

The right course.

*Reports
and Financial
Statements*



2008

*Reports and Financial
Statements 2008*

Iccrea Banca SpA

Registered office: Via Lucrezia Romana 41/47 - 00178 Rome
RVAT and tax ID no. 04774801007 - R.E.A. of Rome 801787

Part of the Iccrea Banking Group
entered in the register of banking groups
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*Report
on Operations*

FINANCIAL YEAR
1ST JANUARY - 31ST DECEMBER 2008



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REPORT ON OPERATIONS

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Corporate Bodies

2007 - 2009

BOARD OF DIRECTORS

DELL'ERBA Vito Lorenzo Augusto	*	Chairman
COLOMBO Annibale	*	Deputy Chairman
CARRI Francesco	*	Deputy Chairman
BARISON Gianni		
BONACINA Gianfranco		
BUDA Pierino	*	
CAPOGROSSI Maurizio		
FIORELLI Bruno	*	
MICHIELIN Gianpiero		
PALDINO Nicola		
SAPORITO Salvatore		

* members of the Executive Committee

BOARD OF AUDITORS

DELL'ACQUA Gaetano	Chairman
CATAROZZO Camillo	Auditors
MARIANI Vittorio	Auditors
DE ROSI Antonio	Alternates
MASCARELLO Santiago	Alternates

GENERAL MANAGER

GORNATI Luciano Giorgio	General Manager since 1/03/2000
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Report on management in the light of the new provisions introduced by Lgs. Decree 32/2007

Italian companies must draw up their 2008 financial statement, taking into account, for the first time, the new provisions of Lgs. Decree n. 32 of 2nd February 2007, which has introduced amendments to art. 2428 of the civil code on the "Report on Operations", expanding the content of the document drawn up by the company directors on the occasion of the presentation of the annual financial statement.

The said decree implements the obligatory content of Directive 51/2003/EC, known as the "accounting modernisation directive", and regards the preparation of the report on operations, the board of auditors' report when required, and the consolidated financial statement.

With reference to the Report on Operations, Lgs. Decree n. 32/2007 has introduced into clause 1 of art. 2428 of the civil code a new definition according to which the report must contain "a faithful, balanced and full analysis of the company's situation and of the business trend and the results of the management", thus reinforcing the previous "representation of the company and of the management trend". It is therefore evident that the new article requires more than a simple illustration of the facts, but also requires a detailed analysis aimed at giving a clear picture of the company's situation to the financial statement reader. This is even clearer considering that Lgs. Decree n. 32/2007 has introduced, always into the first clause of the

new art. 2428 of the civil code, the obligation of including in the Report on Operations "a description of the main risks and uncertainties to which the company is exposed".

Lastly, Lgs. Decree n. 23/2007 has introduced into the wording of art. 2428 of the civil code a new clause pursuant to which "the analysis referred to in the first clause must be consistent with the entity and complexity of the company's business and must contain, as far as necessary for understanding the company's situation and business trend and the management result, the financial profit indicators and, as the case may be, the non-financial indicators pertinent to the company's specific activities, including information relative to the environment and to human resources. The analysis must contain, when opportune, reference to the amounts entered on the financial statement and additional clarifications regarding the same."

This last clause indicates that the extent of the information to be provided must be consistent with the entity and complexity of the company's business.

In preparing the following Report on Operations, the above instructions and suggestions have been taken into account and, in particular, those contained in Document n. 1 - October 2008 - "The Report on Operations. Some Considerations", issued by the Accountants' and Bookkeepers' Research Institute (IRDCEC - Istituto di Ricerca dei Dottori Commercialisti ed Esperti Contabili), especially as regards the main provisions newly introduced which have an impact on the substantial structure of the Report, since they prescribe important modifications to the content.

ITEMS OF THE RECLASSIFIED BALANCE SHEET - ASSETS (FIGURES IN THOUSANDS OF EURO)

	DESCRIPTION	2008	2007	DELTA %
10	Cash and cash equivalents	68,167	57,846	17.8%
	Due:			
70	a) from Customers	792,637	606,799	30.6%
60	b) from Banks	6,529,262	7,114,843	-8.2%
	Financial assets held for trading			
20		615,096	1,407,310	-56.3%
30		29,479	30,050	-1.9%
40		803,865	215,377	273.2%
50	Financial assets held to maturity	0	0	-
100	Equity investments	1,057	1,533	-31.1%
	Tangible and intangible assets			
110		20,042	21,869	-8.4%
120		2,967	3,553	-16.5%
130	Tax assets	61,049	46,078	32.5%
	Other assets			
80		588	3,876	-84.8%
90		0	0	-
140		0	0	-
150		48,038	55,542	-13.5%
160		0	-	-
	Total assets	8,972,246	9,564,676	-6.2%

ITEMS OF THE RECLASSIFIED BALANCE SHEET - LIABILITIES (FIGURES IN THOUSANDS OF EURO)

	DESCRIPTION	2008	2007	DELTA %
	Due			
	a) to Customers and securities			
20		1,392,658	1,398,561	-0.4%
30		146,168	123,430	18.4%
50		13,441	100,081	-86.6%
10	b) to Banks	6,551,188	7,095,115	-7.7%
40	Financial liabilities held for trading	351,001	272,027	29.0%
	Funds for a specific destination			
110		15,372	15,467	-0.6%
120		6,944	12,278	-43.4%
	Other liability items			
60		16,744	2,683	524.1%
70		0	-	-
80		17,759	30,543	-41.9%
90		-	-	-
100		143,200	159,584	-10.3%
	Shareholders' equity			
130	a) Valuation reserves	24,832	53,910	-53.9%
140	b) Redeemable shares	-	-	-
150	c) Equity instruments	-	-	-
160	d) Reserves	66,685	58,935	13.2%
170	e) Issuance premiums	-	-	-
180	f) Share capital	216,913	216,913	0.0%
190	g) Own shares (-)			
200	h) Profit (Loss) for the year	9,341	25,149	-62.9%
	Total liabilities and shareholders' equity	8,972,246	9,564,676	-6.2%

RECLASSIFIED INCOME STATEMENT

ITEM	2008	2007	Delta %	Items as per circular n. 262 BI of 22/12/2005
Net Interest income	57,592,413	39,013,452	47.6%	10-20
Gain and loss on financial assets/liabilities carried at fair value	(10,769,062)	16,031,613	-167.2%	80-90 100-110
Dividends	5,845,292	2,183,775	167.7%	70
Net commissions	108,827,115	104,839,445	3.8%	40-50
Other operating charges and revenues	10,574,947	10,050,608	5.2%	190
Total revenues	172,070,705	172,118,893	0.0%	
Personnel expenses	57,512,698	58,489,732	-1.7%	150a
Other administrative expenses	74,142,885	69,039,527	7.4%	150b
Net adjustments on tangible and intangible assets	5,820,918	5,895,660	-1.3%	170-180
Total operating costs	137,476,501	133,424,919	3.0%	
Gross operating profit (loss)	34,594,204	38,693,974	-10.6%	
Net provisions for risks and charges	157,549	251,393		160
Net impairment adjustment of loan and other financial transactions	15,832,147	1,490,692		130
Write-downs on goodwill				230
Total provisions and impairment adjustments	15,989,696	1,742,085		
Net operating profit (loss)	18,604,508	36,951,889		
Total profit before taxes	18,604,508	36,951,889	-49.7%	
Income taxes for the year on continuing operations	9,263,423	15,509,849		260
Profit (loss) after tax on non current assets in the process of being sold off	0	3,707,451		280
Profit (Loss) for the year	9,341,085	25,149,491	-62.9%	

SUMMARISED SCHEDULE OF RESULT AT 31/12/2008

ECONOMIC AND EQUITY VALUES AND MAIN MANAGEMENT INDICATORS

ECONOMIC VALUES (in thousands of euro)	2008	2007	Change	% Change
Intermediation margin (total revenues)	172,071	172,119	-48	0.0%
Gross operating profit (loss)	34,594	38,694	-4,100	-10.6%
Profit before tax	18,605	36,952	-18,347	-49.7%
Net profit of the period	9,341	25,149	-15,808	-62.9%
EQUITY AND OPERATING VALUES (in thousands of euro)	2008	2007	Change	% Change
Total assets and liabilities	8,972,246	9,564,676	-592,430	-6.2%
Due to banks	6,551,188	7,095,115	-543,927	-7.7%
Loans to credit institutes	6,529,262	7,114,843	-585,582	-8.2%
Total interest bearing assets	8,770,338	9,374,379	-604,041	-6.4%
Total onerous liabilities	8,471,200	8,991,897	-520,697	-5.8%
Shareholders equity	315,374	342,037	-26,662	-7.8%
CREDITWORTHINESS INDICES (%)	2008	2007	Change	% Change
Net bad debts/Loans to customers	2.30%	2.50%	-0.25%	
PROFITABILITY INDICES (%)	2008	2007	Change	% Change
Cost/Income ratio	79.90%	77.50%	2.40%	
R.O.E. (on present equity)	4.30%	13.90%	-9.60%	
ROI (Net operating profit / Total mean assets)	0.40%	0.40%	0.00%	
EQUITY COEFFICIENT (%)	2008	2007	Change	% Change
Regulatory equity	293,589	329,698	-36,109	-11.0%
Tier 1 ratio	250,559	279,403	-28,844	-10.3%
STRUTTURA OPERATIVA	2008	2007	Var.	Var.%
N. dipendenti complessivi - dato puntuale	734	721	13	1,8%
Numero Filiali	14	14	0	0,0%

1. Introduction

DEAR SHAREHOLDERS,

The year 2008 has suffered from the effects of the financial market crisis, which appeared in all its gravity, overwhelming international merchant banks, insurance companies and American financial institutes, and plunging some large European banks into grave difficulties. Even some countries, confirming the systematic nature of the financial crisis, have found themselves with problems of solvency.

