<br>CONSULTING S.r.l. | UNICREDIT<br>PRODUZIONEI<br>ACCENTRATE<br>S.c.p.A. | UNICREDIT<br>SERVIZI<br>INFORMATIVI<br>S.c.p.A. | VERISPARMIO GES.TRI S.p.A. |
|----------------------------|-----------------------|-----------------------------|--------------------------------|--|---|----------------------------|
| (Lit.)                     | (Lit.)                | (Lit.)                      | (Lit.)                         | (Lit.)   | (Lit.)  | (Lit.)                     |
| —                          | 1,050,000,000         | —                           | —                              | —  | —   | —                          |
| 448,473,556                | —                     | 241,392,180                 | 11,217,380                     | 59,166,800   | 39,330,187,810                                  | 5,513,440                  |
| 3,380,477,110              | 4,396,371             | 135,663,880                 | 7,349,289                      | —  | 14,775,315,152                                  | —                          |
| —                          | —                     | 7,340,000                   | 200,000                        | —  | —   | —                          |
| <b>3,828,950,666</b>       | <b>4,396,371</b>      | <b>384,396,060</b>          | <b>18,766,669</b>              | <b>59,166,800</b>                                  | <b>54,105,502,962</b>                           | <b>5,513,440</b>           |
| 113,823,341                | 15,648,039,933        | —                           | —                              | —  | —   | —                          |
| 10,043,412,310             | 1,324,578,978         | 43,208,527,932              | 57,114,727                     | 4,513,465,349                                      | 19,430,769,843                                  | 20,069,749                 |
| —                          | —                     | 2,208,774,629               | —                              | —  | —   | —                          |
| 1,117,650                  | 2,294,169,002         | 55,231,311,646              | 93,919,513                     | 416,684,712  | 380,994,581                                     | 1,335,620,239              |
| <b>10,158,353,301</b>      | <b>19,266,787,913</b> | <b>100,648,614,207</b>      | <b>151,034,240</b>             | <b>4,930,150,061</b>                               | <b>19,811,764,424</b>                           | <b>1,355,689,988</b>       |
| <b>83,365,755</b>          | <b>9,949,720</b>      | <b>37,119,318</b>           | <b>705,009</b>                 | —  | <b>3,010,913,085</b>                            | <b>119,655</b>             |
| <b>14,070,669,722</b>      | <b>20,331,134,004</b> | <b>101,070,129,585</b>      | <b>170,505,918</b>             | <b>4,989,316,861</b>                               | <b>76,928,180,471</b>                           | <b>1,361,323,083</b>       |
| 200,000,000                | 2,000,000,000         | 100,000,000                 | 190,000,000                    | 5,000,000,000                                      | 35,000,000,000                                  | 1,000,000,000              |
| 40,000,000                 | 61,652,016            | 5,458,960                   | —                              | —  | 23,350,000                                      | 16,597,853                 |
| —                          | —                     | —                           | —                              | —  | 443,532,094                                     | —                          |
| 131,824,640                | 1,065,242,383         | —                           | —                              | —  | —   | 308,980,091                |
| 567,562,716                | —                     | 103,720,230                 | (42,895,233)                   | —  | —   | —                          |
| 2,572,832,742              | 122,872,394           | 111,427,694                 | (9,473,583)                    | (45,944,054)                                       | 240,674,433                                     | 6,303,589                  |
| <b>3,512,220,098</b>       | <b>3,249,766,793</b>  | <b>320,606,884</b>          | <b>137,631,184</b>             | <b>4,954,055,946</b>                               | <b>35,707,556,527</b>                           | <b>1,331,881,533</b>       |
| <b>5,450,000</b>           | —                     | —                           | —                              | —  | —   | —                          |
| <b>1,165,646,412</b>       | <b>5,952,586</b>      | <b>76,074,858</b>           | —                              | —  | <b>78,740,610</b>                               | —                          |
| <b>9,380,615,026</b>       | <b>17,072,754,927</b> | <b>100,629,192,912</b>      | <b>32,874,734</b>              | <b>35,260,915</b>                                  | <b>41,141,883,334</b>                           | <b>29,441,550</b>          |
| <b>6,738,186</b>           | <b>2,659,698</b>      | <b>44,254,931</b>           | —                              | —  | —   | —                          |
| <b>14,070,669,722</b>      | <b>20,331,134,004</b> | <b>101,070,129,585</b>      | <b>170,505,918</b>             | <b>4,989,316,861</b>                               | <b>76,928,180,471</b>                           | <b>1,361,323,083</b>       |
| —                          | —                     | —                           | —                              | <b>3,270,360,000</b>                               | <b>25,742,545,250</b>                           | —                          |
| <b>3,512,220,098</b>       | <b>2,199,766,793</b>  | <b>320,606,884</b>          | <b>137,631,184</b>             | <b>4,954,055,946</b>                               | <b>35,707,556,527</b>                           | <b>1,331,881,533</b>       |
| 32,437,000,733             | 1,221,208,590         | 248,655,330,814             | 347,447,924                    | —  | 88,530,093,301                                  | —                          |
| 27,381,807,685             | 1,015,525,398         | 250,573,968,704             | 353,524,300                    | 70,440,208   | 88,055,166,291                                  | 26,233,200                 |
| <b>5,055,193,048</b>       | <b>205,683,192</b>    | <b>(1,918,637,890)</b>      | <b>(6,076,376)</b>             | <b>(70,440,208)</b>                                | <b>474,927,010</b>                              | <b>(26,233,200)</b>        |
| (196,187,306)              | 25,228,752            | 2,541,945,321               | 651,534                        | 24,496,154   | (105,334,995)                                   | 34,725,789                 |
| 1,632,000                  | 25,181,450            | 112,205,263                 | (4,048,741)                    | —  | 448,082,418                                     | —                          |
| <b>4,860,637,742</b>       | <b>256,093,394</b>    | <b>735,512,694</b>          | <b>(9,473,583)</b>             | <b>(45,944,054)</b>                                | <b>817,674,433</b>                              | <b>8,492,589</b>           |
| 2,287,805,000              | 133,221,000           | 624,085,000                 | —                              | —  | 577,000,000                                     | 2,189,000                  |
| <b>2,572,832,742</b>       | <b>122,872,394</b>    | <b>111,427,694</b>          | <b>(9,473,583)</b>             | <b>(45,944,054)</b>                                | <b>240,674,433</b>                              | <b>6,303,589</b>           |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Other Non Financial - Subsidiaries - Abroad

SCI  
CORDUSIO

**BALANCE SHEET**

(F.F.) \*

|   |                   |
|---|-------------------|
| <b>Asset items</b>                      |                   |
| C.IV Liquidity available                | 28,405,009        |
| <b>Total circulating assets</b>         | <b>28,405,009</b> |
| D. Accrued income and pre-paid expenses | 20,756            |
| <b>Total assets</b>                     | <b>28,425,765</b> |
| <b>Liability items</b>                  |                   |
| <b>A Shareholders' equity:</b>          |                   |
| A.I Share capital                       | 10,000            |
| A.VIII Profits(losses) carried forward  | 59,210            |
| A.IX Net income (loss) for the period   | 19,348,750        |
| <b>Total Shareholders' equity</b>       | <b>19,417,960</b> |
| <b>D Deposits</b>                       | <b>9,007,805</b>  |
| <b>Total liabilities</b>                | <b>28,425,765</b> |
| <b>Shareholders' equity</b>             | <b>19,417,960</b> |

**PROFIT AND LOSS ACCOUNT**

|  |                   |
|--|-------------------|
| A Production value                                   | 106,858,857       |
| B Production costs                                   | 87,815,555        |
| <b>Difference between production value and costs</b> | <b>19,043,302</b> |
| C Financial income and (charges)                     | 305,572           |
| E Extraordinary income and (charges)                 | (124)             |
| <b>Pre-tax income</b>                                | <b>19,348,750</b> |
| <b>26 Net income (loss) for the period</b>           | <b>19,348,750</b> |

(\*) The amount in Lit. is obtained by applying the irrevocable parity with the Euro.

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**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Banks - Significant Influence - Italy

|   |  |
|---|--|
| CASSA DI RISPARMIO DI TRIESTE<br>BANCA S.p.A. | CREDITO FONDIARIO E INDUSTRIALE<br>FONSPA S.p.A. |
|---|--|

**BALANCE SHEET**

(Lit.)

(Lit.)

**Assets**

|  |                          |                          |
|--|--------------------------|--------------------------|
| 10. Cash and deposits with central banks and post offices                              | 50,399,469,737           | 83,430,544               |
| 20. Treasury notes and similar securities eligible for re-financing with central banks | 363,667,268,504          | —                        |
| 30. Loans to banks   | 735,412,505,516          | 51,478,920,167           |
| 40. Loans to customers   | 2,236,482,070,342        | 7,281,016,641,854        |
| 50. Bonds and other debt securities  | 327,407,822,413          | 6,980,464,179            |
| 60. Shares, quotas and other variable-yield securities                                 | 3,304,080,856            | —                        |
| 70. Equity investments   | 44,843,868,468           | 101,461,784,601          |
| 80. Investments in Group companies   | 101,632,901,251          | 4,900,000,000            |
| 90. Intangible fixed assets  | 1,867,549,174            | 6,123,502,775            |
| 100. Tangible fixed assets   | 103,120,882,658          | 127,516,734,687          |
| 120. Own shares or quotas (*)  | 2,297,409,527            | —                        |
| 130. Other assets  | 556,198,365,099          | 230,655,469,155          |
| 140. Accrued income and pre-paid expenses  | 13,663,815,108           | 301,997,078,534          |
| <b>Total assets</b>  | <b>4,540,298,008,653</b> | <b>8,112,214,026,496</b> |

**Liabilities**

|   |                          |                          |
|---|--------------------------|--------------------------|
| 10. Due to banks                            | 150,847,521,861          | 3,009,736,662,815        |
| 20. Due to customers                        | 2,756,123,075,210        | 80,484,432,185           |
| 30. Securities issued                       | 817,614,571,585          | 4,672,346,921,693        |
| 40. Deposits received in administration     | 120,156,835,604          | 198,314,511              |
| 50. Other liabilities                       | 235,573,179,649          | 199,231,879,046          |
| 60. Accrued liabilities and deferred income | 13,574,412,191           | 173,840,812,722          |
| 70. Employee severance pay                  | 19,279,666,104           | 16,015,599,211           |
| 80. Provisions for risks and charges        | 32,487,761,078           | 56,198,273,215           |
| 90. Reserve for general banking risks       | —                        | 17,508,901,765           |
| 110. Subordinated debt                      | —                        | 272,247,528,000          |
| 120. Capital (*)                            | 275,297,400,000          | 105,982,168,000          |
| 130. Issue premiums (*)                     | —                        | 55,446,504,000           |
| 140. Reserves (*)                           | 75,613,149,116           | 434,988,433,365          |
| 150. Revaluation reserves (*)               | 36,076,306,902           | —                        |
| 160. Retained earnings (losses) (*)         | —                        | (26,002,789,896)         |
| 170. Net income (loss) for the period (*)   | 7,654,129,353            | (956,009,614,136)        |
| <b>Total liabilities</b>                    | <b>4,540,298,008,653</b> | <b>8,112,214,026,496</b> |

**Guarantees and commitments**

|   |                        |                        |
|---|------------------------|------------------------|
| 10. Guarantees given                    | 262,486,147,121        | 124,182,459,978        |
| 20. Commitments                         | 72,507,553,459         | 518,734,631,802        |
| <b>Total guarantees and commitments</b> | <b>334,993,700,580</b> | <b>642,917,091,780</b> |

**(\*) Shareholders' equity (liabilities: 120-**

|  |                        |                          |
|--|------------------------|--------------------------|
| 130-140-150-160-170 less item 120 of assets) | <b>392,343,575,844</b> | <b>(385,595,298,667)</b> |
|--|------------------------|--------------------------|

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**PROFIT AND LOSS ACCOUNT**

| CASSA DI RISPARMIO DI TRIESTE<br>BANCA S.p.A. | CREDITO FONDIARIO E INDUSTRIALE<br>FONSPA S.p.A. |
|---|--|
|---|--|

|   | (Lit.)                  | (Lit.)                   |
|---|-------------------------|--------------------------|
| 10. Interest income and similar revenues                                      | 171,821,600,149         | 464,210,629,125          |
| 20. Interest expense and similar charges                                      | 70,873,803,123          | 426,709,939,802          |
| 30. Dividends and other revenues  | 19,009,301,626          | 16,560,000               |
| 40. Commission income   | 54,860,040,553          | 26,659,439,185           |
| 50. Commission expense  | 3,792,195,228           | 2,304,771,730            |
| 60. Profits (losses) from financial transactions                              | (27,733,637,593)        | 221,420,100              |
| 70. Other operating income  | 16,532,266,199          | 19,822,254,830           |
| 80. Administrative expenses   | 145,475,461,063         | 80,255,016,925           |
| 90. Adjustments to the value of intangible<br>and tangible fixed assets       | 17,468,194,035          | 10,545,966,329           |
| 100. Provisions for risks and charges   | 4,828,917,501           | 40,000,000,000           |
| 110. Other operating expenses   | 757,829,918             | —                        |
| 120. Write-downs of loans and provisions<br>for guarantees and commitments    | 35,567,037,897          | 908,188,707,057          |
| 130. Write-backs to loans and to provisions<br>for guarantees and commitments | 3,569,483,247           | 34,639,345,973           |
| 140. Provisions for general banking risk reserves                             | —                       | 7,106,295,226            |
| 150. Write-downs of financial<br>fixed assets                                 | 849,739,266             | 33,000,000,000           |
| 160. Write-backs to financial<br>fixed assets                                 | 6,411,996               | —                        |
| <b>170. Profit (loss) before extraordinary items and income tax</b>           | <b>(41,547,711,854)</b> | <b>(962,541,047,856)</b> |
| 180. Extraordinary income   | 41,167,280,177          | 10,450,096,746           |
| 190. Extraordinary charges  | 6,399,334,011           | 3,918,663,026            |
| <b>200. Extraordinary income (loss)</b>                                       | <b>34,767,946,166</b>   | <b>6,531,433,720</b>     |
| 210. Change in the fund for<br>general banking risks                          | 10,730,895,041          | —                        |
| 220. Income tax for the period  | + 3,703,000,000         | —                        |
| <b>260. Net income (loss) for the period</b>                                  | <b>7,654,129,353</b>    | <b>(956,009,614,136)</b> |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Other Insurance - Significant Influence - Italy

| BALANCE SHEET   | COMMERCIAL UNION<br>VITA S.p.A. | CREDITRAS<br>ASSICURAZIONI S.p.A. | CREDITRAS<br>VITA S.p.A. |
|---|---------------------------------|-----------------------------------|--------------------------|
|   | (Lit.)                          | (Lit.)                            | (Lit.)                   |
| <b>Assets</b>   |                                 |                                   |                          |
| Intangible assets   | 64,514,478,025                  | —                                 | 30,030,000               |
| Investments   | 2,164,987,261,318               | 42,612,046,997                    | 164,981,246,431          |
| Investments in favour of life assurance insured<br>who bear the risk and deriving from<br>management of pension funds               | 3,566,271,388,865               | —                                 | 736,312,708,650          |
| Technical reserves charged to re-insurers   | 38,191,069,300                  | 215,799,200                       | 79,796                   |
| Loans   | 167,387,760,122                 | 7,709,204,964                     | 39,091,250,227           |
| Other assets items  | 49,535,656,110                  | 12,153,281,431                    | 33,106,349,780           |
| Accrued income and pre-paid expenses  | 37,241,298,724                  | 595,127,883                       | 2,751,438,586            |
| <b>Total assets</b>   | <b>6,088,128,912,464</b>        | <b>63,285,460,475</b>             | <b>976,273,103,470</b>   |
| <b>Liabilities</b>  |                                 |                                   |                          |
| Shareholders' equity  | 118,886,514,525                 | 18,094,183,612                    | 49,942,941,171           |
| Technical reserves  | 2,333,729,755,894               | 34,576,699,374                    | 147,455,418,092          |
| Technical reserves when the investment<br>risk is borne by the insured and<br>reserves deriving from management<br>of pension funds | 3,561,417,984,000               | —                                 | 736,312,708,650          |
| Provisions for risks and charges  | 15,553,729,662                  | 3,085,884,000                     | 27,071,655,000           |
| Deposits received from re-insurers  | 2,432,290                       | 177,607,105                       | 79,796                   |
| Debt and other liabilities  | 58,167,567,196                  | 7,351,086,384                     | 15,490,300,761           |
| Accrued liabilities and deferred income   | 370,928,897                     | —                                 | —                        |
| <b>Total liabilities and shareholders' equity</b>   | <b>6,088,128,912,464</b>        | <b>63,285,460,475</b>             | <b>976,273,103,470</b>   |
| <b>Guarantees, commitments and other<br/>memorandum accounts</b>  | <b>5,684,947,982,702</b>        | <b>45,384,339,513</b>             | <b>962,468,367,867</b>   |
| <b>Shareholders' equity</b>   | <b>118,886,514,525</b>          | <b>18,094,183,612</b>             | <b>49,942,941,171</b>    |

|                       |   |
|-----------------------|---|
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| Annexes               | ■ |

**PROFIT AND LOSS ACCOUNT**

|  | COMMERCIAL UNION<br>VITA S.p.A. | CREDITRAS<br>ASSICURAZIONI S.p.A. | CREDITRAS<br>VITA S.p.A. |
|--|---------------------------------|-----------------------------------|--------------------------|
|  | (Lit.)                          | (Lit.)                            | (Lit.)                   |
| <b>Profit (loss) of casualty line account</b>                          | —                               | 6,248,768,145                     | 534,538                  |
| <b>Profit (loss) of life assurance account</b>                         | 3,129,792,529                   | —                                 | (4,494,869,344)          |
| Income from investments in casualty lines                              | —                               | 2,016,037,383                     | 280,380,391              |
| Equity and financial charges of casualty lines                         | —                               | 747,205,477                       | 113,088,633              |
| Portion of profits on investments transferred to casualty line account | —                               | (805,805,453)                     | —                        |
| Other income   | 28,375,790,264                  | 165,705,590                       | 693,874,142              |
| Other charges  | 2,358,204,430                   | 4,258,066                         | 37,924,339               |
| <b>Profit (loss) before extraordinary items and income tax</b>         | <b>29,147,378,363</b>           | <b>6,873,242,122</b>              | <b>(3,671,093,245)</b>   |
| Extraordinary income   | 15,555,680,225                  | 326,929,439                       | 29,411,934               |
| Extraordinary charges  | 23,606,504,139                  | 8,904,391                         | 7,314,803                |
| <b>Profit (loss) before extraordinary items</b>                        | <b>(8,050,823,914)</b>          | <b>318,025,048</b>                | <b>22,097,131</b>        |
| Pre-tax profit (loss)  | 21,096,554,449                  | 7,191,267,170                     | (3,648,996,114)          |
| Income tax for the year  | 10,635,959,884                  | 2,888,917,000                     | 2,046,375,000            |
| <b>Net income (loss) for the period</b>                                | <b>10,460,594,565</b>           | <b>4,302,350,170</b>              | <b>(5,695,371,114)</b>   |

**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Financial Institutions - Significant Influence - Italy

|  | FIDIA S.p.A.          | PROMINVESTMENT S.p.A. |
|--|-----------------------|-----------------------|
|  | (Lit.)                | (Lit.)                |
| <b>BALANCE SHEET</b>   |                       |                       |
| <b>Assets</b>  |                       |                       |
| 10. Cash and deposits  | 796,700               | 978,200               |
| 20. Loans to banks   | 332,860,822           | 742,841,084           |
| 40. Loans to customers   | —                     | 2,324,695,755         |
| 50. Bonds and other fixed-income securities                    | 8,257,715,667         | —                     |
| 60. Shares, quotas and other securities                        | 25,352,788,512        | —                     |
| 90. Intangible fixed assets                                    | 74,755,004            | 15,090,769            |
| 100. Tangible fixed assets                                     | 83,502,976            | 30,247,606            |
| 130. Other assets  | 1,096,530,627         | 318,408,452           |
| 140. Accrued income and pre-paid expenses                      | 80,071,871            | 33,489,559            |
| <b>Total assets</b>  | <b>35,279,022,179</b> | <b>3,465,751,425</b>  |
| <b>Liabilities</b>   |                       |                       |
| 50. Other liabilities  | 2,365,601,586         | 483,124,672           |
| 60. Accrued liabilities and deferred income                    | —                     | 709,013,838           |
| 70. Employee severance pay                                     | 299,006,792           | 94,197,291            |
| 80. Provisions for risks and charges                           | 878,451,000           | 540,639,481           |
| 120. Capital (*)   | 30,000,000,000        | 1,000,000,000         |
| 140. Reserves (*)  | 1,100,100,000         | 970,938,932           |
| 160. Retained earnings (losses) (*)                            | 1,760,307             | —                     |
| 170. Net income (loss) for the period (*)                      | 634,102,494           | (332,162,789)         |
| <b>Total liabilities</b>                                       | <b>35,279,022,179</b> | <b>3,465,751,425</b>  |
| <b>Guarantees and commitments</b>                              |                       |                       |
| 10. Guarantees given   | —                     | 1,500,000,000         |
| <b>Total guarantees and commitments</b>                        | <b>—</b>              | <b>1,500,000,000</b>  |
| <b>(*) Shareholders' equity (liabilities: 120-140-160-170)</b> | <b>31,735,962,801</b> | <b>1,638,776,143</b>  |

**PROFIT AND LOSS ACCOUNT**

**Expenses**

|  |                      |                      |
|--|----------------------|----------------------|
| 10. Interest expense and similar charges                               | 97,254               | —                    |
| 20. Commission expenses  | 2,626,937,897        | 2,479,453            |
| 30. Losses from financial transactions                                 | 25,482,191           | —                    |
| 40. Administrative expenses  | 3,974,325,299        | 1,477,871,610        |
| 50. Adjustments to the value of intangible and tangible fixed assets   | 122,144,062          | 36,929,600           |
| 70. Provisions for risks and charges                                   | 66,461,641           | 64,166,692           |
| 90. Write-downs of loans and provisions for guarantees and commitments | —                    | 11,471,320           |
| 110. Extraordinary charges   | —                    | 19,289,840           |
| 130. Income tax for the period   | 878,451,000          | 42,967,917           |
| 140. Net income for the period   | 634,102,494          | —                    |
| <b>Total expenses</b>  | <b>8,328,001,838</b> | <b>1,655,176,432</b> |

**Revenues**

|  |                      |                      |
|--|----------------------|----------------------|
| 10. Interest income and similar revenues | 329,395,752          | 39,173,015           |
| 30. Commission income                    | 7,988,974,252        | 1,283,333,833        |
| 70. Other operating income               | 680,000              | 43,545               |
| 80. Extraordinary income                 | 8,951,834            | 463,250              |
| 100. Net loss for the period             | —                    | 332,162,789          |
| <b>Total revenues</b>                    | <b>8,328,001,838</b> | <b>1,655,176,432</b> |

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**STATEMENT OF BALANCE SHEET AND PROFIT AND LOSS  
DATA FOR THE PRINCIPAL EQUITY INVESTMENTS  
(AS REFERRED TO UNDER 3.1 OF NOTES TO THE ACCOUNTS)  
RELATING TO THE ACCOUNTS CLOSED AT 31/12/1999**

Other Non financial - Significant Influence - Italy

|  | IMMOBILIARE<br>LOMBARDA S.p.A. | (*) LA COMPAGNIE<br>FIDUCIAIRE S.p.A.<br>in liquidation (a) | (*) RHO 88 S.p.A. (a) |
|--|--------------------------------|---|-----------------------|
|  | (Lit.)                         | (Lit.)  | (Lit.)                |
| <b>BALANCE SHEET</b>   |                                |   |                       |
| <b>Assets</b>  |                                |   |                       |
| <b>B Fixed assets:</b>   |                                |   |                       |
| B.I Intangible fixed assets                                    | 6,460,748,929                  | —   | 51,723,960            |
| B.II Tangible fixed assets                                     | 10,105,359,046                 | —   | —                     |
| B.III Financial fixed assets                                   | 97,850,118,036                 | —   | 7,263,708,444         |
| <b>Total fixed assets</b>                                      | <b>114,416,226,011</b>         | <b>—</b>  | <b>7,315,432,404</b>  |
| <b>C Current assets:</b>                                       |                                |   |                       |
| C.I Inventory  | 1,308,002,539,473              | —   | —                     |
| C.II Loans   | 208,600,679,225                | 118,126,571   | 18,708,279,405        |
| C.III Financial fixed assets not classified<br>as fixed assets | 100,357,534,578                | —   | —                     |
| C.IV Liquid assets   | 19,499,191,602                 | 7,112,189   | 745,001               |
| <b>Total current assets</b>                                    | <b>1,636,459,944,878</b>       | <b>125,238,760</b>  | <b>18,709,024,406</b> |
| <b>D Accrued income and pre-paid expenses</b>                  | <b>3,756,775,846</b>           | <b>160,000</b>  | <b>—</b>              |
| <b>Total assets</b>  | <b>1,754,632,946,735</b>       | <b>125,398,760</b>  | <b>26,024,456,810</b> |
| <b>Liabilities</b>   |                                |   |                       |
| <b>A Shareholders' equity</b>                                  |                                |   |                       |
| A.I Capital  | 599,730,006,000                | 1,500,000,000   | 30,000,000,000        |
| Shareholders' contributions                                    | —                              | 305,000,000   | —                     |
| A.VIII Retained earnings (losses)                              | (32,563,892,932)               | (1,667,649,104)   | (15,997,044,435)      |
| A.IX Net income (loss) for the period                          | (97,191,277,284)               | (30,171,543)  | (1,677,491,272)       |
| <b>Total shareholders' equity</b>                              | <b>469,974,835,784</b>         | <b>107,179,353</b>  | <b>12,325,464,293</b> |
| <b>B Provisions for risks and charges</b>                      | <b>50,189,101,446</b>          | <b>—</b>  | <b>—</b>              |
| <b>C Employee severance pay</b>                                | <b>185,381,733</b>             | <b>—</b>  | <b>—</b>              |
| <b>D Debt</b>  | <b>1,230,802,504,304</b>       | <b>18,219,407</b>   | <b>13,698,992,517</b> |
| <b>E Accrued liabilities and deferred income</b>               | <b>3,481,123,468</b>           | <b>—</b>  | <b>—</b>              |
| <b>Total liabilities</b>                                       | <b>1,754,632,946,735</b>       | <b>125,398,760</b>  | <b>26,024,456,810</b> |
| <b>Memorandum accounts</b>                                     | <b>1,335,493,322,996</b>       | <b>1,173,316,027</b>  | <b>616,392,751</b>    |
| <b>Shareholders' equity</b>                                    | <b>469,974,835,784</b>         | <b>107,179,353</b>  | <b>12,325,464,293</b> |

**PROFIT AND LOSS ACCOUNT**

|  |                         |                     |                        |
|--|-------------------------|---------------------|------------------------|
| A Production value                                   | 9,929,457,097           | —                   | 47,714                 |
| B Production costs                                   | 33,554,085,264          | 30,316,323          | 189,984,584            |
| <b>Difference between production value and costs</b> | <b>(23,624,628,167)</b> | <b>(30,316,323)</b> | <b>(189,936,870)</b>   |
| C Financial income and (charges)                     | (32,375,899,469)        | 114,690             | (325,899,925)          |
| D Write-downs of financial fixed assets              | 41,190,749,648          | —                   | 1,161,654,477          |
| E Extraordinary income and (charges)                 | —                       | 30,090              | —                      |
| <b>Pre-tax income (loss)</b>                         | <b>(97,191,277,284)</b> | <b>(30,171,543)</b> | <b>(1,677,491,272)</b> |
| <b>26 Net income (loss) for the period</b>           | <b>(97,191,277,284)</b> | <b>(30,171,543)</b> | <b>(1,677,491,272)</b> |

(a) Accounts data at 31/12/1998.

(\*) Holding companies that prepare their accounts in accordance with Legislative Decree 127/91 because they are in liquidation (La Compagnie Fiduciaire S.p.A.) and equity holdings in the real-estate sector (RHO 88 S.p.A.).

## COMPOSITION OF ITEM 70 "EQUITY INVESTMENTS" AT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | REGISTERED OFFICE  | % OWNERSHIP<br>ORDINARY    | PARTICIPATING<br>COMPANY                    | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|---|--|----------------------------|---|--------------------------------------|
| <b>a) VALUED AT NET EQUITY</b>                |  |                            |   |                                      |
| <b>In banks</b>                               |  |                            |   |                                      |
| <b>1. Listed</b>                              |  |                            |   |                                      |
| <b>2. Unlisted</b>                            |  |                            |   |                                      |
| 1   | BANCA CASSA DI RISPARMIO DI SAVIGLIANO S.p.A.                        | Savigliano (CN)            | 31.01% BANCA CRT S.p.A.                     | 32,715                               |
| 2   | BANK HANDLOWY INTERNATIONAL S.A.                                     | Luxembourg                 | 21.63% BANK PEKAO S.A.                      | 15,407                               |
| 3   | CASSA DI RISPARMIO DI BRA S.p.A.                                     | Bra (CN)                   | 31.02% BANCA CRT S.p.A.                     | 25,309                               |
| 4   | CASSA DI RISPARMIO DI FOSSANO S.p.A.                                 | Fossano (CN)               | 23.08% BANCA CRT S.p.A.                     | 30,645                               |
| 5   | CASSA DI RISPARMIO DI SALUZZO S.p.A.                                 | Saluzzo (CN)               | 31.02% BANCA CRTS.p.A.                      | 35,463                               |
| 6   | CASSA DI RISPARMIO DI TRIESTE BANCA S.p.A.                           | Trieste                    | 27.97% UNICREDITO ITALIANO S.p.A.           | 112,428                              |
| 7   | MHB MITTELEUROPAISCHE HANDELS BANK A.G.                              | Frankfurt                  | 29.99% BANK PEKAO S.A.                      | 34,324                               |
|   |  |                            |   | 286,291                              |
| <b>TOTAL IN BANKS</b>                         |  |                            |   | <b>286,291</b>                       |
| <b>in financial institutions</b>              |  |                            |   |                                      |
| <b>1. Listed</b>                              |  |                            |   |                                      |
| <b>2. Unlisted</b>                            |  |                            |   |                                      |
| 8   | BDK - DAEWOO LEASING SP. ZO.O.                                       | Lublin                     | 50.00% BANK PEKAO S.A.                      | 6,084                                |
| 9   | FIDIA - FONDO INTERBANCARIO D'INVESTIMENTO<br>AZIONARIO S.p.A.       | Milan                      | 25.00% UNICREDITO ITALIANO S.p.A.           | 7,936                                |
| 10  | PROMINVESTMENT - SOCIETÀ PER PROMOZIONE<br>DEGLI INVESTIMENTI S.p.A. | Rome                       | 25.00% UNICREDITO ITALIANO S.p.A.           | 414                                  |
| 11  | RHO 88 S.p.A.  | Milan                      | 20.49% UNICREDITO ITALIANO S.p.A.           | 2,201                                |
| 12  | S+R INVESTIMENTI E GESTIONI S.G.R. S.p.A.                            | Milan                      | 50.00% ROLO BANCA 1473 S.p.A.               | 4,394                                |
| 13  | S.F.E.T.S.p.A. - SOCIETÀ FRIULANA ESAZIONE TRIBUTI                   | Udine                      | 33.33% ROLO BANCA 1473 S.p.A.               | 2,716                                |
| 14  | TRZECI NARODOWY FUNDUSZ INWESTYCYJNY S.A.                            | Warsaw                     | 26.52% BANK PEKAO S.A.                      | 30,953                               |
|   |  |                            | 5.48% PEKAO LEASING SP.ZO.O.                | —                                    |
| 15  | XI NARODOWY FUNDUSZ INWESTYCYJNY S.A.                                | Warsaw                     | 32.00% BANK PEKAO S.A.                      | 43,337                               |
|   |  |                            |   | 98,035                               |
| <b>TOTAL IN FINANCIAL INSTITUTIONS</b>        |  |                            |   | <b>98,035</b>                        |
| <b>OTHER</b>                                  |  |                            |   |                                      |
| <b>1. Listed</b>                              |  |                            |   |                                      |
| 16  | IMMOBILIARE LOMBARDA S.p.A.  | Milan                      | 19.81% UNICREDITO ITALIANO S.p.A.           | 102,307                              |
|   |  |                            | 5.56% FONSPA S.p.A.                         | 28,714                               |
|   |  |                            |   | 131,021                              |
| <b>2. Unlisted</b>                            |  |                            |   |                                      |
| 17  | CA.RI.CE.SE. S.r.l. - CASSE RISPARMIO CENTRO SERVIZI                 | Casalecchio (BO)           | 32.20% ROLO BANCA 1473 S.p.A.               | 1,230                                |
| 18  | CASSE E GENERALI VITA S.p.A.   | Verona                     | 40.00% CARIVERONA BANCA S.p.A.              | 16,200                               |
|   |  |                            | 10.00% CASSAMARCA                           | 4,050                                |
| 19  | CENTROZAP S.A.   | Katowice                   | 18.83% BANK PEKAO S.A.                      | 11,267                               |
|   |  |                            | 6.40% TRZECI NARODOWY FUND.<br>INVEST. S.A. | —                                    |
| 20  | COMMERCIAL UNION VITA S.p.A.   | Milan                      | 45.00% UNICREDITO ITALIANO S.p.A.           | 50,817                               |
| 21  | CREDITRAS ASSICURAZIONI S.p.A.                                       | Milan                      | 50.00% UNICREDITO ITALIANO S.p.A.           | 9,047                                |
| 22  | CREDITRAS VITA S.p.A.  | Bologna                    | 50.00% UNICREDITO ITALIANO S.p.A.           | 24,971                               |
| 23  | DUERREVITA S.p.A.  | Bologna                    | 50.00% ROLO BANCA 1473 S.p.A.               | 67,110                               |
| 24  | FINDATASYSTEM S.p.A.   | Turin                      | 30.00% BANCA CRT S.p.A.                     | 1,325                                |
| 25  | MULTITEL S.p.A.  | Anzola<br>dell'Emilia (BO) | 4.00% UNICREDITO ITALIANO S.p.A.            | 286                                  |
|   |  |                            | 25.76% ROLO BANCA 1473 S.p.A.               | 1,841                                |
| 26  | PRIMASS S.p.A.   | Rome                       | 1.00% UNICREDITO ITALIANO S.p.A.            | 50                                   |
|   |  |                            | 24.42% FONSPA S.p.A.                        | 1,225                                |
| 27  | RISPARMIO VITA ASSICURAZIONI S.p.A.                                  | Turin                      | 50.00% BANCA CRT S.p.A.                     | 28,105                               |
| 28  | RISPARMIO ASSICURAZIONI S.p.A.                                       | Turin                      | 23.08% BANCA CRT S.p.A.                     | 2,433                                |
| 29  | S.S.I.S. SOCIETÀ SERVIZI INFORMATICI SAMMARINESE                     | Republic of<br>S.Marino    | 50.00% B.A.C.S. MARINO S.A.                 | 75                                   |
| 30  | S.T.T. - SOCIETÀ TRASPORTO TELEMATICO S.p.A.                         | Verona                     | 3.00% UNICREDITO ITALIANO S.p.A.            | 307                                  |
|   |  |                            | 12.00% CARIVERONA BANCA S.p.A.              | 1,228                                |
|   |  |                            | 3.00% CASSAMARCA S.p.A.                     | 307                                  |
|   |  |                            | 14.00% BANCA CRT S.p.A.                     | 1,433                                |
| 31  | TRINITY MANAGEMENT SP.ZO.O.  | Warsaw                     | 50.00% BANK PEKAO S.A.                      | 1,201                                |
|   |  |                            |   | 224,508                              |
| <b>Total other</b>                            |  |                            |   | <b>355,529</b>                       |
| <b>TOTAL INVESTMENTS VALUED AT NET EQUITY</b> |  |                            |   | <b>739,855</b>                       |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME                                | REGISTERED OFFICE  | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY  | VALUE<br>ATTRIBUTED AT<br>31/12/1999  |
|-------------------------------------|--|-------------------------|---|---|
| <b>b) OTHER INVESTMENTS</b>         |  |                         |   |   |
| <b>IN BANKS</b>                     |  |                         |   |   |
| <b>1. Listed</b>                    |  |                         |   |   |
| 1                                   | BANCA NAZIONALE DEL LAVORO S.p.A.  | Rome                    | 0.01%<br>••<br>CARIVERONA BANCA S.p.A.<br>MEDIOVENEZIE BANCA S.p.A. | 91<br>104   |
| 2                                   | BANK HANDLOWY S.A.   | Warsaw                  | 0.63%   | BANK PEKAO S.A. 10,439  |
| 3                                   | BANQUE COMMERCIALE DU MAROC  | Casablanca              | 3.00%   | UNICREDITO ITALIANO S.p.A. 10,821   |
| 4                                   | MEDIOBANCA Banca di credito finanziario S.p.A.   | Milan                   | 8.80%   | UNICREDITO ITALIANO S.p.A. 650,789  |
|                                     |  |                         |   | 672,244   |
| <b>2. Unlisted</b>                  |  |                         |   |   |
| 5                                   | BANCA D'ITALIA   | Rome                    | 2.67%<br>0.52%<br>5.34%<br>1.41%<br>0.06%<br>0.34%                  | UNICREDITO ITALIANO S.p.A. 8<br>ROLO BANCA 1473 S.p.A. 46,929<br>BANCA CRT S.p.A. 16<br>CARIVERONA BANCA S.p.A. 4<br>CASSAMARCA S.p.A. 3,500<br>CARITRO S.p.A. 19,213 |
| 6                                   | BANQUE GALLIERE S.A. - (in liquidation)  | Paris                   | 17.50%  | CARIVERONA BANCA S.p.A. ••  |
| 7                                   | CASSA DI RISPARMIO DI RIMINI S.p.A.  | Rimini                  | 0.51%   | CARIVERONA BANCA S.p.A. 2,529   |
| 8                                   | EFIBANCA S.p.A. - ENTE FINANZIARIO INTERBANCARIO   | Rome                    | 0.16%   | ROLO BANCA 1473 S.p.A. 495  |
| 9                                   | EUROPEAN INVESTMENT FUND   | Luxembourg              | 0.28%   | UNICREDITO ITALIANO S.p.A. 1,936  |
| 10                                  | HRVATSKA BANKA D.D. MOSTAR   | Mostar                  | 8.47%   | UNICREDITO ITALIANO S.p.A. 1,980  |
| 11                                  | I.C.C.R.I. - BANCA FED. EUROPEA S.p.A.   | Rome                    | 14.19%<br>0.92%<br>0.20%<br>0.28%                                   | BANCA CRT S.p.A. 99,320<br>CARIVERONA BANCA S.p.A. 6,463<br>CASSAMARCA S.p.A. 1,429<br>CARITRO S.p.A. 1,935   |
| 12                                  | ISTBANK - ISTITUTO CENTRALE DI BANCHE<br>E BANCHIERI S.p.A.                                    | Milan                   | 0.36%   | CARIVERONA BANCA S.p.A. ••  |
| 13                                  | ISTITUTO DI CREDITO SAMMARINESE  | S.Marino                | 5.00%   | B.A.C.S. MARINO S.A. 1,250  |
| 14                                  | Istituto per lo Sviluppo Economico dell'Italia<br>Meridionale S.p.A. ISVEIMER (in liquidation) | Naples                  | 0.03%   | ROLO BANCA 1473 S.p.A. ••   |
| 15                                  | LIBRA BANK (IN MEMBERS'VOLUNTARY LIQUIDATION)  | London                  | 7.07%   | UNICREDITO ITALIANO S.p.A. ••   |
| 16                                  | MEDIOCREREDITO DELL'UMBRIA S.p.A.  | Perugia                 | 0.01%   | UNICREDITO ITALIANO S.p.A. 14   |
| 17                                  | MEDIOCREREDITO DI ROMA S.p.A.  | Rome                    | 0.06%<br>0.12%  | UNICREDITO ITALIANO S.p.A. 134<br>BANCA CRT S.p.A. 265  |
| 18                                  | MEDIOCREREDITO DEL FRIULI-VENEZIA GIULIA S.p.A.  | Udine                   | 1.40%   | ROLO BANCA 1473 S.p.A. 1,064  |
| 19                                  | MEDIOCREREDITO FONDARIO CENTROITALIA S.p.A.  | Ancona                  | 5.09%   | CARIVERONA BANCA S.p.A. 6,551   |
| 20                                  | MEDIOCREREDITO LOMBARDO S.p.A.   | Milan                   | 0.09%<br>0.01%  | CARIVERONA BANCA S.p.A. 200<br>ROLO BANCA 1473 S.p.A. 132   |
| 21                                  | MEDIOCREREDITO TRENTO ALTO ADIGE S.p.A.  | Trento                  | 9.37%   | CARITRO S.p.A. 13,806   |
| 22                                  | MELIORBANCA S.p.A.   | Rome                    | 0.52%<br>1.33%  | CASSAMARCA S.p.A. 1,171<br>MEDIOVENEZIE BANCA S.p.A. 636  |
| 23                                  | POL'NOBANKA A.S.   | Bratislava              | 7.50%   | UNICREDITO ITALIANO S.p.A. ••   |
| 24                                  | PRIVATINVEST BANK AG   | Salzburg                | 5.00%   | CARIVERONA BANCA S.p.A. 1,282   |
|                                     |  |                         |   | 212,262   |
| <b>TOTAL IN BANKS</b>               |  |                         |   | <b>884,506</b>  |
| <b>b) IN FINANCIAL INSTITUTIONS</b> |  |                         |   |   |
| <b>1. Listed</b>                    |  |                         |   |   |
| 25                                  | COMPART S.p.A.   | Milan                   | 1.41%   | UNICREDITO ITALIANO S.p.A. 33,357   |
| 26                                  | FALCK S.p.A.   | Milan                   | 2.00%   | UNICREDITO ITALIANO S.p.A. 12,039   |
| 27                                  | G.I.M. GENERALE INDUSTRIE METALLURGICHE S.p.A.   | Florence                | 0.80%   | UNICREDITO ITALIANO S.p.A. 2,199  |
| 28                                  | HOLDING DI PARTECIPAZIONI INDUSTRIALI S.p.A.   | Milan                   | 0.96%   | UNICREDITO ITALIANO S.p.A. 37,982   |
| 29                                  | S.M.I. SOCIETÀ METALLURGICA ITALIANA S.p.A.  | Rome                    | 0.37%   | UNICREDITO ITALIANO S.p.A. 2,365  |
| 30                                  | NFI E. KWIATKOWSKI   | Warsaw                  | 15.35%  | BANK PEKAO S.A. 13,968  |
| 31                                  | NFI HETMAN S.A.  | Warsaw                  | 0.31%   | BANK PEKAO S.A. 19  |
|                                     |  |                         |   | 101,929   |

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME   | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY   | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|--|-------------------|-------------------------|----------------------------|--------------------------------------|
| <b>2. Unlisted</b>   |                   |                         |                            |                                      |
| 32 ABE CLEARING S.a.S.   | Paris             | 1.54%                   | UNICREDITO ITALIANO S.p.A. | 2                                    |
| 33 ABETE SVILUPPO S.p.A.   | Milan             | 9.71%                   | UNICREDITO ITALIANO S.p.A. | 2,372                                |
| 34 BORSA ITALIANA S.p.A.   | Milan             | 2.50%                   | UNICREDITO ITALIANO S.p.A. | 2,155                                |
|  |                   | 2.50%                   | BANCA CRT S.p.A.           | 325                                  |
|  |                   | 2.50%                   | CARIVERONA BANCA S.p.A.    | 2,227                                |
| 35 BUSINESS DATENBANKEN INTERNATIONAL GmbH   | Frankfurt         | 3.33%                   | CARIVERONA BANCA S.p.A.    | 16                                   |
| 36 CASSA DI COMPENSAZIONE E GARANZIA S.p.A.  | Rome              | 4.55%                   | UNICREDITO ITALIANO S.p.A. | 2,500                                |
|  |                   | 4.55%                   | ROLO BANCA 1473 S.p.A.     | 2,500                                |
|  |                   | 4.55%                   | BANCA CRT S.p.A.           | 2,500                                |
|  |                   | 4.55%                   | CARIVERONA BANCA S.p.A.    | 2,500                                |
| 37 CEDEL INTERNATIONAL S.A.  | Luxembourg        | 0.50%                   | UNICREDITO ITALIANO S.p.A. | 752                                  |
| 38 CENTRALNA TABELA OFERT S.A.   | Warsaw            | 6.73%                   | BANK PEKAO S.A.            | 29                                   |
| 39 CENTRO FACTORING S.p.A.   | Florence          | 1.22%                   | CARIVERONA BANCA S.p.A.    | 534                                  |
|  |                   | 0.15%                   | CASSAMARCA S.p.A.          | 66                                   |
|  |                   | 0.78%                   | BANCA CRT S.p.A.           | 340                                  |
|  |                   | 0.11%                   | MEDIOVENEZIE BANCA S.p.A.  | 52                                   |
|  |                   | 0.28%                   | CARITRO S.p.A.             | 132                                  |
| 40 CENTRO FIDUCIARIO S.p.A.  | Genoa             | 5.00%                   | CARIVERONA BANCA S.p.A.    | 40                                   |
| 41 CENTRO LEASING S.p.A.   | Florence          | 0.24%                   | ROLO BANCA 1473 S.p.A.     | 452                                  |
|  |                   | 0.64%                   | BANCA CRT S.p.A.           | 1,114                                |
|  |                   | 0.67%                   | CARIVERONA BANCA S.p.A.    | 1,165                                |
|  |                   | 0.07%                   | CASSAMARCA S.p.A.          | 130                                  |
|  |                   | 1.59%                   | MEDIOVENEZIE BANCA S.p.A.  | 2,776                                |
|  |                   | 1.62%                   | CARITRO S.p.A.             | 3,041                                |
| 42 CENTRO PENSIONI COMPLEMENTARI REGIONALE S.p.A.  | Bolzano           | 1.77%                   | CARITRO S.p.A.             | 1,050                                |
| 43 CENTRO TECNICO FINANZIARIO PER LO SVILUPPO<br>ECONOMICO DELLA PROVINCIA DI TRENTO -<br>TECNOFIN TRENTO S.p.A. | Trento            | 2.19%                   | CARITRO S.p.A.             | 2,076                                |
| 44 COFISA - Compagnia Finanziaria e di Investimenti S.p.A.<br>(in liquidation)                                   | Milan             | 2.36%                   | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 45 CPF MANAGEMENT  | Lodz              | 40.00%                  | BANK PEKAO S.A.            | ••                                   |
| 46 CREDIFARMA S.p.A.   | Rome              | 17.00%                  | UNICREDITO ITALIANO S.p.A. | 2,501                                |
| 47 E-MID S.p.A.  | Milan             | 3.68%                   | UNICREDITO ITALIANO S.p.A. | 427                                  |
| 48 EPTAFID S.p.A.  | Milan             | 15.70%                  | CARIVERONA BANCA S.p.A.    | 422                                  |
| 49 EURO-CLEAR CLEARANCE SYSTEM PLC   | London            | 0.25%                   | UNICREDITO ITALIANO S.p.A. | 399                                  |
|  |                   | 0.25%                   | ROLO BANCA 1473 S.p.A.     | 12                                   |
| 50 EURO-CLEAR CLEARANCE SYSTEM Soc. Coop.  | Luxembourg        | 0.01%                   | BANCA CRT S.p.A.           | ••                                   |
| 51 EUROCASSE SIM S.p.A. (in liquidation)   | Milan             | 0.40%                   | CARIVERONA BANCA S.p.A.    | ••                                   |
|  |                   | 1.73%                   | CASSAMARCA S.p.A.          | ••                                   |
|  |                   | 0.42%                   | CARITRO S.p.A.             | ••                                   |
| 52 EUROFIDI - CONSORZIO GARANZIA FIDI  | Turin             | 8.40%                   | BANCA CRT S.p.A.           | 1,180                                |
|  |                   | 0.34%                   | BANCA MEDIOCREDITO S.p.A.  | 65                                   |
| 53 EUROMTS LIMITED   | London            | 1.25%                   | UNICREDITO ITALIANO S.p.A. | 175                                  |
| 54 EUROSIM S.p.A. (in liquidation)   | Milan             | 0.42%                   | CARITRO S.p.A.             | ••                                   |
| 55 EVOLUZIONE 94 S.p.A.  | Milan             | 3.66%                   | BANCA CRT S.p.A.           | 3,746                                |
|  |                   | 0.93%                   | BANCA MEDIOCREDITO S.p.A.  | 1,036                                |
| 56 F.I.L.S.E. S.p.A. - Finanziaria Ligure per lo Sviluppo Economico  | Genoa             | 1.23%                   | UNICREDITO ITALIANO S.p.A. | 416                                  |
| 57 FINAGRA S.p.A.  | Rome              | 0.70%                   | MEDIOVENEZIE BANCA S.p.A.  | ••                                   |
| 58 Finanziaria Meridionale FIME S.p.A. (in liquidation)  | Rome              | 3.11%                   | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 59 Finanziaria Regionale Friuli Venezia Giulia - FRIULIA S.p.A.  | Trieste           | 0.62%                   | ROLO BANCA 1473 S.p.A.     | 665                                  |
|  |                   | 0.11%                   | MEDIOVENEZIE BANCA S.p.A.  | 14                                   |
| 60 Finanziaria Regionale Friuli Venezia Giulia locazioni<br>industriali di sviluppo - FRIULIA LIS S.p.A.         | Udine             | 0.52%                   | ROLO BANCA 1473 S.p.A.     | 178                                  |
| 61 Finanziaria Regionale Marche S.r.l. (in liquidation)  | Ancona            | 1.16%                   | CARIVERONA BANCA S.p.A.    | 141                                  |
| 62 FINANZIARIA SVILUPPO S.p.A.   | Rovigo            | 6.78%                   | CARIVERONA BANCA S.p.A.    | 156                                  |
| 63 FINAOSTA S.p.A. - Finanziaria Regionale V. Aosta  | Aosta             | 12.15%                  | BANCA CRT S.p.A.           | 20,025                               |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY   | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|---|-------------------|-------------------------|----------------------------|--------------------------------------|
| 64 FINEZIT S.p.A. (in liquidation)  | Trieste           | 2.00%                   | ROLO BANCA 1473 S.p.A.     | —                                    |
| 65 FINANZIARIA REGIONALE PER LO SVILUPPO DEL MOLISE<br>FINMOLISE S.p.A.                       | Campobasso        | 11.65%                  | ROLO BANCA 1473 S.p.A.     | 1,309                                |
| 66 FINPIEMONTE S.p.A. - Istituto Fin. Reg. Piemontese   | Turin             | 12.07%                  | BANCA CRT S.p.A.           | 10,486                               |
|   |                   | 0.08%                   | CARIVERONA BANCA S.p.A.    | 50                                   |
|   |                   | 0.26%                   | BANCA MEDIOCREDITO S.p.A.  | 172                                  |
| 67 FINREME S.I.M. S.p.A.  | Rome              | 5.82%                   | BANCA MEDIOCREDITO S.p.A.  | 1,750                                |
|   |                   | 7.00%                   | MEDIOVENEZIE BANCA S.p.A.  | 1,989                                |
| 68 FONDICRI S.p.A.  | Rome              | 1.26%                   | CASSAMARCA                 | ••                                   |
|   |                   | 2.00%                   | CARIVERONA BANCA S.p.A.    | ••                                   |
| 69 FRAER-LEASING S.p.A.   | Cesena (FO)       | 6.18%                   | ROLO BANCA 1473 S.p.A.     | 1,169                                |
| 70 GIELDA PAPIEROW WARTOSCIOWYCH S.A.   | Warsaw            | 0.08%                   | BANK PEKAO S.A.            | 22                                   |
| 71 INTERNATIONAL FACTORS GROUP S.C.   | Brussels          | 2.73%                   | UNICREDIT FACTORING S.p.A. | 24                                   |
| 72 INTESA ASSET MANAGEMENT Società Gestione del<br>Risparmio S.p.A. (già FONDIGEST S.p.A.)    | Milan             | 0.56%                   | CASSAMARCA S.p.A.          | 498                                  |
|   |                   | 0.30%                   | CARITRO S.p.A.             | 187                                  |
| 73 INTESA LEASING S.p.A. (già Leasindustria S.p.A.)   | Milan             | 0.08%                   | CARIVERONA BANCA S.p.A.    | 42                                   |
| 74 Istituto Finanziario Regionale Pugliese - FINPUGLIA S.p.A.                                 | Bari              | 0.03%                   | ROLO BANCA 1473 S.p.A.     | 6                                    |
| 75 KRAJOWA IZBA ROZLICZENIOWA S.A.  | Warsaw            | 22.96%                  | BANK PEKAO S.A.            | 582                                  |
| 76 LA COMPAGNIE FIDUCIAIRE S.p.A. (in liquidation)  | Milan             | 30.00%                  | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 77 LAZIO LIS S.p.A. (in liquidation)  | Rome              | 0.29%                   | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 78 MONTE TITOLI S.p.A. - Istituto per la custodia e<br>l'amministrazione dei valori mobiliari | Milan             | 2.90%                   | UNICREDITO ITALIANO S.p.A. | 553                                  |
|   |                   | 0.73%                   | ROLO BANCA 1473 S.p.A.     | 141                                  |
|   |                   | 1.12%                   | BANCA CRT S.p.A.           | 216                                  |
|   |                   | 0.70%                   | CARIVERONA BANCA S.p.A.    | 144                                  |
| 79 PARFIN - Società di Partecipazioni e servizi Finanziari S.p.A.<br>(in bankruptcy)          | Bari              | 0.02%                   | ROLO BANCA 1473 S.p.A.     | ••                                   |
| 80 PARTECO s.r.l. (in liquidation)  | Milan             | 10.00%                  | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 81 POLCARD S.A.   | Warsaw            | 29.70%                  | BANK PEKAO S.A.            | 950                                  |
| 82 POLSKA GIELDA FINANSOWA S.A.   | Warsaw            | 9.16%                   | BANK PEKAO S.A.            | 140                                  |
| 83 POLSKI LEASING PRZEMYSLOWY S.A.  | Warsaw            | 24.88%                  | BANK PEKAO S.A.            | 931                                  |
| 84 RAFFAELLO LUXEMBOURG S.c.a.  | Luxembourg        | 16.23%                  | CARITRO S.p.A.             | 484                                  |
| 85 RAGGIO DI SOLE FINANZIARIA S.p.A. (in liquidation)   | Milan             | 2.91%                   | UNICREDITO ITALIANO S.p.A. | ••                                   |
| 86 RETEXMisura 5 - Programma di<br>Iniziativa Comunitaria                                     | Venice            | 2.27%                   | CASSAMARCA S.p.A.          | 110                                  |
|   |                   | 2.47%                   | CARIVERONA BANCA S.p.A.    | 120                                  |
|   |                   | 2.27%                   | MEDIOVENEZIE BANCA S.p.A.  | 110                                  |
| 87 SCHEMAVENTOTTO S.p.A.  | Treviso           | 6.67%                   | UNICREDITO ITALIANO S.p.A. | 13                                   |
| 88 SCONTOFIN S.A.   | Luxembourg        | 15.00%                  | UNICREDITO ITALIANO S.p.A. | 750                                  |
| 89 SERVIZI INTERBANCARI S.p.A.  | Rome              | 4.25%                   | UNICREDITO ITALIANO S.p.A. | 1,880                                |
|   |                   | 0.79%                   | ROLO BANCA 1473 S.p.A.     | 477                                  |
|   |                   | 3.31%                   | BANCA CRT S.p.A.           | 1,131                                |
|   |                   | 0.24%                   | CARIVERONA BANCA S.p.A.    | 109                                  |
|   |                   | 0.14%                   | CASSAMARCA S.p.A.          | 59                                   |
|   |                   | 0.17%                   | CARITRO S.p.A.             | 76                                   |
| 90 SOCIETÀ INTERBANCARIA PER L'AUTOMAZIONE -<br>CEDBORSA S.p.A.                               | Milan             | 1.40%                   | UNICREDITO ITALIANO S.p.A. | 923                                  |
|   |                   | 0.13%                   | ROLO BANCA 1473 S.p.A.     | 55                                   |
|   |                   | —                       | FONSPA S.p.A.              | ••                                   |
|   |                   | 0.95%                   | BANCA CRT S.p.A.           | 630                                  |
|   |                   | 0.08%                   | CARIVERONA BANCA S.p.A.    | 27                                   |
|   |                   | 0.02%                   | CASSAMARCA S.p.A.          | 8                                    |
|   |                   | —                       | BANCA MEDIOCREDITO S.p.A.  | ••                                   |
|   |                   | —                       | MEDIOVENEZIE BANCA S.p.A.  | ••                                   |
|   |                   | 0.33%                   | FIDA SIM S.p.A.            | 86                                   |
|   |                   | 0.02%                   | CARITRO S.p.A.             | 8                                    |

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY    | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|---|-------------------|-------------------------|-----------------------------|--------------------------------------|
| 91 SIMEST S.p.A. - Società Italiana per le imprese miste all'estero   | Rome              | 1.77%                   | UNICREDITO ITALIANO S.p.A.  | 4,980                                |
|   |                   | 0.04%                   | ROLO BANCA 1473 S.p.A.      | 100                                  |
| 92 S.I.N.T. - Società Intermediari Negoziatori in Titoli S.p.A.<br>(in liquidation)                               | Rome              | 2.77%                   | UNICREDITO ITALIANO S.p.A.  | ••                                   |
|   |                   | 2.77%                   | BANCA CRT S.p.A.            | ••                                   |
|   |                   | 2.77%                   | CARIVERONA BANCA S.p.A.     | 9                                    |
| 93 Società Finanziaria di promozione della cooperazione<br>economica con i Paesi dell'Est europeo - FINEST S.p.A. | Pordenone         | 0.09%                   | ROLO BANCA 1473 S.p.A.      | 242                                  |
|   |                   | 0.52%                   | CARIVERONA BANCA S.p.A.     | 1,347                                |
|   |                   | 0.52%                   | CASSAMARCA S.p.A.           | 1,347                                |
|   |                   | 0.19%                   | CARITRO S.p.A.              | 485                                  |
| 94 Società Finanziaria di Partecipazione SO.FI.PA. S.p.A.   | Rome              | 1.25%                   | ROLO BANCA 1473 S.p.A.      | 3,663                                |
|   |                   | 8.00%                   | BANCA CRT S.p.A.            | 21,008                               |
|   |                   | 0.76%                   | BANCA MEDIOCREREDITO S.p.A. | 1,946                                |
|   |                   | 0.48%                   | MEDIOVENEZIE BANCA S.p.A.   | 1,012                                |
| 95 Società per il Mercato dei Titoli di Stato - MTSS.p.A.   | Rome              | 2.79%                   | UNICREDITO ITALIANO S.p.A.  | 562                                  |
|   |                   | 2.89%                   | BANCA CRT S.p.A.            | 472                                  |
|   |                   | 0.68%                   | CARIVERONA BANCA S.p.A.     | 87                                   |
|   |                   | 0.16%                   | CARITRO S.p.A.              | 32                                   |
| 96 SRODKOWOEUROPEJSKJE CENTRUM RATINGU ANALIZ<br>S.A. (CERA S.A.)   | Warsaw            | 12.88%                  | BANK PEKAO S.A.             | 151                                  |
| 97 SRP INVESTMENT SP.ZO.O   | Lublin            | 50.00%                  | BANK PEKAO S.A.             | ••                                   |
| 98 VENETO SVILUPPO S.p.A.   | Venice            | 0.57%                   | ROLO BANCA 1473 S.p.A.      | 200                                  |
|   |                   | 3.75%                   | CARIVERONA BANCA S.p.A.     | 1,313                                |
|   |                   | 3.75%                   | CASSAMARCA S.p.A.           | 2,027                                |
|   |                   | 7.23%                   | MEDIOVENEZIE BANCA S.p.A.   | 2,530                                |
|   |                   |                         |                             | 134,334                              |
| <b>TOTAL IN FINANCIAL INSTITUTIONS</b>  |                   |                         |                             | <b>236,263</b>                       |

c) Other  
Listed

|                                  |                       |        |                            |       |
|----------------------------------|-----------------------|--------|----------------------------|-------|
| 99 BINDA S.p.A. (in liquidation) | Olgiate Olona<br>(VA) | 4.93%  | UNICREDITO ITALIANO S.p.A. | ••    |
|                                  |                       | 1.27%  | BANCA CRT S.p.A.           | ••    |
| 100 ELEKTROMONTAZ EXPORT S.A.    | Warsaw                | 5.24%  | BANK PEKAO S.A.            | 1,259 |
| 101 POLLENA EWA S.A. LODZ        | Lodz                  | 19.89% | BANK PEKAO S.A.            | 3,059 |
|                                  |                       |        |                            | 4,318 |

Unlisted

|  |            |        |  |       |
|--|------------|--------|--|-------|
| 102 ACQUE GRANDA S.p.A.  | Cuneo      | 9.75%  | BANCA CRT S.p.A.   | 100   |
| 103 AEROPORTI VICENTINI S.p.A.   | Vicenza    | 0.96%  | CARIVERONA BANCA S.p.A.                                      | 24    |
| 104 AEROPORTO DEL MOLISE S.p.A.  | Campobasso | 15.00% | ROLO BANCA 1473 S.p.A.                                       | 9     |
| 105 AEROPORTO G. MARCONI DI BOLOGNA S.p.A.                                   | Bologna    | 3.80%  | ROLO BANCA 1473 S.p.A.                                       | 860   |
| 106 AEROPORTO VALERIO CATULLO VERONA VILLAFRANCA S.p.A.                      | Verona     | 4.00%  | CARIVERONA BANCA S.p.A.                                      | 1,348 |
| 107 AGENCJA INWESTYCYJNA CORP S.A.   | Warsaw     | 36.15% | PRZEDSIĘBIORSTWO<br>ZARZĄDZANIA<br>NIERUCHOMOŚCIAMI SP.ZO.O. | 22    |
| 108 Agenzia di Iniziative Culturali dell'Emilia Romagna<br>A.I.C.E.R. S.p.A. | Bologna    | 1.50%  | ROLO BANCA 1473 S.p.A.                                       | 15    |
| 109 ALLIANCE ENT.CORP.   | USA        | —      | BANK PEKAO S.A.  | ••    |
| 110 AMFA S.p.A.  | Rimini     | 0.29%  | ROLO BANCA 1473 S.p.A.                                       | 65    |
| 111 AMIA S.p.A.  | Rimini     | 0.23%  | ROLO BANCA 1473 S.p.A.                                       | 200   |
| 112 AMIR S.p.A.  | Rimini     | 0.41%  | ROLO BANCA 1473 S.p.A.                                       | 200   |
| 113 ANICA SYSTEM S.A. LUBLIN   | Lublin     | 9.92%  | PEKAO FUNDUSZ KAPIT.SP.ZO.O.                                 | 1,411 |
| 114 ARGENTEA S.p.A.  | Trento     | 26.00% | CARITRO S.p.A.   | 140   |
| 115 ATH POLONIA SP. ZO.O. (in liquidation)                                   | Warsaw     | 2.99%  | BANK PEKAO S.A.  | ••    |
| 116 ATWSP.PO.O   | Zagorz     | 3.51%  | PEKAO FACTORING SP.ZO.O                                      | ••    |
| 117 "AUTOSAN" S.A. SANOK   | Sanock     | 7.03%  | PEKAO FUNDUSZ KAPIT SP.ZO.O                                  | ••    |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY       | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|---|-------------------|-------------------------|--------------------------------|--------------------------------------|
| 118 AUTOSTRADA BS-VR-VI-PD S.p.A.   | Verona            | 5.80%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
|   |                   | 14.50%                  | MEDIOVENEZIE BANCA S.p.A.      | ••                                   |
| 119 AUTOSTRADA DEL BRENNERO S.p.A.  | Trento            | 2.41%                   | CARITRO S.p.A.                 | 2,807                                |
| 120 BANKOWE PRZEDSIĘBIORSTWO<br>TELEKOMUNIKACYJNE TELEBANK S.A.                         | Warsaw            | 6.74%                   | BANK PEKAO S.A.                | ••                                   |
| 121 BANKSIEL - SOCIETÀ DI INFORMATICA E<br>ORGANIZZAZIONE S.p.A.                        | Milan             | 7.00%                   | UNICREDITO ITALIANO S.p.A.     | 5,984                                |
| 122 BDK/UKRAINA LTD UAH   | Ukraine           | 35.00%                  | PEKAO FACTORING SP.ZO.O        | ••                                   |
| 123 BIALSKIE FABRYKI MEBLI S.A.   | Białka            | 16.89%                  | PEKAO FUNDUSZ KAPIT. SP. ZO.O. | 341                                  |
| 124 BIAZET S.A. BALYSTOK  |                   | 6.19%                   | PEKAO FUNDUSZ KAPIT. SP. ZO.O. | ••                                   |
| 125 BIO ENERGIA FIEMME S.p.A.   | Cavalese (TN)     | 10.20%                  | CARITRO S.p.A.                 | 500                                  |
| 126 BIURO INFORMACJI KREDITOWEJ S.A.  | Warsaw            | 14.95%                  | BANK PEKAO S.A.                | 1,083                                |
| 127 BOTRANS   |                   |                         |                                | ••                                   |
| 128 C.A.A.B. S.C.p.A.   | Bologna           | 2.52%                   | ROLO BANCA 1473 S.p.A.         | 1,864                                |
| 129 CAAT Centro Agro-Alimentare Turin - S.Con.p.a.                                      | Turin             | 1.83%                   | BANCA CRT S.p.A.               | 1,513                                |
| 130 CEDACRINORD S.p.A.  | Collecchio (PR)   | 7.69%                   | CARITRO S.p.A.                 | 13,000                               |
| 131 Ce.D.IM. Centro Documentazione per le Imprese S.r.l.<br>(in bankruptcy)             | Ancona            | 8.78%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
| 132 CENTRALE DEI BILANCI S.r.l. SOCIETÀ PER GLI<br>STUDI FINANZIARI                     | Turin             | 3.33%                   | UNICREDITO ITALIANO S.p.A.     | 300                                  |
|   |                   | 0.83%                   | ROLO BANCA 1473 S.p.A.         | 75                                   |
|   |                   | 3.33%                   | BANCA CRT S.p.A.               | 300                                  |
|   |                   | 0.83%                   | CARIVERONA BANCA S.p.A.        | 75                                   |
| 133 CENTRALE DEL LATTE DI AL E AT S.p.A.  | Alessandria       | 0.84%                   | BANCA MEDIOCREREDITO S.p.A.    | 2                                    |
| 134 CENTRALE RISCHI FINANZIARIA CRIF S.p.A.   | Bologna           | 4.59%                   | UNICREDITO ITALIANO S.p.A.     | 251                                  |
| 135 Centro Integrato per lo Sviluppo dell'Imprenditorialità<br>C.I.S.I. CAMPANIA S.p.A. | Pozzuoli (NA)     | 0.40%                   | UNICREDITO ITALIANO S.p.A.     | 18                                   |
| 136 CENTRO PADANO INTERSCAMBIO MERCI CE.PI.M. S.p.A.                                    | Fontevivo (PR)    | 2.13%                   | ROLO BANCA 1473 S.p.A.         | 268                                  |
| 137 CENTRO SVILUPPO S.p.A.  | Aosta             | 1.25%                   | BANCA CRT S.p.A.               | 25                                   |
| 138 CFN CLASS FINANCIAL NETWORK S.p.A.  | Milan             | 2.86%                   | UNICREDITO ITALIANO S.p.A.     | 150                                  |
| 139 COMPAGNIA INVESTIMENTI E SVILUPPO CIS S.p.A.  | Villafranca (VR)  | 3.33%                   | CARIVERONA BANCA S.p.A.        | 169                                  |
| 140 CITTÀ DEGLI STUDI S.p.A.  | Biella            | 1.06%                   | BANCA CRT S.p.A.               | 144                                  |
|   |                   | 0.22%                   | BANCA MEDIOCREREDITO S.p.A.    | 29                                   |
| 141 CITTANOVA 2000 S.p.A.   | Modena            | 10.00%                  | ROLO BANCA 1473 S.p.A.         | 155                                  |
| 142 Comitato Triveneto di Promozione e Sviluppo S.p.A.                                  | Mestre (VE)       | 1.50%                   | CARIVERONA BANCA S.p.A.        | 15                                   |
|   |                   | 1.50%                   | CASSAMARCA S.p.A.              | 15                                   |
| 143 Consorzio Agrario Interprovinciale TV-BL S.c.r.l.                                   | Treviso           | 0.89%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
| 144 Consorzio Agrario Interprovinciale VR-VIS.c.r.l.                                    | Verona            | 6.35%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
| 145 Consorzio Agrario Provinciale MN S.c.r.l.   | Mantua            | 2.30%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
| 146 Consorzio Bancario SIRS.p.A. (in liquidation)                                       | Rome              | 0.01%                   | BANCA CRT S.p.A.               | ••                                   |
| 147 Consorzio Distretto Tecnologico del Canavese  | Ivrea             | 3.52%                   | BANCA CRT S.p.A.               | 30                                   |
| 148 Consulservice S.r.l. (in liquidation)   | Cavallino (LE)    | 2.66%                   | ROLO BANCA 1473 S.p.A.         | ••                                   |
| 149 C.O.T. - CENTRALI ORTOFRUTTICOLE TARENTINE S.p.A.                                   | Trento            | 1.48%                   | CARITRO S.p.A.                 | 62                                   |
| 150 C.T.E. - CENTRO TARENTINO ESPOSIZIONI S.c.a.r.l.                                    | Trento            | 9.24%                   | CARITRO S.p.A.                 | 30                                   |
| 151 DOLINA LAK SP. ZO.O.  | Malaszewicze      | 1.22%                   | BANK PEKAO S.A.                | 85                                   |
| 152 E.C. BIC PIEMONTE S.p.A. (in liquidation)   | Turin             | 9.86%                   | BANCA CRT S.p.A.               | 6                                    |
|   |                   | 1.87%                   | BANCA MEDIOCREREDITO S.p.A.    | ••                                   |
| 153 ELSAG BANKLAB S.p.A. (già IPACRI S.p.A.)  | Genoa             | 0.01%                   | CARIVERONA BANCA S.p.A.        | ••                                   |
|   |                   | ••                      | CASSAMARCA S.p.A.              | ••                                   |
|   |                   | ••                      | MEDIOVENEZIE BANCA S.p.A.      | ••                                   |
|   |                   | ••                      | CARITRO S.p.A.                 | ••                                   |
| 154 ENTE AUTONOMO PER LE FIERE DI VERONA  | Verona            | 20.18%                  | CARIVERONA BANCA S.p.A.        | 2,990                                |
|   |                   | 1.98%                   | MEDIOVENEZIE BANCA S.p.A.      | 272                                  |
| 155 E.R.V.E.T. Politiche per le Imprese S.p.A.  | Bologna           | 4.13%                   | ROLO BANCA 1473 S.p.A.         | 1,011                                |
| 156 EUROS S.p.A. - Cefor & Istinform Consulting   | Milan             | 0.10%                   | CARIVERONA BANCA S.p.A.        | 18                                   |
| 157 EUROVITA ITALCASSE ASSICURAZIONE S.p.A.   | Rome              | 0.44%                   | CASSAMARCA S.p.A.              | ••                                   |