The worst event was the Lehman Brothers bankruptcy, which had a direct impact on the entire world financial system, the consistency and extent of which are at present difficult to assess. This bankruptcy seems to have been the catalytic factor that transformed a serious crisis, which, however, seemed manageable with sustainable costs, into a collapse of global dimensions. In this context, the Central Bank immediately intervened guaranteeing the system the necessary liquidity, and then, in October, lowering bank rates. The political institutions played a key role with extraordinary measures which differed from one country to another, but which all aimed at supporting the credit system and at guaranteeing market stability. Italy issued Decree Law n. 155 of 9th October 2008: "Urgent measures to guarantee the stability of the credit system and the continuity of the granting of credit to companies and consumers, in the present international financial markets crisis", which authorised the Ministry of the Economy to aid banks with inadequate equity as ascertained by the Bank of Italy, by underwriting or guaranteeing the share capital increases. The provision also extended the faculty of filing judicial administration procedures and the provisional management of banks with liquidity problems, and introduced a state guarantee in place of loans issued by the Bank of Italy itself. The Italian discipline in force on the guarantee of deposits was also extended, adding to the already existing private

systems the possibility of issuing a state guarantee in favour of subjects with deposits in Italian banks. The provision was completed by the successive Decree Law n. 157 of 13th October 2008: "Further urgent measures to guarantee the stability of the credit system", in order, in particular, to reactivate the functioning of the inter-bank loan market. This latter introduced a State guarantee on bank liabilities and a mechanism of swap transactions between government bonds and financial instruments held. The Ministry of the Economy was also authorised to grant a state guarantee on transactions stipulated by Italian banks, in order to obtain the availability of securities that could be used for refinancing operations through the Eurosystem. In spite of this, the effects on the economy and on the financial markets were heavy and could continue to be so in the forthcoming months. In fact, the symptoms of the slowing down of the economy, which appeared in the first part of the year, have become evident, triggering off a recession in the real economy. The financial markets have suffered a shock of huge proportions. On one side, liquidity has become very scarce and the inter-bank rate has risen in an unjustified manner, leading to an increase in the cost of money. On the other hand, many savers have abandoned their investments in shares, funds and insurance policies - considered risky - and have opted for more liquid instruments. The disposal on the part of the institutional investors, above all those operating with "lever" transactions, of their huge investments in both capital and debt instruments, also contributed strongly to the fall of market prices. This led to a reduction in banks' operations in financial services and in the profit from their ordinary business. The effects of the economic and financial crisis are reflected in the results: the losses on the securities portfolio have significantly reduced financial profit and have negatively affected income from core business. In addition, the growing difficulties of companies and individuals have led to an increase in bad loans and of the consequent write-downs.

From a general viewpoint, the “positive” lesson of the crisis teaches us not to lose sight of the final purpose of the finance business. Because finance is not an end in itself, and must not lose its significance of being an instrument for development. This is the certainty that is worth considering in place of the many convictions that circulated before the crises, namely: that the invisible hand of the market would always and anyway intervene to solve problems; that the indicator to be considered to judge a bank’s success was only the ROE; that a large bank was safer than a medium or small bank; that a modern bank threw itself into so-called “evolved” finance rather than focusing on the traditional or core business; that the mathematical models were all that was needed to prevent risks. All these ideas were destroyed by the harsh denial of reality. And the world finance industry entered into a state of shock, for certain aspects paralysed, very often depending on government support which today is providential but which only yesterday was considered undue and intolerable interference.

In this context, the solidity of the Cooperative Credit Banks and the effectiveness of their own business model were confirmed, as well as their strategic choices based on their identity as loan banks for the territory. They are a heritage to be protected and enhanced, through an increasingly more competent and consistent mentality and by the use of increasingly more innovative and efficient instruments. According to the last Report on the Italian Financial System, drawn up by the Rosselli Foundation (October 2008), the local bank features four fundamental characteristics:

1. they have their roots in the territory;
2. they have a profound relationship with the local territory;
3. they offer quality support to local economic operators;
4. their operating and management organisation guarantees that the decision-making centres are located in the area; in particular, they grant credit not only “on the territory” with their network of branches, but also

and above all “on the territory” through their knowledge of the social-economic situation and their privileged relations with the local production categories.

The positive results of local banks are precisely linked to these four distinctive features. In particular:

- their roots in the territory generate a dense network of relationships which can ensure certain advantages in their acquaintanceship with the applicants and on how these latter intend to use the funds;
- their close link with the communities also produces effects on deposits, which are more stable, with positive effects on the financial lever.

As Iccrea Banca, we feel committed to extending this logic of “advantage” and “benefit”, ensuring firstly the BCC-CR (Banche di Credito Cooperativo-Casse Rurali - Cooperative Credit Banks - Rural Savings Banks), but also all their customers, of the quality and convenience of our products and services Iccrea Banca also wishes to be “different”, because this approach gives value to the action of the BCC-CR, regardless of their actual size. Every BCC-CR, even the smallest, is always great, and budget targets must not be pursued to the detriment of relations with the customer, but rather in order to obtain the means necessary for rendering efficient the processes that allow for supporting the BCC-CR with products that are more competitive in terms of both price and quality. Participating in the growth of the BCC-CR and in the development of the territory is our only final aim. Participation and development go hand in hand, and cannot be separated. Because the development of the territory and the development of the territorial bank lead to the consolidation of the central institute. This is a strong reminder of the organisational “formula” for loans that depend, right from the start, on the development of the cooperative method. This need, in the present competitive and market context, is even greater. Only by working through a network - a continuously expanding

and stronger network - can the BCC-CR maintain their own independence and their roots in the territory. Only by trusting the subsidiary nature of the system, created through the supports offered by the category structures, can even the small banks be sure of complying with the new regulatory obligations without succumbing. Only by compounding efforts can they rely on the necessary scale and range economies. The "mutual network" must also be interpreted in an innovative way today. In particular, as an additional, effective instrument for exploiting the principle of proportionality. Positive results have been achieved, for example, in respect of the costly processes of compliance with legislation, which have been developed within the sphere of national projects which Iccrea Banca has opted to pursue in order to carry out, in the sectors of its specific competence, this role to the full. Such works have allowed for methodological and applicative uniformity, which the sector Authorities wanted, and the exploitation of the diverse contributions and experiences of the single local Federations, of the Services Centres and of the category banks. The subsidiary nature of the network, as already mentioned, is also vital for competitiveness in the market. And, to this regard, it is important to continue to work to reach significant synergies in the entrepreneurial compartment of Cooperative Credit.

In this prospect, the Cooperative Credit Institutional Guarantee Fund (FGI - Fondo di Garanzia Istituzionale) is an extraordinary opportunity to reinforce the network and its efficiency and effectiveness. An instrument conceived and constructed on the basis of a methodological vision based on mutual cooperation. The FGI was constituted on 25th July last by the 15 Local Federations, as the first fundamental step in the process that is leading to formal recognition by the Bank of Italy. It is one of the most important steps in the process for the reinforcement of the "network system" based on principles of the independence and cohesion of its various components and an important, perhaps "historic", conquest that gives a determining contribution to the further modernisation and innovation

of Italian Cooperative Credit. In recent years, the commitment has been undoubtedly fruitful, increasing the reputation and solidity of Cooperative Credit. With FGI today, it is possible to obtain what was impossible with the two pre-existing Funds: recognition of the safety net for regulatory purposes. With no implication on the formal and substantial independence of the single participating banks, but with the benefit that the start of FGI operations will make certain regulatory provisions, which tend to reduce the burden of the prudential requisites, applicable to the single Cooperative Credit Banks and Rural Savings Banks. No burden will be imposed on the BCC-CR adhering to the new Fund in the case of exposure between banks belonging to the network for the calculation of the Basel 2 capital coefficient, thus reducing - at par conditions - the credit risk requirement. All these elements together represent an innovative scenario that will lead to the re-designing of the financial management process of the BCC-CR and of the second level banks, according to a real "finance system" approach more oriented towards the market and certainly more closely adhering to the needs of the customers and the local communities of reference. In this wider context of the FGI, Iccrea Banca will therefore be a synergy accelerator.

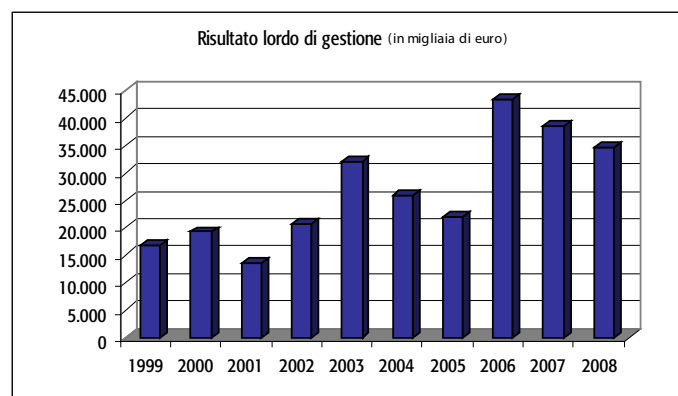
DEAR SHAREHOLDERS,

In a particularly difficult market context, such as that described above, great attention has been paid to the consequences on liquidity deriving from the tensions on the international markets. Iccrea Banca has constantly pursued the target of its own liquidity coefficients through wise management, both by extending the expiry dates of money market instruments, and by increasing the assets available for lending. Always as a prudential measure, it has also expanded its operating potential, by allowing for the exercise of the entire range of transactions made available by the European Central Bank. In this context, Iccrea Banca has ensured advisory services and operating support

to the BCC-CR, offering adequate “protection” in cases of need. In particular, with regard to the treasury lines, Iccrea Banca undertook the negative carry between market and ECB (European Central Bank) rates to allow the BCC-CR to avoid counterpart risks at the more critical moments of market tension, when the inter-bank confidence crisis had annulled the possibility of allocating available cash and cash equivalents. It remodelled the credit lines supporting BCC-CR treasury transactions, in order to allow the system to comply with the prescriptions contained in the “New Instructions of Prudential Supervision for Banks”, issued by the Bank of Italy. On the basis of the resolutions passed, the powers for granting maximum sums for financial transactions with banks and other supervised intermediaries and the relative delegated subjects were reviewed.

From the economic profile, the market events of an extraordinary nature and entity, which took place during the year, had a relevant impact on the economic margins and on the net profit. Considering the diverse contributions to the economic results, within the sphere of the operating revenues, the appreciable results of the commissions on services and inter-bank intermediation were inevitably absorbed by the heavily negative trend of financial intermediation.

However, the gross operating profit, of Euro 34.6 million, representing a decrease of 10.6% on the record figure of the previous year, can be considered a result certainly worthy of respect. Without the assessment components linked to the net trading margin, the Bank would have reached profit from its core business of Euro 45.5 million, i.e. Euro 10.3 million above the budget for the relative period, and Euro 22.7 million more than the 2007 result. In the above-mentioned difficult market context, these results show that concentration on operations with the most important customers allows us to count on a solid income base even in critical periods. We therefore intend to remain faithful to this strategy which focuses on quality and solidity.



Precisely this knowledge, that 2008 has confirmed the facts, is the basis for the constant commitment of an institute like ours to dedicate itself to the constant development of basic skills. Therefore, during the year, we have issued further measures that have allowed for even more concentration on our stronger skills, the production of services, not only those connected to payment systems, with particular attention paid to the development of advisory services and assistance to customers. The new commercial policy consequently focused on achieving production and income results that can be sustained over time, identifying products and commercial strategies that can reinforce the relationship with the customer over the medium-long term. For a bank like ours, customer satisfaction is a fundamental and primary aspect, which we will make all efforts to conserve and consolidate over time. In 2008, the optimisation of the product range and of the services models continued, with the aim, in this case, of continually increasing the satisfaction of the customers' needs.

BUSINESS PLAN 2008 - 2010

The parent company, in order to continue the activity aimed at completing the GBI rationalisation and strategic positioning project aimed at giving more incisive support to the BCC-CR for their services to and relations with

their own clientele, decided to undertake the 2008-2010 Industrial Plan, giving the relative guidelines approved by the Iccrea Holding Board of Directors in the meeting of 30/11/2007. They are also the programmatic base for the quantification of capital needs. The Plan therefore determined the exact capital requirements and allocations needed by the System. In this scenario, the Bank had to refocus its mission and its own objectives in the light of the sale of the Corporate Credit branch and the evolutions in progress both on the markets, with the relative legal and regulatory innovations, and the competitive scenario, and in the Cooperative Credit System, which moves towards greater coordination, driven by the prospects of the Institutional Guarantee Fund. With the 2008-2010 Business Plan, the Bank has set itself the aim of relevant and sustainable growth, developing the relationship of trust with its own stakeholders and exploiting all administrative-operational variables possible.