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY      | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|---|-------------------|-------------------------|-------------------------------|--------------------------------------|
| 158 FABRYKA SPRZETU OKRETOWEGO "MEBLOMOR" S.A.  | Czarnków          | 23.81%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 624                                  |
| 159 FUNIVIE ALPE CERMIS S.p.A.  | Cavalese (TN)     | 5.21%                   | CARITRO S.p.A.                | 500                                  |
| 160 GIRAGLIA IMMOBILIARE S.p.A.   | Milan             | 8.06%                   | UNICREDITO ITALIANO S.p.A.    | ••                                   |
|   |                   | 0.93%                   | ROLO BANCA 1473 S.p.A.        | ••                                   |
| 161 GRUPA INWESTYCYJNA NYWIGS.A.  | Warsaw            | 24.60%                  | BANK PEKAO S.A.               | 172                                  |
| 162 GRUPA INWESTYCYJNA WRATISLAVIA SP.ZO.O S.A.   | Wroclaw           | 39.30%                  | BANK PEKAO S.A.               | 586                                  |
| 163 HSW - FMJ SP. ZO.O.   | Janov Lubelski    | 12.70%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 313                                  |
| 164 HUTA KARAS.A.   | Piotrkow Tryb     | 7.68%                   | BANK PEKAO S.A.               | ••                                   |
| 165 HUTA OSTROWIEC S.A.   | Ostrowiec Sw.     | 4.17%                   | BANK PEKAO S.A.               | 1,649                                |
| 166 HUTASTALOWAWOLAS.A.STALOWA WOLA   | St. Wola          | 5.21%                   | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 1,682                                |
| 167 I.A.M. RINALDO PIAGGIO S.p.A.   | Genoa             | 3.29%                   | UNICREDITO ITALIANO S.p.A.    | ••                                   |
|   |                   | 0.16%                   | CARIVERONA BANCA S.p.A.       | ••                                   |
| 168 I GEMELLI DI S. BENIGNO S.r.l. (in liquidation)   | Genoa             | 12.50%                  | UNICREDITO ITALIANO S.p.A.    | ••                                   |
| 169 IMMOBILIARE SVILUPPO S.p.A.   | Rome              | 9.71%                   | UNICREDITO ITALIANO S.p.A.    | 2,103                                |
| 170 IMPIANTI S.r.l.   | Monza (MI)        | 1.06%                   | CARITRO S.p.A.                | ••                                   |
| 171 IMPRESA GRASSETTO S.p.A.  | Tortona (AL)      | 2.39%                   | UNICREDITO ITALIANO S.p.A.    | 1,124                                |
| 172 INDESIT S.p.A. in amministrazione straordinaria   | Turin             | 0.03%                   | BANCA CRT S.p.A.              | ••                                   |
| 173 INIZIATIVA S.p.A. (in liquidation)  | Padova            | 7.79%                   | MEDIOVENEZIE BANCA S.p.A.     | ••                                   |
| 174 INIZIATIVE URBANE S.p.A.  | Trento            | 27.78%                  | CARITRO S.p.A.                | 5,000                                |
| 175 INTERBRENNERO S.p.A.  | Trento            | 4.18%                   | CARITRO S.p.A.                | 638                                  |
| 176 INTERPORTO BOLOGNA S.p.A.   | Bologna           | 1.75%                   | UNICREDITO ITALIANO S.p.A.    | 421                                  |
|   |                   | 6.36%                   | ROLO BANCA 1473 S.p.A.        | 1,816                                |
| 177 INTERPORTO DI PADOVA S.p.A.   | Padova            | 1.02%                   | UNICREDITO ITALIANO S.p.A.    | 574                                  |
| 178 ISTICA - ISTITUTO IMMOBILIARE DI CATANIA S.p.A.   | Catania           | 0.52%                   | UNICREDITO ITALIANO S.p.A.    | ••                                   |
| 179 ISTITUTO EUROPEO DI ONCOLOGIA s.r.l.  | Milan             | 7.69%                   | UNICREDITO ITALIANO S.p.A.    | 7,182                                |
| 180 ISTITUTO PER L'ENCICLOPEDIA DELLA BANCA<br>E DELLA BORSA I.E.B.B. S.p.A.  | Rome              | 5.34%                   | UNICREDITO ITALIANO S.p.A.    | 118                                  |
|   |                   | 0.19%                   | FONSPA S.p.A.                 | 4                                    |
|   |                   | 0.56%                   | BANCA CRT S.p.A.              | 12                                   |
|   |                   | 0.62%                   | CARIVERONA BANCA S.p.A.       | 14                                   |
|   |                   | 0.15%                   | CARITRO S.p.A.                | 3                                    |
| 181 ISTUD - Istituto Studi Direzionali S.p.A.   | Milan             | 0.50%                   | UNICREDITO ITALIANO S.p.A.    | 6                                    |
| 182 KFFIP CALISIA S.A.  | Kalisz            | 5.26%                   | BANK PEKAO S.A.               | 7                                    |
| 183 LANNEN POLSKA   | Tolkmicko         | 50.00%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 3,956                                |
| 184 LINGOTTO S.p.A.   | Turin             | 15.65%                  | BANCA CRT S.p.A.              | 27,820                               |
| 185 LODO SP. ZO.O.  | Szczecin          | 30.08%                  | BANK PEKAO S.A.               | ••                                   |
| 186 MASTERS S.A.  | Legnica           | 15.55%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 873                                  |
| 187 ME.TIM. S.p.A. Mercato Telematico Imprese Nord Ovest<br>(in liquidation)  | Turin             | 8.20%                   | BANCA CRT S.p.A.              | 298                                  |
| 188 M.I.A.C. Mercato Ingresso Agroalimentare S.C.p.a.   | Cuneo             | 4.28%                   | BANCA CRT S.p.A.              | 508                                  |
| 189 MIEDZYNARODOWA SZKOLA BANKOWSCI<br>FINANSOW W KATOWICACH SP.ZO.O.   | Katowice          | 11.13%                  | BANK PEKAO S.A.               | ••                                   |
| 190 NOMISMA - SOCIETÀ DI STUDI ECONOMICI S.p.A.   | Bologna           | 0.56%                   | UNICREDITO ITALIANO S.p.A.    | 35                                   |
|   |                   | 1.39%                   | ROLO BANCA 1473 S.p.A.        | 77                                   |
|   |                   | 0.47%                   | BANCA CRT S.p.A.              | 29                                   |
|   |                   | 0.33%                   | CARIVERONA BANCA S.p.A.       | 21                                   |
|   |                   | 0.03%                   | CARITRO S.p.A.                | 3                                    |
| 191 NORTEL INVERSORA S.A.   | Argentina         | ••                      | CREDITO ITALIANO FINANCE LTD  | 11,897                               |
| 192 ODLEWNIA ZELIWA SREM S.A.   | Srem              | 25.10%                  | BANK PEKAO S.A.               | 7,187                                |
| 193 PONTI ENGINEERING S.r.l.  | Cerbara (PG)      | 2.00%                   | BANCA CRT S.p.A.              | 7                                    |
| 194 PROFINGEST (consorzio) - Istituto per la promozione della ricerca<br>e dell'insegnamento sulla finanza e sulla gestione d'impresa | Bologna           | 13.34%                  | ROLO BANCA 1473 S.p.A.        | 551                                  |
| 195 PROGETTO CITY CARD S.p.A. (in liquidation)  | Bologna           | 24.50%                  | ROLO BANCA 1473 S.p.A.        | ••                                   |
| 196 PROMO S. cons. r.l. - Società per la promozione<br>dell'economia modenese   | Modena            | 0.36%                   | ROLO BANCA 1473 S.p.A.        | 17                                   |
| 197 PHZ BALTONA S.A.  | Gdynia            | 5.80%                   | PEKAO FUNDUSZ KAPIT. SP.ZO.O. | 381                                  |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes



Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME   | REGISTERED OFFICE     | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY     | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|--|-----------------------|-------------------------|------------------------------|--------------------------------------|
| 198 PRZEDSIĘBIORSTWO POLIGRAFICZNO -<br>WYDAWNICZE UNIPROM S.A.                                      | Warsaw                | 10.64%                  | BANK PEKAO S.A.              | 2,328                                |
| 199 REGIONALNA AGENCJA POSZANOWANIA ENERGII S.A.   | Lodz                  | ••                      | PEKAO FUNDUSZ KAPIT.SP.ZO.O. | 5                                    |
| 200 RIMINITERME S.p.A.   | Miramare di<br>Rimini | 0.29%                   | ROLO BANCA 1473 S.p.A.       | 35                                   |
| 201 R.T.P. Rete Telematica Piemontese S.p.A.   | Turin                 | 8.26%                   | BANCA CRT S.p.A.             | 142                                  |
| 202 RYNEX SP.ZO.O.   | Plock                 | 25.67%                  | PEKAO FUNDUSZ KAPIT.SP.ZO.O. | 1,242                                |
| 203 SELECO S.p.A. (in bankruptcy)  | Pordenone             | 0.13%                   | UNICREDITO ITALIANO S.p.A.   | ••                                   |
|  |                       | 0.09%                   | ROLO BANCA 1473 S.p.A.       | ••                                   |
|  |                       | 0.06%                   | CARIVERONA BANCA S.p.A.      | ••                                   |
| 204 SELEZIONE TERZA S.r.l.   | Milan                 | 24.92%                  | FONSPA S.p.A.                | 150                                  |
| 205 SERIN S.r.l.   | Trento                | 20.00%                  | CARITRO S.p.A.               | 38                                   |
| 206 SOCIETÀ FUNIVIE BUFFAURE S.r.l.  | Pozza di Fassa (TN)   | 1.77%                   | CARITRO S.p.A.               | 200                                  |
| 207 Società Gestione per il Realizzo S.p.A.  | Rome                  | 6.32%                   | UNICREDITO ITALIANO S.p.A.   | 999                                  |
| 208 S.I.B. SERVIZI IMMOBILIARI BANCHE S.p.A.   | Milan                 | 2.38%                   | FONSPA S.p.A.                | ••                                   |
| 209 S.I.CRE.F. S.r.l. (in bankruptcy)  | Verona                | 16.00%                  | MEDIOVENEZIE BANCA S.p.A.    | ••                                   |
| 210 SITEBA Sistemi Telematici Bancari S.p.A.   | Rome                  | 2.99%                   | UNICREDITO ITALIANO S.p.A.   | 178                                  |
|  |                       | 1.30%                   | BANCA CRT S.p.A.             | 65                                   |
|  |                       | 0.24%                   | CASSAMARCA S.p.A.            | 9                                    |
|  |                       | 0.19%                   | CARITRO S.p.A.               | 9                                    |
| 211 S.I.T. - SOCIETÀ INDUSTRIALE TRENTINA S.p.A.   | Trento                | 4.10%                   | CARITRO S.p.A.               | 2,119                                |
| 212 S.I.T.A.F. S.p.A. - Società Italiana Traforo Autostrade Frejus                                   | Turin                 | 10.91%                  | BANCA CRT S.p.A.             | 5,934                                |
| 213 S.I.TRA.CI. S.p.A. - Società Italiana per il Traforo del Ciriegia                                | Cuneo                 | 7.93%                   | BANCA CRT S.p.A.             | 1,041                                |
| 214 SI.VE. S.p.A. (in liquidation)   | Venice                | 10.00%                  | MEDIOVENEZIE BANCA S.p.A.    | ••                                   |
| 215 SOCIETÀ AREE INDUSTRIALI ED ARTIGIANALI S.A.I.A. S.p.A.  | Verbania              | 10.00%                  | BANCA CRT S.p.A.             | 150                                  |
| 216 Società Autovie Venete S.p.A.  | Trieste               | 0.02%                   | MEDIOVENEZIE BANCA S.p.A.    | ••                                   |
| 217 SOCIETÀ DI COOPERAZIONE AGRICOLA S.p.A.<br>(in liquidation)                                      | Sanremo               | 3.75%                   | UNICREDITO ITALIANO S.p.A.   | 56                                   |
|  |                       | 3.75%                   | BANCA MEDIOCREDITO S.p.A.    | 56                                   |
| 218 Società di Gestione Aeroporto Cuneo-Levaldigi S.p.A.   | Cuneo                 | 0.03%                   | CARIVERONA BANCA S.p.A.      | ••                                   |
| 219 SOCIETÀ PER I SERVIZI BANCARI - SSB S.p.A.   | Milan                 | 7.90%                   | UNICREDITO ITALIANO S.p.A.   | 598                                  |
|  |                       | 1.69%                   | ROLO BANCA 1473 S.p.A.       | 129                                  |
|  |                       | ••                      | FONSPA S.p.A.                | ••                                   |
|  |                       | 2.64%                   | BANCA CRT S.p.A.             | 139                                  |
|  |                       | 2.21%                   | CARIVERONA BANCA S.p.A.      | 167                                  |
|  |                       | 0.07%                   | CASSAMARCA S.p.A.            | 5                                    |
|  |                       | ••                      | BANCA MEDIOCREDITO S.p.A.    | ••                                   |
|  |                       | ••                      | MEDIOVENEZIE BANCA S.p.A.    | ••                                   |
| 220 Società per l'Autostrada di Alemagna S.p.A.  | Venice                | 2.35%                   | CARIVERONA BANCA S.p.A.      | 8                                    |
|  |                       | 5.89%                   | MEDIOVENEZIE BANCA S.p.A.    | 20                                   |
| 221 SOGEMER S.p.A.   | Reggio Emilia         | 1.70%                   | ROLO BANCA 1473 S.p.A.       | 30                                   |
| 222 SPOLDZIELNIA BMC   | Warsaw                | ••                      | BANK PEKAO S.A.              | 5                                    |
| 223 SPOLDZIELNIA MIESZANIOWA PRZELOM   | Minsk                 | ••                      | BANK PEKAO S.A.              | 2                                    |
| 224 SPOLDZIELNIA MIESZANIOWA W SANOKU  | Sanok                 | ••                      | BANK PEKAO S.A.              | ••                                   |
| 225 S.T.O.A. SOCIETÀ TRIVENETA PER L'ORGANIZZAZIONE<br>E L'AUTOMAZIONE S.p.A. (in liquidation)       | Venice                | 11.11%                  | CASSAMARCA S.p.A.            | ••                                   |
|  |                       | 11.11%                  | MEDIOVENEZIE BANCA S.p.A.    | 3                                    |
| 226 Strutture per Mercati ed Esposizioni (S.M.E.) S.r.l.   | Forli                 | 0.61%                   | ROLO BANCA 1473 S.p.A.       | 54                                   |
| 227 S.W.I.F.T. - Society for Worldwide Interbank Financial<br>Telecommunication Co-operative Society | La Hulpe              | 0.41%                   | UNICREDITO ITALIANO S.p.A.   | 55                                   |
|  |                       | 0.05%                   | ROLO BANCA 1473 S.p.A.       | 11                                   |
|  |                       | 0.06%                   | BANCA CRT S.p.A.             | 7                                    |
|  |                       | 0.12%                   | CARIVERONA BANCA S.p.A.      | 115                                  |
|  |                       | 0.02%                   | CASSAMARCA S.p.A.            | 20                                   |
|  |                       | 0.01%                   | CARITRO S.p.A.               | 4                                    |
|  |                       | 0.16%                   | BANK PEKAO S.A.              | 327                                  |
| 228 SYRENA INTERNATIONAL SP.ZO.O.  | Warsaw                | 35.00%                  | BANK PEKAO S.A.              | ••                                   |
| 229 SOFARIS  |                       | ••                      | BANK PEKAO S.A.              | 1                                    |

Other equity investments (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME   | REGISTERED OFFICE           | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY                              | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|--|-----------------------------|-------------------------|---|--------------------------------------|
| 230 TELBANKS.A.  | Warsaw                      | 6.74%                   | BANK PEKAO S.A.                                       | 3,206                                |
| 231 TESINO S.p.A.  | Castello Tesino             | 5.56%                   | CARITRO S.p.A.  | 177                                  |
| 232 TOMTEX S.A. TOMASZOW MAZ.                              | Tomaszów                    |                         |   |                                      |
|  | Mazowiecki                  | 21.54%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 156                                  |
| 233 TORINO PARCHEGGI S.r.l.                                | Turin                       | 0.29%                   | BANCA MEDIOCREDITO S.p.A.                             | 3                                    |
| 234 UNIBON SALUMI S.C.a.r.l.                               | Modena                      | 2.64%                   | ROLO BANCA 1473 S.p.A.                                | 3,000                                |
| 235 VAL RENDENA FUNIVIE S.p.A.                             | Pinzolo (TN)                | 13.23%                  | CARITRO S.p.A.  | 1,000                                |
| 236 VENETA CUCINE S.p.A.                                   | Biancade di<br>Roncade (TV) | 10.00%                  | CASSAMARCA S.p.A.                                     | 2,667                                |
| 237 VERONAMERCATO S.p.A.                                   | Verona                      | 4.46%                   | CARIVERONA BANCA S.p.A.                               | 2,171                                |
| 238 VISPOL   |                             | ••                      | BANK PEKAO S.A.                                       | 59                                   |
| 239 WARSAN   | Sankt Petersburg            | ••                      | PRZEDSIĘBIORSTWO ZARZĄDZANIA<br>NIERUCHOMOŚCIAMI S.A. | ••                                   |
| 240 WLOKNINA SP.ZO.O. ZDUNSKA WOLA SP.ZO.O.                | Zdunska Wola                | 33.33%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 280                                  |
| 241 WYTWORNIA SILNICOW PZL - MIELEC SP.ZO.O.               | Mielec                      | 42.87%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 1,131                                |
| 242 WYTWORNIA SPRZETU KOMUNIKACYJNEGO PZL -<br>KALISZ S.A. | Kalisz                      | 7.03%                   | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 71                                   |
| 243 ZAMOJSKIE FABRYKI MEBLI S.A.                           | Zamo                        | 9.32%                   | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 199                                  |
| 244 ZPC SP.ZO.O. SWIDNIK                                   | Swidnik                     | 26.81%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 190                                  |
| 245 ZWOLTEX S.A. ZDUNSKA WOLA                              | Zdunska Wola                | 41.31%                  | PEKAO FUNDUSZ KAPIT. SP.ZO.O.                         | 1,477                                |
|  |                             |                         |   | 148,432                              |
| <b>TOTAL OTHER</b>   |                             |                         |   | <b>152,750</b>                       |
| <b>TOTAL OTHER EQUITY INVESTMENTS</b>                      |                             |                         |   | <b>1,273,519</b>                     |
| <b>TOTAL ITEM 70 "EQUITY INVESTMENTS"</b>                  |                             |                         |   | <b>2,013,374</b>                     |

|                       |   |
|-----------------------|---|
| Consolidated Accounts | □ |
| Comparative Accounts  | □ |
| Notes to the Accounts | □ |
| Annexes               | ■ |

## COMPOSITION OF ITEM 80 "INVESTMENTS IN GROUP COMPANIES" AT 31 DECEMBER 1999

1998 Period

| (CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)                        |                   |                         |                                      |                                      |
|--|-------------------|-------------------------|--------------------------------------|--------------------------------------|
| NAME   | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY             | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
| <b>a) VALUED AT NET EQUITY</b>                                   |                   |                         |                                      |                                      |
| <b>In banks</b>  |                   |                         |                                      |                                      |
| <b>1. Listed</b>   |                   |                         |                                      |                                      |
|  |                   |                         |                                      | ••                                   |
| <b>2. Unlisted</b>   |                   |                         |                                      |                                      |
|  |                   |                         |                                      | ••                                   |
| <b>TOTAL IN BANKS</b>  |                   |                         |                                      |                                      |
|  |                   |                         |                                      | ••                                   |
| <b>In financial institutions</b>                                 |                   |                         |                                      |                                      |
| <b>1. Listed</b>   |                   |                         |                                      |                                      |
|  |                   |                         |                                      | ••                                   |
| <b>2. Unlisted</b>   |                   |                         |                                      |                                      |
| EURO CAPITAL STRUCTURES LTD.                                     | Dublin            | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | ••                                   |
| EUROPLUS ALTERNATIVE INVESTMENTS LTD                             | Dublin            | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 6,838                                |
| EUROPLUS FUNDS MANAGEMENT LTD                                    | Dublin            | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 3,078                                |
| PEKAO FINANCIAL SERVICES SP.ZO.O.                                | Warsaw            | 100.00%                 | BANK PEKAO S.A.                      | ••                                   |
| PEKAO/ALLIANCE PTE S.A.  | Warsaw            | 51.00%                  | BANK PEKAO S.A.                      | ••                                   |
| PEKAO/ALLIANCE TOWARZYSTWO FUN                                   | Warsaw            | 51.00%                  | BANK PEKAO S.A.                      | 1,629                                |
| SOCIETE ANONYME DE GESTION<br>FINANCIERE (SAGEFI)                | Monaco            | 90.00%                  | BANQUE MONEGASQUE<br>DE GESTION S.A. | 141                                  |
| UNICREDIT CAPITAL ITALIA ADVISORY COMPANY S.A.                   | Luxembourg        | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 3,376                                |
| UNITRADE SIM S.p.A.  | Milan             | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 29,001                               |
| VERISPARMIO GES.TRI. S.p.A.                                      | Verona            | 100.00%                 | CARIVERONA BANCA S.p.A.              | 1,332                                |
|  |                   |                         |                                      | 45,393                               |
| <b>TOTAL IN FINANCIAL INSTITUTIONS</b>                           |                   |                         |                                      | <b>45,393</b>                        |
| <b>OTHER</b>   |                   |                         |                                      |                                      |
| <b>1. Listed</b>   |                   |                         |                                      |                                      |
|  |                   |                         |                                      | ••                                   |
| <b>2. Unlisted</b>   |                   |                         |                                      |                                      |
| BROKER CREDIT S.p.A.   | Milan             | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 2,385                                |
| CASSA E ASSICURAZIONI S.p.A.                                     | Verona            | 65.00%                  | CARIVERONA BANCA S.p.A.              | 276                                  |
| CREDITO ITALIANO INTERNATIONAL SERVICES<br>(C.I.I.S.) S.r.l.     | Rome              | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 2                                    |
| PEKAO DEVELOPMENT SP. ZO.O.                                      | Lodz              | 100.00%                 | BANK PEKAO S.A.                      | ••                                   |
| PEKAO INFORMATYKA SP.ZO.O.                                       | Lodz              | 100.00%                 | BANK PEKAO S.A.                      | 611                                  |
| PEKAO TRADING COMPANY LTD  | Toronto           | 100.00%                 | BANK PEKAO S.A.                      | 3,165                                |
| PKO TRADING CORPORATION  | New York          | 100.00%                 | BANK PEKAO S.A.                      | 4                                    |
| SCI CORDUSIO   | Montecarlo        | 100.00%                 | BANQUE MONEGASQUE<br>DE GESTION S.A. | 5,731                                |
| UNICREDIT CONSULTING S.r.l.                                      | Milan             | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 138                                  |
| UNICREDITASSICURA S.r.l.   | Milan             | 100.00%                 | UNICREDITO ITALIANO S.p.A.           | 321                                  |
|  |                   |                         |                                      | 12,633                               |
| <b>Total other</b>   |                   |                         |                                      | <b>12,633</b>                        |
| <b>TOTAL INVESTMENTS IN GROUP COMPANIES VALUED AT NET EQUITY</b> |                   |                         |                                      | <b>58,026</b>                        |

Other investments in Group companies (continued)

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME   | REGISTERED OFFICE | % OWNERSHIP<br>ORDINARY | PARTICIPATING<br>COMPANY              | VALUE<br>ATTRIBUTED AT<br>31/12/1999 |
|--|-------------------|-------------------------|---------------------------------------|--------------------------------------|
| <b>b) VALUED AT COST</b>                                   |                   |                         |                                       |                                      |
| <b>In banks</b>  |                   |                         |                                       |                                      |
| <b>1. Listed</b>   |                   |                         |                                       |                                      |
| ..   |                   |                         |                                       |                                      |
| <b>2. Unlisted</b>   |                   |                         |                                       |                                      |
| CREDITO ITALIANO S.p.A.                                    | Milan             | 100.00%                 | UNICREDITO ITALIANO S.p.A.            | 12,500                               |
| <b>TOTAL IN BANKS</b>                                      |                   |                         |                                       | <b>12,500</b>                        |
| <b>In financial institutions</b>                           |                   |                         |                                       |                                      |
| <b>1. Listed</b>   |                   |                         |                                       |                                      |
| ..   |                   |                         |                                       |                                      |
| <b>2. Unlisted</b>   |                   |                         |                                       |                                      |
| AUGES S.p.A. SIM (in liquidation)                          | Verona            | 7.77%                   | UNICREDITO ITALIANO S.p.A.            | 38                                   |
|  |                   | 92.23%                  | CARIVERONA BANCA S.p.A.               | 456                                  |
| CENTRAL POLAND FUND LLC                                    | Wilmington        | 53.19%                  | BANK PEKAO S.A.                       | 5,949                                |
| CRT SERVICES S.a.r.l. (in liquidation)                     | Paris             | 100.00%                 | BANCA CRT S.p.A.                      | 1,497                                |
| PEKAO/ALLIANCE CAPITAL MANAGEMENT S.A.                     | Warsaw            | 51.00%                  | BANK PEKAO S.A.                       | 879                                  |
|  |                   |                         |                                       | 8,819                                |
| <b>Total in financial institutions</b>                     |                   |                         |                                       | <b>8,819</b>                         |
| <b>Other</b>   |                   |                         |                                       |                                      |
| <b>1. Listed</b>   |                   |                         |                                       |                                      |
| ..   |                   |                         |                                       |                                      |
| <b>2. Unlisted</b>   |                   |                         |                                       |                                      |
| BUILD SHIP SP.ZO.O. (in liquidation)                       | Sopot             | 100.00%                 | BANK PEKAO S.A.                       | 2                                    |
| CONRIT SERVIZI S.r.l.                                      | Turin             | 100.00%                 | CON.RI.T. S.p.A.                      | 40                                   |
| DRUKBANK SP.ZO.O.  | Zamosc            | 100.00%                 | BANK PEKAO S.A.                       | 6,200                                |
| LITCORP Ltd (in liquidation)                               | London            | 100.00%                 | BANCA CRT S.p.A.                      | 1,090                                |
| LUBELSKA KORPORACJA KOMUNIK ACYJNA SP.ZO.O.                | Lublin            | 58.50%                  | PEKAO LEASING SP.ZO.O.                | ..                                   |
| PEKAO DELTA TRADING COMPANY PTY. LTD.                      | Sydney            | 89.50%                  | BANK PEKAO S.A.                       | ..                                   |
| PEKAO IMMOBILIER SARL                                      | Paris             | 100.00%                 | BANK PEKAO S.A.                       | 15                                   |
| PEKAO OCHRONA SP. ZO.O.                                    | Warsaw            | 100.00%                 | BANK PEKAO S.A.                       | 233                                  |
| PEKAO TRADING CORPORATION                                  | New York          | 100.00%                 | BANK PEKAO S.A.                       | 7,313                                |
| PRACOWNICZE TOWARZYSTWO EMERYTALNE S.A.                    | Warsaw            | 100.00%                 | CENTRALNY DOM MAKLERSKI<br>PEKAO S.A. | 47                                   |
| RI.PO. S.r.l.  | Turin             | 99.00%                  | BANCA MEDIOCREDITO S.p.A.             | 20                                   |
| SRPBG SP.ZO.O.   | Lodz              | 95.00%                  | BANK PEKAO S.A.                       | ..                                   |
| ZASLAW SP.ZO.O. (in liquidation)                           | Zagorz            | 100.00%                 | BANK PEKAO S.A.                       | ..                                   |
|  |                   |                         |                                       | 14,960                               |
| <b>Total Other</b>   |                   |                         |                                       | <b>14,960</b>                        |
| <b>TOTAL INVESTMENTS IN GROUP COMPANIES VALUED AT COST</b> |                   |                         |                                       | <b>36,279</b>                        |
| <b>TOTAL ITEM 80 "INVESTMENTS IN GROUP COMPANIES"</b>      |                   |                         |                                       | <b>94,305</b>                        |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes

## STATEMENT OF ASSET AND LIABILITY POSITIONS WITH GROUP COMPANIES AT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT.)

| NAME   | ASSETS         | LIABILITIES    | GUARANTEES GIVEN | COMMITMENTS   |
|--|----------------|----------------|------------------|---------------|
| <b>1) Relationships with banks</b>                   | —              | —              | —                | —             |
| <b>2) Relationships with financial institutions</b>  |                |                |                  |               |
| Euro Capital Structures Ltd.                         | 1,539          | —              | —                | —             |
| Europlus Alternative Investments Ltd.                | 192            | —              | —                | —             |
| Europlus Funds Management Ltd.                       | 18             | —              | —                | —             |
| Pekao/Alliance PTE S.A.                              | 84             | 8,703          | —                | —             |
| Pekao Financial Services Sp.Zo.O.                    | 1,382          | 9              | —                | —             |
| UniCredit Capital Italia Advisory Company S.A.       | 836            | —              | —                | —             |
| Verisparmio Ges.Tri. S.p.A.                          | —              | 1,336          | —                | —             |
|  | <b>4,051</b>   | <b>10,048</b>  | —                | —             |
| <b>3) Relationships with other customers</b>         |                |                |                  |               |
| Broker Credit S.p.A.                                 | 352            | 4,919          | 2                | —             |
| Build Ship Sp. Zo.O. (in liquidation)                | —              | 580            | —                | —             |
| Cassa e Assicurazioni S.p.A.                         | —              | 2,212          | 30               | —             |
| Credito Italiano International Service (CIIS) S.r.l. | 33             | —              | —                | —             |
| Litcorp Ltd. (in liquidation)                        | —              | 2,178          | —                | —             |
| Pekao Development Sp. Zo.O.                          | 18,909         | 14             | —                | —             |
| Pekao Informatyka Sp. Zo.O.                          | —              | 2,229          | —                | —             |
| Pekao Trading Company (Canada) Ltd.                  | 1,664          | 6              | —                | —             |
| RI.PO. S.r.l.  | 84,799         | 275            | —                | 47,404        |
| UniCredit Consulting S.r.l.                          | —              | 94             | —                | —             |
| UniCreditAssicura S.r.l.                             | 2,141          | 92,829         | —                | —             |
|  | <b>107,898</b> | <b>105,336</b> | <b>32</b>        | <b>47,404</b> |
| <b>4) Bonds and other debt securities</b>            | —              | —              | —                | —             |
| <b>5) Securities issued</b>                          | —              | —              | —                | —             |
| <b>6) Subordinated debt</b>                          | —              | —              | —                | —             |
| <b>Total</b>   | <b>111,949</b> | <b>115,384</b> | <b>32</b>        | <b>47,404</b> |

## STATEMENT OF ASSET AND LIABILITY POSITIONS WITH SUBSIDIARIES

(PRINCIPAL COMPANIES OTHER THAN GROUP COMPANIES) AT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN MILLIONS OF LIT)

| NAME  | ASSETS         | LIABILITIES    | GUARANTEES GIVEN | COMMITMENTS    |
|---|----------------|----------------|------------------|----------------|
| <b>1) Relationships with banks</b>                  |                |                |                  |                |
| Banca Cassa di Risparmio di Savigliano S.p.A.       | 3,858          | 5,439          | —                | —              |
| Bank Handlowy International S.A.                    | 46,302         | 38,649         | —                | —              |
| Cassa di Risparmio di Bra S.p.A.                    | 30,846         | 6,715          | 4                | —              |
| Cassa di Risparmio di Fossano S.p.A.                | —              | 3,425          | 533              | —              |
| Cassa di Risparmio di Saluzzo S.p.A.                | 996            | 23,380         | —                | —              |
| Cassa di Risparmio di Trieste Banca S.p.A.          | 33,053         | 43,613         | 31,672           | —              |
| MHB Mitteleuropäische Handelsbank A.G.              | 107,104        | 24,940         | —                | —              |
|   | <b>222,159</b> | <b>146,161</b> | <b>32,209</b>    | <b>—</b>       |
| <b>2) Relationships with financial institutions</b> |                |                |                  |                |
| BDK - Daewoo Leasing Sp. Zo.O.                      | 63,194         | 3,053          | —                | —              |
| Commercial Union Vita S.p.A.                        | 855            | —              | —                | —              |
| CreditRas Vita S.p.A.                               | 4,569          | —              | —                | —              |
| La Compagnie Fiduciaire S.p.A.                      | —              | 8              | —                | —              |
| Prominvestment S.p.A.                               | —              | 315            | —                | —              |
| Rho 88 S.p.A.                                       | 3,005          | —              | —                | —              |
|   | <b>71,623</b>  | <b>3,376</b>   | <b>—</b>         | <b>—</b>       |
| <b>3) Relationships with other customers</b>        |                |                |                  |                |
| Autostrada BS-VR-VI-PD S.p.A.                       | 1,554          | 41,035         | 17               | 256,087        |
| CA.RI.CE.SE S.r.l.                                  | —              | 1,555          | —                | —              |
| Casse e Generali Vita S.p.A.                        | —              | 32,161         | —                | —              |
| Centrozap S.A.                                      | 466            | 1,265          | —                | —              |
| Commercial Union Vita S.p.A.                        | 728            | 83,050         | —                | —              |
| CreditRas Assicurazioni S.p.A.                      | —              | —              | 400              | —              |
| CreditRas Vita S.p.A.                               | —              | 9,406          | —                | —              |
| Duerrevita S.p.A.                                   | 50,364         | 88,385         | —                | —              |
| Ente Autonomo per le Fiere di Verona                | 684            | —              | 50               | —              |
| Findatasystem S.p.A.                                | —              | 3,091          | —                | —              |
| Immobiliare Lombarda S.p.A.                         | 100,254        | 23,213         | 20,994           | —              |
| Multitel S.p.A.                                     | 259            | 218            | —                | —              |
| Primass S.p.A.                                      | 2,874          | 3,756          | —                | —              |
| Progetto City Card S.p.A.                           | —              | 8              | —                | —              |
| Promo S.Cons.r.l.                                   | —              | 113            | 717              | —              |
| Risparmio Assicurazioni S.p.A.                      | —              | 4,366          | 500              | —              |
| Risparmio Vita Assicurazioni S.p.A.                 | —              | 36,500         | —                | —              |
| Rynex Sp.Zo.O.                                      | —              | 331            | —                | —              |
| S+R Investimenti e gestioni S.p.A.                  | —              | —              | 801              | —              |
| Selezione Terza S.r.l.                              | —              | 4,796          | —                | —              |
| Syrena International Sp.Zo.O.                       | 8,193          | —              | —                | —              |
| Trinity Management Sp.Zo.O.                         | 340            | 7              | —                | —              |
|   | <b>165,716</b> | <b>333,256</b> | <b>23,479</b>    | <b>256,087</b> |
| <b>4) Bonds and other debt securities</b>           |                |                |                  |                |
| Trzeci Narodowy Fundusz Inwestycyjny S.A.           | 14,932         | —              | —                | —              |
| XI Narodowy Fundusz Inwestycyjny S.A.               | 6,358          | —              | —                | —              |
|   | <b>21,290</b>  | <b>—</b>       | <b>—</b>         | <b>—</b>       |
| <b>5) Securities issued</b>                         |                |                |                  |                |
| Autostrada BS-VR-VI-PD S.p.A.                       | —              | 20,000         | —                | —              |
|   | —              | <b>20,000</b>  | —                | —              |
| <b>6) Subordinated debt</b>                         |                |                |                  |                |
|   | —              | —              | —                | —              |
| <b>Total</b>  | <b>480,788</b> | <b>502,793</b> | <b>55,688</b>    | <b>256,087</b> |

Consolidated Accounts

Comparative Accounts

Notes to the Accounts

Annexes





Introduction

Report on Operations

Accounts and Annexes



# Report in Euros

Report in Euros

Reports

Organisation by Geographical Area

|  |  |
|--|--|
| Key Financial Information  | <ul style="list-style-type: none"> <li>■ Consolidated Profit and Loss Account</li> <li>■ Consolidated Balance Sheet</li> <li>■ Consolidated Staff and Branch Information</li> </ul>  |
| Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities) | <ul style="list-style-type: none"> <li>■ Key Financial Ratios and Other Information</li> <li>■ Consolidated Balance Sheet</li> <li>■ Consolidated Profit and Loss Account</li> <li>■ Consolidated Staff and Branch Information</li> </ul>  |
| Reclassified Consolidated Profit and Loss Account  |  |
| Reclassified Consolidated Balance Sheet  |  |
| Commentary on the Profit and Loss Account Figures  | <ul style="list-style-type: none"> <li>■ Net Interest Income</li> <li>■ Revenue from Services and Other Sources</li> <li>■ Administrative Expenses</li> <li>■ Extraordinary Income and Charges</li> </ul>  |
| Commentary on the Balance Sheet Figures  | <ul style="list-style-type: none"> <li>■ Loans to Customers</li> <li>■ Doubtful Loans</li> <li>■ Market Shares</li> <li>■ Deposits from Customers and Securities Issued</li> <li>■ Market Share of Funding from Customers</li> <li>■ Securities Portfolio</li> <li>■ Interbank Position</li> <li>■ Direct and Indirect Deposits</li> <li>■ Assets Under Management</li> <li>■ Bancassurance</li> </ul> |
| Shareholders' Equity   |  |
| ROE (Return on Equity)   |  |
| Capital for Regulatory Purposes  |  |
| Ratings  |  |
| Consolidated Accounts in Euros   |  |
| Comparative Accounts in Euros  | <ul style="list-style-type: none"> <li>■ Consolidated Balance Sheet as at 31 December 1999</li> <li>■ Consolidated Profit and Loss Account as at 31 December 1999</li> <li>■ Consolidated Balance Sheet</li> <li>■ Consolidated Profit and Loss Account</li> </ul>   |

## NOTES

Amounts in Euro are computed by using the same fixed conversion rate for the periods being compared (1Euro = Lit. 1,936.27). The percentages were determined on the basis of absolute values expressed in Italian Lit.