The main objectives of the Plan can be summed up as follows:

- the consolidation of excellence in customer relations, combining the local nature of the Cooperative Credit territory with the advantages that only an institute like ours can guarantee, in terms of range and quality of products offered and convenient conditions;
- encouragement of the human and professional growth of the personnel, through important investments in skills, values and the behaviour of the employees, which are fundamental conditions for a transparent, friendly and lasting relationship with the clientele;
- to guarantee the creation of value for the shareholders, pursuing ambitious growth programmes in all sectors and maintaining high levels of efficiency and solidity.

In 2008, all the Areas carried out numerous initiatives following the strategic guidelines of the Business Plan, both from the organisational viewpoint and as regards product innovation and customer service improvement

2. The macroeconomic situation

The crisis which struck the international financial markets in the summer of 2007, and which worsened last September after the Lehman Brothers bankruptcy, with the consequent problems of liquidity on the inter-bank markets and the collapse of share prices, had heavy repercussions on international economic activity.

World economy registered progressive deterioration during the year, suffering from the strong decrease in the prices of financial assets, the reduction of available credit, and the increasing lack of confidence on the part of families and companies.

Also the emerging economies, which in recent years had been the driving force of international growth, were deeply hit by the crisis, suffering from the outflow of foreign capital consequent to the liquidation of share and bond investments on the part of banks and international investment funds.

Economic activity in the United States grew weaker and weaker over the year, while inflation pressure decreased. In the fourth quarter of 2008, there was a contraction in gross domestic product (GDP) in real terms equal to 3.8 percent on an annual basis, against an expansion of 0.6 percent in 2007. The reasons lie in the negative consumer spending trend, the collapse of the real estate market and the weakness of investments in equipment and software.

The Consumer Price Index (CPI), which measures annual consumer inflation, registered a pronounced decrease: it was 0.1 percent in December 2008, 1.1 percent in November and 3.7 percent in October, in free fall from the maximum level of 5.6 in July and well below the 2008 average of 3.8 percent.

Family and company spending suffered from the credit squeeze, the high unemployment rate, the deterioration in company balances and the uncertain growth prospects.

The contraction of the real estate market (the sale of newly built homes in December showed a decrease of

39.9 percent on an annual basis compared to 2007) and the slowing down of the foreign demand were further negative elements for economic prospects. The recent taxation and monetary measures introduced to stimulate the economy, together with the lower costs of raw materials, should partially counterbalance these factors. During the year, the Federal Open Market Committee reduced the real rate on federal funds by a total of 300 base points, reaching the present range of between zero and 0.25 percent.

In Japan the economic situation gradually worsened during the year, subsequent to the stagnation of domestic demand and sluggish exports. In the third quarter, the GDP in real terms fell to the level of 1.8 percent on an annual base. The contraction derives mainly from the lasting decrease in private non-residential investments, which follows the further deterioration in economic conditions. Private consumption increased by barely 0.3 percent in the third quarter compared to the second quarter, which had however decreased by 0.6 percent compared to the previous quarter. Because of the further weakening of foreign demand, net exports - which in recent years had been the main feature of Japanese expansion - gave a negative contribution to the GDP (-0.2 percentage points) for the first time since 2004.

Inflation over twelve months measured against the consumer price index (CPI) fell by 0.4 percent in December, from 1.0 percent in November. The moderation of inflation pressure after the peak in July reflects the fall in the cost of raw materials and the weakening of economic activity. After lowering the call rate target for overnight deposits without collateral in October, the Bank of Japan decided, at successive meetings, to leave the official bank rate unchanged, at 0.3 percent.

In the emerging Asiatic countries, economic activity started to decelerate in the second half of 2008, to then fall brusquely in the last months of the year. The reason was mainly the deterioration in confidence on the part of consumers and companies, which resulted in a great weakening of the domestic demand.

In China, the growth of GDP in the third quarter fell to 6.8 percent annually (from 9.0 and 10.1 percent for the third and second quarters respectively). The stagnation of foreign demand, the delayed effect of the restrictive macro-economic policies implemented in the first half of the year and the sluggishness of the building sector were the main factors. Consumption inflation fell in the last three months to 1.2 percent in December. In order to face the growing challenges caused by the weaker domestic and foreign demand, the Chinese authorities announced a series of tax measures aimed at stimulating the economy, for 4,000 billion Renminbi (approx. 415 billion euro) for the 2009-2010 period. In November the Central Bank decided to lower the bank rate by 108 base points on all deposits and on loans in Renminbi, and to reduce the rate on the obligatory reserves for large and small banks by respectively 100 and 200 base points.

Economic activity suffered progressive weakening during the year also in the Euro area. In the fourth quarter, DGP in the area showed a drop of 0.6 percent in real terms on an annual basis, confirming the figure of the third quarter. Investments fell everywhere, and were particularly severe in the building sector, suffering from the negative trend of the real estate sector.

The risks for economic growth were mainly linked to the possibility of greater impact on the real economy of the turbulence of the financial markets, as well as fears of protectionist tendencies and the possibility of disordered development linked to a imbalances at global level.

The inflation rate on consumption on an annual basis also fell considerably: in December it was 1.6 percent. The factory price index, which had accelerated in the first seven months of the year (from 4.9 to 9.0 percent) also slowed down, falling from 8.5 percent in August to 1.8 percent in December. The net overall fall in inflation observed as from the summer mainly reflects the marked fall in international prices of raw materials in recent

months, which has more than compensated for the impact of the sharp rise in the cost of labour per product unit in the first half of the year.

Lastly, with regard to monetary policies in the second half of 2008, the ECB reduced the bank rate three times; and in the first quarter of 2009 it has reduced interest rates on the main refunding operations of the Eurosystem by 100 base points, to the present 1.50 percent. The interest rate on deposits at the Central Bank has been fixed at 0.50 percent, while the rate on marginal refunding operations is at present 2.50 percent.

The Italian economic situation in 2008 showed further worsening which reflected the intensification of the cyclical recession which began in the second half of 2007. The GDP fell three times in succession in the second (-0.6 percent), third (-0.6 percent) and fourth (-1.6 percent) quarters of the year. Industrial production fell in November by 9.7 percent compared to October, when there had already been a contraction of 6.9 percent on the September figures (breakdown of seasonal data).

Between July and October 2008, the fall in the prices of raw materials produced a contraction in inflation at the consumer level from 3.5 percent in October, to 2.7 percent in November and to 2.2 percent in December.

With regard to the labour market, the recession in progress has caused considerable worsening of the employment rate: between the second quarter of 2007 and the third quarter of 2008, the number of unemployed rose to 190 thousand (+12.7 percent). The average national unemployment rate is 6.7 percent of the total workforce.

THE MONETARY POLICY OF THE ECB AND THE TREND OF THE BANKING SYSTEM IN THE EURO AREA.

With regard to the monetary policy, as already mentioned, the Steering Committee of the BCE, after a 25

base-point rise in July, reduced bank rates several times in autumn and in the first months of 2009⁽¹⁾.

The interest rate on the main refunding operations of the Eurosystem is at present 1.5 percent, 2.50 percent on marginal refunding and 0.50 percent on deposits at the Central Bank.

The decision to repeatedly reduce bank rates is based on the economic data and on the results of the economic surveys, which clearly confirm a significant slowing down in the economy of the euro area, connected above all to the effects of the worsening and widespread financial turbulence, in a context of uncertainty defined by the ECB as “exceptionally high”.

At the end of the first nine months of 2008, there were 6,185 credit institutions in the EU-12 area, and 6,128 in the same month of 2007. With reference to Italy, there were 807 banks at the end of September, accounting for 13 percent of the total in the EU-12 area.

With specific regard to operations in the main fields of the banking business, in September 2008 the aggregate of “deposits and bonds” of all the financial and monetary institutions (FMI) in the EU-12 area amounted to a total of 14,191 billion euro (+9.3 percent annual increase).

At the end of the third quarter of 2008, the sum total of loans of the MFI of the EU-12 area to residents was Euro 11,799 billion, showing an annual increase rate of 9.9 percent.

CREDIT BROKING

In 2008, there was strong contraction in the expansion rate of bank loans in Italy. The annual variation was +3.4 percent in November 2008, against +10.6 in November 2007. Taking into consideration the accounting effects of securitisation, growth calculated annually was 8.7 percent. Following the trend in progress at the end of 2007,

¹ The last cut in rates was decided by the ECB on 5th March 2009, coming into effect on 11th March 2009.

many securities deriving from securitisation were successfully bought back by the same banks that had originated the operations, in order to obtain placeable instruments to guarantee refunding operations with the Eurosystem. The slowdown in bank lending reflected the weak demand on the part of companies and families.

The Bank Lending Survey relative to the third quarter of 2008 and the Bank of Italy - Il Sole 24 Ore quarterly survey on expected inflation and growth in industry and services carried out in December and the monthly survey of the ISAE (*Istituto di Studi e Analisi Economica* - Econometrical Study and Analysis Institute) in December, also revealed considerable restrictions in the criteria adopted for granting loans.

Bank rates, following the fall of the official rates, began to decrease at the end of October. In November the average rate on loans to families was 6.68 percent, while for non-finance companies it was 6.28 percent.

Credit quality began to suffer from the cyclical worsening. In the third quarter of 2008, there was an increase in the ratio of outstanding debts compared to loans. The growth was higher for loans in the south of Italy and those granted to building firms.

The insolvency rate of loans granted to consumer families, however, remained substantially stable.

Bank deposits grew significantly during the year: in November 2008 the annual growth rate was 14.5 percent (+6.6 percent in November 2007). Current account deposits accelerated in the last months, favoured by an increased preference for liquidity.

The expansion rhythm of bonds issued by Italian banks in November rose to 22.0 percent, reflecting the new issues on the domestic market. About one third of the growth, however, depended on purchases on the part of other Italian banks. The average interest rate on the deposits of families and companies was 2.25 percent in November.

With regard to the income trend, the surveys carried out by the Bank of Italy indicate that the Italian banking

system as a whole has until now suffered less than others from the impact of the crisis, also thanks to an intermediation model mainly aimed at retail loans and deposits.

Nevertheless, the expansion of revenues deriving from traditional banking business (the interest margin grew by 13 percent, in acceleration compared to the first nine months of 2007) did not compensate for the reduction in net commissions and revenues from trading, resulting in a contraction of 5 percent in the intermediation margin. Although there was substantial stability in operating costs, management profit fell by 11 percent.

Lastly, the deterioration of the economic situation caused relevant growth in provisions and value adjustments, entirely due to the component relative to impaired loans, which increased by almost 40 percent. This last factor absorbed more than one quarter of the profit of the period (less than one fifth in the same period of 2007).

THE BCC-CR TREND IN THE CONTEXT OF THE BANKING SYSTEM

During the year 2008, there was strong development of the broking service performed by the BCC-CR, above all regarding loans.

The BCC-CR quotas on the market of loans to residents in Italy further grew from the 7 percent at the end of 2007 to 7.4 percent in November 2008, while those relative to deposits suffered a slight contraction from 9.1 to 8.9 percent. The strong exodus of savings from the investment funds and asset managements was "probably in favour of more liquid and less risky forms of investment".

There was at the same time a considerable increase in the number of employees, customers and shareholders.

STRUCTURAL SITUATION

During the twelve months ending in September, the number of BCC-CR branch offices continued to increase; at the end of the third quarter of 2008, there were 438 banks (equal to 54.3 percent of all banks operating in

Italy), with 4,044 branches (equal to 11.9 percent of the banking system). The branches are located in 98 provinces and 2,598 towns or cities.

BCC-CR branch offices increased by 4.7 percent, which was less than the growth registered for the rest of the banking system (+5.2 percent).

In September 2008, there were 925,967 BCC-CR shareholders, showing an annual increase of 7.1 percent. In September, the BCC-CR had 1,575,651 customers with loans, representing an annual increase of 2.5 percent, while the increase for the banking system as a whole was considerably less (+0.9 percent).

The increase in employees for the category continued, at the rate of +4.4 percent, while for other banks there was a staff decrease of -0.7 percent: in September employees numbered 30,112, without counting the approximately 3,000 employees of Local Federations, the companies of the Iccrea Banking Group, the Central Savings Banks and various consortiums.

ASSETS

With regard to intermediation, in 2008 there was a significant development, as already mentioned, in BCC-CR loans and an increase in deposits in line with the banking system average.

BCC-CR loans in November amounted to Euro 114,742 million, with an annual growth rate of 10.3 percent, more than three times the +3.4 percent of the banking system in general. If securitisation loans are also included, annual growth rate for the banking system - as already mentioned - was 8.7 percent in November 2008.

The total stock of loans to clients in 2008 is estimated at having exceeded Euro 117 billion.

The BCC-CR market share at the end of the first eleven months of the year was 7 percent (for loans to residents, the market share was 7.4 percent). The incidence of the aggregate on the total of the assets is 70.5 percent, compared with 48.7 percent for the banking system as a whole.

In 2008, medium and long term loans also had more sustained growth than short term loans, for both the BCC-CR system (respectively +11.8 percent and +7.1 percent) and for the banking system in general (+6.3 percent and +0.5 percent).

Mortgages to BCC-CR customers amounted to Euro 65,286 million in November, with an annual percentage increase (+12.8 percent) considerably higher than the average of the banking system as a whole (+4.7 percent). The BCC-CR market share consequently shows significant growth compared to the end of 2007, having increased from 8.4 to 8.9 percent.

With regard to the sectors to which the loans are destined, there was a continuation in the trend of recent years of strong development in loans to the segment of non-finance companies (mostly stock companies of larger dimensions), with an annual percentage increase of 15.8 percent, which is more than double the average of the banking system (+7.3%). The BCC-CR market share in this customer segment was 6.3 percent in November 2008, compared to 6 percent at the end of 2007.

With regard to loans to smaller companies - artisan firms and other minor enterprises - the annual growth rate was significantly higher than the banking system average; in November 2008 the BCC-CR market share of loans to these segments amounted to respectively 21.8 percent for artisan firms and 16.3 percent for the other minor enterprises, showing strong growth compared to the previous period (in December 2007 the market share of these segments was respectively 20.9 and 15.5 percent). In absolute terms, the increase was equal to about 2 billion euro. With regard, in particular, to loans to artisan firms, the annual increase to this segment was equal to 3.3 percent in 2008, against a decrease of 1.3 percent for the banking system in general.

There was also a significant growth trend in loans to families: +7.5 percent annually in November 2008 against a substantially stable figure for the banking system as a whole (+0.2%), or 2.3 billion euro in absolute terms. In November

2008, the market share of the category in this compartment was 9.1 percent (8.6 percent at the end of 2007).

The credit granted/used ratio for the BCC-CR was 58.8 percent in November 2008, against an average of 54.6 percent for the system in general, and the 65 percent of certain Federations in the north of Italy was much higher.

In 2008 the expansion of the volume of BCC-CR loans was higher than the number of customers to which loans were granted, determining a further increase in the average amounts of the loans granted, which reached the level of Euro 70,000 per customer.

With the intense lending activity described above, the analysis of the credit risk of the banks of the Category, during the last twelve months, showed an aggravation of certain signals of criticality that had already appeared in the previous year: bad loans increased considerably in all areas of the country, and watch-listed loans, historically oversized in the Category, showed a further increase.

More precisely, bad loans increased at a higher rate than that of loans, at an average of 16.5 percent, although there were peaks of +30 percent in certain local Federations. In November 2008 the BCC-CR ratio of outstanding repayments/loans was 2.7 percent (2.6 percent at the end of 2007), i.e. two tenths of a percentage point higher than the average of the banking system in general (2.5 percent). However, it must be borne in mind that the outstanding repayments of the banking system are influenced by the huge sale/securitisation operations relative to impaired loans used by other banks during the whole year, and with particular intensity towards the end of the period.

In November the ratio of late payers accounted for 3.3 percent of all BCC-CR customers granted loans, against an average of 3.7 percent for the banking system as a whole. The difference in favour of the Category has gradually decreased in recent years: in 2000, the figure was 3.7 for the BCC-CR and 4.8 percent for the banking system in general.

Watch-listed loans had increased by 11.3 percent on an annual basis in June 2008. The ratio of watch-listed loans against loans in general was 3.1 percent in June

2008 (against 1.5 percent of the banking system in general), but the situation appears quite different at the federation and single bank level.

The transformation rate after a term of one year, of good BCC-CR loans, after a gradual reduction during the three-year term 2000-2003 and a successive phase of stabilisation, started to increase again in the middle of 2007.

As a percentage of all loans, there was significant growth in the first three months of 2008 and, in line with the rest of the banking system, a significant deceleration towards the end of the year after the news of the Lehman crisis. On an annual basis, inter-bank loans had increased, in November 2008, by 10.8 percent (+16.1 percent of the banking system average).

The aggregate for the BCC-CR amounts to Euro 8,623 million, accounting for 5.3 of total assets, showing growth compared to the end of 2007 but significantly less than that of the banking system as a whole (23.1 percent).

The amount of the securities held in the BCC-CR portfolios was Euro 27,594 in November (mostly government bonds, about half "immobilised"), showing an increase of 5.7 percent on an annual basis.

Compared with the situation at the end of 2007, the composition of the BCC-CR assets shows a certain re-equilibrium between items, with the incidence of the securities portfolio on total assets, albeit always considerably higher than the average of the banking system (respectively 17 and 12.1 percent), showing a significant decrease compared to the past: evidence of a wiser and more profitable allocation of the available liquidity.

LIABILITIES

Total BCC-CR deposits have developed in the last twelve years at a significant rate (+12.3 percent), practically in line with that of the banking system in general if the bond issues are excluded and which, in other banks, were to a large extent bought back by other credit institutes. The BCC-CR market share of deposits by "residents" was 8.9 percent in November 2008.

The aggregate - deposits, PCT and bonds - amounted to Euro 133,575 million at the end of November 2008, and is estimated to have exceeded Euro 136 billion at the end of the year. The trend for greater development of the "term" component compared to the "spot" component continued, especially of bond issues and repurchase agreements. The incidence of bonds on total deposits, of more than 41 percent, is in line with the system average; towards the end of the year, recourse to bond issues on the part of the BCC-CR decelerated slightly because of the aggravation of the climate of uncertainty regarding the future economic trend and the consequent preference, on the part of families and companies, of more liquid types of investments. BCC-CR indirect deposits increased at an annual rate of 7 percent, in line with the banking system in general. The market share of the Category in this compartment is stable at 1.3 percent.

With regard to equity, the aggregate capital and reserves at November 2008 amounted to Euro 17,166 million, with an annual growth rate of 8.9 percent. The weight of the aggregate on total liabilities was 10.7 percent, against 8.4 percent of the whole banking system.

Although the solvency coefficient has fallen in the last three years due to the strong expansion of the lending activity, it is still significantly higher than that of the overall banking system (in December 2007, the average was 15.3 percent, against an average for the system of 10.5 percent)⁽²⁾

COMMENTS ON INCOME ASPECTS

Lastly, with regard to income aspects, the analysis of the results at the end of the first half of 2008 showed annual growth in interest income for the BCC-CR (+9.1 percent), albeit slightly less than the system average (+11.6 percent), and in the broking margin (+1.8 percent against

² Estimates based on the supervisory reports (new items introduced subsequent to the new Basel 2 international agreement on bank equity requisites) indicate that the solvency coefficient of the BCC-CR was 14.6 percent in June 2008.

-3.8 percent of the system average). There was at the same time considerable increase in administrative costs (+11.1 percent), above all for personnel (+14.1 percent), and higher than the average of the banking system (respectively +7.5 and +9.9 percent). The cost/income ratio, after a period of progressive slight decrease, again showed growth compared to December 2007, from 57.9 to 61.4 percent, contrary to the decreasing trend of the banking system average (from 59.2 to 56.2 percent). The profit of the year fell for the BCC-CR (-15.6 percent) and more

consistently for the banking system as a whole (-25.5 percent). Preliminary information referring to the end of September indicates a continuance of the trend registered in the first six months. The last quarter of the year, after the news of the Lehman Brothers crisis and the relative consequences, could feature a considerable increase in credit impairment and a worsening of the banks' income statements. To this regard, a loss in profit for the year of between 15 and 20 percent over the whole of the year has been estimated.

3. Business trend and main aggregate dynamics of the balance sheet and the income statement

The financial statement of Iccrea Banca S.p.A. at 31st December 2008 was drawn up in compliance with the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB), and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC) adopted by the European Commission according to the procedures pursuant to art. 6 of the EC Regulation n. 1606/2002 of the European Parliament and Council of 19th July 2002 - and pursuant to the instructions of Circular n. 262 of the Bank of Italy of 22nd December 2005 "The Bank Financial Statement: schedules and drafting rules". For application of the same, reference was made to the "Systematic framework for the preparation and presentation of the financial statement" (the so-called "Framework"). For interpretation, apart from the aforesaid instruments, the documents issued by the Italian Accounting Board (OIC - *Organismo Italiano di Contabilità*) and by the Italian Banking Association (ABI - *Associazione Bancaria Italiana*) have been taken into account. Given the above, the criteria adopted by the Bank in the application of the new accounting standards, the choices adopted for the new classification of the financial instruments and relative to the adoption of certain optional valuation criteria, are explained in detail in the Notes to the Accounts, which can be referred to for all further information and details.