# Key Financial Information

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |                |
|---|---|------------------|----------------|
|   | 1999  | 1998             | 1997           |
| <b>Net interest income</b>                              | <b>4,045.5</b>                              | <b>3,675.4</b>   | <b>3,596.9</b> |
| <b>Revenues from services and other sources</b>         | <b>3,565.1</b>                              | <b>2,747.7</b>   | <b>1,959.5</b> |
| of which: profit/(losses) on financial transactions     | 338.6                                       | 288.4            | 180.5          |
| <b>Total revenues</b>                                   | <b>7,610.6</b>                              | <b>6,423.1</b>   | <b>5,556.4</b> |
| <b>Administrative costs</b>                             | <b>3,824.0</b>                              | <b>3,306.4</b>   | <b>3,338.1</b> |
| of which: payroll costs                                 | 2,445.4                                     | 2,159.4          | 2,219.0        |
| <b>Operating income</b>                                 | <b>3,465.1</b>                              | <b>2,836.2</b>   | <b>1,932.2</b> |
| <b>Profit before extraordinary items and income tax</b> | <b>2,270.5</b>                              | <b>2,043.0</b>   | <b>1,184.0</b> |
| <b>Group portion of net income (loss)</b>               | <b>1,286.0</b>                              | <b>(*) 215.7</b> | <b>472.0</b>   |

(\*) Affected substantially by the accelerated amortisation of the remaining positive consolidation difference (734.5 million) originally posted following the acquisition of the Credito Romagnolo S.p.A Group.

## CONSOLIDATED BALANCE SHEET

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                    |                     |
|--|---|--------------------|---------------------|
|  | 31/12/1999                                  | 31/12/1998         | 31/12/1997          |
| <b>Total assets</b>  | <b>168,927.5</b>                            | <b>149,325.8</b>   | <b>146,707.4</b>    |
| <b>Total loans</b>   | <b>121,584.3</b>                            | <b>108,869.6</b>   | <b>107,578.7</b>    |
| of which: loans to customers                                 | 101,577.1                                   | 85,721.8           | 75,701.5            |
| net non-performing loans                                     | 2,174.4                                     | 2,249.0            | 2,577.0             |
| <b>Trading securities</b>                                    | <b>14,436.1</b>                             | <b>14,747.2</b>    | <b>15,711.5</b>     |
| of which: shares, quotas and other variable yield securities | 1,177.5                                     | 331.0              | 86.9                |
| <b>Investments</b>   | <b>19,463.1</b>                             | <b>15,130.4</b>    | <b>217.5</b>        |
| of which: investment securities                              | 14,952.5                                    | 11,269.2           | 10,816.4            |
| equity investments   | 1,088.5                                     | 1,510.6            | 1,628.9             |
| positive consolidation and net equity differences            | 512.8                                       | 0.0                | 794.6               |
| <b>Total due from amounts</b>                                | <b>142,806.7</b>                            | <b>125,711.6</b>   | <b>122,393.6</b>    |
| of which: due to customers and securities issued             | 107,070.4                                   | 92,076.8           | 90,903.2            |
| <b>Subordinated debt</b>                                     | <b>1,370.7</b>                              | <b>1,293.1</b>     | <b>1,528.7</b>      |
| <b>Shareholders' equity (1)</b>                              | <b>9,724.2</b>                              | <b>(*) 8,538.1</b> | <b>9,620.8</b>      |
| of which: Group portion of shareholders' equity              | 7,888.7                                     | (*) 6,680.6        | 7,643.6             |
| capital  | 1,285.0                                     | 1,208.8            | 743.7               |
| <b>Other balance sheet data:</b>                             |   |                    |                     |
| <b>Capital for regulatory purposes (2)</b>                   | <b>9,108.4</b>                              | <b>8,795.6</b>     | <b>(**) 7,982.5</b> |
| of which: tier 1 capital                                     | 7,720.0                                     | 7,456.3            | 6,370.9             |
| tier 2 capital   | 1,731.4                                     | 1,872.2            | 1,953.0             |
| items to be deducted   | 343.0                                       | 532.9              | 511.8               |

(A) Figures as at 31 December 1999 include the Pekao Group and Caritro S.p.A., while those as at 31 December 1998 include only Caritro S.p.A.

(1) Shareholders' equity includes the loan loss reserve and reserve for general banking risks.

(2) Consolidated shareholders' equity as at December 1997, which was determined using the methods stipulated for consolidated regulatory reporting, includes quotas for SIMs.

(\*) The decrease recorded in shareholders' equity, which was also affected by the accelerated amortisation of the remaining positive consolidation difference (734.5 million) originally posted following the acquisition of the Credito Romagnolo S.p.A Group, should be seen in relation to liquid assets totalling 1,300 million earmarked, on the basis of agreements signed, to shareholders of Unicredito S.p.A. (Foundations) and minority shareholders of Cariverona S.p.A. These liquid assets were largely the result of the distribution of extraordinary dividends by the Casse that were already controlled by Unicredito S.p.A. prior to the spin-off of the latter into Unicredito Italiano S.p.A.

(\*\*) The figures for 1997/1998 take into account the effects in the prior note.

- Key Financial Information
- Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)
- Reclassified Consolidated Profit and Loss Account
- Reclassified Consolidated Balance Sheet
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- Commentary on the Balance Sheet Figures
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- ROE (Return on Equity)
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- Consolidated Accounts in Euros
- Comparative Accounts in Euros

## CONSOLIDATED STAFF AND BRANCHES (A)

|  | 31/12/1999    | 31/12/1999<br>EXCL. PEKAO GROUP | 31/12/1998    | 31/12/1997    |
|--|---------------|---------------------------------|---------------|---------------|
| <b>Number of employees</b>             | <b>62,288</b> | <b>35,886</b>                   | <b>36,537</b> | <b>36,546</b> |
| of which: part time                    | 3,673         | 3,030                           | 2,841         | 2,626         |
| <b>Average number of employees (1)</b> | <b>49,413</b> | <b>36,212</b>                   | <b>36,542</b> | <b>36,922</b> |
| <b>Number of bank branches</b>         | <b>3,642</b>  | <b>2,922</b>                    | <b>2,822</b>  | <b>2,720</b>  |
| of which: full service branches        | 3,171         | 2,550                           | 2,465         | 2,366         |

(A) Figures as at 31 December 1999 include the Pekao Group and Caritro S.p.A., while those as at 31 December 1998 only include those for Caritro S.p.A.  
(1) Average number calculated as the arithmetic mean of the number of employees at the end of the period and the number at the end of the prior period.

## KEY FINANCIAL RATIOS AND OTHER INFORMATION

|   | 31/12/1999 | 31/12/1999<br>(*) EXCL. PEKAO GROUP | 31/12/1998 | 31/12/1997 |
|---|------------|-------------------------------------|------------|------------|
| <b>Balance sheet ratios</b>   |            |                                     |            |            |
| Loans to customers/Total assets   | 60.13%     | 61.55%                              | 57.41%     | 51.60%     |
| Securities (net of shares)/Total assets   | 16.70%     |                                     | 17.20%     | 16.27%     |
| Equity investments and shares/Total assets  | 1.34%      |                                     | 1.23%      | 1.17%      |
| Due to customers and securities issued/<br>Total liabilities                                  | 63.38%     | 62.28%                              | 61.66%     | 61.96%     |
| Shareholders' equity/Total liabilities  | 5.76%      |                                     | 5.72%      | 6.56%      |
| <b>Profitability ratios</b>   |            |                                     |            |            |
| Cost/income ratio   | 54.47%     | 52.80%                              | 55.84%     | 65.23%     |
| Operating income/Group portion of shareholders' equity  | 43.92%     |                                     | 42.46%     | 25.28%     |
| Operating income/Total assets   | 2.05%      | 2.08%                               | 1.90%      | 1.32%      |
| Net interest income/Total assets  | 2.39%      | 2.31%                               | 2.46%      | 2.45%      |
| Total revenues/Total assets   | 4.51%      | 4.41%                               | 4.30%      | 3.79%      |
| Group portion of net income (loss) for the year/<br>Group portion of shareholders' equity (1) | 21.10%     |                                     | (2) 3.47%  | 8.18%      |
| Group portion of net income (loss) for the year/No. of shares (3)                             | 26         |                                     | 4          | 10         |
| <b>Productivity ratios (4)</b>  |            |                                     |            |            |
| Operating income/Number of employees  | 55.8       | 89.9                                | 77.5       | 52.7       |
| Total assets/Number of employees  | 2,711.9    | 4,309.1                             | 4,086.7    | 4,014.4    |
| Due to customers and securities issued/<br>Number of employees                                | 1,718.8    | 2,684.2                             | 2,520.3    | 2,487.3    |
| Loans to customers/Number of employees  | 1,613.0    | 2,652.2                             | 2,346.3    | 2,071.5    |
| <b>Risk ratios</b>  |            |                                     |            |            |
| Net non-performing loans/Total loans  | 1.79%      | 1.85%                               | 2.07%      | 2.40%      |
| Net non-performing loans/Loans to customers   | 2.14%      | 2.22%                               | 2.62%      | 3.40%      |
| Net non-performing loans/<br>Group portion of shareholders' equity                            | 27.56%     |                                     | 33.67%     | 33.71%     |
| <b>Capital ratios</b>   |            |                                     |            |            |
| Capital for regulatory purposes/<br>Weighted credit risk assets                               | 7.60%      |                                     | 8.83%      | 7.96%      |
| Capital for regulatory purposes/<br>Weighted credit risk assets                               | 8.97%      |                                     | 10.41%     | 9.71%      |

(A) Figures as at 31 December 1999 include the Pekao Group and Caritro S.p.A., while those as at 31 December 1998 only include those for Caritro S.p.A.

(1) Group portion of shareholders' equity calculated as the arithmetic mean of end of period figures and figures at the end of the prior period.

(2) ROE before extraordinary depreciation of 15.4% (for further information, see the chapter on ROE).

(3) Index expressed in hundredths of Euros for 1998. Earnings per share before extraordinary depreciation was 0.20 Euros.

(4) Indices expressed in thousands of Euros.

(\*) Significant indices for the purposes of comparison with the prior period.

# Summary Balance Sheet and Operating Res

## (broken down by major banks and groups v

|   | UNICREDITO ITALIANO S.P.A.   | BANCA CRT S.P.A. | CARITRO S.P.A.  | DOMESTIC BANKS          |                   |                        | TOTAL OTHER ITALIAN BANKS (1) |                 |
|---|--|------------------|-----------------|-------------------------|-------------------|------------------------|-------------------------------|-----------------|
|   |  |                  |                 | CARIVERONA BANCA S.P.A. | CASSAMARCA S.P.A. | ROLO BANCA 1473 S.P.A. |                               |                 |
| <b>Consolidated Balance Sheet</b>           |  |                  |                 |                         |                   |                        |                               |                 |
|   | <b>Total assets</b>  | <b>81,910.5</b>  | <b>17,661.0</b> | <b>3,086.2</b>          | <b>16,459.3</b>   | <b>3,356.1</b>         | <b>40,804.5</b>               | <b>10,808.1</b> |
|   | <b>Total loans</b>   | <b>54,703.0</b>  | <b>14,608.7</b> | <b>2,171.4</b>          | <b>11,678.2</b>   | <b>2,367.7</b>         | <b>32,062.9</b>               | <b>10,241.0</b> |
|   | of which:  |                  |                 |                         |                   |                        |                               |                 |
|   | – loans to customers   | 36,667.8         | 8,377.7         | 1,775.5                 | 9,584.9           | 2,312.9                | 24,791.7                      | 9,939.0         |
|   | – net non-performing loans   | 645.0            | 82.2            | 14.0                    | 143.3             | 25.5                   | 177.7                         | 936.2           |
|   | <b>Trading securities</b>  | <b>8,769.6</b>   | <b>630.1</b>    | <b>322.5</b>            | <b>2,082.5</b>    | <b>531.4</b>           | <b>953.1</b>                  | <b>57.1</b>     |
|   | <b>Investments</b>   | <b>11,599.2</b>  | <b>1,710.7</b>  | <b>383.7</b>            | <b>1,669.3</b>    | <b>320.6</b>           | <b>5,884.5</b>                | <b>96.8</b>     |
|   | of which:  |                  |                 |                         |                   |                        |                               |                 |
|   | – investment securities  | 4,232.0          | 841.0           | 307.1                   | 831.0             | 216.6                  | 5,163.6                       | 1.5             |
|   | – equity investments   | 6,846.9          | 483.6           | 35.5                    | 527.7             | 31.3                   | 207.6                         | 22.0            |
|   | – positive consolidation and net equity differences  |                  |                 |                         |                   |                        |                               |                 |
|   | <b>Total due to amounts</b>  | <b>64,977.2</b>  | <b>15,260.0</b> | <b>2,310.8</b>          | <b>13,374.3</b>   | <b>2,922.6</b>         | <b>35,550.4</b>               | <b>9,417.3</b>  |
|   | of which: due to customers and securities issued   | 31,561.9         | 12,962.8        | 2,042.2                 | 11,723.4          | 2,485.1                | 29,472.1                      | 6,505.4         |
|   | <b>Subordinated debt</b>   | <b>2,642.8</b>   | <b>180.8</b>    | <b>11.5</b>             | <b>—</b>          | <b>—</b>               | <b>12.9</b>                   | <b>35.1</b>     |
|   | <b>Shareholders' equity (1)</b>  | <b>7,164.8</b>   | <b>1,331.5</b>  | <b>325.8</b>            | <b>1,718.8</b>    | <b>221.8</b>           | <b>2,708.7</b>                | <b>785.5</b>    |
|   | of which: Group portion of shareholders' equity  |                  |                 |                         |                   |                        |                               |                 |
|   | (1) Shareholders' equity includes loan loss reserves and the fund for general banking risks  |                  |                 |                         |                   |                        |                               |                 |
| <b>Consolidated Profit and Loss Account</b> |  |                  |                 |                         |                   |                        |                               |                 |
|   | <b>Net interest income</b>   | <b>1,697.7</b>   | <b>573.7</b>    | <b>82.9</b>             | <b>571.1</b>      | <b>117.8</b>           | <b>843.5</b>                  | <b>209.3</b>    |
|   | Revenues from services and other sources   | 1,261.2          | 420.2           | 58.0                    | 386.5             | 69.9                   | 694.2                         | 17.4            |
|   | of which: profits (losses) on financial transactions   | 184.2            | 7.2             | 3.6                     | 1.4               | 0.1                    | 59.9                          | 1.2             |
|   | <b>Total revenues</b>  | <b>2,959.0</b>   | <b>994.0</b>    | <b>141.0</b>            | <b>957.6</b>      | <b>187.7</b>           | <b>1,537.7</b>                | <b>226.6</b>    |
|   | Administrative costs   | 1,292.6          | 470.4           | 91.3                    | 439.5             | 104.1                  | 657.9                         | 74.7            |
|   | of which: payroll costs  | 851.9            | 294.6           | 58.3                    | 285.2             | 64.7                   | 418.0                         | 33.8            |
|   | <b>Operating income</b>  | <b>1,583.9</b>   | <b>481.9</b>    | <b>44.7</b>             | <b>478.8</b>      | <b>75.5</b>            | <b>837.6</b>                  | <b>143.1</b>    |
|   | <b>Profit before extraordinary items and income tax</b>  | <b>1,202.8</b>   | <b>351.3</b>    | <b>34.0</b>             | <b>412.3</b>      | <b>63.8</b>            | <b>722.1</b>                  | <b>– 73.1</b>   |
|   | <b>Group portion of net income (loss) for the year</b>   | <b>921.9</b>     | <b>213.5</b>    | <b>23.3</b>             | <b>243.7</b>      | <b>29.5</b>            | <b>519.6</b>                  | <b>– 68.6</b>   |
|   | (a) Affected substantially by the accelerated amortisation of the remaining positive consolidation difference (1,422.2 billion) originally posted following the acquisition of the Credito Romagnolo S.p.A. Group. |                  |                 |                         |                   |                        |                               |                 |
| <b>Group Staff and Branches</b>             |  |                  |                 |                         |                   |                        |                               |                 |
|   | <b>Number of employees</b>   | <b>13,471</b>    | <b>4,951</b>    | <b>927</b>              | <b>4,910</b>      | <b>1,123</b>           | <b>7,498</b>                  | <b>497</b>      |
|   | of which: part time  | 1,333            | 362             | 86                      | 384               | 85                     | 569                           | 34              |
|   | <b>Number of bank branches</b>   | <b>1,012</b>     | <b>447</b>      | <b>79</b>               | <b>478</b>        | <b>150</b>             | <b>737</b>                    | <b>9</b>        |
|   | of which: full service branches  | 693              | 439             | 79                      | 478               | 107                    | 735                           | 9               |
| <b>Risk ratios</b>                          |  |                  |                 |                         |                   |                        |                               |                 |
|   | Net non-performing loans/ Total loans  | 1.18%            | 0.56%           | 0.64%                   | 1.23%             | 1.08%                  | 0.55%                         | 9.14%           |
|   | Net non-performing loans/ Loans to customers   | 1.76%            | 0.98%           | 0.79%                   | 1.49%             | 1.10%                  | 0.72%                         | 9.42%           |

# ults with similar operations)

(CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)

| TOTAL DOMESTIC BANKS | TOTAL DOMESTIC FINANCIAL AND ANCILLARY COMPANIES (2) | TOTAL BANKS AND FINANCIAL COMPANIES (3) | TOTAL     | PEKAO GROUP CONSOLIDATED ACCOUNTS (4) | AGGREGATE TOTAL | CONSOLIDATION ELISIONS/SETTLEMENTS | CONSOLIDATION ADJUSTMENTS | TOTAL CONSOLIDATED |
|----------------------|--|---|-----------|---------------------------------------|-----------------|------------------------------------|---------------------------|--------------------|
| 174,085.7            | 10,874.6   | 5,443.1                                 | 190,403.5 | 14,276.2                              | 204,679.6       | - 27,359.3                         | - 8,392.8                 | 168,927.5          |
| 127,832.9            | 7,645.0  | 2,150.8                                 | 137,628.7 | 7,405.5                               | 145,034.2       | - 23,428.0                         | - 21.9                    | 121,584.3          |
| 93,449.5             | 7,439.5  | 320.2                                   | 101,209.2 | 6,390.9                               | 107,600.1       | - 6,022.6                          | - 0.4                     | 101,577.1          |
| 2,023.9              | 83.8   | 5.1                                     | 2,112.8   | 61.8                                  | 2,174.6         | 0.1                                | —                         | 2,174.7            |
| 13,346.3             | 154.3  | 1,806.7                                 | 15,307.3  | 470.4                                 | 15,777.7        | - 1,346.8                          | 5.2                       | 14,436.1           |
| 21,664.8             | 1,769.9  | 1,293.9                                 | 24,728.6  | 5,002.8                               | 29,731.4        | - 2,369.0                          | - 7,899.3                 | 19,463.1           |
| 11,592.8             | 29.2   | 1,274.0                                 | 12,896.0  | 4,425.4                               | 17,321.4        | - 2,368.9                          | —                         | 14,952.5           |
| 8,154.6              | 1,171.0  | 6.9                                     | 9,332.5   | 119.4                                 | 9,451.9         | —                                  | - 8,363.4                 | 1,088.5            |
|                      |  |   |           |                                       |                 |                                    | 512.8                     | 512.8              |
| 143,812.6            | 7,966.0  | 4,391.5                                 | 156,170.1 | 12,206.7                              | 168,376.8       | - 25,570.1                         | —                         | 142,806.7          |
| 96,752.9             | 528.1  | 1,717.2                                 | 98,998.2  | 10,750.1                              | 109,748.2       | - 2,677.8                          | —                         | 107,070.4          |
| 2,883.1              | 12.9   | —                                       | 2,896.0   | —                                     | 2,896.0         | - 1,525.3                          | —                         | 1,370.7            |
| 14,256.9             | 1,931.3  | 964.4                                   | 17,152.6  | 963.2                                 | 18,115.8        | —                                  | - 8,391.6                 | 9,724.2            |
|                      |  |   |           |                                       |                 |                                    |                           | 7,888.7            |
| 4,096.0              | 497.2  | 48.8                                    | 4,642.0   | 479.1                                 | 5,121.1         | 6.5                                | - 1,082.1                 | 4,045.5            |
| 2,907.4              | 267.3  | 181.1                                   | 3,355.8   | 306.6                                 | 3,662.4         | - 109.2                            | 11.9                      | 3,565.1            |
| 257.6                | - 8.3  | - 0.3                                   | 249.0     | 80.2                                  | 329.2           | 4.2                                | 5.2                       | 338.6              |
| 7,003.6              | 764.5  | 229.9                                   | 7,998.0   | 785.7                                 | 8,783.7         | - 102.8                            | - 1,070.3                 | 7,610.6            |
| 3,130.5              | 267.8  | 45.0                                    | 3,443.3   | 484.1                                 | 3,927.4         | - 103.4                            | —                         | 3,824.0            |
| 2,006.5              | 121.4  | 18.1                                    | 2,146.0   | 299.4                                 | 2,445.4         | —                                  | —                         | 2,445.4            |
| 3,645.5              | 467.4  | 181.4                                   | 4,294.3   | 243.6                                 | 4,537.9         | 0.7                                | - 1,073.5                 | 3,465.1            |
| 2,713.2              | 368.6  | 180.3                                   | 3,262.1   | 87.9                                  | 3,350.0         | 0.7                                | - 1,080.2                 | 2,270.5            |
| 1,882.9              | 236.3  | 168.5                                   | 2,287.7   | 36.9                                  | 2,324.6         | —                                  | - 1,038.6                 | 1,286.0            |
| 33,377               | 2,306  | 203                                     | 35,886    | 26,402                                | 62,288          | —                                  | —                         | 62,288             |
| 2,853                | 175  | 2                                       | 3,030     | 643                                   | 3,673           | —                                  | —                         | 3,673              |
| 2,912                | —  | 10                                      | 2,922     | 720                                   | 3,642           | —                                  | —                         | 3,642              |
| 2,540                | —  | 10                                      | 2,550     | 621                                   | 3,171           | —                                  | —                         | 3,171              |
| 1.58%                | 1.10%  | 0.24%                                   | 1.35%     | 0.83%                                 | 1.50%           |                                    |                           | 1.79%              |
| 2.17%                | 1.13%  | 1.58%                                   | 2.09%     | 0.97%                                 | 2.02%           |                                    |                           | 2.14%              |

(1) includes: Banca di Bergamo S.p.A., Banca Mediocredito S.p.A., Mediovenzie Banca S.p.A., UniCredit Banca Mobiliare S.p.A. e Credito Fondiario S.p.A. (pro-quota).

(2) includes: Cordusio Società Fiduciaria per Azioni, Credit Carimonte S.p.A., UniCredit Sim S.p.A. di Intermediazione Mobiliare, UniCredit Factoring S.p.A., Fiditalia S.p.A., CreditRas Previdenza S.p.A. di Intermediazione Mobiliare, Europlus UniCredit Rolo SGR S.p.A., Gesticredit S.G.R. p.A., Locat S.p.A., Comeba S.p.A., CON.RI.T. S.p.A., Esamarca S.p.A., Fida Sim S.p.A., F.R.T. Fiduciaria Risparmio Torino Sim S.p.A., Fondinvest Risparmio S.G.R.S.p.A., Gespro S.p.A., Gestiveneto S.G.R. p.A., Rolo Fondo S.G.R.S.p.A., Sogefactor S.r.l., UniCredit Servizi Informativi S.c.p.A., UniCredit Produzioni Accentrate S.c.p.A., Immobiliare Archi S.r.l., Nettuno S.r.l., Querca Software S.p.A., Trivimm S.p.A.

(3) includes: Banque Monegasque de Gestion SA, B.A.C. S. Marino SA, Credito Italiano Delaware Inc., Credito Italiano Finance Ltd, Cariverona Ireland Ltd, Europlus Asset Management S.A., Europlus Research & Management Ltd, Gestiveneto Luxembourg SA, Rolo International Asset Management SA, Tyrescom Ltd, UniCredit Italiano Bank (Ireland) Plc.

(4) includes: Bank Polska Kasa Opieki Spolka Akcyjna, Bank Polska Kasa Opieki Tel-Aviv Ltd, Bank Depozytowo-Kredytowy (Ukraina) Ltd, PBG - Leasing Sp. Zo.O., CDMGrupy Pekao S.A. Spolka Akcyjna, Pekao Faktoring Sp. Zo.O., Pekao Fundusz Kapitalowy Sp. Zo.O., Pekao Leasing Sp. Zo.O. Przedsiębiorstwo Zarządzania.

Elisions on consolidation result from the elimination of balance sheet and P&L items.

Adjustments on consolidation comprise all consolidation entries as detailed in the consolidated accounts under "Consolidation Principles and Criteria".

# Reclassified Consolidated Profit and Loss Account in Euros

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |                  |                 |                            |                |
|--|---|------------------|------------------|-----------------|----------------------------|----------------|
|  |   |                  | CHANGES          |                 | 1999 EXCLUDING PEKAO ITEMS |                |
|  | 1999  | 1998             | ABSOLUTE         | %               | AMOUNTS                    | %              |
| 10 Interest income and similar revenues                                | 8,273.4                                     | 8,968.0          | - 694.6          | - 7.7%          | 6,986.2                    |                |
| 20 Interest expense and similar charges                                | 4,394.6                                     | 5,361.3          | - 966.7          | - 18.0%         | 3,598.2                    |                |
| <i>Net interest</i>  | <i>3,878.8</i>                              | <i>3,606.7</i>   | <i>+ 272.1</i>   | <i>+ 7.5%</i>   | <i>3,388.0</i>             | <i>- 6.1%</i>  |
| 30 Dividends and other revenues  | 166.0                                       | 58.2             | + 107.8          | + 185.5%        | 164.7                      |                |
| 170 Income (loss) from equity investments valued at net equity         | 0.7   | 10.5             | - 9.8            | - 93.6%         | 13.6                       |                |
| <b>NET INTEREST INCOME</b>   | <b>4,045.5</b>                              | <b>3,675.4</b>   | <b>+ 370.1</b>   | <b>+ 10.1%</b>  | <b>3,566.3</b>             | <b>- 3.0%</b>  |
| 40 Commission income   | 2,964.6                                     | 2,262.5          | + 702.1          | + 31.0%         | 2,785.9                    |                |
| 50 Commission expense  | 293.6                                       | 206.7            | + 86.9           | + 42.1%         | 264.4                      |                |
| <i>Net commissions</i>   | <i>2,671.0</i>                              | <i>2,055.8</i>   | <i>+ 615.2</i>   | <i>+ 29.9%</i>  | <i>2,521.5</i>             | <i>+ 22.7%</i> |
| 60 Profits (losses) on financial transactions                          | 338.6                                       | 288.4            | + 50.2           | + 17.4%         | 258.4                      | - 10.4%        |
| 70 Other operating income  | 779.5                                       | 571.5            | + 208.0          | + 36.4%         | 690.7                      |                |
| 110 Other operating expenses   | 224.0                                       | 168.0            | + 56.0           | + 33.4%         | 212.1                      |                |
| <i>Other income - net</i>  | <i>555.5</i>                                | <i>403.5</i>     | <i>+ 152.0</i>   | <i>+ 37.7%</i>  | <i>478.6</i>               | <i>+ 18.7%</i> |
| <b>Revenues from services and other sources</b>                        | <b>3,565.1</b>                              | <b>2,747.7</b>   | <b>+ 817.4</b>   | <b>+ 29.8%</b>  | <b>3,258.5</b>             | <b>+ 18.6%</b> |
| <b>TOTAL REVENUES</b>  | <b>7,610.6</b>                              | <b>6,423.1</b>   | <b>+ 1,187.5</b> | <b>+ 18.5%</b>  | <b>6,824.8</b>             | <b>+ 6.3%</b>  |
| <i>Payroll costs</i>   | <i>2,445.4</i>                              | <i>2,159.4</i>   | <i>+ 286.0</i>   | <i>+ 13.3%</i>  | <i>2,146.0</i>             | <i>- 0.6%</i>  |
| <i>Other administrative costs</i>                                      | <i>1,378.6</i>                              | <i>1,147.0</i>   | <i>+ 231.6</i>   | <i>+ 20.2%</i>  | <i>1,193.9</i>             | <i>+ 4.1%</i>  |
| <b>80 Administrative costs</b>   | <b>3,824.0</b>                              | <b>3,306.4</b>   | <b>+ 517.6</b>   | <b>+ 15.7%</b>  | <b>3,339.9</b>             | <b>+ 1.0%</b>  |
| 90 Write-downs of intangible and tangible fixed assets (1)             | 321.5                                       | 280.5            | + 41.0           | + 14.6%         | 263.5                      | - 6.0%         |
| <b>OPERATING INCOME</b>  | <b>3,465.1</b>                              | <b>2,836.2</b>   | <b>+ 628.9</b>   | <b>+ 22.2%</b>  | <b>3,221.4</b>             | <b>+ 13.6%</b> |
| 90 Other write-downs of intangible fixed assets (2)                    | 39.1  | 64.8             | - 25.7           | - 39.6%         |                            |                |
| 100 Provisions for risks and charges                                   | 252.4                                       | 89.5             | + 162.9          | + 182.0%        |                            |                |
| 120 Write-downs of loans and provisions for guarantees and commitments | 1,240.1                                     | 824.8            | + 415.3          | + 50.3%         |                            |                |
| 130 Write-backs to loans and provisions for guarantees and commitments | 409.3                                       | 257.7            | + 151.6          | + 58.8%         |                            |                |
| 140 Provisions to loan loss reserves                                   | 44.8  | 35.9             | + 8.9            | + 24.6%         |                            |                |
| 150 Write-downs of financial investments                               | 50.7  | 39.8             | + 10.9           | + 27.5%         |                            |                |
| 160 Write-backs to financial investments                               | 23.2  | 3.9              | + 19.3           | ••              |                            |                |
| <b>NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES</b>   | <b>2,270.5</b>                              | <b>2,043.0</b>   | <b>+ 227.5</b>   | <b>+ 11.1%</b>  |                            |                |
| 190 Extraordinary income   | 883.3                                       | 419.3            | + 464.0          | + 110.7%        |                            |                |
| 200 Extraordinary charges  | 298.4                                       | (*) 834.0        | - 535.6          | - 64.2%         |                            |                |
| Extraordinary income (charges) - net                                   | 584.9                                       | (414.7)          | + 999.6          | ••              |                            |                |
| 230 Change in fund for general banking risks                           | + 8.8                                       | + 27.6           | - 18.8           | - 68.2%         |                            |                |
| 240 Income tax for the year  | 1,207.3                                     | 1,076.8          | + 130.5          | + 12.1%         |                            |                |
| 241 Provisions pursuant to Law 218 of 30.7.1990                        | —   | 0.5              | - 0.5            | - 100.0%        |                            |                |
| 242 Income of Pekao Group before acquisition (3)                       | 21.5  | —                | + 21.5           | ••              |                            |                |
| <b>NET INCOME (LOSS) FOR THE PERIOD</b>                                | <b>1,617.8</b>                              | <b>523.4</b>     | <b>+ 1,094.4</b> | <b>+ 209.1%</b> |                            |                |
| 250 Minority portion of net income (loss) for the period               | 331.8                                       | 307.7            | + 24.1           | + 7.9%          |                            |                |
| <b>GROUP PORTION OF NET INCOME (LOSS)</b>                              | <b>1,286.0</b>                              | <b>(*) 215.7</b> | <b>+ 1,070.3</b> | <b>••</b>       |                            |                |

(\*) Substantially affected by the accelerated amortisation of the remaining positive consolidation difference (734.5 million) originally posted following the acquisition of the Credito Romagnolo S.p.A. Group

(1) Write-downs are excluded on positive consolidation and net equity differences and the provision of amortisation of goodwill

(2) Includes write-downs on positive consolidation and net equity differences and the provision of amortisation of goodwill

(3) Equal to 7/12 of total income for the period

# Reclassified Consolidated Balance Sheet in Euros

| ASSETS   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |                  |                |
|--|---|------------------|------------------|----------------|
|  | AMOUNTS AS AT                               |                  | CHANGES          |                |
|  | 31/12/1999                                  | 31/12/1998       | ABSOLUTE         | %              |
| 1. Cash and deposits with central banks and post offices | 1,136.5                                     | 628.9            | + 507.6          | + 80.7%        |
| 2. Due from:   |   |                  |                  |                |
| - customers  | 101,577.1                                   | 85,721.8         | + 15,855.3       | + 18.5%        |
| - banks  | 20,007.2                                    | 23,147.8         | - 3,140.6        | - 13.6%        |
| 3. Trading securities                                    | 14,436.1                                    | 14,747.2         | - 311.1          | - 2.1%         |
| 4. Fixed assets  |   |                  |                  |                |
| a) investment securities                                 | 14,952.5                                    | 11,269.2         | + 3,683.3        | + 32.7%        |
| b) equity investments                                    | 1,088.5                                     | 1,510.6          | - 422.1          | - 27.9%        |
| c) own shares or quotas                                  | 0.3   | 0.3              | ••               | ••             |
| d) intangible and tangible fixed assets                  | 2,909.0                                     | 2,350.3          | + 558.7          | + 23.8%        |
| e) positive consolidation and net equity differences     | 512.8                                       | —                | + 512.8          | ••             |
| 5. Other asset items                                     | 12,307.5                                    | 9,949.7          | + 2,357.8        | + 23.7%        |
| <b>Total assets</b>                                      | <b>168,927.5</b>                            | <b>149,325.8</b> | <b>+19,601.7</b> | <b>+ 13.1%</b> |

| LIABILITIES AND SHAREHOLDERS' EQUITY                | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |                  |               |
|---|---|------------------|------------------|---------------|
|   | AMOUNTS AS AT                               |                  | CHANGES          |               |
|   | 31/12/1999                                  | 31/12/1998       | ABSOLUTE         | %             |
| 1. Due to amounts                                   |   |                  |                  |               |
| - due to customers                                  | 72,957.7                                    | 55,541.7         | + 17,416.0       | + 31.4%       |
| - securities issued                                 | 34,112.7                                    | 36,535.1         | - 2,422.4        | - 6.6%        |
| - due to banks                                      | 35,736.3                                    | 33,634.8         | + 2,101.5        | + 6.2%        |
| 2. Specific reserves                                | 3,371.5                                     | 3,004.3          | + 367.2          | + 12.2%       |
| 3. Other liability items                            | 11,654.4                                    | 10,778.7         | + 875.7          | + 8.1%        |
| 4. Loan loss reserves                               | 152.3                                       | 145.4            | + 6.9            | + 4.8%        |
| 5. Subordinated debt                                | 1,370.7                                     | 1,293.1          | + 77.6           | + 6.0%        |
| 6. Fund for general banking risks                   | 66.0  | 51.3             | + 14.7           | + 28.7%       |
| 7. Minority portion of shareholders' equity         | 1,835.5                                     | 1,857.5          | - 22.0           | - 1.2%        |
| 8. Shareholders' equity:                            |   |                  |                  |               |
| - capital, reserves and retained earnings           | 6,355.0                                     | 6,107.4          | + 247.6          | + 4.1%        |
| - negative consolidation and net equity differences | 29.4  | 160.8            | - 131.4          | - 81.7%       |
| Net income for the period                           | 1,286.0                                     | 215.7            | + 1,070.3        | ••            |
| <b>Total liabilities and shareholders' equity</b>   | <b>168,927.5</b>                            | <b>149,325.8</b> | <b>+19,601.7</b> | <b>+13.1%</b> |

|  |           |           |           |         |
|--|-----------|-----------|-----------|---------|
| Guarantees and commitments               | 24,381.2  | 21,581.0  | + 2,800.2 | + 13.0% |
| Securities in custody and administration | 156,534.4 | 165,656.9 | - 9,122.5 | - 5.5%  |

# Commentary on the Profit and Loss Account Figures

## BREAKDOWN OF PROFIT AND LOSS ACCOUNT

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                |                               |                              |                                       |
|--|---|----------------|-------------------------------|------------------------------|---------------------------------------|
|  | 1999 (*)                                    | 1998           | ABSOLUTE (*)<br>CHANGES 99/98 | (*) OF WHICH:<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| 10. Interest income and similar revenues                           | 8,273.4                                     | 8,968.0        | - 694.6                       | 1,287.2                      | - 22.1%                               |
| 20. Interest expense and similar charges                           | 4,394.6                                     | 5,361.3        | - 966.7                       | 796.4                        | - 32.9%                               |
| <b>Net interest</b>  | <b>3,878.8</b>                              | <b>3,606.7</b> | <b>272.1</b>                  | <b>490.8</b>                 | <b>- 6.1%</b>                         |
| 30. Dividends and other revenues                                   | 166.0                                       | 58.2           | 107.8                         | 1.3                          | ••                                    |
| 170. Income (loss) from equity investments<br>valued at net equity | 0.7   | 10.5           | - 9.8                         | - 13.0                       | 30.0%                                 |
| <b>Total</b>   | <b>4,045.5</b>                              | <b>3,675.4</b> | <b>370.1</b>                  | <b>479.1</b>                 | <b>- 3.0%</b>                         |

### Details of "Interest income and similar revenues"

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                |                               |                              |                                       |
|---|---|----------------|-------------------------------|------------------------------|---------------------------------------|
|   | 1999 (*)                                    | 1998           | ABSOLUTE (*)<br>CHANGES 99/98 | (*) OF WHICH:<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| <b>Item 10 Interest income and similar revenues</b> |   |                |                               |                              |                                       |
| a) on loans to banks                                | 887.3                                       | 1,510.0        | - 622.7                       | 71.5                         | - 46.0%                               |
| b) on loans to customers                            | 5,559.6                                     | 5,693.0        | - 133.4                       | 738.3                        | - 15.3%                               |
| c) on debt securities                               | 1,811.6                                     | 1,739.4        | 72.2                          | 477.4                        | - 23.3%                               |
| d) other interest income                            | 14.9  | 25.6           | - 10.7                        | —                            | - 41.6%                               |
| <b>Total</b>  | <b>8,273.4</b>                              | <b>8,968.0</b> | <b>- 694.6</b>                | <b>1,287.2</b>               | <b>- 22.1%</b>                        |

- Key Financial Information
- Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)
- Reclassified Consolidated Profit and Loss Account
- Reclassified Consolidated Balance Sheet
- Commentary on the Profit and Loss Account Figures
- Commentary on the Balance Sheet Figures
- Shareholders' Equity
- ROE (Return on Equity)
- Capital for Regulatory Purposes
- Ratings
- Consolidated Accounts in Euros
- Comparative Accounts in Euros



## Details of "Interest expense and similar charges"

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)                       |                |                |                              |                              |                                       |
|---|----------------|----------------|------------------------------|------------------------------|---------------------------------------|
|   | 1999 (+)       | 1998           | ABSOLUTE (*)<br>CHANGE 99/98 | (*) OF WHICH:<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| <b>Item 20 Interest expense and similar charges</b>               |                |                |                              |                              |                                       |
| a) on loans due to banks  | 1,224.5        | 1,572.5        | - 348.0                      | 135.4                        | - 30.7%                               |
| b) on loans due to customers                                      | 1,554.2        | 1,666.8        | - 112.6                      | 659.1                        | - 46.3%                               |
| c) on securities issued   | 1,328.7        | 1,942.0        | - 613.3                      | 1.3                          | - 31.6%                               |
| d) on deposits received in administration                         | 0.2            | 0.3            | - 0.1                        | —                            | - 57.1%                               |
| e) on subordinated debt   | 65.2           | 73.7           | - 8.5                        | —                            | - 11.6%                               |
| f) negative balance of differentials on<br>"hedging" transactions | 221.8          | 106.0          | 115.8                        | 0.6                          | 108.7%                                |
| <b>Total</b>  | <b>4,394.6</b> | <b>5,361.3</b> | <b>- 966.7</b>               | <b>796.4</b>                 | <b>- 32.9%</b>                        |

## Interest income, expense and net interest broken down by major banks and groups with similar operations

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)   |                |                     |                 |               |                 |               |
|---|----------------|---------------------|-----------------|---------------|-----------------|---------------|
|   | 1999           |                     | NET<br>INTEREST | %             | 1998            |               |
|   | INCOME         | INTEREST<br>EXPENSE |                 |               | NET<br>INTEREST | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                    | 2,718.1        | 1,623.7             | 1,094.4         | 32.4%         | 1,139.7         | 31.7%         |
| Banca CRT S.p.A.                              | 732.0          | 356.8               | 375.2           | 11.1%         | 423.7           | 11.8%         |
| Caritro S.p.A.                                | 141.2          | 67.8                | 73.4            | 2.2%          | 70.8            | 2.0%          |
| Cariverona Banca S.p.A.                       | 726.8          | 313.5               | 413.3           | 12.2%         | 460.6           | 12.8%         |
| Cassamarca S.p.A.                             | 139.2          | 43.7                | 95.5            | 2.8%          | 106.0           | 3.0%          |
| Rolo Banca 1473 S.p.A.                        | 1,660.5        | 901.6               | 758.9           | 22.4%         | 806.4           | 22.4%         |
| Other domestic banks                          | 712.8          | 506.2               | 206.6           | 6.1%          | 212.3           | 5.9%          |
| <i>Total domestic banks</i>                   | <i>6,830.6</i> | <i>3,813.3</i>      | <i>3,017.3</i>  | <i>89.2%</i>  | <i>3,219.5</i>  | <i>89.6%</i>  |
| Domestic financial and ancillary companies    | 575.3          | 259.1               | 316.2           | 9.4%          | 309.9           | 8.6%          |
| Foreign companies (1)                         | 158.0          | 109.8               | 48.32           | 1.4%          | 63.9            | 1.8%          |
| <b>Aggregate total (homogenous aggregate)</b> | <b>7,563.9</b> | <b>4,182.2</b>      | <b>3,381.7</b>  | <b>100.0%</b> | <b>3,593.3</b>  | <b>100.0%</b> |
| Pekao Group                                   | 1,287.6        | 796.8               | 490.8           |               | —               |               |
| Consolidation elisions and adjustments        | - 578.1        | - 584.4             | 6.3             |               | 13.5            |               |
| <b>Total consolidated net interest</b>        | <b>8,273.4</b> | <b>4,394.6</b>      | <b>3,878.8</b>  |               | <b>3,606.7</b>  |               |

(1) Excluding Pekao Group

## REVENUES FROM SERVICES AND OTHER SOURCES

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)       |                |                |                               |                             |                                       |
|---|----------------|----------------|-------------------------------|-----------------------------|---------------------------------------|
|   | 1999 (+)       | 1998           | ABSOLUTE (+)<br>CHANGES 99/98 | (+) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| 40. Commission income                             | 2,964.6        | 2,262.5        | 702.1                         | 178.7                       | 23.1%                                 |
| 50. Commission expense                            | 293.6          | 206.7          | 86.9                          | 29.2                        | 27.9%                                 |
| <i>Net commissions</i>                            | <i>2,671.0</i> | <i>2,055.8</i> | <i>615.2</i>                  | <i>149.5</i>                | <i>22.7%</i>                          |
| 60. Profits (losses) on financial<br>transactions | 338.6          | 288.4          | 50.2                          | 80.3                        | - 10.4%                               |
| 70. Other operating income                        | 779.5          | 571.5          | 208.0                         | 88.7                        | 20.9%                                 |
| 110. Other operating expenses                     | 224.0          | 168.0          | 56.0                          | 11.9                        | 26.3%                                 |
| <i>Other income - net</i>                         | <i>555.5</i>   | <i>403.5</i>   | <i>152.0</i>                  | <i>76.8</i>                 | <i>18.7%</i>                          |
| <b>Total</b>                                      | <b>3,565.1</b> | <b>2,747.7</b> | <b>817.4</b>                  | <b>306.6</b>                | <b>18.6%</b>                          |

## Commission income, expense and net commissions broken down by major banks and groups with similar operations

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                    |         |            |                 |            |
|--|---|--------------------|---------|------------|-----------------|------------|
|  | 1999  |                    |         | 1998       |                 |            |
|  | INCOME                                      | COMMISSION EXPENSE | NET     | % OF TOTAL | NET COMMISSIONS | % OF TOTAL |
| UniCredito Italiano S.p.A.                 | 998.9                                       | 126.4              | 872.5   | 34.5%      | 804.2           | 38.8%      |
| Banca CRT S.p.A.                           | 339.8                                       | 18.7               | 321.1   | 12.7%      | 243.8           | 11.7%      |
| Caritro S.p.A.                             | 47.6  | 2.4                | 45.2    | 1.8%       | 30.3            | 1.5%       |
| Cariverona Banca S.p.A.                    | 307.8                                       | 15.0               | 292.8   | 11.6%      | 192.9           | 9.3%       |
| Cassamarca S.p.A.                          | 58.1  | 2.4                | 55.7    | 2.2%       | 40.1            | 1.9%       |
| Rolo Banca 1473 S.p.A.                     | 545.4                                       | 27.2               | 518.2   | 20.5%      | 515.7           | 24.9%      |
| Other domestic banks                       | 17.1  | 8.1                | 9.0     | 0.3%       | 8.6             | 0.4%       |
| Total domestic banks                       | 2,314.7                                     | 200.2              | 2,114.5 | 83.6%      | 1,835.6         | 88.5%      |
| Domestic financial and ancillary companies | 1,209.7                                     | 975.2              | 234.5   | 9.3%       | 211.5           | 10.2%      |
| Foreign companies (1)                      | 263.3                                       | 82.7               | 180.7   | 7.1%       | 26.2            | 1.3%       |
| Aggregate total (homogenous aggregate)     | 3,787.7                                     | 1,258.2            | 2,529.6 | 100.0%     | 2,073.2         | 100.0%     |
| Pekao Group                                | 178.8                                       | 29.2               | 149.6   | —          | —               | —          |
| Consolidation elisions and adjustments     | - 1,001.9                                   | - 993.8            | - 8.1   | —          | - 17.4          | —          |
| Consolidated total                         | 2,964.6                                     | 293.6              | 2,671.0 | —          | 2,055.8         | —          |

(1) Excluding Pekao Group

### Details of net commissions

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                |                            |                          |                                 |
|--|---|----------------|----------------------------|--------------------------|---------------------------------|
|  | 1999 (+)                                    | 1998           | ABSOLUTE (+) CHANGES 99/98 | (+) OF WHICH PEKAO GROUP | % CHANGES EXCLUDING PEKAO GROUP |
| <b>Commissions</b>   |   |                |                            |                          |                                 |
| <b>Guarantees given and received</b>                         | <b>73.2</b>                                 | <b>67.9</b>    | <b>5.3</b>                 | <b>5.0</b>               | <b>0.5%</b>                     |
| <b>Collection and payment services</b>                       | <b>262.7</b>                                | <b>181.1</b>   | <b>81.6</b>                | <b>50.1</b>              | <b>17.4%</b>                    |
| <b>Administration, brokerage and Consultancy services:</b>   |   |                |                            |                          |                                 |
| 1. security dealing  | 230.0                                       | 206.4          | 23.6                       | 39.9                     | 7.9%                            |
| 2. currency dealing  | 79.5  | 81.1           | - 1.6                      | 1.3                      | - 3.6%                          |
| 3. segregated accounts                                       | 211.9                                       | 160.7          | 51.2                       | 0.7                      | 31.5%                           |
| 4. custody and administration of securities                  | 63.4  | 55.9           | 7.5                        | 1.0                      | 11.6%                           |
| 5. placement of securities                                   | 237.5                                       | 142.3          | 95.2                       | 0.8                      | 66.3%                           |
| 6. consultancy activities                                    | 1.2   | 1.0            | 0.2                        | —                        | 15.0%                           |
| 7. door-to-door selling of securities, products and services | - 59.7                                      | - 45.9         | - 13.8                     | 0.1                      | - 30.3%                         |
| 8. acceptance of trading instructions                        | 18.9  | 28.7           | - 9.8                      | —                        | - 34.4%                         |
| 9. management of investment funds                            | 892.4                                       | 628.7          | 263.7                      | —                        | 42.0%                           |
|  | 1,675.1                                     | 1,258.9        | 416.2                      | 43.8                     | 29.6%                           |
| <b>Tax collection services</b>                               | <b>136.6</b>                                | <b>117.4</b>   | <b>19.2</b>                | <b>—</b>                 | <b>16.3%</b>                    |
| <b>Other services</b>  | <b>523.4</b>                                | <b>430.5</b>   | <b>92.9</b>                | <b>50.5</b>              | <b>9.9%</b>                     |
| <b>Loans made and received</b>                               |   |                |                            |                          |                                 |
| <b>Insurance products</b>                                    |   |                |                            |                          |                                 |
| <b>Refunds and sundry recoveries</b>                         |   |                |                            |                          |                                 |
| <b>Other</b>   |   |                |                            |                          |                                 |
| <b>Total</b>   | <b>2,671.0</b>                              | <b>2,055.8</b> | <b>615.2</b>               | <b>149.4</b>             | <b>22.7%</b>                    |

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Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)

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## ADMINISTRATIVE COSTS

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                |                |                              |                             |                                      |
|---|----------------|----------------|------------------------------|-----------------------------|--------------------------------------|
|   | 1999 (*)       | 1998           | ABSOLUTE(•)<br>CHANGES 99/98 | (•) OF WHICH<br>PEKAO GROUP | % CHANGE<br>EXCLUDING<br>PEKAO GROUP |
| <b>Item 80 Administrative costs</b>         |                |                |                              |                             |                                      |
| a) payroll costs                            |                |                |                              |                             |                                      |
| - wages and salaries                        | 1,723.3        | 1,453.9        | 269.4                        | 246.0                       | 1.6%                                 |
| - social security contributions             | 507.0          | 472.3          | 34.7                         | 41.6                        | - 1.5%                               |
| - severance pay                             | 108.6          | 106.9          | 1.7                          | 0.4                         | 1.2%                                 |
| - pensions and similar benefits             | 54.9           | 81.5           | - 26.6                       | 4.8                         | - 38.5%                              |
| - other                                     | 51.6           | 44.8           | 6.8                          | 6.6                         | 0.8%                                 |
|   | <b>2,445.4</b> | <b>2,159.4</b> | <b>286.0</b>                 | <b>299.4</b>                | <b>- 0.6%</b>                        |
| b) other administrative costs               |                |                |                              |                             |                                      |
| - indirect taxes and dues                   | 280.4          | 245.1          | 35.3                         | 25.0                        | 4.2%                                 |
| - miscellaneous costs and expenses          | 1,098.2        | 901.9          | 196.3                        | 159.7                       | 4.0%                                 |
|   | 1,378.6        | 1,147.0        | 231.6                        | 184.7                       | 4.1%                                 |
| <b>Total</b>                                | <b>3,824.0</b> | <b>3,306.4</b> | <b>517.6</b>                 | <b>484.1</b>                | <b>1.0%</b>                          |

### Administrative costs broken down within the Group:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)   |                  |                          |                |               |                            |               |
|---|------------------|--------------------------|----------------|---------------|----------------------------|---------------|
|   | 1999             |                          |                | 1998          |                            |               |
|   | PAYROLL<br>COSTS | OTHER<br>ADMIN. EXPENSES | TOTAL          | %<br>OF TOTAL | ADMINISTRATIVE<br>EXPENSES | %<br>OF TOTAL |
| UniCredito Italiano S.p.A.                    | 851.9            | 440.7                    | 1,292.6        | 37.5%         | 1,279.5                    | 37.7%         |
| Banca CRT S.p.A.                              | 294.6            | 175.8                    | 470.4          | 13.7%         | 471.2                      | 13.9%         |
| Caritro S.p.A.                                | 58.3             | 33.0                     | 91.3           | 2.6%          | 89.9                       | 2.6%          |
| Cariverona Banca S.p.A.                       | 285.2            | 154.3                    | 439.5          | 12.8%         | 454.1                      | 13.4%         |
| Cassamarca S.p.A.                             | 64.7             | 39.4                     | 104.1          | 3.0%          | 104.5                      | 3.1%          |
| Rolo Banca 1473 S.p.A.                        | 418.0            | 239.8                    | 657.8          | 19.1%         | 643.4                      | 18.9%         |
| Other domestic banks                          | 33.8             | 41.0                     | 74.8           | 2.2%          | 78.6                       | 2.3%          |
| <b>Total domestic banks</b>                   | <b>2,006.5</b>   | <b>1,124.0</b>           | <b>3,130.5</b> | <b>90.9%</b>  | <b>3,121.3</b>             | <b>91.9%</b>  |
| Domestic financial and ancillary companies    | 121.4            | 146.4                    | 267.8          | 7.8%          | 254.1                      | 7.5%          |
| Foreign companies (1)                         | 18.1             | 26.9                     | 45.0           | 1.3%          | 19.2                       | 0.6%          |
| <b>Aggregate total (homogenous aggregate)</b> | <b>2,146.0</b>   | <b>1,297.3</b>           | <b>3,443.3</b> | <b>100.0%</b> | <b>3,394.5</b>             | <b>100.0%</b> |
| Pekao Group                                   | 299.4            | 184.7                    | 484.1          |               | —                          |               |
| Consolidation elisions and adjustments        | —                | - 103.4                  | - 103.4        |               | - 88.1                     |               |
| <b>Consolidated total</b>                     | <b>2,445.4</b>   | <b>1,378.6</b>           | <b>3,824.0</b> |               | <b>3,306.4</b>             |               |

(1) Excluding Pekao Group

## Details of miscellaneous costs and expenses

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)                    |                |              |                           |                             |                                      |
|--|----------------|--------------|---------------------------|-----------------------------|--------------------------------------|
|  | 1999 (+)       | 1998         | ABSOLUTE<br>CHANGES 99/98 | (+) OF WHICH<br>PEKAO GROUP | % CHANGE<br>EXCLUDING<br>PEKAO GROUP |
| Remuneration paid to outside professionals                     | 98.3           | 97.4         | 0.9                       | 2.6                         | - 1.7%                               |
| Compensation and fees paid to directors and internal auditors  | 13.9           | 9.8          | 4.1                       | 2.0                         | 22.2%                                |
| Insurance  | 24.8           | 22.8         | 2.0                       | 2.2                         | - 0.7%                               |
| Advertising  | 78.0           | 51.9         | 26.1                      | 13.5                        | 24.2%                                |
| Donations  | 3.0            | 0.8          | 2.2                       | 0.7                         | ••                                   |
| Lease of electronic equipment and software                     | 15.8           | 11.1         | 4.7                       | 0.4                         | 39.1%                                |
| Post, telephone, telegraph and telex                           | 156.3          | 131.1        | 25.2                      | 27.7                        | - 1.9%                               |
| Printing and stationery  | 32.9           | 27.6         | 5.3                       | 8.2                         | -10.3%                               |
| Various office equipment                                       | 6.8            | 3.9          | 2.9                       | 2.3                         | 14.7%                                |
| Internal and external surveillance of premises                 | 37.2           | 28.0         | 9.2                       | 7.4                         | 6.5%                                 |
| Information and diagrams                                       | 15.5           | 15.8         | - 0.3                     | 0.1                         | - 1.6%                               |
| Provision of various services by third parties                 | 156.7          | 117.6        | 39.1                      | 7.0                         | 27.3                                 |
| Transport and safekeeping of valuables and documents           | 32.3           | 34.5         | - 2.2                     | 0.8                         | - 8.7%                               |
| Cleaning of premises   | 25.8           | 28.9         | - 3.1                     | 0.4                         | -11.8%                               |
| Repair and maintenance of furniture,<br>machines and equipment | 44.8           | 45.9         | - 1.1                     | 5.8                         | -15.1%                               |
| Maintenance of premises  | 34.5           | 30.2         | 4.3                       | 9.9                         | -18.5%                               |
| Traveling expenses   | 28.5           | 21.1         | 7.4                       | 2.6                         | 22.2%                                |
| Various hire charges   | 16.5           | 16.3         | 0.2                       | —                           | 1.3%                                 |
| Rental expenses  | 126.6          | 97.2         | 29.4                      | 24.5                        | 4.9%                                 |
| Electricity, gas, heating,<br>portage and drinking water       | 52.9           | 46.8         | 6.1                       | 4.8                         | 2.9%                                 |
| Other costs  | 97.1           | 63.2         | 33.9                      | 37.0                        | - 5.1%                               |
| <b>Total</b>   | <b>1,098.2</b> | <b>901.9</b> | <b>196.3</b>              | <b>159.9</b>                | <b>4.0%</b>                          |

## Operating income

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)                       |                |                |                               |                             |                                      |
|---|----------------|----------------|-------------------------------|-----------------------------|--------------------------------------|
|   | 1999 (+)       | 1998           | ABSOLUTE (*)<br>CHANGES 99/98 | (+) OF WHICH<br>PEKAO GROUP | % CHANGE<br>EXCLUDING<br>PEKAO GROUP |
| Net interest income   | 4,045.5        | 3,675.4        | 370.1                         | 479.1                       | - 3.0%                               |
| Revenues from services and other sources                          | 3,565.1        | 2,747.7        | 817.4                         | 306.6                       | 18.6%                                |
| <b>Total revenues</b>   | <b>7,610.6</b> | <b>6,423.1</b> | <b>1,187.5</b>                | <b>785.7</b>                | <b>6.3%</b>                          |
| Administrative costs  | 3,824.0        | 3,306.4        | 517.6                         | 484.1                       | 1.0%                                 |
| Write-downs of intangible and tangible<br>fixed assets (ordinary) | 321.5          | 280.5          | 41.0                          | 58.0                        | - 6.0%                               |
| <b>Operating income</b>   | <b>3,465.1</b> | <b>2,836.2</b> | <b>628.9</b>                  | <b>243.6</b>                | <b>13.6%</b>                         |

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## EXTRAORDINARY INCOME AND CHARGES

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)               |              |              |                    |
|---|--------------|--------------|--------------------|
|   | 1999         | 1998         | ABSOLUTE<br>CHANGE |
| <b>"Extraordinary income"</b>                             |              |              |                    |
| <b>Profits on sale of:</b>                                |              |              |                    |
| - property  | 44.3         | 34.0         | 10.3               |
| - investment securities                                   | 108.1        | 4.6          | 103.5              |
| - equity investments                                      | 377.7        | 194.7        | 183.0              |
| - equity investments consolidated on a line-by-line basis | 8.9          | —            | 8.9                |
| - other assets  | 2.8          | 23.1         | - 20.3             |
|   | <b>541.8</b> | <b>256.4</b> | <b>258.4</b>       |
| Contingent gains and reversal of liabilities:             |              |              |                    |
| - surplus from  |              |              |                    |
| prior year provisions                                     | 86.9         | 89.6         | - 2.7              |
| - reversal of liabilities due to cancellations            | 5.0          | 6.8          | - 1.8              |
| - write-backs to cancelled assets                         | 7.4          | 10.5         | - 3.1              |
| - retransfer of reserve pursuant to Law 218/90            | 31.8         | —            | 31.8               |
| - advance tax payments for prior periods                  | 125.5        | —            | 125.5              |
| - miscellaneous   | 84.9         | 56.0         | 28.9               |
|   | <b>341.5</b> | <b>162.9</b> | <b>178.6</b>       |
| <b>Total</b>  | <b>883.3</b> | <b>419.3</b> | <b>464.0</b>       |

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)                                   |              |              |                    |
|---|--------------|--------------|--------------------|
|   | 1999         | 1998         | ABSOLUTE<br>CHANGE |
| <b>"Extraordinary charges"</b>  |              |              |                    |
| <b>Losses on sale of:</b>   |              |              |                    |
| - property  | 1.1          | 0.5          | 0.6                |
| - investment securities   | 14.4         | 0.4          | 14.0               |
| - equity investments  | 55.4         | 0.9          | 54.5               |
| - other financial fixed assets  | 73.8         | —            | 73.8               |
| - other assets  | 2.2          | 11.1         | - 8.9              |
|   | <b>146.9</b> | <b>12.9</b>  | <b>134.0</b>       |
| Contingent losses and reversal of assets                                      |              |              |                    |
| - staff costs due to leaving incentives                                       | 22.8         | 18.2         | 4.6                |
| - losses due to miscellaneous risks   | 17.7         | 17.6         | 0.1                |
| - extraordinary amortisation of residual goodwill (Credito Romagnolo Group)   | —            | 734.5        | - 734.5            |
| - extraordinary amortisation of additional positive consolidation differences | —            | 5.9          | - 5.9              |
| - deferred taxes related to prior periods                                     | 42.0         | —            | 42.0               |
| - provision to reserve for retirement and similar obligations                 | 22.2         | —            | 22.2               |
| - miscellaneous   | 46.8         | 44.9         | 1.9                |
|   | 151.5        | 821.1        | - 669.6            |
| <b>Total</b>  | <b>298.4</b> | <b>834.0</b> | <b>- 535.6</b>     |

# Breakdown of Balance Sheet Figures

## LOANS TO CUSTOMERS

|                                 | AMOUNTS AS AT    |                 | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                             |                                       |
|---------------------------------|------------------|-----------------|---|-----------------------------|---------------------------------------|
|                                 | 31/12/1999 (*)   | 31/12/1998      | ABSOLUTE (*)<br>CHANGES 99/98               | (+) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
| Loans for financial             |                  |                 |   |                             |                                       |
| leasing contracts               | 5,151.2          | 4,714.8         | 436.4                                       | —                           | 9.3%                                  |
| Bills discounted                | 2,057.6          | 1,812.0         | 245.6                                       | 49.6                        | 10.8%                                 |
| Current accounts                | 22,368.1         | 18,501.6        | 3,866.5                                     | 731.5                       | 16.9%                                 |
| Medium-term loans and mortgages | 28,142.6         | 22,978.7        | 5,163.9                                     | 80.3                        | 22.1%                                 |
| Loans                           | 11,703.9         | 5,580.7         | 6,123.2                                     | 5,436.9                     | 12.3%                                 |
| Other non-overdraft             |                  |                 |   |                             |                                       |
| lending                         | 18,635.3         | 17,394.6        | 1,240.7                                     | —                           | 7.1%                                  |
| Non-performing loans            | 2,160.9          | 2,244.7         | —   | 83.8                        | — 5.9%                                |
| Repos                           | 10,018.6         | 11,245.0        | —   | 1,226.4                     | — 10.9%                               |
| Securities lending              | 70.1             | —               | 70.1  | —                           | —                                     |
| Factoring transactions          | 598.7            | 463.9           | 134.8                                       | 40.9                        | 20.2%                                 |
| Other transactions              | 670.1            | 785.8           | —   | 115.7                       | — 15.1%                               |
| <b>Total</b>                    | <b>101,577.1</b> | <b>85,721.8</b> | <b>15,855.3</b>                             | <b>6,390.9</b>              | <b>11.0%</b>                          |

### Loans to customers broken down within the Group

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |               |                 |               |
|---|---|---------------|-----------------|---------------|
|   | 31/12/1999                                  |               | 31/12/1998      |               |
|   | AMOUNTS                                     | % OF TOTAL    | AMOUNTS         | % OF TOTAL    |
| UniCredito Italiano S.p.A.                    | 36,667.8                                    | 36.2%         | 31,681.8        | 35.2%         |
| Banca CRT S.p.A.                              | 8,377.7                                     | 8.3%          | 8,432.2         | 9.4%          |
| Caritro S.p.A.                                | 1,775.5                                     | 1.8%          | 1,240.3         | 1.4%          |
| Cariverona Banca S.p.A.                       | 9,584.9                                     | 9.4%          | 7,736.9         | 8.6%          |
| Cassamarca S.p.A.                             | 2,312.9                                     | 2.3%          | 2,105.1         | 2.3%          |
| Rolo Banca 1473 S.p.A.                        | 24,791.7                                    | 24.5%         | 21,040.2        | 23.3%         |
| Other domestic banks                          | 9,939.0                                     | 9.8%          | 11,127.9        | 12.3%         |
| <b>Total domestic banks</b>                   | <b>93,449.4</b>                             | <b>92.3%</b>  | <b>83,364.4</b> | <b>92.5%</b>  |
| Domestic financial and ancillary companies    | 7,439.5                                     | 7.4%          | 6,465.6         | 7.2%          |
| Foreign companies (1)                         | 320.2                                       | 0.3%          | 294.9           | 0.3%          |
| <b>Aggregate total (homogenous aggregate)</b> | <b>101,209.1</b>                            | <b>100.0%</b> | <b>90,124.9</b> | <b>100.0%</b> |
| Pekao Group                                   | 6,390.9                                     |               | —               |               |
| Consolidation elisions and adjustments        | —   |               | —               |               |
| <b>Consolidated total</b>                     | <b>101,577.1</b>                            |               | <b>85,721.8</b> |               |

(1) Excluding Pekao Group

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- Reclassified Consolidated Balance Sheet
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- Ratings
- Consolidated Accounts in Euros
- Comparative Accounts in Euros

## DOUBTFUL LOANS

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)   |                                     |                        |                                  |
|---|-------------------------------------|------------------------|----------------------------------|
| AMOUNTS AS AT 31/12/1999  |                                     |                        |                                  |
|   | LOANS AND ADVANCES<br>NOMINAL VALUE | OVERALL<br>WRITE-DOWNS | LOANS AND ADVANCES<br>BOOK VALUE |
| Loans to customers  |                                     |                        |                                  |
| Doubtful loans  |                                     |                        |                                  |
| - non-performing loans  | 4,579.9                             | 2,419.0                | 2,160.9                          |
| <i>of which: overdue interest</i>   | 1,177.4                             | 1,078.9                | 98.5                             |
| - watchlist   | 1,634.7                             | 344.5                  | 1,290.2                          |
| <i>of which: overdue interest</i>   | 39.6                                | 33.7                   | 5.9                              |
| - loans to countries at risk  | 144.2                               | 50.8                   | 93.4                             |
| - consolidated/restructured loans<br>including those loans subject to<br>possible consolidation and restructuring | 467.5                               | 122.8                  | 344.7                            |
| <i>of which: overdue interest</i>   | 2.8                                 | 2.5                    | 0.3                              |
|   | <b>6,826.3</b>                      | <b>2,937.1</b>         | <b>3,889.2</b>                   |
| - other loans   | 98,406.2                            | 718.3                  | 97,687.9                         |
| <b>Total (a)</b>  | <b>105,232.5</b>                    | <b>3,655.4</b>         | <b>101,577.1</b>                 |
| Loans to banks  |                                     |                        |                                  |
| Doubtful loans  |                                     |                        |                                  |
| - non-performing loans  | 42.0                                | 28.5                   | 13.5                             |
| - watchlist   | 6.8                                 | 5.2                    | 1.6                              |
| - loans to countries at risk  | 147.3                               | 72.3                   | 75.0                             |
| - consolidated/restructured loans<br>including those loans subject to<br>possible consolidation and restructuring | 10.1                                | 8.5                    | 1.6                              |
|   | 206.2                               | 114.5                  | 91.7                             |
| - other loans   | 19,915.6                            | 0.1                    | 19,915.5                         |
| <b>Total (b)</b>  | <b>20,121.8</b>                     | <b>114.6</b>           | <b>20,007.2</b>                  |
| <b>Total (a+b)</b>  | <b>125,354.3</b>                    | <b>3,770.0</b>         | <b>121,584.3</b>                 |

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                             |                  |                          |                  |
|---|-----------------------------|------------------|--------------------------|------------------|
|   | AMOUNTS AT<br>NOMINAL VALUE |                  | AMOUNTS AT<br>BOOK VALUE |                  |
|   | 31/12/1999                  | 31/12/1998       | 31/12/1999               | 31/12/1998       |
| <b>Doubtful loans</b>                       |                             |                  |                          |                  |
| - loans to customers                        | 6,826.3                     | 6,343.3          | 3,889.2                  | 4,028.9          |
| - loans to banks                            | 206.2                       | 219.0            | 91.7                     | 145.1            |
| <b>a)</b>                                   | <b>7,032.5</b>              | <b>6,562.3</b>   | <b>3,980.9</b>           | <b>4,174.0</b>   |
| <b>Loans:</b>                               |                             |                  |                          |                  |
| - loans to customers                        | 105,232.5                   | 88,574.9         | 101,577.1                | 85,721.8         |
| - loans to banks                            | 20,121.8                    | 23,221.7         | 20,007.2                 | 23,147.7         |
| <b>b)</b>                                   | <b>125,354.3</b>            | <b>111,796.6</b> | <b>121,584.3</b>         | <b>108,869.5</b> |
| Ratio % a/b                                 | 5.61%                       | 5.87%            | 3.27%                    | 3.83%            |
| of which: to customers                      | 6.49%                       | 7.16%            | 3.83%                    | 4.70%            |

## Country risk

|              | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                     |                             |                     |
|--------------|---|---------------------|-----------------------------|---------------------|
|              | AMOUNTS AS AT                               |                     |                             |                     |
|              | 31/12/1999                                  |                     | 31/12/1998                  |                     |
|              | LOANS SUBJECT TO PROVISIONS                 | OVERALL WRITE-DOWNS | LOANS SUBJECT TO PROVISIONS | OVERALL WRITE-DOWNS |
| Russia       | 112.7                                       | 81.3                | 101.8                       | 44.2                |
| Brazil       | 24.8  | 5.0                 | 20.5                        | 5.7                 |
| India        | 24.0  | 3.6                 | 24.5                        | 2.6                 |
| Croatia      | 23.2  | 3.5                 | 21.9                        | 3.0                 |
| South Africa | 13.9  | 2.0                 | 18.5                        | 2.0                 |
| Tunisia      | 11.5  | 0.4                 | 2.7                         | 0.1                 |
| Morocco      | 11.1  | 1.5                 | 0.5                         | 0.1                 |
| Argentina    | 10.3  | 1.6                 | 1.7                         | 0.2                 |
| Indonesia    | 8.7   | 3.5                 | 5.6                         | 2.4                 |
| North Korea  | 7.0   | 4.2                 | 6.9                         | 2.9                 |
| Other        | 44.2  | 16.5                | 176.4                       | 30.8                |
| <b>Total</b> | <b>291.4</b>                                | <b>123.1</b>        | <b>381.0</b>                | <b>94.0</b>         |

Rates of provisions applied at end-June 1999 and end-December 1998 are respectively 15% and 30% lower than those determined by the industry; the latter will be applied in full at year-end '99.