The aggregates and profit indicators mentioned herein below correspond to the need referred to in the first clause of art. 2428 of the civil code to favour comprehension of the evolutionary dynamics of the company as regards economic, equity and financial aspects, as well as the origin of risks. In order to render the aggregates and indicators clearly comprehensible and, therefore, increasing the informative capacity of this Report, the criteria adopted for the re-processing of the financial statement data, the calculation modalities and the underlying significance of the aggregates and indices, are illustrated.

EQUITY

At 31st December 2008, the balance of total assets and liabilities was Euro 8,972.2 million, against Euro 9,654.7 million in 2007. The decrease in assets was mainly concentrated in the financial assets held for trading and loans to banks, which fell by respectively 56.3 percent and 8.2 percent. Financial assets available for sale increased by 273.2 percent. The decrease in liabilities is due to a fall of 7.7 percent in amounts due to banks. Equity is also lower due to the valuations linked to the movement of some of the debt instruments towards financial assets available for sale.

EQUITY DATA (in thousands of euro)				
AGGREGATES	2008	2007	DELTA	DELTA %
ASSETS				
Loans to Banks	6,529.3	7,114.8	-585.6	-8.2%
Customer loans	792.6	606.8	185.8	30.6%
Financial assets held for trading	615.1	1,407.3	-792.2	-56.3%
Financial assets carried at fair value	29.5	30	-0.6	-1.9%
Financial assets available for sale	803.9	215.4	588.5	273.2%
Total interest bearing assets	8,770.3	9,374.4	-604	-6.4%
Other non-interest bearing assets	201.9	190.3	11.6	6.1%
TOTAL ASSETS	8,972.2	9,564.7	-592.4	-6.2%

EQUITY DATA (in thousands of euro)				
AGGREGATES	2008	2007	DELTA	DELTA %
Due to banks	6,551.2	7,095.1	-543.9	-7.7%
Due to customers	1,392.7	1,398.6	-5.9	-0.4%
Securities and financial liabilities	527.4	498.2	29.1	5.8%
Total onerous liabilities	8,471.2	8,991.9	-520.7	-5.8%
Other non-interest bearing liabilities	176.3	205.6	-29.3	-14.2%
Equity and risk reserves	315.4	342	-26.7	-7.8%
Profit for the year	9.3	25.1	-15.8	-62.9%
TOTAL LIABILITIES	8,972.2	9,564.7	-592.4	-6.2%

The trend of the main aggregates of the assets and liabilities on the Balance Sheet is shown below.

ASSETS

The total of interest bearing assets has decreased from 9,374.4 million in 2007 to 6,770.3 million in 2008 (-6.4 percent). The decrease particularly regards loans to Banks prevalently in the form of time deposits. Within this aggregate, loans to BCC-CR grew by 14.9% (from 937.6 million to 1,076.9 million), against an 11.7% reduction in loans to banks in general (from 6,177.3 million to 5,452.4 million).

LOANS TO BANKS (in thousands of euro)	2008	2007	DELTA	DELTA %
BCC-CR	1,076,873	937,560	139,314	14.9%
Other credit institutions	5,452,388	6,177,284	-724,895	-11.7%
Total	6,529,262	7,114,843	-585,582	-8.2%

BREAKDOWN OF LOANS TO BANKS (in thousands of euro)	2008	2007	DELTA	DELTA %
Loans to central banks	438,207	242,196	196,011	80.9%
Obligatory reserve	438,207	242,196	196,011	80.9%
Loans to banks	6,091,055	6,872,647	-781,592	-11.4%
Current accounts and unrestricted deposits	1,143,430	1,007,788	135,642	13.5%
Time deposits	3,519,598	4,615,415	-1,095,817	-23.7%
Other	1,055,790	890,207	165,583	18.6%
Debt securities	372,237	359,237	13,000	3.6%
Total Bank Assets	6,529,262	7,114,843	-585,581	-8.2%

Loans to customers increased by 30.6 percent, from 606.8 million in 2007 to 792.6 million in 2008. Impaired assets, amounting to 27.3 million, showed a 36.5 percent increase compared to 2007 (20 million)

BREAKDOWN OF CUSTOMER LOANS (in thousands of euro)	2008	2007	DELTA	DELTA %
Current accounts	186,023	133,799	52,224	39.0%
Mortgage loans	412,552	356,157	56,395	15.8%
Other transactions	87,412	46,097	41,315	89.6%
Debt securities	79,399	42,161	37,238	88.3%
Repurchase agreements		8,622	-8,622	-100.0%
Impaired assets	27,251	19,963	7,288	36.5%
Total Customer Assets	792,637	606,799	185,838	30.6%

The portfolio of financial assets held for trading decreased by 972.2 million (from 1,407.3 million to 615.1 million), with a negative variation of 56.3 percent compared to the previous year subsequent to the movement of a part of the debt securities to the financial assets available for sale. This movement was subsequent to the extraordinary market situation which developed in 2008 and which led to the review of the intentions regarding the short-term sale of the securities in question and their diverse classification. To this regard, the EU Commission and Regulation n. 1004/2008 led to certain amendments to the rules for the application of the accounting standards, implementing the IASB proposal of 13/10/2008 regarding IAS standard number 39 relative to the possibility of reclassifying financial assets held for trading. In particular, the possibility of reclassifying financial assets held for trading (HFT) and carried at fair value, as financial assets available for sale (AFS) was granted. This transfer was carried out taking as a reference the price registered on 12th September 2008, this being the working day previous to the Lehman default (see Board of Directors' resolution of 20/11/2008).

BREAKDOWN OF FINANCIAL ASSETS HELD FOR TRADING (in thousands of euro)	2008	2007	DELTA	DELTA %
Debt securities	182,374	547,172	-364,798	-66.7%
Equity securities	196	2,084	-1,888	-90.6%
UCITS units	2,189	52,616	-50,427	-95.8%
Assets sold and not derecognised	14,628	486,610	-471,982	-97.0%
Total cash assets	199,387	1,088,482	-889,095	-8.7%
Derivative instruments	415,709	318,828	96,881	30.4%
Total derivative instruments	415,709	318,828	96,881	30.4%
Total Financial Assets	615,096	1,407,310	-792,214	-56.3%

The portfolio of financial assets available for sale has risen to 803.9 million from the 215.4 million of 2007 subsequent to the aforementioned reclassification of debt securities, and is mainly composed of debt instruments and UCITS units of the Securfondo and Melograno real estate funds.

Further details are given in Part B, sections from 2 to 4, of the Notes to the Accounts.

LIABILITIES

Interest bearing deposits amounted to a total of 8,471 million, with a decrease of 5.8 percent on an annual basis.

Inter-bank deposits amounted to 6,551.2 million, with a decrease of 7.7 percent on 2007. within this aggregate, the BCC-CR deposits increased by 14.4% (from 4,989.9 million to 5,706.0 million) against a reduction of 59.9% in deposits of other banks (from 2,105.2 million to 845.2 million).

DUE TO BANKS (in migliaia di euro)	2008	2007	DELTA	DELTA %
BCC	5,705,969	4,989,904	716,065	14.4%
Other credit institutions	845,219	2,105,210	-1,259,992	-59.9%
Total	6,551,188	7,095,115	-543,927	-7.7%

BREAKDOWN OF DUE TO BANKS (in migliaia di euro)	2008	2007	DELTA	DELTA %
Due to central banks	25,739	30,042	-4,303	-14.3%
Current accounts and unrestricted deposits	4,185,552	3,930,601	254,951	6.5%
Time deposits	2,254,601	2,879,590	-624,989	-21.7%
Loans	44,807	169,721	-124,914	-73.6%
Payables for assets sold and not derecognised	40,489	85,161	-44,672	-52.5%
Total due to banks	6,551,188	7,095,115	-543,927	-7.7%

Deposits of ordinary customers are substantially stable (1,392.7 million in 2008 against 1,398.3 million in 2007) with a consistent shift towards current accounts and deposits and a simultaneous reduction mainly in repurchase agreements.

BREAKDOWN OF DUE TO CUSTOMERS (in migliaia di euro)	2008	2007	DELTA	DELTA %
Current accounts and unrestricted deposits	707,934	545,079	162,855	29.9%
Time deposits	261,073	17,155	243,918	1421.9%
Deposits received for administration	3,907	4,546	-639	-14.1%
Payables for assets sold and not derecognised	3,964	420,976	-417,012	-99.1%
Other payables	415,780	410,805	4,975	1.2%
Total due to customers	1,392,658	1,398,561	-5,903	-0.4%

Deposits in the form of securities valued at written down cost have increased (from 123.4 million in 2007 to 146.2 million in 2008). The fair value of this aggregate has been hedged against the interest rate risk for 96.0 million.

With regard to the classified financial liabilities in the trading portfolio, these are composed exclusively of derivative instruments, and have increased from 272.0 million in 2007 to 351.0 million at 31st December 2008.

The shareholders' equity (net of the profit of the period) amounts to 308.4 million, with a decrease of 21.3 million (6.5 percent) compared to the 329.8 million at the end of 2007. This reduction regarded exclusively valuation reserves relative to negative values generated subsequent to the valuations of securities classified as financial assets available for sale (AFS).

The core business of credit brokerage carried out by the Bank in 2008 is linked to an intense activity in other sectors, especially those concerned with the offer of collection and payment services and management and consultancy for financial products and services.

Specific information on the assets and the main results achieved during the year are given further below in the part entitled "Bank Activities".

INCOME STATEMENT

AGGREGATES ON THE STATEMENT OF INCOME (in thousands of Euro)

AGGREGATES	2008	2007	DELTA	DELTA %
Interest receivable and similar income	392,057	344,506	47,552	13.8%
Interest payable and similar charges	(334,465)	(305,492)	(28,973)	9.5%
Net Interest receivable	57,592	39,013	18,579	47.6%
Commission receivable	232,342	209,398	22,944	11.0%
Commission payable	(123,515)	(104,559)	(18,956)	18.1%
Net commissions	108,827	104,839	3,988	3.8%
Dividends and similar income	5,845	2,184	3,662	167.7%
Net gain (loss) on trading activities	(12,507)	13,217	(25,724)	-194.6%
Net gain (loss) on hedging activities	(65)	251	(316)	-125.8%
Gain (loss) on disposal or repurchase	1,826	1,270	556	43.7%
Net gain (loss) on financial assets and liabilities carried at fair value	(23)	1,293	(1,316)	-101.8%
Other operating income (expense)	10,575	10,051	524	5.2%
Total revenue	172,071	172,119	(48)	0.0%
Administrative expenses	(131,656)	(127,529)	(4,126)	3.2%
Net adjustments of tangible assets	(3,488)	(3,378)	(110)	3.3%
Net adjustments of intangible assets	(2,333)	(2,518)	185	-7.3%
Operating charges	(137,477)	(133,425)	(4,052)	3.0%
Gross operating profit (loss)	34,594	38,694	(4,100)	-10.6%
Net provisions for risks and charges	(158)	(251)	94	-37.3%
Net impairment adjustment	(15,832)	(1,491)	(14,341)	962.1%
Write-downs on goodwill				
Total provisions and impairment adjustments	(15,990)	(1,742)	(14,248)	
Net operating profit (loss)	18,605	36,952	(18,347)	-49.7%
Profits (losses) on equity investments				
Total profit before taxes	18,605	36,952	(18,347)	-49.7%
Income taxes for the year on continuing operations	(9,263)	(15,510)	6,246	-40.3%
After tax profit (loss) on non-current assets and groups of assets in the process of being sold off	0	3,707	(3,707)	-100.0%
Profit for the year	9,341	25,149	(15,808)	-62.9%
Utile (Perdita) delle attività non correnti in via di dismissione al netto delle imposte	0	3.707	(3.707)	-100,0%
Utile d'esercizio	9.341	25.149	(15.808)	-62,9%

NET INTEREST INCOME

The interest margin at 31st December 2008 was approximately 56.6 million, representing an increase of 47.6 percent on 2007 (39.0 million) mainly sustained by the contribution of the treasury management and, to a less significant extent, by lending.