## MARKET SHARE OF LENDING

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |              |
|---|---|------------------|--------------|
|   | 31/12/1999                                  | 31/12/1998       | % CHANGES    |
| <b>Group loans in Euros and other currencies</b>    | <b>76,299.3</b>                             | <b>65,985.2</b>  | <b>15.6%</b> |
| <b>Industry loans in Euros and other currencies</b> | <b>694,954.2</b>                            | <b>635,452.2</b> | <b>9.4%</b>  |
| <b>PERCENTAGE OF GROUP/INDUSTRY</b>                 | <b>10.98%</b>                               | <b>10.38%</b>    |              |

Loans at nominal value only for banking currencies operational in Italy (excluding Repos and non-performing loans as per Bank of Italy criteria). Industry figures are for all banks with short and medium/long-term deposits.

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## DEPOSITS FROM CUSTOMERS AND IN THE FORM OF SECURITIES

|                                     | (CONSOLIDATED AMOUNTS IN BILLIONS OF LIT) |                 |                               |                               |                                       |
|-------------------------------------|---|-----------------|-------------------------------|-------------------------------|---------------------------------------|
|                                     | AMOUNTS AT                                |                 | ABSOLUTE (*)<br>CHANGES 99/98 | (+/-) OF WHICH<br>PEKAO GROUP | % CHANGES<br>EXCLUDING<br>PEKAO GROUP |
|                                     | 31/12/1999 (*)                            | 31/12/1998      |                               |                               |                                       |
| Due to customers:                   |   |                 |                               |                               |                                       |
| Deposits                            | 7,366.4                                   | 7,761.1         | - 394.7                       | 1.0                           | - 5.1%                                |
| Current accounts                    | 55,055.1                                  | 38,608.0        | 16,447.1                      | 10,721.7                      | 14.8%                                 |
| Repos                               | 9,227.1                                   | 8,250.6         | 976.5                         | —                             | 11.8%                                 |
| Securities lending                  | 177.0                                     | 13.5            | 163.5                         | —                             | ••                                    |
| Deposits received in administration | 139.1                                     | 104.0           | 35.1                          | —                             | 33.7%                                 |
| Other transactions                  | 993.0                                     | 804.5           | 188.5                         | 15.0                          | 21.6%                                 |
|                                     | <b>72,957.7</b>                           | <b>55,541.7</b> | <b>17,416.0</b>               | <b>10,737.7</b>               | <b>12.0%</b>                          |
| Securities issued:                  |   |                 |                               |                               |                                       |
| Bonds                               | 21,772.1                                  | 21,044.2        | 727.9                         | —                             | 3.5%                                  |
| Certificates of deposit             | 11,412.6                                  | 14,139.6        | - 2,727.0                     | —                             | - 19.3%                               |
| Other securities                    | 928.0                                     | 1,351.3         | - 423.3                       | 12.3                          | - 32.2%                               |
|                                     | 34,112.7                                  | 36,535.1        | - 2,422.4                     | 12.3                          | - 6.7%                                |
| <b>Total</b>                        | <b>107,070.4</b>                          | <b>92,076.8</b> | <b>14,993.6</b>               | <b>10,750.0</b>               | <b>4.6%</b>                           |

### Deposits from customers and in the form of securities Figures broken down within the Group

|   | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                 |                  |               |                 |               |
|---|---|-----------------|------------------|---------------|-----------------|---------------|
|   | CUSTOMERS                                   | SECURITIES      | 1999             |               | 1998            |               |
|   |   |                 | TOTAL            | % OF TOTAL    | TOTAL           | % OF TOTAL    |
| UniCredito Italiano S.p.A.                        | 24,167.2                                    | 7,394.7         | 31,561.9         | 31.9%         | 27,334.0        | 28.9%         |
| Banca CRT S.p.A.                                  | 10,397.9                                    | 2,564.9         | 12,962.8         | 13.1%         | 13,349.1        | 14.1%         |
| Caritro S.p.A.                                    | 1,371.8                                     | 670.4           | 2,042.2          | 2.0%          | 1,522.7         | 1.6%          |
| Cariverona Banca S.p.A.                           | 6,752.6                                     | 4,970.8         | 11,723.4         | 11.8%         | 12,045.1        | 12.8%         |
| Cassamarca S.p.A.                                 | 1,891.9                                     | 593.2           | 2,485.1          | 2.5%          | 2,828.3         | 3.0%          |
| Rolo Banca 1473 S.p.A.                            | 15,784.9                                    | 13,687.2        | 29,472.1         | 29.8%         | 26,683.0        | 28.3%         |
| Other domestic banks                              | 162.0                                       | 6,343.4         | 6,505.4          | 6.6%          | 8,032.1         | 8.5%          |
| <b>Total domestic banks</b>                       | <b>60,528.3</b>                             | <b>36,224.6</b> | <b>96,752.9</b>  | <b>97.7%</b>  | <b>91,794.3</b> | <b>97.2%</b>  |
| Domestic financial and ancillary companies        | 528.1                                       | —               | 528.1            | 0.5%          | 500.2           | 0.5%          |
| Foreign companies (1)                             | 1,645.9                                     | 71.3            | 1,717.2          | 1.8%          | 2,118.9         | 2.3%          |
| <b>Aggregate total<br/>(homogenous aggregate)</b> | <b>62,702.3</b>                             | <b>36,295.9</b> | <b>98,998.2</b>  | <b>100.0%</b> | <b>94,413.4</b> | <b>100.0%</b> |
| Pekao Group                                       | 10,737.7                                    | 12.3            | 10,750.0         |               | —               |               |
| Consolidation elisions and adjustments            | - 482.3                                     | - 2,195.5       | - 2,677.8        |               | - 2,336.6       |               |
| <b>Consolidated total</b>                         | <b>72,957.7</b>                             | <b>34,112.7</b> | <b>107,070.4</b> |               | <b>92,076.8</b> |               |

(1) Excluding Pekao Group

## MARKET SHARE OF CUSTOMER FUNDING

|                       | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |            |                        |
|-----------------------|---|------------|------------------------|
|                       | 31/12/1999                                  | 31/12/1998 | % CHANGES OVER DEC '99 |
| <b>Group funding:</b> |   |            |                        |
| Deposits              | 51,891.5                                    | 50,261.1   | 3.2%                   |
| Bonds                 | 23,112.0                                    | 21,387.5   | 8.1%                   |
|                       | 75,003.5                                    | 71,648.6   | 4.7%                   |
| Repos                 | 5,363.0                                     | 6,601.7    | - 18.7%                |
|                       | 80,366.5                                    | 78,250.3   | 2.7%                   |

|                         |         |         |         |
|-------------------------|---------|---------|---------|
| <b>Industry funding</b> |         |         |         |
| Deposits                | 476,206 | 466,392 | 2.1%    |
| Bonds                   | 235,262 | 225,213 | 4.5%    |
|                         | 711,468 | 691,605 | 2.9%    |
| Repos                   | 45,830  | 56,081  | - 18.3% |
|                         | 757,298 | 747,686 | 1.3%    |

### PERCENTAGE OF GROUP/INDUSTRY

|          |        |        |
|----------|--------|--------|
| Deposits | 10.90% | 10.78% |
| Bonds    | 9.82%  | 9.50%  |
|          | 10.54% | 10.36% |
| Repos    | 11.70% | 11.77% |
|          | 10.61% | 10.47% |

## SECURITIES PORTFOLIO

|                       | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                 |                               |                             |                       |
|-----------------------|---|-----------------|-------------------------------|-----------------------------|-----------------------|
|                       | 1999 (+)                                    | 1998            | ABSOLUTE (*)<br>CHANGES 99/98 | (+) OF WHICH<br>PEKAO GROUP | % CHANGE<br>EXCLUDING |
| PEKAO GROUP           |   |                 |                               |                             |                       |
| Investment securities | 14,952.5                                    | 11,269.2        | 3,683.3                       | 4,425.4                     | - 6.6%                |
| Trading securities    | 14,436.1                                    | 14,747.2        | 311.2                         | 470.4                       | - 5.3%                |
| <b>Total</b>          | <b>29,388.6</b>                             | <b>26,016.4</b> | <b>3,372.2</b>                | <b>4,895.8</b>              | <b>- 5.9%</b>         |

## INTERBANK

|                          | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                   |                               |                             |                       |
|--------------------------|---|-------------------|-------------------------------|-----------------------------|-----------------------|
|                          | 1999 (+)                                    | 1998              | ABSOLUTE (*)<br>CHANGES 99/98 | (+) OF WHICH<br>PEKAO GROUP | % CHANGE<br>EXCLUDING |
| Loans to banks           | 20,007.2                                    | 23,147.8          | - 3,140.6                     | 993.4                       | - 17.9%               |
| Due to banks             | 35,736.3                                    | 33,634.8          | 2,101.5                       | 1,441.6                     | 2.0%                  |
| <b>Interbank balance</b> | <b>- 15,729.1</b>                           | <b>- 10,487.0</b> | <b>- 5,242.1</b>              | <b>- 448.2</b>              |                       |

Key Financial Information

Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)

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Reclassified Consolidated Balance Sheet

Commentary on the Profit and Loss Account Figures

Commentary on the Balance Sheet Figures

Shareholders' Equity

ROE (Return on Equity)

Capital for Regulatory Purposes

Ratings

Consolidated Accounts in Euros

Comparative Accounts in Euros

## DIRECT AND INDIRECT DEPOSITS

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |                 |             |
|--|---|------------------|-----------------|-------------|
|  | AMOUNTS AT                                  |                  | CHANGES         |             |
|  | 31/12/1999                                  | 31/12/1998       | ABSOLUTE        | %           |
| Due to customers and securities issued                                   | 107,070.4                                   | 92,076.8         | 14,993.6        | 16.3%       |
| Securities in custody and administration (including segregated accounts) | 197,791.9                                   | 193,845.7        | 3,946.2         | 2.0%        |
| <b>Total</b>   | <b>304,862.3</b>                            | <b>285,922.5</b> | <b>18,939.8</b> | <b>6.6%</b> |

## ASSETS UNDER MANAGEMENT

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |               |               |              |
|--|---|---------------|---------------|--------------|
|  | ASSETS AS AT                                |               | CHANGES       |              |
|  | 31/12/1999                                  | 31/12/1998    | ABSOLUTE      | %            |
| Mutual funds   | 74,472                                      | 53,169        | 21,303        | 40.1%        |
| <i>Italy</i>   | 63,468                                      | 51,312        | 12,156        | 23.7%        |
| <i>Luxembourg</i>                                    | 10,850                                      | 1,857         | 8,993         | 484.4%       |
| <i>Ireland</i>                                       | 154   | —             | 154           |              |
| Segregated accounts (net of mutual funds)            | 19,383                                      | 16,788        | 2,595         | 15.5%        |
| Other insurance/pension management (1)               | 1,964                                       | 1,490         | 474           | 31.8%        |
| <b>Total assets managed</b>                          | <b>95,819</b>                               | <b>71,447</b> | <b>24,372</b> | <b>34.1%</b> |
| of which:  |   |               |               |              |
| Insurance policy portfolio                           | 6,555                                       | 3,505         | 3,050         | 87.0%        |
| <i>Unit linked</i>                                   | 3,003                                       | 777           | 2,226         | 286.5%       |
| <i>Other policies</i>                                | 3,552                                       | 2,728         | 824           | 30.2%        |
| Segregated accounts of other institutional customers | 8,429                                       | 2,859         | 5,570         | 194.8%       |
| Private segregated accounts                          | 29,342                                      | 23,763        | 5,579         | 23.5%        |
| Mutual funds placed directly                         | 51,493                                      | 41,320        | 10,173        | 24.6%        |

(1) Excluding unit linked and segregated accounts.

## BANCASSURANCE

|                       | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |            |          |        |
|-----------------------|---|------------|----------|--------|
|                       | PREMIUMS COLLECTED                          |            | CHANGES  |        |
|                       | 31/12/1999                                  | 31/12/1998 | ABSOLUTE | %      |
| Total                 | 3,186.5                                     | 1,644.4    | 1,542.1  | 93.8%  |
| of which: unit linked | 2,992.9                                     | 1,371.2    | 1,621.7  | 118.3% |

# Shareholders' Equity

The following table provides a breakdown of changes in shareholders' equity accounts:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS)                        |                |                |                |                          |                                   |                |                    |                            |
|--|----------------|----------------|----------------|--------------------------|-----------------------------------|----------------|--------------------|----------------------------|
|  | SHARE CAPITAL  | ISSUE PREMIUMS | RESERVES (*)   | GROUP PORTION NET INCOME | RESERVE FOR GENERAL BANKING RISKS | SUBTOTAL       | LOAN LOSS RESERVES | TOTAL SHAREHOLDERS' EQUITY |
| <b>Balances as at 31 December 1998</b>                             | <b>1,208.8</b> | <b>2,644.0</b> | <b>2,415.4</b> | <b>215.7</b>             | <b>51.3</b>                       | <b>6,535.2</b> | <b>145.4</b>       | <b>6,680.6</b>             |
| <b>Changes in 1999:</b>  |                |                |                |                          |                                   |                |                    |                            |
| Allocation of net income   |                |                |                |                          |                                   |                |                    |                            |
| - dividends distributed  |                |                |                | - 284.2                  |                                   | - 284.2        |                    | - 284.2                    |
| - transfer of net income to reserves                               |                |                | - 70.1         | + 70.1                   |                                   |                |                    |                            |
| - other allocations  |                |                |                | - 1.6                    |                                   | - 1.6          |                    | - 1.6                      |
| <b>Other changes</b>   |                |                |                |                          |                                   |                |                    |                            |
| - increase in share capital  | + 76.2         | + 407.8        | + 4.9          |                          |                                   | + 488.9        |                    | + 488.9                    |
| - change in consolidation area and other changes (1)               |                |                | - 764.5        |                          | + 5.9                             | - 758.6        | - 15.7             | - 774.3                    |
| - differences due to translation of accounts in foreign currencies |                |                | + 4.5          |                          |                                   | + 4.5          | - 0.3              | + 4.2                      |
| - provisions   |                |                |                |                          | + 8.8                             | + 8.8          | + 27.2             | + 36.0                     |
| - retransfer to profit and loss account                            |                | (3)            | - 23.6         |                          |                                   | - 23.6         |                    | - 23.6                     |
| - tax reserve turnover   |                | (2)            | - 31.8         |                          |                                   | - 31.8         | - 4.3              | - 36.1                     |
| - Group portion of net income                                      |                |                |                | +1,286.0                 |                                   | + 1,286.0      |                    | +1,286.0                   |
| <b>Balances as at 31 December 1999 (*)</b>                         | <b>1,285.0</b> | <b>3,051.8</b> | <b>1,534.8</b> | <b>1,286.0</b>           | <b>66.0</b>                       | <b>7,223.6</b> | <b>152.3</b>       | <b>7,375.9</b>             |
| <i>Minority portion of shareholders' equity</i>                    |                |                |                |                          |                                   |                |                    | <i>512.8</i>               |
| <b>Total as at 31 December 1999</b>                                |                |                |                |                          |                                   |                |                    | <b>7,888.7</b>             |

(\*) The "reserve" item includes increases in the revaluation reserve of 437.4 million (of which 177.7 million is the minority portion), negative consolidation differences of 29.4 million, and a decrease in positive consolidation differences of 512.8 million.

(1) The change in the consolidation area includes new positive consolidation and net equity differences as well as increases/decreases due to acquisitions or sales (Pekao Bank Group 512.8 million, Caritro 52.9 million, Gestiveneto 15.4 million, Fida SIM 19.5 million, Fondinvest Risparmio 8.6 million, I.C.C.R.I. (portion sold 32.3 million)). For additional details, see section 8 of the notes to accounts.

(2) This is a retransfer for the write-down of equity investments, originally revalued pursuant to Law 218/90, in the amount of 31.8 million (Fonspa)

(3) These are deferred taxes recorded with the balancing entry "reserves" (see Notes to Accounts, Section 7 - Reserves of Shareholders' Equity).

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# ROE (Return on Equity)

The ratio of the return on shareholders' equity, measured as the ratio of net income and shareholders' equity, changed as follows:

| (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |   |                          |       |  |            |        |  |            |       |
|---|---|--------------------------|-------|--|------------|--------|--|------------|-------|
|   | GROUP PORTION                             |                          |       | MINORITY PORTION                                 |            |        | TOTAL  |            |       |
|   | AVERAGE<br>SHAREHOLDERS'<br>EQUITY<br>(1) | NET INCOME<br>FOR PERIOD | ROE   | AVERAGE<br>SHAREHOLDERS'<br>EQUITY FOR<br>PERIOD | NET INCOME | ROE    | AVERAGE<br>SHAREHOLDERS'<br>EQUITY FOR<br>PERIOD (1) | NET INCOME | ROE   |
| 1997  | 5,772.4                                   | 472.0                    | 8.18% | 1,841.4  | 219.5      | 11.92% | 7,613.8  | 691.5      | 9.08% |
| 1998  | 6,225.6                                   | 215.7                    | 3.47% | 1,917.3  | 307.7      | 16.05% | 8,142.9  | 523.4      | 6.43% |

adjusting the group portion of net income (loss) for the year by accelerated amortisation of the remaining positive consolidation difference (734.5 million) originally recorded following the acquisition of the Credito Romagnolo S.p.A. Group, and additional positive consolidation differences for the Credit Group (5.9 million), 1998 figures would change as follows:

|      |         |         |        |         |       |        |         |         |        |
|------|---------|---------|--------|---------|-------|--------|---------|---------|--------|
| 1998 | 6,225.6 | 956.1   | 15.36% | 1,917.3 | 307.7 | 16.05% | 8,142.9 | 1,263.8 | 15.52% |
| 1999 | 6,093.5 | 1,286.0 | 21.10% | 1,846.5 | 331.8 | 17.97% | 7,940.0 | 1,617.8 | 20.38% |

(1) Arithmetic mean of end-of-period balances and the prior period balance of capital, issue premiums, reserves, the fund for general banking risks, positive and negative consolidation differences and shareholders' equity.

# Capital for Regulatory Purposes

## Balance sheet and off-balance sheet items

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                  |
|--|---|------------------|
|  | WEIGHTED AVERAGE AT                         |                  |
|  | 31/12/1999                                  | 31/12/1998       |
| Balance sheet items  |   |                  |
| Cash and collateralized loans                                    | 140.5                                       | 109.8            |
| Loans to the public sector, central banks and multilateral banks | 1,041.2                                     | 1,123.4          |
| Other loans to credit institutions                               | 3,020.5                                     | 4,091.3          |
| Other loans to private customers:                                |   |                  |
| - residential mortgages  | 4,447.6                                     | 3,183.7          |
| - other loans  | 84,246.4                                    | 68,437.9         |
| Equity investments weighted at 200%                              | 63.8  | 67.2             |
| Equity investments, subordinated assets and other assets         | 906.9                                       | 984.6            |
|  | 93,866.9                                    | 77,997.9         |
| Off-balance sheet items  |   |                  |
| Guarantees and commitments                                       | 10,277.8                                    | 8,899.4          |
| Interest rate and foreign exchange contracts                     | 186.9                                       | 195.9            |
|  | 10,464.7                                    | 9,095.3          |
| <b>less: Doubtful loans and capital losses</b>                   | <b>- 2,800.0</b>                            | <b>- 2,639.7</b> |
| <b>Total weighted assets</b>                                     | <b>101,531.6</b>                            | <b>84,453.5</b>  |

## Capital position

|                                  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |
|----------------------------------|---|
|                                  | 31/12/1999                                  |
| <b>Credit risks (*):</b>         |   |
| balance sheet transactions       | 7,285.3                                     |
| off-balance sheet transactions   | 837.2                                       |
|                                  | 8,122.5                                     |
| <b>Market risks:</b>             |   |
| trading portfolio                | 372.3                                       |
| exchange rate                    | 30.7  |
|                                  | 403.0                                       |
| Total capital required           | 8,525.5                                     |
| Capital for regulatory purposes  | 9,108.4                                     |
| <b>Capital position: surplus</b> | <b>582.9</b>                                |

(\*) 8% of weighted assets

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# Ratings

| AGENCIES                 | SHORT-TERM DEBT | MEDIUM/LONG-TERM DEBT | OUTLOOK        |
|--------------------------|-----------------|-----------------------|----------------|
| FITCH IBCA Ltd.          | F1+             | AA-                   |                |
| Moody's Investor Service | P-1             | (*) Aa3               | Stable Outlook |
| Standard & Poor's        | A1              | A+                    | Stable Outlook |
| Thomson Bank Watch       | TBW-1           | (**)                  |                |

(\*) Previously A1.

(\*\*) The medium/long-term rating is not assigned.

## Reconciliation of the net income of the parent company and the consolidated figure for the Group

|  | (CONSOLIDATED AMOUNTS IN MILLIONS OF EUROS) |                |
|--|---|----------------|
|  | 1999  | 1998           |
| Parent company net income for the period   | 921.9                                       | 471.8          |
| Net income for the period for other companies consolidated on a line-by-line basis                 |   |                |
| - Banca CRTS.p.A.  | 213.5                                       | 130.3          |
| - Caritro S.p.A.   | 23.3  | 14.5           |
| - Cariverona Banca S.p.A.  | 243.7                                       | 155.7          |
| - Cassamarca S.p.A.  | 29.5  | 23.9           |
| - Rolo Banca 1473S.p.A.  | 519.6                                       | 465.9          |
| - Fonspa (pro quota)   | - 123.0                                     | - 3.4          |
| - B.A.C.S.Marino S.A.  | 16.8  | 15.3           |
| - Credit Carimonte S.p.A.  | 112.3                                       | 60.4           |
| - Credito Italiano Bank (Ireland) Plc  | 8.3   | 21.2           |
| - Mediovenezie Banca S.p.A.  | 44.6  | 21.2           |
| - Fidelity S.p.A.  | 16.4  | 11.6           |
| - Gesticredit S.G.R. p.A.  | 34.4  | 23.7           |
| - Locat S.p.A.   | 41.4  | 23.8           |
| - Gestiveneto S.p.A.   | 3.3   | 18.8           |
| - Europlus Research & Management   | 59.9  | 10.0           |
| - Gruppo Bank Pekao (Bilancio Consolidato)   | 36.9  | —              |
| - other companies  | 121.8                                       | 69.2           |
|  | 1,402.7                                     | 1,057.1        |
|  | 2,324.6                                     | 1,528.9        |
| <b>Group portion of net income (loss) of equity investments valued using the net equity method</b> | <b>0.7</b>                                  | <b>10.5</b>    |
| Reversal of dividends collected:   |   |                |
| - by the parent company  | - 383.2                                     | - 102.9        |
| - by other Group companies   | - 353.0                                     | - 120.6        |
| <b>Total (reversal of dividends collected)</b>   | <b>- 736.2</b>                              | <b>- 223.5</b> |
| Other consolidation adjustments  | + 74.2                                      | - 1.1          |
| Income of Pekao Group before acquisition   | - 21.5                                      | —              |
| Net income for the period attributed to minority interests   | - 331.8                                     | - 307.7        |
| <b>Group portion of net income for the period (before the amortisation of goodwill)</b>            | <b>1,310.0</b>                              | <b>1,007.1</b> |
| Amortisation of positive differences:  |   |                |
| - consolidation differences  | - 22.3                                      | - 48.3         |
| - net equity differences   | - 1.7                                       | - 2.7          |
|  | - 24.0                                      | - 51.0         |
| Group portion of net income for the period (before extraordinary amortisation)                     | 1,286.0                                     | 956.1          |
| Extraordinary amortisation:  |   |                |
| - of the remaining positive difference for the Credito Romagnolo Group                             | —   | - 734.5        |
| Extraordinary amortisation of other positive differences   | —   | - 5.9          |
|  | —   | - 740.4        |
| <b>Group portion of net income for the year</b>  | <b>1,286.0</b>                              | <b>215.7</b>   |

# Consolidated Accounts in Euros

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS)

| ASSETS |  |                    |
|--------|--|--------------------|
| 10.    | Cash and deposits with central banks and post offices                              | 1,136,461          |
| 20.    | Treasury notes and similar securities<br>eligible for refinancing at central banks | 5,075,135          |
| 30.    | Loans to banks   | 20,007,268         |
|        | <i>a) on demand</i>  | 1,270,913          |
|        | <i>b) other loans</i>  | 18,736,355         |
| 40.    | Loans to customers:  | 101,577,156        |
|        | <i>of which:</i>   |                    |
|        | - <i>loans with deposits received in administration</i>                            | 138,320            |
| 50.    | Bonds and other debt securities:   | 23,135,899         |
|        | <i>a) of public issuers</i>  | 16,461,807         |
|        | <i>b) of banks</i>   | 4,758,777          |
|        | <i>of which:</i>   |                    |
|        | - <i>investment and trading securities</i>   | 194,931            |
|        | <i>c) of financial institutions</i>  | 669,941            |
|        | <i>of which:</i>   |                    |
|        | - <i>investment and trading securities</i>   | —                  |
|        | <i>d) of other issuers</i>   | 1,245,374          |
| 60.    | Shares, quotas and other variable yield securities                                 | 1,177,497          |
| 70.    | Equity investments:  | 1,039,821          |
|        | <i>a) valued at net equity</i>   | 382,103            |
|        | <i>b) other</i>  | 657,718            |
| 80.    | Equity investments in Group companies  | 48,705             |
|        | <i>a) valued at net equity</i>   | 29,968             |
|        | <i>b) other</i>  | 18,737             |
| 90.    | Positive consolidation differences   | 512,828            |
| 100.   | Positive net equity differences  | —                  |
| 110.   | Intangible fixed assets  | 252,165            |
|        | <i>of which:</i>   |                    |
|        | - <i>star-up costs</i>   | 1,921              |
|        | - <i>goodwill</i>  | 47,770             |
| 120.   | Tangible fixed assets  | 2,656,844          |
| 140.   | Own shares or quotas   | 301                |
|        | <i>face value</i>  | 927                |
| 150.   | Other assets   | 10,143,490         |
| 160.   | Accrued income and pre-paid expenses   |                    |
|        | 2,164,006  |                    |
|        | <i>a) accrued income</i>   | 1,230,697          |
|        | <i>b) prepaid expenses</i>   | 933,309            |
|        | <i>of which:</i>   |                    |
|        | - <i>issue discount on securities</i>  | 3,326              |
|        | <b>Total assets</b>  | <b>168,927,576</b> |

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(CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS)

## LIABILITIES AND SHAREHOLDERS' EQUITY

|  |            |                    |
|--|------------|--------------------|
| 10. Due to banks:                                    |            | 35,736,367         |
| a) on demand   | 4,079,902  |                    |
| b) on term or with notice                            | 31,656,465 |                    |
| 20. Due to customers:                                |            | 72,818,602         |
| a) on demand   | 51,480,766 |                    |
| b) on term or with notice                            | 21,337,836 |                    |
| 30. Securities issued:                               |            | 34,112,728         |
| a) bonds   | 21,772,119 |                    |
| b) certificates of deposit                           | 11,412,609 |                    |
| c) other securities                                  | 928,000    |                    |
| 40. Deposits received in administration              |            | 139,062            |
| 50. Other liabilities                                |            | 9,245,745          |
| 60. Accrued liabilities and deferred income          |            | 2,408,670          |
| a) accrued liabilities                               | 1,259,594  |                    |
| b) deferred income                                   | 1,149,076  |                    |
| 70. Reserve for employee severance pay               |            | 834,291            |
| 80. Reserves for risks and charges:                  |            | 2,537,208          |
| a) reserve for pensions and similar obligations      | 542,080    |                    |
| b) taxation reserve                                  | 1,394,215  |                    |
| c) consolidation reserve for future risks and losses | —          |                    |
| d) other reserves                                    | 600,913    |                    |
| 90. Loan loss reserves                               |            | 152,279            |
| 100. Fund for general banking risks                  |            | 66,011             |
| 110. Subordinated debt                               |            | 1,370,658          |
| 120. Negative consolidation differences              |            | 29,403             |
| 130. Negative net equity differences                 |            | —                  |
| 140. Minority portion of shareholders' equity (+/-)  |            | 1,835,478          |
| 150. Capital   |            | 1,284,989          |
| 160. Issue premiums                                  |            | 3,051,860          |
| 170. Reserves  |            | 1,580,741          |
| a) legal reserve                                     | 178,674    |                    |
| b) reserve for own shares or quotas                  | 301        |                    |
| c) statutory reserves                                | 1,080,039  |                    |
| d) other reserves                                    | 321,727    |                    |
| 180. Revaluation reserves                            |            | 437,377            |
| 190. Retained earnings (losses)                      |            | 124                |
| 200. Net income (loss) for the period                |            | 1,285,983          |
| <b>Total liabilities and shareholders' equity</b>    |            | <b>168,927,576</b> |

## GUARANTEES AND COMMITMENTS

(CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS)

## ITEMS

|  |            |            |
|--|------------|------------|
| 10. Guarantees given                   |            | 10,945,923 |
| of which:                              |            |            |
| - acceptances                          | 43,018     |            |
| - other guarantees                     | 10,902,905 |            |
| 20. Commitments                        |            | 13,435,217 |
| of which:                              |            |            |
| - for sales with repurchase obligation | 315        |            |

## CONSOLIDATED PROFIT AND LOSS ACCOUNT 31 DECEMBER 1999

(CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS)

| ITEMS   |           |                  |
|---|-----------|------------------|
| 10. Interest income and similar revenues                                |           | 8,273,383        |
| <i>of which:</i>  |           |                  |
| - on loans to customers   | 5,559,560 |                  |
| - on debt securities  | 1,811,585 |                  |
| 20. Interest expense and similar charges                                |           | 4,394,602        |
| <i>of which:</i>  |           |                  |
| - on loans due to customers   | 1,554,226 |                  |
| - on securities issued  | 1,328,732 |                  |
| 30. Dividends and other revenues  |           | 166,034          |
| a) on shares, quotas and other variable yield securities                | 13,079    |                  |
| b) on equity investments  | 151,823   |                  |
| c) on equity investments in Group companies                             | 1,132     |                  |
| 40. Commission income   |           | 2,964,625        |
| 50. Commission expense  |           | 293,596          |
| 60. Profit/(losses) on financial transactions                           |           | 338,615          |
| 70. Other operating income  |           | 779,431          |
| 80. Administrative costs:   |           | 3,824,013        |
| a) payroll costs  | 2,445,354 |                  |
| <i>of which:</i>  |           |                  |
| - wages and salaries  | 1,723,337 |                  |
| - social security contributions   | 506,970   |                  |
| - severance pay   | 108,575   |                  |
| - pensions and similar benefits   | 54,908    |                  |
| b) other administrative costs   | 1,378,659 |                  |
| 90. Write-downs of intangible and tangible assets                       |           | 360,687          |
| 100. Provisions for risks and charges                                   |           | 252,401          |
| 110. Other operating expenses   |           | 223,985          |
| 120. Write-downs of loans and provisions for guarantees and commitments |           | 1,240,049        |
| 130. Write-backs to loans and provisions for guarantees and commitments |           | 409,329          |
| 140. Provisions to loan loss reserves                                   |           | 44,755           |
| 150. Write-downs of financial investments                               |           | 50,709           |
| 160. Write-backs of financial investments                               |           | 23,252           |
| 170. Income (loss) from equity investments valued at net equity:        |           | 687              |
| <b>180. Profit (loss) before extraordinary items and income tax</b>     |           | <b>2,270,559</b> |
| 190. Extraordinary income   |           | 883,264          |
| 200. Extraordinary charges  |           | 298,358          |
| 210. Extraordinary income (charges) - net                               |           | 584,906          |
| 230. Change in fund for general banking risks                           |           | 8,776            |
| 240. Income tax for the year  |           | 1,207,355        |
| 241. Provisions as per Law 218 30/7/90                                  |           | —                |
| 242. Income of Pekao Group before acquisition                           |           | 21,535           |
| 250. Minority portion of income (loss) for the period                   |           | 331,816          |
| <b>260. Net income (loss) for the period</b>                            |           | <b>1,285,983</b> |

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# Comparative Accounts in Euros