The incidence on total revenues has increased from the 22.7 percent for 2007 to 33.5 percent for 2008.

NET COMMISSIONS

Commissions net of services, at 31st December 2008, amounted to 108.8 million, with an increase of 3.8 compared to 2007 (104.8 million). The development of commissions was mainly sustained by payment services.

TOTAL REVENUE

The Bank's total revenue of 172.1 million for 2008 was in line with the results of 2007.

OPERATING CHARGES

Operating charges sustained in 2008 increased by 3.0 percent on an annual basis. The total amounted to 137.5 million (133.4 million in 2007), including personnel costs, administrative expenses, indirect taxes and net write-downs on tangible and intangible assets.

PERSONNEL EXPENSES

In 2008 personnel costs amounted to 55.5 million, compared to 58.5 million of the previous year, showing a decrease of 1.8 percent. In December 2008, the Bank had 734 employees, against 721 in 2007, with an increase of 1.8%.

OTHER ADMINISTRATIVE EXPENSES

The other administrative expenses for 2008 were equal to 74.1 million: an increase of 7.4 percent on the previous year (69.0 million). The increase was mainly due to the increase in data processing and program maintenance, as well as the cost of the institutional advertising campaign; however, there was also a significant fall in expenses for electronic links as well as those for the maintenance of fixed assets and telephony.

CATEGORIES OF OTHER ADMINISTRATIVE EXPENSES (in euro units)	2008	2007	DELTA	DELTA %
Indirect taxes	8,641,478	9,737,875	(1,096,397)	-11.3%
Electronic links	6,187,211	6,531,808	(344,732)	-5.3%
Sundry	71,794	409,526	(337,732)	-82.5%
Buildings and furniture maintenance	1,198,036	1,340,040	(142,004)	-10.6%
Telephony	619,969	761,899	(141,930)	-18.6%
Transport expenses	398,292	431,363	(33,070)	-7.7%
Insurances	748,795	735,440	13,355	1.8%
Corporate organs	101,477	84,632	16,844	19.9%
Membership fees	1,391,357	1,307,589	83,768	6.4%
Ordinary services	10,995,363	10,695,324	300,039	2.8%
Supplies	1,740,444	1,244,102	496,342	39.9%
Services/outsourcing	7,466,172	6,946,028	500,144	7.2%
Correspondence and postal expenses	7,735,100	7,031,240	703,860	10.0%
Advisory services and fees	3,314,803	2,490,548	824,555	33.1%
Advertising	1,930,577	570,282	1,360,295	238.5%
Data processing, program maintenance	21,622,016	18,721,830	2,900,185	15.5%
Total	74,142,885	69,039,527	5,103,358	7.4%

NET ADJUSTMENTS ON TANGIBLE AND INTANGIBLE ASSETS

Net write-downs on tangible and intangible assets have remained substantially the same in 2008, at 5.8 million, as in 2007.

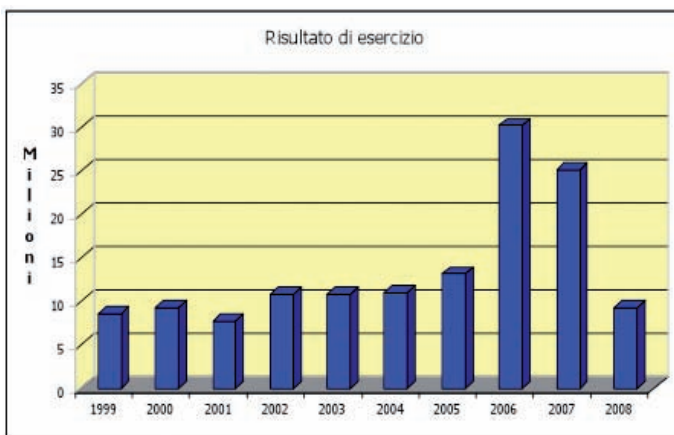
GROSS OPERATING PROFIT

By effect of the described trends, the gross profit on ordinary management decreased by 34.6 million, i.e. 10.9 percent, compared to 2007.

PROFIT FOR THE PERIOD

The profit for the period on ordinary current and non-current assets, net of variation for direct taxes for the period, was 9.3 million, compared to 25.1 million in 2007, representing a decrease of 62.9%. This result was affected by taxes. The reduction in the IRES (*Imposta sul Reddito delle Società* - corporate income tax) from 33% in 2007

to 27.5% in 2008, was more than offset by the heavier taxation deriving from the quota of non-deductible interest expense (article 96, clause 5-bis of the TUIR - *Testo Unico delle Imposte sui Redditi* - Consolidated Tax Act). As from 2008, 97% of interest expense accrued by banks, entered under item 20 of the Income Statement, is in fact no longer deductible from the taxable base.



4. Bank activities

An indication of the main profit and results of the various company structures is given below.

FINANCE

The various sectors of activity in which the Finance area is divided have coherently supplied adequate support in response to the operating demands of the BCC-CR, keeping a low ownership risk profile. The following comments regard the diverse operating spheres, examined in more detail.

ALM

There has been particular development of the ALM service which supports the BCC-CR in the creation of processes for the management and control of activities aimed at gaining awareness of present and future risks, i.e. to share systems for the assessment of correct performances for the risk in respect of the choices for the allocation of capital. Taking the opportunity offered to banks by the new supervisory legislation (see Bank of Italy Circular n. 263 of 27/12/2006) to bring management logics nearer to those of the legislator, a system of integrated management of assets and liabilities in support of company decisions and in line with legal prescriptions is being progressively implemented. In the present strongly competitive development of the market, asset governance aimed at efficiency requires the possibility of managing and monitoring the risks undertaken in an increasingly more entrepreneurial manner and the definition of planning and control systems that can assess, not only on conclusion but in advance, the effects of strategic choices and expansion levels that are sustainable in respect of the available capital. To this regard, the Bank is a reliable partner for the BCC-CR and can, in full respect of the independence of the single banks, provide for the needs that arise over time,

giving answers that are not only concrete but also adequate and appropriate with the correct time-to-market of the choices made. The Federations are not only privileged in the process of control, dimensioning and management of bank risks, always in respect of the independence of the single banks and their decisions, but can also create systems of control applicable in a uniform manner to the various associates. Collaboration with the Federations in fact allows for scale and scope economies in favour of the single credit institutes. The diversity of the various IT systems used is not an obstacle for the service rendered to the BCC-CR, since this is performed by supervisory reports and the use of a system open to all internal computer systems of the banks and deriving precisely from the diverse internal management systems. The ALM offered by Iccrea Banca since its constitution has focused on creating a system for the analysis of the banks' equilibrium profiles, in order to sustain the BCC-CR in their market action and compliance with the law, as well as identifying and suggesting to the Iccrea "factory" the products that answer their needs. At present, 147 BCC-CR already use the ALM service.

MONEY MARKETS

Total volumes of treasury balances in Euro deposited by the BCC-CR/Banks at Iccrea Banca continued to increase in 2008 (from approximately Euro 5 billion to around Euro 5.7 billion). Both the deposits on working accounts and those on accounts for a specific term have increased.

The structure of inter-bank loans has offered significant earnings both in virtue of the increased liquidity premium expressed by the market for those with maturing dates falling between 3 and 6 months, and thanks to wise management which, forecasting market movements, increased loans at fixed rates thus creating additional profit.

During 2008, precisely because of the lack of liquidity, in addition to the problems already mentioned in the introduction to this report regarding the remodelling of credit

lines in support of the treasury operations of the BCC-CR to allow them to comply with the prescriptions of the supervisory instructions, an agreement was stipulated between the main European cooperative groups which foresees the reciprocal granting of credit lines without collateral and non committed loans for terms of up to 3 months.

In 2008, the Bank actively participated in the work for the project started up by the Bank of Italy for the constitution of the inter-bank market of deposits guaranteed by collateral, which began in 2009, as later described in the "Important events after the closure of the financial year".

For the treasury services, a new TARGET 2 system was started up in 2008, in coincidence with which certain activities were reorganised and important new services were introduced, such as participation in the refunding auctions of the ECB.

ASSET MANAGEMENT

At the end of December 2008, under mandates with the institutional clientele (BCC-CR, the National Pension Fund and BCC Vita) the volumes managed amounted to 1.7 billion, against the 3.0 billion of 2007, with a reduction of 44% also due to the fact that at the end of April 2008 the assets of the National Pension Fund were no longer managed but transformed into a multi-compartment and outsourced to external counterparts, Iccrea Banca remaining only the custodian bank.

At the end of 2008, the bank managed the assets of 91 BCC-CR, compared to 117 in the preceding year.

It must be pointed out that many of the withdrawals/closures were caused above all by the objective need for liquidity on the part of the Banks. The liquidity crises spread rapidly at all levels of the national banking system and several BCC-CR which were unable to collect economically reasonable spreads, had to withdraw their assets to obtain much needed liquidity.

In the second half of 2008, the M.A.S. service started up the advisory service for the BCC-CR on portfolios managed

directly by the BCC-CR. At the end of 2008, 14 contracts had been stipulated with the same number of BCC-CR.

THE BANK'S OWN SECURITIES PORTFOLIO

In 2008, the Bank's own securities portfolio maintained the average composition as at the end of 2007, with an invested average of around 1,100 million, of which 1,010 million was in government securities at variable rates (CCT - *certificate di credito del tesoro*), while about 90 million was in variable rate bonds. The bonds issued by the BCC-CR and held in the Bank's own portfolio are stable at around 380 million. The overall value of the securities used for the various hedging needs of the guarantees was around 235 million on average, while those used for treasury needs amounted to around 400 million.

The management of these portfolios suffered from the strong volatility of the financial markets due to the well-known crisis of the international financial system. In particular, although portfolio management is based mainly on variable rate domestic government bonds, and specifically CCT, the interest rate trend, due to the strong credit crisis reflected in the extraordinary expansion of the spread between Eonia rates and the Euribor rate, heavily penalised this compartment.

CUSTOMER DESK

Listed Securities Trading and the Collection of Orders:

- the collection of orders from the BCC-CR: in 2008 the collection of share orders suffered strong contraction because of the international financial crisis which led to a drastic fall in the main international indices (3.7 billion in 2008 against 8.1 billion in 2007). However, the volumes of bonds traded showed the opposite trend: an increase in volumes from 9.5 billion in 2007 to 13.1 billion in 2008. This phenomenon is due to the worsening of the sub-prime crisis which led investors to favour very low risk instruments;

- the collection of orders from Aureo Gestioni: in 2008 there was a decrease of about 20% in the assets managed, generating a lower economic contribution than expected according to the budget for 2008.