## CONSOLIDATED BALANCE SHEET

|        |   | (CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS) |                    |
|--------|---|--|--------------------|
| ASSETS |   | 31/12/1999                                   | 31/12/1998         |
| 10.    | Cash and deposits with central banks and post offices                   | 1,136,461                                    | 628,946            |
| 20.    | Treasury notes and securities eligible for refinancing at central banks | 5,075,135                                    | 12,636,248         |
| 30.    | Loans to banks  | 20,007,268                                   | 23,147,689         |
|        | <i>a) on demand</i>   | 1,270,913                                    | 1,520,025          |
|        | <i>b) other loans</i>   | 18,736,355                                   | 21,627,664         |
| 40.    | Loans to customers  | 101,577,156                                  | 85,721,746         |
|        | <i>of which:</i>  |  |                    |
|        | - <i>loans with deposits received in administration</i>                 | 138,320                                      | 98,919             |
| 50.    | Bonds and other debt securities:  | 23,135,899                                   | 13,049,177         |
|        | <i>a) of public issuers</i>   | 16,461,807                                   | 7,952,414          |
|        | <i>b) of banks</i>  | 4,758,777                                    | 3,690,118          |
|        | <i>of which:</i>  |  |                    |
|        | - <i>investment and trading securities</i>                              | 194,931                                      | 117,898            |
|        | <i>c) of financial institutions</i>                                     | 669,941                                      | 432,002            |
|        | <i>of which:</i>  |  |                    |
|        | - <i>investment and trading securities</i>                              | —  | —                  |
|        | <i>d) of other issuers</i>  | 1,245,374                                    | 974,644            |
| 60.    | Shares, quotas and other variable yield securities                      | 1,177,497                                    | 331,036            |
| 70.    | Equity investments:   | 1,039,821                                    | 1,489,164          |
|        | <i>a) valued at net equity</i>  | 382,103                                      | 543,697            |
|        | <i>b) other</i>   | 657,718                                      | 945,466            |
| 80.    | Equity investments in Group companies                                   | 48,705                                       | 21,486             |
|        | <i>a) valued at net equity</i>  | 29,968                                       | 19,863             |
|        | <i>b) other</i>   | 18,737                                       | 1,623              |
| 90.    | Positive consolidation differences                                      | 512,828                                      | —                  |
| 100.   | Positive net equity differences   | —  | —                  |
| 110.   | Intangible fixed assets   | 252,165                                      | 213,286            |
|        | <i>of which:</i>  |  |                    |
|        | - <i>start-up costs</i>   | 1,921  | 1,739              |
|        | - <i>goodwill</i>   | 47,770                                       | 53,930             |
| 120.   | Tangible fixed assets   | 2,656,844                                    | 2,136,978          |
| 140.   | Own shares or quotas  | 301  | 277                |
|        | <i>face value</i>   | (927)  | (904)              |
| 150.   | Other assets  | 10,143,490                                   | 8,131,269          |
| 160.   | Accrued income and pre-paid expenses                                    | 2,164,006                                    | 1,818,510          |
|        | <i>a) accrued income</i>  | 1,230,697                                    | 1,404,702          |
|        | <i>b) prepaid expenses</i>  | 933,309                                      | 413,808            |
|        | <i>of which:</i>  |  |                    |
|        | - <i>issue discount on securities</i>                                   | 3,326  | 5,862              |
|        | <b>Total assets</b>   | <b>168,927,576</b>                           | <b>149,325,812</b> |

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| LIABILITIES AND SHAREHOLDERS' EQUITY                  | (CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS) |                    |
|---|--|--------------------|
|   | 31/12/1999                                   | 31/12/1998         |
| 10. Due to banks:                                     | 35,736,367                                   | 33,643,840         |
| a) on demand  | 4,079,902                                    | 5,185,507          |
| b) on term or with notice                             | 31,656,465                                   | 28,449,333         |
| 20. Due to customers:                                 | 72,818,602                                   | 55,437,650         |
| a) on demand  | 51,480,766                                   | 42,409,152         |
| b) on term or with notice                             | 21,337,836                                   | 13,028,498         |
| 30. Securities issued:                                | 34,112,728                                   | 36,535,136         |
| a) bonds  | 21,772,119                                   | 21,044,139         |
| b) certificates of deposit                            | 11,412,609                                   | 14,139,587         |
| c) other securities                                   | 928,000                                      | 1,351,410          |
| 40. Deposits received in administration               | 139,062                                      | 104,030            |
| 50. Other liabilities                                 | 9,245,745                                    | 8,897,139          |
| 60. Accrued liabilities and deferred income           | 2,408,670                                    | 1,881,579          |
| a) accrued liabilities                                | 1,259,594                                    | 1,488,578          |
| b) deferred income                                    | 1,149,076                                    | 393,001            |
| 70. Reserve for employee severance pay                | 834,291                                      | 828,501            |
| 80. Reserves for risks and charges:                   | 2,537,208                                    | 2,175,780          |
| a) reserve for pensions and similar obligations       | 542,080                                      | 592,095            |
| b) taxation reserve                                   | 1,394,215                                    | 1,194,340          |
| c) consolidation reserve for future risks and charges | —  | —                  |
| d) other reserves                                     | 600,913                                      | 389,345            |
| 90. Loan loss reserves                                | 152,279                                      | 145,372            |
| 100. Fund for general banking risks                   | 66,011                                       | 51,301             |
| 110. Subordinated debt                                | 1,370,658                                    | 1,293,092          |
| 120. Negative consolidation differences               | 29,403                                       | 153,404            |
| 130. Negative net equity differences                  | —  | 7,365              |
| 140. Minority portion of shareholders' equity (+/-)   | 1,835,478                                    | 1,857,526          |
| 150. Capital  | 1,284,989                                    | 1,208,744          |
| 160. Issue premiums                                   | 3,051,860                                    | 2,644,012          |
| 170. Reserves   | 1,580,741                                    | 1,837,191          |
| a) legal reserve                                      | 178,674                                      | 131,490            |
| b) reserve for own shares or quotas                   | 301  | 277                |
| c) statutory reserves                                 | 1,080,039                                    | 1,080,039          |
| d) other reserves                                     | 321,727                                      | 625,385            |
| 180. Revaluation reserves                             | 437,377                                      | 417,204            |
| 190. Retained earnings (losses)                       | 124  | 209                |
| 200. Net income (loss) for the period                 | 1,285,983                                    | 215,737            |
| <b>Total liabilities and shareholders' equity</b>     | <b>168,927,576</b>                           | <b>149,325,812</b> |

## GUARANTEES AND COMMITMENTS

| ITEMS                                  | (CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS) |            |
|--|--|------------|
|  | 30/06/1999                                   | 31/12/1998 |
| 10. Guarantees given                   | 10,945,923                                   | 9,557,607  |
| of which:                              |  |            |
| - acceptances                          | 43,018                                       | 249,627    |
| - other guarantees                     | 10,902,905                                   | 9,307,980  |
| 20. Commitments                        | 13,435,217                                   | 12,023,439 |
| of which:                              |  |            |
| - for sales with repurchase obligation | 315  | —          |

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| ITEMS   | (CONSOLIDATED AMOUNTS IN THOUSANDS OF EUROS) |                  |
|---|--|------------------|
|   | 31/12/1999                                   | 31/12/1998       |
| 10. Interest income and similar revenues                                | 8,273,383                                    | 8,968,054        |
| <i>of which:</i>  |  |                  |
| - on loans to customers   | 5,559,560                                    | 5,692,942        |
| - on debt securities  | 1,811,585                                    | 1,739,445        |
| 20. Interest expense and similar charges                                | 4,394,602                                    | 5,361,320        |
| <i>of which:</i>  |  |                  |
| - on loans due to customers   | 1,554,226                                    | 1,666,741        |
| - on securities issued  | 1,328,732                                    | 1,941,995        |
| 30. Dividends and other revenues  | 166,034                                      | 58,145           |
| a) on shares, quotas and other variable yield securities                | 13,079                                       | 1,662            |
| b) on equity investments  | 151,823                                      | 56,483           |
| c) on equity investments in Group companies                             | 1,132  | —                |
| 40. Commission income   | 2,964,625                                    | 2,262,532        |
| 50. Commission expense  | 293,596                                      | 206,628          |
| 60. Profit/(losses) on financial transactions                           | 338,615                                      | 288,366          |
| 70. Other operating income  | 779,431                                      | 571,373          |
| 80. Administrative costs:   | 3,824,013                                    | 3,306,243        |
| a) payroll costs  | 2,445,354                                    | 2,159,241        |
| <i>of which:</i>  |  |                  |
| - wages and salaries  | 1,723,337                                    | 1,453,861        |
| - social security contributions   | 506,970                                      | 472,239          |
| - severance pay   | 108,575                                      | 106,911          |
| - pensions and similar benefits   | 54,908                                       | 81,521           |
| b) other administrative costs   | 1,378,659                                    | 1,147,002        |
| 90. Write-downs of intangible and tangible fixed assets                 | 306,687                                      | 345,256          |
| 100. Provisions for risks and charges                                   | 252,401                                      | 89,501           |
| 110. Other operating expenses   | 223,985                                      | 167,949          |
| 120. Write-downs of loans and provisions for guarantees and commitments | 1,240,049                                    | 824,826          |
| 130. Write-backs to loans and provisions for guarantees and commitments | 409,329                                      | 257,662          |
| 140. Provisions to loan loss reserves                                   | 44,755                                       | 35,923           |
| 150. Write-downs of financial investments                               | 50,709                                       | 39,771           |
| 160. Write-backs of financial investments                               | 23,252                                       | 3,886            |
| 170. Income (loss) from equity investments valued at net equity:        | 687  | 10,461           |
| <b>180. Profit (loss) before extraordinary items and income tax</b>     | <b>2,270,559</b>                             | <b>2,043,062</b> |
| 190. Extraordinary income   | 883,264                                      | 419,279          |
| 200. Extraordinary charges  | 298,358                                      | 834,042          |
| <b>210. Extraordinary income (charges) - net</b>                        | <b>584,906</b>                               | <b>414,763</b>   |
| 230. Change in fund for general banking risks                           | 8,776  | 27,600           |
| 240. Income tax for the year  | 1,207,355                                    | 1,076,832        |
| 241. Provisions pursuant to Law 218 of 30.7.1990                        | —  | 459              |
| 242. Income of Pekao Group before acquisition                           | 21,535                                       | —                |
| 250. Minority portion of income (loss) for the period                   | 331,816                                      | 307,670          |
| <b>260. Net income (loss) for the period</b>                            | <b>1,285,983</b>                             | <b>215,737</b>   |

Key Financial Information

Key Balance Sheet and Profit and Loss Account Figures (Broken Down by Major Banks and Similar Business Activities)

Reclassified Consolidated Profit and Loss Account

Reclassified Consolidated Balance Sheet

Commentary on the Profit and Loss Account Figures

Commentary on the Balance Sheet Figures

Shareholders' Equity

ROE (Return on Equity)

Capital for Regulatory Purposes

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# Reports

Report in Euros

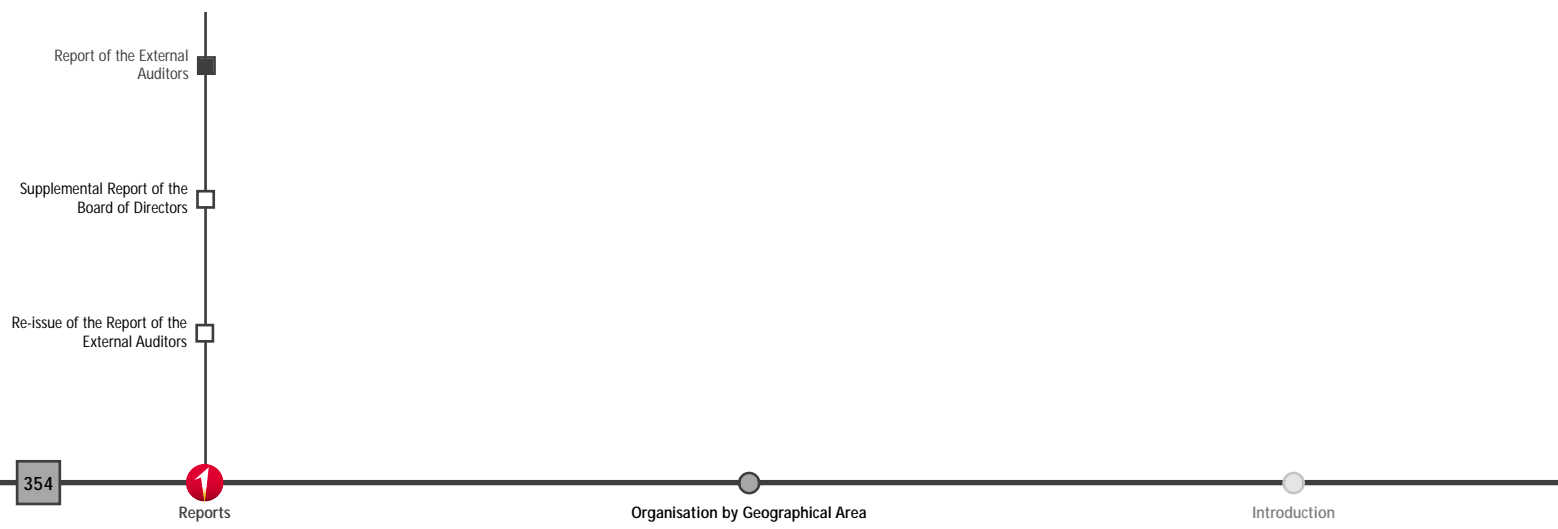
Reports

Organisation by Geographical Area

Report of the  
External Auditors

Supplemental Report of  
the Board of Directors

Re-issue of the Report of  
the External Auditors



# Report of the External Auditors

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW  
DECREE N° 58 DATED 24 FEBRUARY 1998**

To the shareholders of  
*UniCredito Italiano S.p.A.*

- 1 We have audited the consolidated financial statements of *UNICREDITO ITALIANO GROUP* as of 31 December, 1999. These financial statements are the responsibility of *UNICREDITO ITALIANO S.p.A.*'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 and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. 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 the directors. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries, which represent about 38,5% of consolidated assets and about 31,4% of its consolidated interest income and similar revenues respectively, have been examined by other auditors who have supplied us with audit opinions thereon. The opinion we express in this report as to the accounts of the above mentioned consolidated companies is also based on audits performed by other auditors.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to the report issued by Coopers & Lybrand S.p.A. dated 24 March, 1999.

- 3 In our opinion, the consolidated financial statements of *UNICREDITO ITALIANO GROUP* as of 31 December, 1999 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the consolidated financial position and of the consolidated results of operations of the Group.

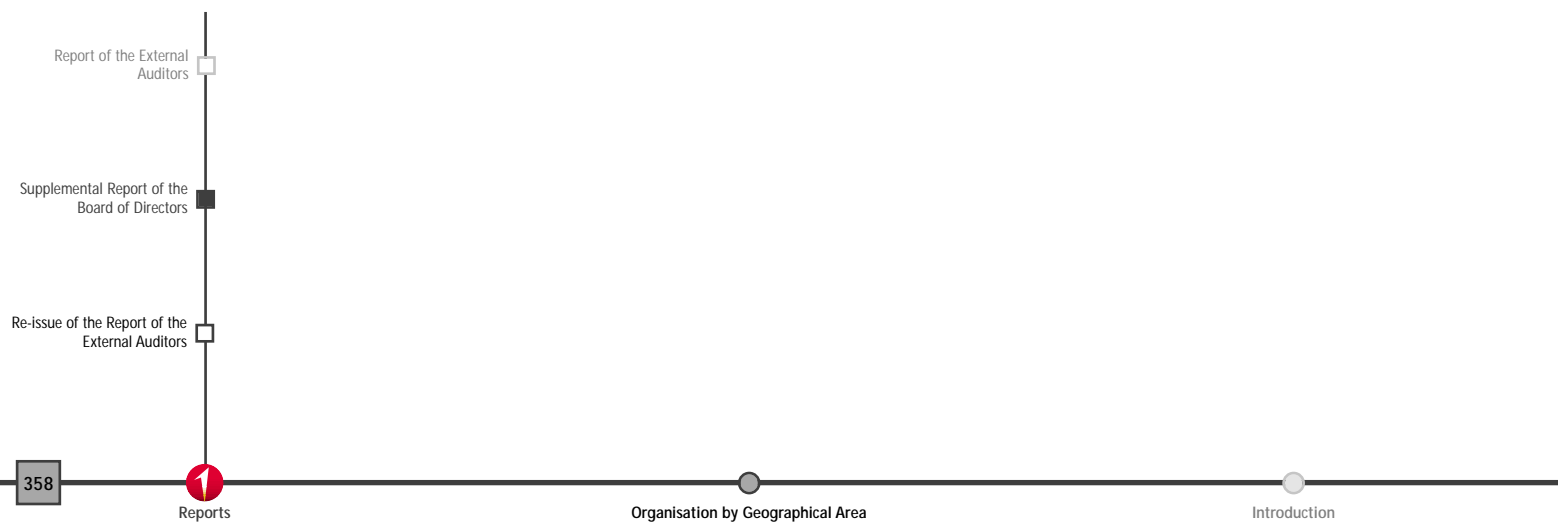
- 4 Further to the approval of the draft financial statements, CONSOB has issued the communication No. 27052 dated 7 April, 2000, by which, making reference to the suspension of fiscal benefits reported by the law No. 461 of 1998, it is required that specific and detailed information be provided as to the occurred suspension of the benefit and related effects on the financial statements. The Company informed us that, on occasion of a Board of Directors which will be held before the Shareholders' Meeting, the required information will be provided. We will updated our Audit Report to the consolidated financial statements as completed.

Milan 11 April, 2000

PricewaterhouseCoopers S.p.A.

Antonio Taverna  
(Partner)

*This report has been translated from the original which was issued in accordance with Italian legislation. We have not performed any control on the consolidated financial statements translation.*



# Supplemental Report of the Board of Directors

**Fiscal Regulatory Rules on Restructuring the Banking System – Legislative Decree No. 153 of 17 May 1999**

**CONSOB Notice of 7 April 2000 – Request for Information Pursuant to Art. 114 of Legislative Decree No. 58 of 24 February 1998**

In a letter dated 23 March, the European Commission requested clarification from the Italian government regarding fiscal provisions expressed in the legislative decree cited above in order to evaluate whether or not they fall under “State assistance”—not permitted pursuant to Art. 87 of the EC Treaty—and in the meantime requested suspension of said regulatory rules.

The Ministry of the Treasury and the Ministry of Finance issued a press release on 3 April in which, among other things, they stated that “the relief in question should be considered suspended and consequently exercise of the related regulation regarding the application method for the primary norm in question shall be considered suspended as well” .

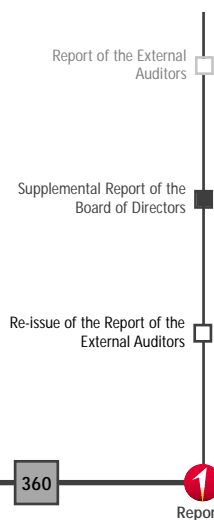
Should this notice have an effect on the accounts of publicly traded banks for fiscal year 1999, the CONSOB has ruled that, in cases in which the use of the cited tax relief has had a significant net effect on determining income for the period, the banks in question shall supply the appropriate information in notes to the individual and consolidated accounts.

With regard to the above, given that:

- the Bank made use of the tax relief norm in question for merger/concentration transactions in which it was involved during fiscal years 1998 and 1999;
- for fiscal year 1999 the option on distributing benefits derived from merger of the UniCredito Group—made effective in 1998—among all Group banks was exercised;

notice is given of the following:

- for 1998 the relief provided allowed UniCredito Italiano to achieve tax benefits of Lit. 63.7 billion with assignment, at the time of allocation of net profit, of Lit. 260 billion to the special shareholders’ equity reserve called for by the measure;





— for 1999 total benefits—excluding acquisition of Bank Pekao, which was subject to the above proposal and the benefits of which will be reflected in the accounts for the year 2000, and including the Caritro merger—amounted to Lit. 166.3 billion in decreased taxes, subdivided as follows:

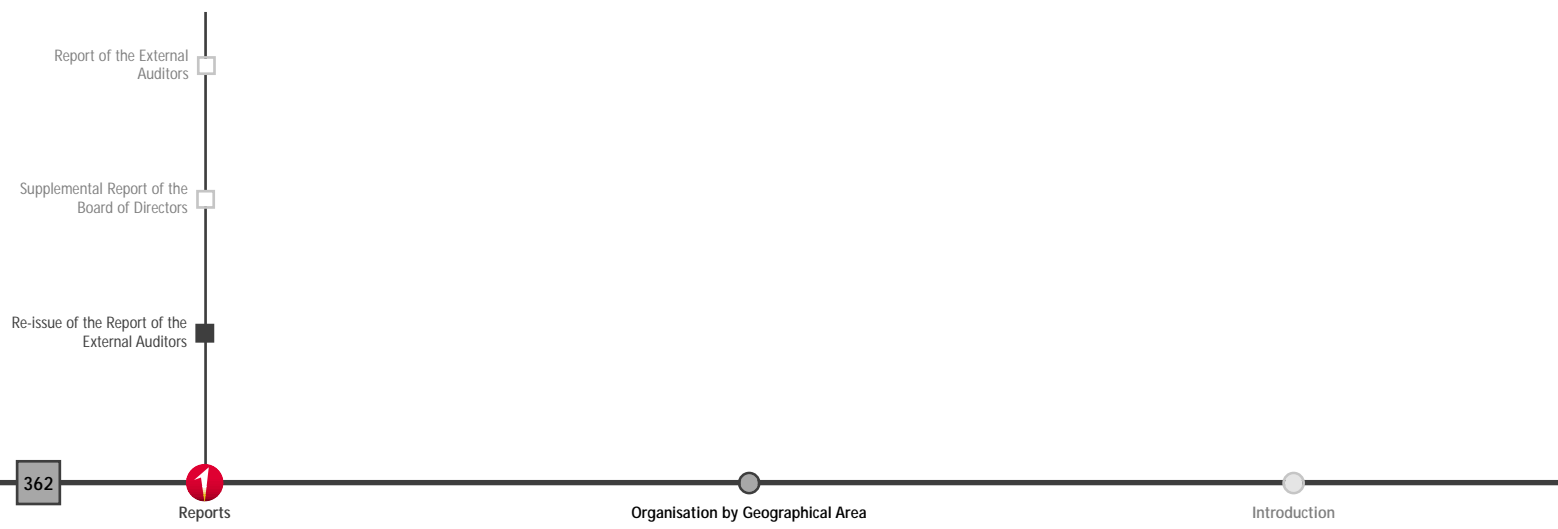
|                       |                      |      |                      |                                   |
|-----------------------|----------------------|------|----------------------|-----------------------------------|
| • UniCredito Italiano | 68.3 billion         | with | 278.9 billion        | allocated to the special reserves |
| • Banca C.R.T.        | 22.0 billion         | with | 89.8 billion         | allocated to the special reserves |
| • Banca Mediocredito  | 5.5 billion          | with | 22.3 billion         | allocated to the special reserves |
| • Caritro             | 1.0 billion          | with | 4.2 billion          | allocated to the special reserves |
| • Cariverona          | 19.8 billion         | with | 80.9 billion         | allocated to the special reserves |
| • Cassamarca          | 3.7 billion          | with | 14.9 billion         | allocated to the special reserves |
| • Mediovenezie        | 7.3 billion          | with | 29.6 billion         | allocated to the special reserves |
| • Rolo Banca 1473     | 38.7 billion         | with | 158.1 billion        | allocated to the special reserves |
|                       | <u>166.3 billion</u> |      | <u>678.7 billion</u> |                                   |

By supplying this information, which can be seen in the Notes to the Financial Statement when the final copies are printed and will be the subject of a supplemental report from the External Auditors, we believe we have fulfilled the CONSOB requirements.

2 May 2000

Chairman  
RONDELLI

BOARD OF DIRECTORS  
Managing Director/CEO  
PROFUMO



# Re-issue of the Report of the External Auditors

**RE-ISSUE OF AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE N° 58 DATED 24 FEBRUARY 1998**

To the shareholders of  
*UniCredito Italiano S.p.A.*

- 1 We have audited the consolidated financial statements of *UNICREDITO ITALIANO GROUP* as of 31 December, 1999. These financial statements are the responsibility of *UNICREDITO ITALIANO S.P.A.*'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 and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. 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 the directors. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries, which represent about 38,5% of consolidated assets and about 31,4% of its consolidated interest income and similar revenues respectively, have been examined by other auditors who have supplied us with audit opinions thereon. The opinion we express in this report as to the accounts of the above mentioned consolidated companies is also based on audits performed by other auditors.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to the report issued by Coopers & Lybrand S.p.A. dated 24 March, 1999.

- 3 In our opinion, the consolidated financial statements of *UNICREDITO ITALIANO GROUP* as of 31 December, 1999 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the consolidated financial position and of the consolidated results of operations of the Group.

- 4 By a joint communication sent out on 3 April, 2000, the Ministries of Treasury and Finance have made it known of the suspension of the facilities relating to the operation of banking restructuring set by the law No. 461/1998 and related decree No. 153/1999. Further to the above communication and in accomplishment with CONSOB communication No. 27052 of 7 April, 2000, the Company has provided more detailed information within the Notes to the Consolidated Financial Statements by reporting the content of the above communication and the amount of the effects on the consolidated financial statements as well.

Milan, 11 April, 2000 (with the exception of the examination of the information reported in paragraph 4., completed on 2 May, 2000).

PricewaterhouseCoopers S.p.A.

Antonio Taverna  
(Partner)

*This report has been translated from the original which was issued in accordance with Italian legislation. We have not performed any control on the consolidated financial statements translation.*



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Organisation by  
Geographical Area of  
the Major Subsidiary  
Banks



# Branches in Italy and Offices Abroad

## BRANCHES IN ITALY

### PIEDMONT

Acqui Terme (AL)  
Alessandria  
Arona (NO)  
Asti  
Barengo (NO)  
Biella  
Borgomanero (NO)  
Borgosesia (VC)  
Bra (CN)  
Casale Monferrato (AL)  
Chieri (TO)  
Ciriè (TO)  
Collegno (TO)  
Cuneo  
Domodossola (VB)  
Ivrea (TO)  
Moncalieri (TO)  
Mondovì (CN)  
Nichelino (TO)  
Novara  
Novi Ligure (AL)  
Orbassano (TO)  
Pinerolo (TO)  
Rivoli (TO)  
Saluzzo (CN)  
San Maurizio d'Opaglio (NO)  
Savigliano (CN)  
Settimo Torinese (TO)  
Turin  
Tortona (AL)  
Valenza (AL)  
Verbania  
Vercelli  
Vigliano Biellese (BI)

### AOSTA VALLEY

Aosta  
Cervinia (AO)

### LOMBARDY

Abbiategrosso (MI)  
Appiano Gentile (CO)  
Bergamo  
Bollate (MI)  
Brescia  
Busto Arsizio (VA)  
Cantù (CO)  
Capriate S. Gervasio (BG)  
Casalpusterlengo (LO)  
Cassano Magnago (VA)  
Castano Primo (MI)  
Cernusco sul Naviglio (MI)  
Cesano Maderno (MI)  
Cinisello Balsamo (MI)  
Cirimido (CO)  
Codogno (LO)  
Cologno Monzese (MI)  
Como  
Corsico (MI)  
Crema (CR)  
Cremona  
Curno (BG)  
Desenzano del Garda (BS)  
Erba (CO)  
Fiorano al Serio (BG)  
Gallarate (VA)  
Lainate (MI)  
Lecco  
Legnano (MI)  
Limbiate (MI)  
Lissone (MI)  
Lodi  
Lonate Pozzolo (VA)  
Lumezzane (BS)  
Manerbio (BS)  
Mantua  
Mariano Comense (CO)  
Meda (MI)  
Melzo (MI)  
Merate (LC)  
Metanopoli (MI)  
Milan  
Monza (MI)  
Mortara (PV)  
Olgiate Olona (VA)  
Paderno Dugnano (MI)  
Palazzolo s/Oglio (BS)  
Parabiago (MI)  
Pavia  
Pontechiasso (CO)  
Rho (MI)  
Rovato (BS)  
Rozzano (MI)  
Saronno (VA)  
Segrate (MI)  
Seregno (MI)  
Seriante (BG)  
Sesto Calende (VA)  
Sesto S. Giovanni (MI)  
Somma Lombardo (VA)  
Sondrio  
Tradate (VA)  
Treviglio (BG)  
Varese  
Viadana (MN)  
Vigevano (PV)  
Villa d'Almè (BG)  
Vimercate (MI)  
Voghera (PV)

### LIGURIA

Alassio (SV)  
Albenga (SV)

Arma di Taggia (IM)  
Bolzaneto (GE)  
Chiavari (GE)  
Cornigliano (GE)  
Genoa  
Imperia  
La Spezia  
Nervi (GE)  
Pontedecimo (GE)  
Rivarolo Ligure (GE)  
Sanremo (IM)  
Sarzana (SP)  
Savona  
Sestri Ponente (GE)  
Ventimiglia (IM)  
Voltri (GE)

### TRENTINO

#### ALTO ADIGE

Bolzano  
Bressanone (BZ)  
Cles (TN)  
Rovereto (TN)  
Trento

### FRIULI VENEZIA

#### GIULIA

Cividale del Friuli (UD)  
Gorizia  
Monfalcone (GO)  
Pordenone  
Spilimbergo (PN)  
Trieste  
Udine

### VENETO

Arzignano (VI)  
Bassano del Grappa (VI)  
Belluno  
Bovolone (VR)  
Camposampiero (PD)  
Castelfranco Veneto (TV)  
Chioggia (VE)  
Cittadella (PD)  
Conegliano (TV)  
Cortina d'Ampezzo (BL)  
Dolo (VE)  
Jesolo (VE)  
Lonigo (VI)  
Mestre (VE)  
Mirano (VE)  
Montebelluna (TV)  
Padua  
Rovigo  
San Bonifacio (VR)  
San Donà di Piave (VE)  
Sant'Ambrogio di  
Valpolicella (VR)

Schio (VI)  
Thiene (VI)  
Treviso  
Valdagno (VI)  
Venice  
Verona  
Vicenza  
Vittorio Veneto (TV)

### EMILIA ROMAGNA

Bologna  
Carpi (MO)  
Casalecchio di Reno (BO)  
Castelfranco Emilia (MO)  
Cento (FE)  
Cesena (FO)  
Faenza (RA)  
Ferrara  
Fidenza (PR)  
Forlì  
Imola (BO)  
Lugo (RA)  
Mirandola (MO)  
Modena  
Parma  
Piacenza  
Ravenna  
Reggio Emilia  
Rimini  
S. Giovanni in Persiceto (BO)  
Sant'Arcangelo di  
Romagna (RN)  
Sassuolo (MO)

### MARCHES

Ancona  
Ascoli Piceno  
Civitanova Marche (MC)  
Grottammare (AP)  
Jesi (AN)  
Macerata  
Osimo (AN)  
Pesaro  
S. Benedetto d'Tronto (AP)

### TUSCANY

Arezzo  
Bibbiena (AR)  
Capannori (LU)  
Carrara (MS)  
Empoli (FI)  
Florence  
Grosseto  
Livorno  
Lucca  
Massa  
Montecatini (PT)  
Piombino (LI)



|                            |                              |                                |                               |
|----------------------------|------------------------------|--------------------------------|-------------------------------|
| Pisa                       | Capri (NA)                   | Barletta (BA)                  | Giarre (CT)                   |
| Pistoia                    | Caserta                      | Bisceglie (BA)                 | Lentini (SR)                  |
| Pontassieve (FI)           | Casoria (NA)                 | Brindisi                       | Licata (AG)                   |
| Pontedera (PI)             | Castellammare di Stabia (NA) | Castellana Grotte (BA)         | Marsala (TP)                  |
| Prato                      | Cava de' Tirreni (SA)        | Castellaneta (TA)              | Mazara d'Vallo (TP)           |
| Querceta di Seravezza (LU) | Eboli (SA)                   | Cerignola (FG)                 | Messina                       |
| S. Croce s/Arno (PI)       | Ercolano (NA)                | Fasano (BR)                    | Milazzo (ME)                  |
| S. Giovanni Valdarno (AR)  | Frattamaggiore (NA)          | Foggia                         | Palermo                       |
| Scandicci (FI)             | Giugliano in Campania (NA)   | Galatina (LE)                  | Palma di Montechiaro (AG)     |
| Sesto Fiorentino (FI)      | Gragnano (NA)                | Gravina in Puglia (BA)         | Paternò (CT)                  |
| Siena                      | Ischia (NA)                  | Grottaglie (TA)                | Ragusa                        |
| Viareggio (LU)             | Marano di Napoli (NA)        | Lecce                          | Sciacca (AG)                  |
|                            | Marcianise (CE)              | Lucera (FG)                    | Siracusa                      |
| <b>UMBRIA</b>              | Naples                       | Manduria (TA)                  | Trapani                       |
| Assisi (PG)                | Nocera Inferiore (SA)        | Manfredonia (FG)               |                               |
| Foligno (PG)               | Nola (NA)                    | Martina Franca (TA)            | <b>SARDINIA</b>               |
| Perugia                    | Pomigliano d'Arco (NA)       | Mesagne (BR)                   | Alghero (SS)                  |
| Spoletto (PG)              | Portici (NA)                 | Molfetta (BA)                  | Arzachena (SS)                |
| Terni                      | Pozzuoli (NA)                | Monopoli (BA)                  | Assemini (CA)                 |
|                            | Quarto (NA)                  | Monte S. Angelo (FG)           | Bosa (NU)                     |
| <b>LATIUM</b>              | S. Giorgio a Cremano (NA)    | Nardò (LE)                     | Cabras (OR)                   |
| Aprilia (LT)               | S. Giovanni a Teduccio (NA)  | Noicattaro (BA)                | Cagliari                      |
| Campagnano di Roma (RM)    | S. Giuseppe Vesuviano (NA)   | Orta Nova (FG)                 | Carbonia (CA)                 |
| Castelnuovo di Porto (RM)  | Salerno                      | Putignano (BA)                 | Dolianova (CA)                |
| Ciampino (RM)              | Sarno (SA)                   | San Severo (FG)                | Iglesias (CA)                 |
| Cittaducale (RI)           | Scafati (SA)                 | Santeramo in Colle (BA)        | Macomer (NU)                  |
| Civita Castellana (VT)     | Sorrento (NA)                | Taranto                        | Monserato (CA)                |
| Civitavecchia (RM)         | Torre Annunziata (NA)        | Torremaggiore (FG)             | Nuoro                         |
| Fara in Sabina (RI)        | Torre del Greco (NA)         | Trani (BA)                     | Olbia (SS)                    |
| Frascati (RM)              |                              | Troia (FG)                     | Oristano                      |
| Frosinone                  | <b>BASILICATA</b>            |                                | Ozieri (SS)                   |
| Greccio (RI)               | Matera                       | <b>CALABRIA</b>                | Porto Torres (SS)             |
| Guidonia Montecelio (RM)   | Melfi (PZ)                   | Belvedere Marittimo (CS)       | Quartu S. Elena (CA)          |
| Ladispoli (RM)             | Potenza                      | Castrovillari (CS)             | S. Gavino Monreale (CA)       |
| Latina                     |                              | Catanzaro                      | Sassari                       |
| Monterotondo (RM)          | <b>ABRUZZO</b>               | Cosenza                        | Selargius (CA)                |
| Nettuno (RM)               | Avezzano (AQ)                | Crotone                        | Senorbi (CA)                  |
| Palombara Sabina (RM)      | Chieti                       | Lamezia Terme (CZ)             | Serramanna (CA)               |
| Poggio Bustone (RI)        | Francavilla al Mare (CH)     | Melito di Porto Salvo (RC)     | Sinnai (CA)                   |
| Poggio Mirteto (RI)        | L'Aquila                     | Palmi (RC)                     | Tempio Pausania (SS)          |
| Pomezia (RM)               | Lanciano (CH)                | Reggio Calabria                | Valledoria (SS)               |
| Rieti                      | Montesilvano (PE)            | Rende (CS)                     |                               |
| Rome                       | Pescara                      | Rossano (CS)                   |                               |
| Sacrofano (RM)             | Teramo                       | S. Marco Argentano (CS)        |                               |
| Velletri (RM)              | Vasto (CH)                   | Soverato (CZ)                  |                               |
| Viterbo                    |                              |                                |                               |
| <b>CAMPANIA</b>            | <b>MOLISE</b>                | <b>SICILY</b>                  | <b>TOTAL 1007</b>             |
| Afragola (NA)              | Campobasso                   | Acireale (CT)                  | <b>BRANCHES</b>               |
| Ariano Irpino (AV)         | Isernia                      | Agrigento                      | Including those branches      |
| Atripalda (AV)             |                              | Augusta (SR)                   | with limited operations and   |
| Avellino                   | <b>APULIA</b>                | Bagheria (PA)                  | ACMs at agencies/compan-      |
| Aversa (CE)                | Acquaviva d'Fonti (BA)       | Barcellona Pozzo di Gotto (ME) | ies.                          |
| Battipaglia (SA)           | Altamura (BA)                | Canicatti (AG)                 | As from 1 January 2000 all    |
| Benevento                  | Andria (BA)                  | Capo D'Orlando (ME)            | of the above branches in      |
|                            | Bari                         | Catania                        | Italy form the network of the |
|                            |                              |                                | newly spun-off Credito        |
|                            |                              |                                | Italiano.                     |