OTC trading and order collection:

in February 2008, the HiMTF market started operating; this is a multilateral market for the trading of bonds authorised by the CONSOB (*Commissione Nazionale per le Società e la Borsa* - the Securities and Investments Board) under the legislative regime introduced by the MiFID (Markets in Financial Instruments Directive), in which Iccrea Banca participates as a shareholder together with Banca Aletti, Centrosim and ICBPI and, from July 2008, also Banca Sella. On this trading platform, Iccrea Banca covers the role of market maker, giving binding quotations in a continuous manner for over 400 bonds. At the same time, through its own communication channels with the BCC-CR network, Iccrea acts as intermediary for orders of the clientele of the banks themselves on the HiMTF (Multilateral Trading Facilities) market.

In spite of the severe crisis which affected most of the sectors represented in the companies with HiMTF listing, Iccrea Banca managed to intermediate a significant percentage of the volumes traded, maintaining at the same time an interest rate and credit risk exposure below the limits foreseen by the internal rules.

The non-systematic internationalisation activity in 2008 improved on the budget target. In spite of the crisis in the corporate and banking sectors, the volumes traded were maintained at levels higher than expected.

INNOVATIVE FINANCE

With regard to the structuring of derivative products in support of BCC-CR collection activities, volumes traded and number of operations in 2008 were maintained at the same levels as for the previous year. The structuring of the diverse compartments concentrated on plain vanilla products.

With regard to bank loans in 2008, there was a progressive increase in the assets used to hedge the risks ensuing from the granting of loans; in this context, a progressively increasing trend was seen in transactions of the IRS (interest rate swap) amortising type on the part of banks that opted for specific hedging of the relative loans, and in IRS transactions on the part of banks which had opted for macro-type hedging on the loans granted.

In order to overcome all difficulties in the management of financial derivative instruments to hedge mortgages, at the request of the BCC-CR, a programme was prepared for the issue of financial derivatives of the securitisation type known as Covered Warrants. These instruments represent an insurance for the underwriter - the holder of a mortgage - against the risk of a rise in rates. In support of Banca Agrileasing, the project relative to Corporate derivatives was completed; this lays down a precise work process which led, during the year, to the trading of the first derivative instruments for hedging the interest rate risk of the Banca Agrileasing customers.

LOANS

In 2008, the business of Iccrea Banca in the Loans departments, and more specifically towards ordinary customers, began to rise again, after a certain contraction in 2007 due to the sale of the Corporate bank branch to Banca Agrileasing.

The results reached depend both on the growth in the sector of special loans, and on greater attention paid to the "large corporate" compartments (especially in the second half of 2008). In particular, for the large corporate segments, attention was focused on those companies with business relations with the BCC-CR which were about to further develop the payment services through our institute.

Loan operations with the BCC-CR and the companies of the Group and - to a lesser extent - to the retail customers presented by the BCC-CR, were also hedged.

The new activity ensuing from the stipulation of the Agreement with Fondosviluppo was given a strong boost; although this agreement was signed in 2007, there was an interesting development of the activity only in the second half of 2008, with applications for 110 million euro and 31 million approved within the end of the year.

SUBSIDISED LOANS

In 2008, the Bank continued its activity as the "Agent Bank" for government agencies (mainly the Ministry of Economic Development) for the management of grants and the monitoring of the relative investment projects presented by companies in response to specific Public Announcements issued by the managers of funds established by the various subsidy laws.

When the conditions that had induced Iccrea Banca to buy 30% of the Prominvestment S.p.A. share packet no longer existed, a Board of Directors' resolution of 28/5/2008 authorised Iccrea Banca to dispose of its stake in the said company by the exercise of the option right for the sale of its shares to Mediobanca. In particular, since the funds were not refinanced, pursuant to Law 488/92, it was impossible for Prominvestment to develop the programmed business further, which fact led the shareholder to carefully consider the possibility of the voluntary sale of the company. On 16/09/2008 the sale transaction was concluded for 428,571 Prominvest shares at Euro 0.8948 each, for a total payment of Euro 383,519.

FOREIGN BUSINESS

With regard to foreign business, Iccrea has continued the development of the project in support of the BCC-CR foreign relations. The initiative, which started in 2007 and is coordinated by Iccrea Holding, not only involves the GBI companies that carry out foreign transactions, but also some BCC-CR. The main aim of the project is to identify the services, products and consequent distribu-

tion methods by which the Cooperative Credit Banks can satisfy the needs of the small and medium companies in their foreign business. The works also involved the establishment of collaboration with the SACE (*Servizi Assicurativi del Commercio con l'Estero* - whose role is to cover political and commercial risks of Italian operators' foreign business) and with SIMEST (*Società Italiana per le Imprese all'Estero* - which promotes the internationalisation of Italian companies). More specifically, the cooperation on the part of SACE gives benefits linked to the consolidation of relations between the same and the Iccrea Group in terms of support for the BCC-CR which wish to mitigate the risk of the corporate customers' investments abroad. In addition, the Iccrea Banca has stipulated an agreement with SACE for the definition of a policy for credit risks on loans granted exclusively in Italy by the BCC-CR or GBI Companies. This credit line (given the name of "Credit Enhancement") favours the growth of the competitiveness of the small and medium Italian companies, also in view of possible foreign development. With regard to the relationship with SIMEST, however, this allows for activating forms of contractual collaboration to aid the BCC-CR (also in terms of training) and their corporate clientele in support of investments, offering assistance, special loan terms and joint investment in capital ventures. Taking advantage of this new instrument, the BCC-CR can expand their operations towards reliable counterparts which they already serve or those with which they are potentially interested in establishing relations, with the intention of ensuring adequate support for the opening and/or consolidation of foreign cash flows generated by these companies.

PAYMENT SERVICES

With reference to Payment Systems, pursuant to the so-called Lisbon Agenda, the first European initiative has been started up, with the structural involvement of the banking system, to promote and sustain, in collaboration with national and European institution and companies,

(BCC-CR, the Bank of Italy, the ABI etc.) the pursuit of the objectives of the Lisbon Strategy, which is in itself important, as regards both strategy and business, in the international sphere on which it is based, allowing for the benefits of services of value that can be exploited by the Bank in new opportunities for the acquisition of clientele. In fact, pursuant to the Strategy, the European Commission has drawn up the Financial Services Action Plan (FSAP) for the opening of a single financial services market in the EU and for the harmonisation of national provisions on financial services and in particular regarding payments. In this sphere, the PSD (Payment Services Directive) defines the minimum standard required of the user, specifying the main features of the payment services on the European market. The PSD, together with the SEPA (Single Euro Payments Area), aims to establish a single area of payment systems, with the Single Payments Market (SPM) whose objective is to create the single payments market (pursuant to art. 95 of the European Treaty) and to increase the efficiency of the payment services in Europe. The PSD is applicable to all payment services, both retail and corporate, in Euro and in the other official currencies of the Member States. When it has been adopted by local legislations, the Directive will affect all collections/payments in EU27 (and subsequently also in all the countries of the European Economic Area) regardless of the currency, the value of the transaction and the payment instrument used. The three main aims of the initiative are:

- to increase competition by opening the markets and creating a single competitive area;
- to increase market transparency for both users and suppliers;
- to extend the Rights and Obligations of all users of the payment services within the EU, with strong focus on the high protection of the consumer.

The PSD also introduces a new category of Payment Services Providers, the so-called Payment Institutes, and defines the requisites. This category can also include large organised distributors, telephony service providers, cash transfer services, and potential competitors of the Credit Institutes in the supply of payment services.

- To cater for the requests and face the challenges mentioned above, the Bank has actively participated in the Category initiative, aimed at:
- ensuring IT standardisation and creating the necessary awareness on the part of all the entities of the Cooperative Credit System, from the single BCC-CR to companies and association and consortium members (Iccrea Banca, Central Savings Banks, IT Consortium Centres, local Federations, etc.);
- involving all the entities of the Category, to define a standard approach for all the subjects involved, avoiding the start up of non-standardised and non-coordinated initiatives;
- supporting all the subjects actively involved in the Cooperative Credit system which provide Payment Services, in their efforts for the implementation of the Directive within the foreseen term;
- creating synergies for the large investments made.

COLLECTIONS AND PAYMENTS

In 2008, the Collection and Payment Service focused on the development of new SEPA Credit transfer and Cash products, as well as continuing to ensure full coherence of the internal procedures with the evolution of national and international market standards.

In spite of the measures imposed by the Antitrust Authority which reduced the inter-bank commissions to zero, an increase in commissions was generated:

- by increased volumes;
- by the acquisition of new volumes for the portfolio, from corporate clients;
- by increased revenues from the “Counting” compartment, with full implementation of the new procedure offered to the banks served.

THE APPLICATIONS CENTRE

The important innovations introduced by the creation of the SEPA (Single Euro Payments Area) have led to a radical change in the competitive scenario of the “Italian System” within the sphere of the services for the control and communication of information relative to Payment Systems. The inevitable advent of increased competition consequent to the standardisation of processes is rapidly causing a concentration (at national and international levels) of companies who provide Payment Services clearing (for example, the SIA - SSB merger, the incorporation of TAI - INTERPAY into EQUENS, etc.).

In this context, possibilities and opportunities proposed by old and new competitors of the Institute are appearing, also for the Institute’s traditional customers (BCC-CR and medium-small banks).

In the light of this new situation, Iccrea Banca, after its first initiative of the stipulation of an alliance with SECETI in pursuit of collaboration and synergies with the other European ACH (Automatic Clearing Houses), continued to follow this objective in 2008 and has allowed its bank customers to reach almost all the European banks through adherence to EBA Clearing for SCT application (the only application software implemented at present in the SEPA).

E-BANKING

With regard to the money sector, the Cooperative Credit Card has been further reinforced during the period, with an increase in cards issued, from 965,497 at the end of 2007 to 1,092,167 at the end of 2008.

Growth in the money sector is also linked to the development of the Tasca Card: cards in circulation have increased by 23.0 percent, from 237,806 in 2007 to 292,438 in 2008.

The increased demand for services, together with the need to guarantee a high standard of security, has led to the migration to new microcircuit technological platforms. The answer from Iccrea for all activities aimed at the migration of the BCC-CR cards and apparatuses is the “Ottomila” project which, identifying a single issuing subject and acquirer for the whole BCC-CR Category, simplifies the migration operations and represents a valid process from the economic and functional viewpoints.

Pursuant to this, in 2008 Iccrea Banca successfully completed internal testing with prototype chip cards, checking the acceptance of the ATM and POS networks and the accounting phases which also involve the Banks’ IT systems. The migration plan for the cards with magnetic bands began on the scheduled date, for a total of 1,800,000 magnetic band cards, and for 560,000 microcircuit co-branded Maestro cards (32%).