## OFFICES ABROAD

**BRANCHES:** London - New York - Paris - Hong Kong - Singapore

**REPRESENTATIVE OFFICES:** Brussels - Buenos Aires - Chicago - Los Angeles - Moscow - Mumbai - Beijing - Sao Paulo - Shanghai

# Organisation by Geographical Area of the Major Subsidiary Banks



## EMILIA ROMAGNA

### BOLOGNA PROVINCE

BOLOGNA

### MODENA PROVINCE

MODENA

### PARMA PROVINCE

PARMA

### PIACENZA PROVINCE

PIACENZA

### REGGIO EMILIA PROVINCE

REGGIO NELL'EMILIA

## LATIUM

### ROME PROVINCE

ROME

## LIGURIA

### GENOA PROVINCE

GENOVA

### IMPERIA PROVINCE

IMPERIA

SAN REMO

### LA SPEZIA PROVINCE

LA SPEZIA

### SAVONA PROVINCE

ALBENGA

LOANO

SAVONA

## LOMBARDY

### COMO PROVINCE

COMO

### BERGAMO PROVINCE

ALMÈ

BERGAMO

BOLGARE

CAZZANO SANT'ANDREA

CREDARO

GANDINO

LALLIO

### BRESCIA PROVINCE

BRESCIA

### MILAN PROVINCE

BOLLATE

CINISELLO BALSAMO

MILAN

MONZA

NOVATE MILANESE

VIMERCATE

### PAVIA PROVINCE

MORTARA

PAVIA

STRADELLA

VIGEVANO

VOGHERA

### VARESE PROVINCE

BUSTO ARSIZIO

VARESE

## PIEDMONT

### ALESSANDRIA PROVINCE

ACQUI TERME

ALESSANDRIA

BALZOLA

BISTAGNO

CASALE MONFERRATO

FUBINE

GAVI

GIAROLE

LU

MIRABELLO MONFERRATO

MOLARE

MORANO SUL PO

OVADA

TORTONA

VALENZA

VIGNALE MONFERRATO

VISONE

### ASTI PROVINCE

ASTI

CANELLI

CASORZO

CASTELNUOVO CALCEA

CASTELNUOVO DON BOSCO

MONTECHIARO D'ASTI

MONTIGLIO

NIZZA MONFERRATO

SAN DAMIANO D'ASTI

VIARIGI

VILLANOVA D'ASTI

### BIELLA PROVINCE

BIELLA

COSSATO

OCCHIEPPO INFERIORE

TRIVERO

VIGLIANO BIELLESE

### CUNEO PROVINCE

ALBA

BAGNOLO PIEMONTE

BARGE

BENE VAGIENNA

BUSCA

CANALE

CARRU'

CAVALLERMAGGIORE

CEVA

CHERASCO

CUNEO

DOGLIANI

GARESSIO

LA MORRA

MORETTA

NARZOLE

NOVELLO

ORMEA

PAESANA

RACCONIGI

REVELLO

SANTO STEFANO BELBO

SOMMARIVA DEL BOSCO

VENASCA

Branches in Italy and Abroad  
(Parent Company)

Organisation by  
Geographical Area of the  
Major Subsidiary Banks

|                          |                      |                         |
|--------------------------|----------------------|-------------------------|
| VERZUOLO                 | BUTTIGLIERA ALTA     | LUSERNA SAN GIOVANNI    |
| <b>NOVARA PROVINCE</b>   | CAFASSE              | MATHI                   |
| ARONA                    | CALUSO               | MAZZE'                  |
| BELLINZAGO NOVARESE      | CAMBIANO             | MONCALIERI              |
| BIANDRATE                | CAMPIGLIONE-FENILE   | MONTALTO DORA           |
| BORGOMANERO              | CANDIA CANAVESE      | MONTANARO               |
| CAMERI                   | CANDIOLO             | NICHELINO               |
| CARPIGNANO SESIA         | CARIGNANO            | NOLE                    |
| CASALINO                 | CARMAGNOLA           | NONE                    |
| CASTELLETTO SOPRA TICINO | CASALBORGONE         | ORBASSANO               |
| CERANO                   | CASCINETTE D'IVREA   | OULX                    |
| GALLIATE                 | CASELLE TORINESE     | OZEGNA                  |
| GHEMME                   | CASELLETTE           | PANCALIERI              |
| GOZZANO                  | CASTAGNOLE PIEMONTE  | PAVONE CANAVESE         |
| NOVARA                   | CASTELLAMONTE        | PECETTO TORINESE        |
| OLEGGIO                  | CASTIGLIONE TORINESE | PEROSA ARGENTINA        |
| ROMAGNANO SESIA          | CAVOUR               | PESSINETTO              |
| TRECCATE                 | CERES                | PIANEZZA                |
| VERUNO                   | CHIERI               | PINASCA                 |
| <b>TURIN PROVINCE</b>    | CHIVASSO             | PINEROLO                |
| AGLIE'                   | CIRIE'               | PINO TORINESE           |
| AIRASCA                  | COAZZE               | PIOBESI TORINESE        |
| ALA DI STURA             | COLLEGNO             | PIOSSASCO               |
| ALBIANO D'IVREA          | CONDOVE              | PISCINA                 |
| ALMESE                   | CORIO                | PIVERONE                |
| ALPIGNANO                | COSSANO CANAVESE     | POIRINO                 |
| AVIGLIANA                | CUMIANA              | PONT-CANAVESE           |
| AZEGLIO                  | CUORGNE'             | PRALORMO                |
| BALANGERO                | DRUENTO              | REANO                   |
| BANCHETTE                | FAVRIA               | RIVALTA DI TORINO       |
| BARBANIA                 | FIANO                | RIVAROLO CANAVESE       |
| BARDONECCHIA             | FOGLIZZO             | RIVOLI                  |
| BEINASCO                 | FORNO CANAVESE       | ROBASSOMERO             |
| BIBIANA                  | FROSSASCO            | ROCCA CANAVESE          |
| BOLLENGO                 | GASSINO TORINESE     | RONCO CANAVESE          |
| BORGARO TORINESE         | GIAVENO              | RONDISSONE              |
| BORGOFRANCO D'IVREA      | GIVOLETTO            | SAN BENIGNO CANAVESE    |
| BORGOMASINO              | GRUGLIASCO           | SAN GIORGIO CANAVESE    |
| BOSCONERO                | IVREA                | SAN GIUSTO CANAVESE     |
| BRANDIZZO                | LA LOGGIA            | SAN MAURIZIO CANAVESE   |
| BRICHERASIO              | LANZO TORINESE       | SAN MAURO TORINESE      |
| BRUINO                   | LEINI                | SAN RAFFAELE CIMENA     |
| BRUSASCO                 | LESSOLO              | SAN SECONDO DI PINEROLO |
| BURIASCO                 | LOCANA               | SANT'AMBROGIO DI TORINO |
| BUSSOLENO                | LOMBARDORE           | SANT'ANTONINO DI SUSÀ   |

SANTENA  
 SCALENGHE  
 SESTRIERE  
 SETTIMO TORINESE  
 SETTIMO VITTONÈ  
 SPARONE  
 STRAMBINO  
 SUSÀ  
 TURIN  
 TORRE PELLICE  
 TROFARELLO  
 VAL DELLA TORRE  
 VALPERGA  
 VAUDA CANAVESE  
 VENARIA  
 VEROLENGO  
 VESTIGNE'  
 VIGONE  
 VILLAFRANCA PIEMONTE  
 VILLAR PELLICE  
 VILLAR PEROSA  
 VINOVO  
 VISTRORIO  
 VIU'  
 VOLPIANO  
 VOLVERA  
**VERBANIA PROVINCE**  
 BAVENO  
 CASALE CORTE CERRO  
 CREVOLADOSSOLA  
 DOMODOSSOLA  
 OMEGNA  
 VERBANIA  
**VERCELLI PROVINCE**  
 BORGOSÉSIA  
 CIGLIANO  
 CRESCENTINO  
 GATTINARA  
 SALUGGIA  
 SANTHIA'  
 VARALLO  
 VERCELLI

**TUSCANY**  
 FLORENCE PROVINCE

FLORENCE  
**LEGNORNO PROVINCE**  
 LEGHORN  
**LUCCA PROVINCE**  
 LUCCA  
**PISTOIA PROVINCE**  
 PISTOIA

**AOSTA VALLEY**  
**AOSTA PROVINCE**  
 AOSTA  
 AYAS  
 BRUSSON  
 CHATILLON  
 COURMAYEUR  
 GRESSONEY-SAINT-JEAN  
 LA SALLE  
 LA THUILE  
 MORGEX  
 POLLEIN  
 PONT-SAINT-MARTIN  
 PRE'-SAINT-DIDIER  
 SAINT-VINCENT  
 VALTOURNENCHE  
 VERRÉS

**VENETO**  
**PADUA PROVINCE**  
 PADUA  
**TREVISO PROVINCE**  
 TREVISO  
**VERONA PROVINCE**  
 VERONA  
**VICENZA PROVINCE**  
 VICENZA

*BANCA di BERGAMO spa*

**LOMBARDY**  
**BERGAMO PROVINCE**  
 ALZANO LOMBARDO  
 BAGNATICA  
 BERGAMO  
 BREMBATE DI SOPRA  
 OSIO SOTTO

SAN PAOLO D'ARGON  
 VERDELLO



**FRIULI V.G.**  
**PORDENONE PROVINCE**  
 MANIAGO  
 PORDENONE  
**TRIESTE PROVINCE**  
 TRIESTE  
**UDINE PROVINCE**  
 UDINE

**LATIUM**  
**ROME PROVINCE**  
 ROME

**LOMBARDY**  
**BERGAMO PROVINCE**  
 BERGAMO  
**BRESCIA PROVINCE**  
 BRESCIA  
 FLERO  
 LONATO  
 MONTICHIARI  
 OSPITALETTO  
 PALAZZOLO SULL'OGGIO  
**MANTUA PROVINCE**  
 BIGARELLO  
 CASTEL GOFFREDO  
 CASTIGLIONE DELLE STIVIERE  
 CURTATONE  
 GOITO  
 MANTUA  
 MARCARIA  
 MOGLIA  
 OSTIGLIA  
 POGGIO RUSCO  
 PORTO MANTOVANO  
 QUISTELLO  
 SAN GIORGIO DI MANTOVA  
 SERMIDE  
 SUSTINENTE

Branches in Italy and Abroad  
 (Parent Company)

Organisation by  
 Geographical Area of the  
 Major Subsidiary Banks

SUZZARA  
VIADANA  
VIRGILIO  
**MILAN PROVINCE**  
MILAN  
SAN DONATO MILANESE

## **MARCHES**

### **ANCONA PROVINCE**

AGUGLIANO  
ANCONA  
CAMERANO  
FALCONARA MARITTIMA  
JESI  
NUMANA  
OSIMO  
POLVERIGI  
SENIGALLIA  
SIROLO

### **ASCOLI PICENO PROVINCE**

ASCOLI PICENO  
GROTTAMMARE  
PORTO SAN GIORGIO  
SAN BENEDETTO DEL TRONTO

### **MACERATA PROVINCE**

CIVITANOVA MARCHE  
CORRIDONIA  
MACERATA  
MONTECOSARO  
RECANATI

### **PESARO PROVINCE**

CAGLI  
FANO  
FERMIGNANO  
FOSSOMBRONE  
MONDOLFO  
PESARO  
URBINO

## **PIEDMONT**

### **ASTI PROVINCE**

ASTI  
NIZZA MONFERRATO

### **CUNEO PROVINCE**

ALBA

BOVES  
BRA  
BUSCA  
CENTALLO  
CUNEO  
DRONERO  
FOSSANO  
MONDOVI'  
NEIVE  
POLONGHERA  
RACCONIGI  
SALUZZO  
SAVIGLIANO  
SOMMARIVA PERNO  
VILLAFALLETTO  
**TURIN PROVINCE**  
TURIN  
VINOVO

## **TRENTINO**

### **TRENTO PROVINCE**

MORI  
RIVA DEL GARDA  
ROVERETO

## **VENETO**

### **BELLUNO PROVINCE**

AGORDO  
ALANO DI PIAVE  
ALLEGHE  
ARSIE'  
AURONZO DI CADORE  
BELLUNO  
BORCA DI CADORE  
CASTELLO LAVAZZO  
CENCENIGHE AGORDINO  
CESIOMAGGIORE  
CHIES D'ALPAGO  
CIBIANA DI CADORE  
COMELICO SUPERIORE  
CORTINA D'AMPEZZO  
DANTA  
DOMEGGE DI CADORE  
FALCADE  
FELTRE

FONZASO  
FORNO DI ZOLDO  
GOSALDO  
LAMON  
LENTIAI  
LIMANA  
LIVINALLONGO DEL COL DI LANA  
LONGARONE  
LORENZAGO DI CADORE  
LOZZO DI CADORE  
MEL  
PEDAVENA  
PIEVE D'ALPAGO  
PIEVE DI CADORE  
PONTE NELLE ALPI  
PUOS D'ALPAGO  
QUERO  
RIVAMONTE AGORDINO  
SAN GREGORIO NELLE ALPI  
SAN PIETRO DI CADORE  
SANTA GIUSTINA  
SANTO STEFANO DI CADORE  
SAPPADA  
SEDICO  
SELVA DI CADORE  
SEREN DEL GRAPPA  
SOSPIROLO  
SOVRAMONTE  
TAMBRE  
TRICHIANA  
VALLADA AGORDINA  
VAS  
VIGO DI CADORE  
ZOLDO ALTO  
ZOPPE' DI CADORE  
**PADUA PROVINCE**  
AGNA  
ANGUILLARA VENETA  
ARZERGRANDE  
CAMPODARSEGO  
CASALE DI SCODOSIA  
DUE CARRARE  
GALLIERA VENETA  
LIMENA  
LOREGGIA

MESTRINO  
 MONTAGNANA  
 PADUA  
 PERNUMIA  
 PIAZZOLA SUL BRENTA  
 PIOVE DI SACCO  
 POLVERARA  
 PONTE SAN NICOLO'  
 RUBANO  
 SAN MARTINO DI LUPARI  
 SAN PIETRO VIMINARIO  
 SAONARA  
 SELVAZZANO DENTRO  
 TEOLO  
 TERRASSA PADOVANA  
 VIGONZA  
**ROVIGO PROVINCE**  
 ADRIA  
 FRASSINELLE POLESINE  
 GUARDA VENETA  
 LENDINARA  
 OCCHIOBELLO  
 PORTO VIRO  
 ROVIGO  
 TAGLIO DI PO  
**TREVISO PROVINCE**  
 TREVISO  
**VENICE PROVINCE**  
 CAMPONOGARA  
 PORTOGRUARO  
 SAN DONA' DI PIAVE  
 SCORZE'  
 VENICE  
**VERONA PROVINCE**  
 AFFI  
 ALBAREDO D'ADIGE  
 ARCOLE  
 BADIA CALAVENA  
 BARDOLINO  
 BELFIORE  
 BOSCHI SANT'ANNA  
 BOSCO CHIESANUOVA  
 BOVOLONE  
 BREZZONE  
 BUSSOLENGO


BUTTAPIETRA  
 CALDIERO  
 CAPRINO VERONESE  
 CASALEONE  
 CASTAGNARO  
 CASTEL D'AZZANO  
 CASTELNUOVO DEL GARDA  
 CAVAION VERONESE  
 CERA  
 COLOGNA VENETA  
 COLOGNOLA AI COLLI  
 DOLCE'  
 ERBE'  
 FUMANE  
 GARDA  
 GAZZO VERONESE  
 GREZZANA  
 ILLASI  
 ISOLA DELLA SCALA  
 ISOLA RIZZA  
 LAVAGNO  
 LAZISE  
 LEGNAGO  
 MALCESINE  
 MARANO DI VALPOLICELLA  
 MINERBE  
 MONTECCHIA DI CROSARA  
 MONTEFORTE D'ALPONE  
 MOZZECANE  
 NEGRAR  
 NOGARA  
 NOGAROLE ROCCA  
 OPPEANO  
 PALU'  
 PESCANTINA  
 PESCHIERA DEL GARDA  
 POVEGLIANO VERONESE  
 RIVOLI VERONESE  
 RONCO ALL'ADIGE  
 ROVERCHIARA  
 ROVERE' VERONESE  
 SALIZOLE  
 SAN BONIFACIO  
 SAN GIOVANNI ILARIONE

SAN GIOVANNI LUPATOTO  
 SAN MARTINO BUON ALBERGO  
 SAN PIETRO DI MORUBIO  
 SAN PIETRO IN CARIANO  
 SAN ZENO DI MONTAGNA  
 SANGUINETTO  
 SANT'AMBROGIO DI VALPOLICELLA  
 SELVA DI PROGNO  
 SOAVE  
 SOMMACAMPAGNA  
 SONA  
 TERRAZZO  
 TORRI DEL BENACO  
 TREGNAGO  
 VALEGGIO SUL MINCIO  
 VERONA  
 VERONELLA  
 VIGASIO  
 VILLA BARTOLOMEA  
 VILLAFRANCA DI VERONA  
 ZEVIO  
**VICENZA PROVINCE**  
 ALTAVILLA VICENTINA  
 ARSIERO  
 ARZIGNANO  
 ASIAGO  
 BARBARANO VICENTINO  
 BASSANO DEL GRAPPA  
 BREGANZE  
 BRENDOLA  
 BRESSANVIDO  
 BROGLIANO  
 CALDOGNO  
 CALTRANO  
 CAMISANO VICENTINO  
 CARTIGLIANO  
 CASSOLA  
 CHIAMPO  
 CHIUPPANO  
 COGOLLO DEL CENGIO  
 CORNEDO VICENTINO  
 COSTABISSARA  
 CREAZZO

Branches in Italy and Abroad  
(Parent Company)

Organisation by  
Geographical Area of the  
Major Subsidiary Banks

CRESPADORO  
DUEVILLE  
FOZA  
GRISIGNANO DI ZOCCO  
ISOLA VICENTINA  
LONGARE  
LONIGO  
MALO  
MARANO VICENTINO  
MAROSTICA  
MASON VICENTINO  
MONTE DI MALO  
MONTEBELLO VICENTINO  
MONTECCHIO MAGGIORE  
MONTEGALDA  
MONTICELLO CONTE OTTO  
MONTORSO VICENTINO  
MUSSOLENTE  
NANTO  
NOVE  
NOVENTA VICENTINA  
PIOVENE ROCCHETTE  
RECOARO TERME  
ROMANO D'EZZELINO  
ROSA'  
ROSSANO VENETO  
SAN NAZARIO  
SAN VITO DI LEGUZZANO  
SANDRIGO  
SANTORSO  
SARCEDO  
SAREGO  
SCHIO  
SOSSANO  
SOVIZZO  
THIENE  
TONEZZA DEL CIMONE  
TORREBELVICINO  
TORRI DI QUARTESOLO  
TRISSINO  
VALDAGNO  
VALLI DEL PASUBIO  
VELO D'ASTICO  
VICENZA  
VILLAVERLA

ZANE'  
ZUGLIANO  
  
**TRENTINO**  
**TRENTO PROVINCE**  
ALA  
ALBIANO  
ALDENO  
ANDALO  
ARCO  
AVIO  
BASELGA DI PINE'  
BLEGGIO INFERIORE  
BORGO VALSUGANA  
CALCERANICA AL LAGO  
CANAZEI  
CAVALESE  
CEMBRA  
CLES  
COREDO  
DENNO  
DIMARO  
DRO  
FIERA DI PRIMIERO  
FOLGARIA  
FONDO  
GRUMES  
LAVARONE  
LAVIS  
LEVICO TERME  
LUSERNA  
MALE'  
MEZZOCORONA  
MEZZOLOMBARDO  
MOENA  
MOLVENO  
MORI  
NAGO - TORBOLE  
OSSANA  
PERGINE VALSUGANA  
PIEVE DI LEDRO  
PIEVE TESINO  
PINZOLO  
POZZA DI FASSA

PREDAZZO  
RIVA DEL GARDA  
ROVERETO  
SIROR  
STORO  
STRIGNO  
TAIO  
TESERO  
TIONE DI TRENTO  
TRENTO  
VEZZANO  
VILLA LAGARINA  
VOLANO  
**VENETO**  
**VERONA PROVINCE**  
AFFI  
SAN BONIFACIO  
SAN GIOVANNI LUPATOTO  
SAN MARTINO BUON ALBERGO  
SANT'AMBROGIO DI VALPOLICELLA  
SONA  
**VICENZA PROVINCE**  
BASSANO DEL GRAPPA  
MONTECCHIO MAGGIORE  
SCHIO  
TIENE



**FRIULI V.G.**  
**GORIZIA PROVINCE**  
GORIZIA  
GRADO  
**TRIESTE PROVINCE**  
TRIESTE  
**UDINE PROVINCE**  
LIGNANO SABBADORO  
SAN GIOVANNI AL NATISONE  
UDINE  
**VENETO**  
**PADUA PROVINCE**  
PADOVA  
**TREVISO PROVINCE**

ASOLO  
 CARBONERA  
 CASALE SUL SILE  
 CASIER  
 CASTELFRANCO VENETO  
 CHIARANO  
 CODOGNE'  
 COLLE UMBERTO  
 CONEGLIANO  
 CORNUDA  
 CRESANO DEL GRAPPA  
 FOLLINA  
 FONTANELLE  
 FONTE  
 GIAVERA DEL MONTELLO  
 GODEGA DI SANT'URBANO  
 ISTRANA  
 LORIA  
 MANSUE'  
 MARENO DI PIAVE  
 MASERADA SUL PIAVE  
 MOGLIANO VENETO  
 MONASTIER DI TREVISO  
 MONTEBELLUNA  
 MORGANO  
 MORIAGO DELLA BATTAGLIA  
 MOTTA DI LIVENZA  
 NERVESA DELLA BATTAGLIA  
 ODERZO  
 ORMELLE  
 PAESE  
 PEDEROBBA  
 PIEVE DI SOLIGO  
 PONTE DI PIAVE  
 PONZANO VENETO  
 PORTOBUFFOLE'  
 POSSAGNO  
 PREGANZIOL  
 QUINTO DI TREVISO  
 RESANA  
 RIESE PIO X  
 RONCADE  
 SAN BIAGIO DI CALLALTA  
 SAN VENDEMIANO  
 SAN ZENONE DEGLI EZZELINI

SARMEDE  
 SEGUSINO  
 SILEA  
 SPRESIANO  
 SUSEGANA  
 TARZO  
 TREVIGNANO  
 TREVISO  
 VALDOBBIADENE  
 VAZZOLA  
 VEDELAGO  
 VILLORBA  
 VITTORIO VENETO  
 VOLPAGO DEL MONTELLO  
 ZERO BRANCO  
**VENICE PROVINCE**  
 CAORLE  
 IESOLO  
 MARCON  
 MIRANO  
 NOVENTA DI PIAVE  
 PIANIGA  
 QUARTO D'ALTINO  
 SAN MICHELE AL TAGLIAMENTO  
 SANTO STINO DI LIVENZA  
 SPINEA  
 VENICE  
**VICENZA PROVINCE**  
 VICENZA



**ABRUZZI**  
**CHIETI PROVINCE**  
 ORTONA  
 VASTO  
**PESCARA PROVINCE**  
 PESCARA  
**TERAMO PROVINCE**  
 GIULIANOVA  
 ROSETO DEGLI ABRUZZI  
**EMILIA ROMAGNA**  
**BOLOGNA PROVINCE**  
 ANZOLA DELL'EMILIA

ARGELATO  
 BARICELLA  
 BAZZANO  
 BENTIVOGLIO  
 BOLOGNA  
 BORGO TOSSIGNANO  
 BUDRIO  
 CALDERARA DI RENO  
 CAMUGNANO  
 CASALECCHIO DI RENO  
 CASTEL D'AIANO  
 CASTEL GUELFO DI BOLOGNA  
 CASTEL MAGGIORE  
 CASTEL SAN PIETRO TERME  
 CASTELLO D'ARGILE  
 CASTELLO DI SERRAVALLE  
 CASTENASO  
 CASTIGLIONE DEI PEPOLI  
 CREPELLANO  
 CREVALCORE  
 DOZZA  
 GAGGIO MONTANO  
 GALLIERA  
 GRANAGLIONE  
 GRANAROLO DELL'EMILIA  
 IMOLA  
 LIZZANO IN BELVEDERE  
 LOIANO  
 MALALBERGO  
 MARZABOTTO  
 MEDICINA  
 MINERBIO  
 MOLINELLA  
 MONGHIDORO  
 MONTE SAN PIETRO  
 MONTERENZIO  
 MONTEVEGLIO  
 MONZUNO  
 OZZANO DELL'EMILIA  
 PIANORO  
 PIEVE DI CENTO  
 PORRETTA TERME  
 SALA BOLOGNESE  
 SAN GIORGIO DI PIANO  
 SAN GIOVANNI IN PERSICETO

Branches in Italy and Abroad  
 (Parent Company)

Organisation by  
 Geographical Area of the  
 Major Subsidiary Banks



SAN LAZZARO DI SAVENA  
SAN PIETRO IN CASALE  
SANT'AGATA BOLOGNESE  
SASSO MARCONI  
SAVIGNO  
VERGATO  
ZOLA PREDOSA

**FERRARA PROVINCE**

ARGENTA  
BONDENO  
CENTO  
CODIGORO  
COMACCHIO  
COPPARO  
FERRARA  
POGGIO RENATICO  
PORTOMAGGIORE  
TRESIGALLO

**FORLI' PROVINCE**

BAGNO DI ROMAGNA  
BERTINORO  
BORGHI  
CASTROCARO TERME E TERRA DEL S  
CESENA  
CESENATICO  
CIVITELLA DI ROMAGNA  
DOVADOLA  
FORLI'  
FORLIMPOPOLI  
GALEATA  
GAMBETTOLA  
GATTEO  
LONGIANO  
MELDOLA  
MERCATO SARACENO  
MODIGLIANA  
PREDAPPIO  
PREMILCUORE  
ROCCA SAN CASCIANO  
RONCOFREDDO  
SAN MAURO PASCOLI  
SANTA SOFIA  
SARSINA  
SAVIGNANO SUL RUBICONE  
SOGLIANO AL RUBICONE

VERGHERETO  
**MODENA PROVINCE**

BASTIGLIA  
BOMPORTO  
CAMPOGALLIANO  
CAMPOSANTO  
CARPI  
CASTELFRANCO EMILIA  
CASTELNUOVO RANGONE  
CASTELVETRO DI MODENA  
CAVEZZO  
FINALE EMILIA  
FIORANO MODENESE  
FORMIGINE  
GUIGLIA  
MARANELLO  
MARANO SUL PANARO  
MODENA

NONANTOLA  
PALAGANO  
PAVULLO NEL FRIGNANO  
POLINAGO  
PRIGNANO SULLA SECCHIA  
RAVARINO  
SAN CESARIO SUL PANARO  
SASSUOLO  
SAVIGNANO SUL PANARO  
SERRAMAZZONI  
SPILAMBERTO  
VIGNOLA  
ZOCCA

**PARMA PROVINCE**

COLLECCHIO  
COLORNO  
FIDENZA  
FONTANELLATO  
LANGHIRANO  
NOCETO  
PARMA  
SALSOMAGGIORE TERME  
TRAVERSETOLO

**PIACENZA PROVINCE**

BORGONOVO VAL TIDONE  
CASTEL SAN GIOVANNI  
FIORENUOLA D'ARDA

MONTICELLI D'ONGINA  
PIACENZA

**RAVENNA PROVINCE**

ALFONSINE  
BAGNACAVALLO  
BAGNARA DI ROMAGNA  
BRISIGHELLA  
ECASOLA VALSENIO  
CASTEL BOLOGNESE  
CERVIA  
CONSELICE  
COTIGNOLA  
FAENZA  
FUSIGNANO  
LUGO  
MASSA LOMBARDA  
RAVENNA  
RIOLO TERME  
RUSSI  
SANT'AGATA SUL SANTERNO  
SOLAROLO

**REGGIO EMILIA PROVINCE**

ALBINEA  
CASALGRANDE  
CORREGGIO  
GUASTALLA  
MONTECCHIO EMILIA  
NOVELLARA  
POVIGLIO  
REGGIO NELL'EMILIA  
REGGIOLO  
REGGIO RUBIERA  
SAN POLO D'ENZA  
SANT'ILARIO D'ENZA  
SCANDIANO

**RIMINI PROVINCE**

BELLARIA-IGEA MARINA  
CATTOLICA  
CORIANO  
MISANO ADRIATICO  
MORCIANO DI ROMAGNA  
POGGIO BERNI  
RICCIONE  
RIMINI  
SALUDECIO

SAN GIOVANNI IN MARIGNANO  
SANTARCANGELO DI ROMAGNA  
TORRIANA  
VERUCCHIO

#### **FRIULI V.G.**

#### **GORIZIA PROVINCE**

CORMONS  
GORIZIA  
GRADISCA D'ISONZO  
GRADO  
MONFALCONE

#### **PORDENONE PROVINCE**

AVIANO  
AZZANO DECIMO  
CANEVA  
CASARSA DELLA DELIZIA  
CHIONS  
CORDENONS  
CORDOVADO  
FIUME VENETO  
FONTANAFREDDA  
MANIAGO  
MONTEREALE VALCELLINA  
PASIANO DI PORDENONE  
POLCENIGO  
PORCIA  
PORDENONE  
PRATA DI PORDENONE  
SACILE  
SAN VITO AL TAGLIAMENTO  
SEQUALS  
SPILIMBERGO  
TRAVESIO  
VALVASONE

#### **TRIESTE PROVINCE**

TRIESTE

#### **UDINE PROVINCE**

AQUILEIA  
ARTEGNA  
BASILIANO  
BORDANO  
BUJA  
BUTTRIO  
CAMPOFORMIDO

CARLINO  
CERVIGNANO DEL FRIULI  
CIVIDALE DEL FRIULI  
CODROIPO  
FAEDIS  
FAGAGNA  
GEMONA DEL FRIULI  
LATISANA  
LIGNANO SABBIAADORO  
MAJANO  
MANZANO  
MARTIGNACCO  
MERETO DI TOMBA  
MOGGIO UDINESE  
MORTEGLIANO  
OVARO  
PAGNACCO  
PALMANOVA  
PALUZZA  
PASIAN DI PRATO  
PAVIA DI UDINE  
PONTEBBA  
PORPETTO  
POVOLETTO  
POZZUOLO DEL FRIULI  
REANA DEL ROIALE  
REMANZACCO  
SAN DANIELE DEL FRIULI  
SAN GIORGIO DI NOGARO  
SAN GIOVANNI AL NATISONE  
TALMASSONS  
TARCENTO  
TARVISIO  
TAVAGNACCO  
TEOR  
TOLMEZZO  
TORVISCOSA  
TRICESIMO  
UDINE  
VARMO  
VENZONE

#### **LATIUM**

#### **ROME PROVINCE**

POMEZIA  
ROME

#### **LOMBARDY**

#### **BRESCIA PROVINCE**

BRESCIA  
CREMONA PROVINCE  
CREMONA  
MANTOVA PROVINCE  
MANTOVA  
MILAN PROVINCE  
MILAN

#### **MARCHES**

#### **ANCONA PROVINCE**

ANCONA  
CASTELFIDARDO  
CHIARAVALLE  
FABRIANO  
FALCONARA MARITTIMA  
JESI  
LORETO

#### **ASCOLI PICENO PROVINCE**

ASCOLI PICENO  
PORTO SAN GIORGIO  
SAN BENEDETTO DEL TRONTO

#### **MACERATA PROVINCE**

CIVITANOVA MARCHE  
MACERATA  
PORTO RECANATI  
TOLENTINO

#### **PESARO PROVINCE**

FANO  
GABICCE MARE  
PESARO  
URBINO

#### **MOLISE**

#### **CAMPOBASSO PROVINCE**

BOJANO  
CAMPOBASSO  
CAMPOMARINO  
CASACALENDA  
CASTELMAURO  
CERCEMAGGIORE  
LARINO  
MONTEFALCONE NEL SANNIO  
RICCIA

Branches in Italy and Abroad  
(Parent Company)

Organisation by  
Geographical Area of the  
Major Subsidiary Banks

SANTA CROCE DI MAGLIANO  
TERMOLI  
TRIVENTO  
**ISERNIA PROVINCE**  
AGNONE  
CAROVILLI  
FROSOLONE  
ISERNIA  
VENAFRO

**PIEDMONT**

**TURIN REGION**

TURIN

**PUGLIE**

**BARI REGION**

BARI

CAPURSO

CONVERSANO

**BRINDISI REGION**

BRINDISI

MESAGNE

**FOGGIA REGION**

FOGGIA

**LECCE REGION**

CALIMERA

CAMPI SALENTINA

CARMIANO

CASARANO

CASTRIGNANO DE' GRECI

CASTRO

COPERTINO

CURSI

DISO

GALATONE

GALLIPOLI

LECCE

LEVERANO

MAGLIE

MARTANO

MONTERONI DI LECCE

MONTESANO SALENTINO

MURO LECCESE

NARDO'

NOVOLI

OTRANTO

PARABITA  
POGGIARDO  
RUFFANO  
SCORRANO  
TAURISANO  
TAVIANO  
TRICASE  
TUGLIE  
UGENTO  
VEGLIE

**TARANTO REGION**

PULSANO

TARANTO

**TUSCANY**

**AREZZO PROVINCE**

AREZZO

**FLORENCE PROVINCE**

FLORENCE

MARRADI

PALAZZUOLO SUL SENIO

SCANDICCI

**PRATO PROVINCE**

PRATO

VERNIO

**VENETO**

**BELLUNO PROVINCE**

AURONZO DI CADORE

BELLUNO

FARRA D'ALPAGO

FELTRE

LONGARONE

PIEVE DI CADORE

SANTO STEFANO DI CADORE

SAPPADA

**PADUA PROVINCE**

ABANO TERME

CAMPOSAMPIERO

CONSELVE

PADUA

PIOVE DI SACCO

**ROVIGO PROVINCE**

ROVIGO

**TREVISO PROVINCE**

CASTELFRANCO VENETO

CONEGLIANO

MOGLIANO VENETO

MONTEBELLUNA

MOTTA DI LIVENZA

ODERZO

PIEVE DI SOLIGO

SAN VENDEMIANO

TREVISO

VALDOBBIADENE

VEDELAGO

VILLORBA

VITTORIO VENETO

**VENICE PROVINCE**

CAORLE

DOLO

ERACLEA

IESOLO

MIRA

PORTOGRUARO

SAN DONA' DI PIAVE

SAN MICHELE AL TAGLIAMENTO

SCORZE'

VENICE

**VERONA PROVINCE**

CEREA

NOGARA

SAN MARTINO BUON ALBERGO

VERONA

**VICENZA PROVINCE**

BASSANO DEL GRAPPA

DUEVILLE

MONTECCHIO MAGGIORE

THIENE

VICENZA

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Stampa: Bertieri Istituto Grafico - Monza (Milano)