At the same time, the Institute is coordinating and assisting the peripheral technical structures, in order to ensure the migration of the acceptance apparatuses (ATM and POS), to reduce the risk of tampering and consequent fraud by means of the payment cards.

In order to ensure standardised spendability of the “Ottomila” cards throughout the Euro area, the Bank has signed agreements with the VISA and Mastercard networks for the production of co-branded cards which foresee incentives, and organisational and commercial support in favour of the migration of the same. This has allowed for cost economies for the entire Cooperative Credit System. The activities and planning now in progress therefore ensure respect for the migration plan foreseen by SEPA, making the “Ottomila” SEPA cards compliant within the first half of 2010. This activity, in which the Institute and the BCC will be engaged in the year 2009, will be accompanied by the improvement and implementation of the services and products offered, and by the consolidation of the category circuit.

*SICAV (SOCIETÀ D'INVESTIMENTO A CAPITALE VARIABILE -
OPEN-END INVESTMENT COMPANY)*

According to the Parent Company's indications in the "Guidelines for the Strategic Planning 2008-2010" and the successive communications, Iccrea Banca has started to transfer Fund and Sicav placing to the company Aureo SGR (*Società Gestione Risparmio* - asset management company). In this context, Iccrea Banca will guarantee Aureo SGR its own tried and tested services for administrative and technical support.

PERSONNEL

Human resources management focused on guaranteeing consolidation of the structures, particularly regarding pursuit of the efficiency targets, also taking into account the modifications to the organisation which occurred during the year.

At the end of the year, the Bank had 734 employees, with an increase of 13 compared to 31st December 2007. During 2008, there was a turnover of 39 persons, in addition to the 51 involved in the modifications to the company structures.

BREAKDOWN OF PERSONNEL ACCORDING TO POSITION (present values)		
	2008	2007
Managers	16	16
Middle managers	262	246
Others	456	459
Total	734	721

**BREAKDOWN OF PERSONNEL ACCORDING TO POSITION
(present % values)**

	2008	2007
Managers	2.2	2.2
Middle managers	35.7	34.1
Others	62.1	63.7
Total	100	100

In 2008, the process for the development and valorisation of the Bank employees continued; technical-specialist and IT training was given, as well as managerial courses for those in higher positions, and behavioural instruction for the rest of the staff, for a total of 47,887 hours in the year.

The training, aimed at increasing the knowledge and professional skills of members of our sales network and who work directly with the BCC-CR, was carried out, funded entirely by the Foncoop Training Fund. In 2008, in addition to the Foncoop funding, funds were also obtained from the Solidarity Fund for the training given in the last quarter of 2007. This amount was deducted from the National Insurance contributions relative to the year 2008.

STRATEGIC PLANNING

Within the strategic planning process, the Bank of Italy Circular 263/2006, bearing the New Provisions of Prudential Supervision, adopted the "Basel 2" criteria for measuring the value and the adequacy of Bank equity, based on three key points. The said points regard:

- the minimum capital requisites (First Point);
- the adequacy of the equity (Second Point);
- information supplied to the market (Third Point).

In particular, within the sphere of the Second Point, the banks must define strategies and prepare instruments and procedures in order to calculate the capital that they consider adequate - as regards both amount and composition - to permanently cover all the risks to which they are or could be exposed, also including those for which there is no regulatory requirement. This process is known as the ICAAP (Internal Capital Adequacy Assessment Process). The ICAAP must be drawn up, documented, and internally revised and approved by the Company organs. The activity focuses mainly on the assessment of the governance aspects of the process in question and of the relative appointed organisational structures. This activity was started up in time to guarantee the formulation of any proposals of ameliorative action to be included in the plan of the activities referred to in the ICAAP report at 31st December 2008 on the part of the Parent Company.

ORGANISATIONAL ACTION

With regard to organisational action, a new organisational process was started up during the period, included within the sphere of the company's business planning and falling within a framework of the various aspects of organisational analysis. The main reorganisation carried out in 2008 allowed for:

- sustaining the process for adaptation to the MiFID, which also answered the growing demand for support from the BCC-CR, through the rationalisation of the trading, distribution and audit departments of the Finance Area. For that matter, this initiative corresponds to the need to create suitable conditions for the constitution of a centralised finance department and, more in general, the constitution of the so-called "Financial Centre" of the BCC-CR, which will progressively taking shape together with the consolidation of the development of the institutional Guarantee Fund;

- rationalising the loan department, consequent to the spin-off of the corporate loan department to Banca Agrileasing;
- structuring the special loans section and the development of the Foreign Department;
- optimising the logistics department, through centralising the duties within the Provisioning Department, also with regard to relations with outsourcers and, in particular, with BCC Solutions.

The organisational action included the important constitution of the Compliance Department and the Compliance Service. The issue of the Bank of Italy's Supervisory Provisions on Compliance, of 10th July 2007, and of the Joint Regulations of the Bank of Italy and the CONSOB of 29th October 2007, completed the legislation which began with the publication of the Basel Committee's document "*Compliance and the compliance Function in banks*" in April 2005 and the issue of Directives 2004/39/EC of 21st April 2004 and 2006/73/EC of 10th August 2006 on markets and financial instruments. With regard to the main innovations introduced by the Provisions on compliance, consistently with the Parent Company's guidelines which privileged the adoption on the part of the GBI companies of a decentralised model, featuring the presence of a Compliance Department at the head office, with duties of steering and control and the institution of similar departments at the subsidiaries, the Board of Directors passed resolutions on:

- the adoption of compliance policies;
- the institution of a compliance department;
- the appointment of a compliance manager;
- the allocation of resources to the department;
- the definition of the scope of the department.

Within the sphere of the Internal Audit System, the Compliance Department must assist the General Management in the management of the non-compliance risk, providing for the reporting, monitoring and control of the same. In particular, on the basis of the instructions on this issue, the Compliance Department must verify whether the internal procedures are consistent with the aim of preventing the breach of external provisions (laws and regulations) and of internal provisions (articles of association, codes of conduct and of self-discipline, policies, etc.) applicable to the Bank. For this purpose, the department cooperates with other control structures on tasks aimed at:

- fostering respect for laws, provisions and internal codes of conduct in order to minimise the risk of non-compliance with regulations;
- coordinating skills for the creation of company risk monitoring and management models.

With resolution of 23/9/2008, the Board of Directors issued the Compliance Department Regulations, which defined purposes, tasks, responsibilities and modalities for relations with the other departments, especially with the steering and coordination carried out by the Parent Company.

INFORMATION SYSTEMS

In the IT sector, coherently with the banking sector as a whole, Iccrea Banca has confirmed its own pursuit of continual research and innovation, thanks to which the Bank is ready to face the many challenges that the future will bring. The first and foremost is that of offering the BCC-CR and their clients, both companies and families, increasingly more evolved, efficient, convenient and safe products and services. Investments regarded a wide range of categories, from systems development, also for the rationalisation of management costs and for improved efficiency, to voice-data integration initiatives; from the

most advanced bank services access channels, to the continually increased security of home banking; and to the execution of the procedures required for adaptation to the new European rules. Initiatives were also undertaken to render individual work even more effective, with increasingly evolved instruments and the innovation of the technologies available to the single workstations, and to redesign the processes necessary for providing the services to the clientele, in an even faster and more efficient manner. In 2008, Iccrea concluded the adaptation of its own system of continuous functioning to the new specifications issued by the Bank of Italy. A wide-reaching programme was then started up, for the continual verification and reinforcement of the system and of the connected management procedures, in order to offer the BCC-CR increasingly reliable services. Within this framework and according to the requests of the Supervisory Institute, Iccrea subjects the management procedures of its own system to the assessment of specialists in the specific sector. On 15th July 2008, the company BSI (British Standards Institution), an auditor accredited by the UKAS (United Kingdom Accreditation Service), certified that the continuous functioning procedures of Iccrea Banca conformed with the best practices of the market, included in the BS 25999 standard. With the "BCMS 531375" certificate, Iccrea is today the first European bank to have received this desired recognition. Iccrea's attention to the quality of the services is not merely limited to the albeit important results already achieved, and in the forthcoming months it hopes to obtain recognition of the conformity of its management processes with best practices for the security of the information collected, by obtaining the ISO 27001 Standard. With regard to adaptation to the new provisions issued by the European Regulator, which concern the entire banking sector, the Bank's investments in pursuit of "technological" compliance regarded above all Point 2 of the Basel 2 document, the entry into force of the MiFID Directive, the supervisory provisions on continuous functioning, the processes relative to the entry into force

of the SEPA, the inter-bank provisions and innovations in terms of reporting (money laundering, CONSOB supervision, etc.). Lastly, the Payment Systems Directive (PSD) of the European Commission, for the purpose of creating a single legislative framework for all payments of the Single Market, is about to become a priority for Italian banks, also in view of the adoption of the same that the European States must complete within 1st November this year.

AUDIT DEPARTMENTS

In 2008, the Bank continued its efforts directed towards implementing a system of internal auditing. The measures taken, through the Group's centralised department, were always aimed at adopting the suggestions of the Board of Statutory Auditors. The Internal Auditing activities were developed within the framework of the Inspection and Internal Revision services.

For the Finance and Administrative area, and especially for activities involving the supply of investment and connected services/ activities, the cycle including the review and reorganisation of the operating and administrative systems continued in 2008, due to the radical change in the legislation of reference (e.g. the MiFID) and the introduction of new services/activities (e.g. Hi-MTF, Investment Advisory Services, Transaction Reporting, CSA...) and which determined, among other things, a general assessment of the auditing system with reference to the incorporation of the new activities within the pre-existing operating/administrative context and relative to the specific features of the same. The verifications carried out regarded the main areas involved by the significant changes that occurred in the period.

With regard to the payment services - which have for years featured standardised products supported by detailed technical specifications defined by SIA within the sphere of the RNI - the department's action was aimed at checking on the skills relative to the developments in progress deriving from the start up of the SEPA, which led

to the introduction of new services as well as a diverse standardisation of the same. In particular, in January the Bank started executing bank drafts for SEPA Credit Transfers (SCT), with implications on both the bank draft itself (payment services) and on the activities of the Applications Centre (Payment Systems). Within this sphere, the "traditional" Applications Centres are evolving in the SEPA architecture towards European platforms (PE-ACH - Pan European Automatic Clearing House). The present context features a tendency to aggregation and an increase in competition, with alliances and strategic agreements with the other operators of the sector taking on a fundamental role. For Cards, especially debt cards, 2008 was the year in which the so-called "Ottomila" Project was started up. The project was for the migration of chips (the microcircuit project) and the creation of the SEPA (for the co-branding solution), in order to supply adherents (BCC-CR/other Banks) with a complete service in which Iccrea takes on, among other things, the role of issuer. It is estimated that the Institute will be Issuer for approximately 2 million debt cards of the BCC-CR adhering to the "Ottomila" circuit. The scope of the Project is also significant with regard to purchasing (ATM/POS).

With regard to credit, the entire area has been subjected to a complete "process review" with the support of an external consultant. This activity has involved the Audit Department from the start. The activity, still in progress, has completed the Gap Analysis stage. The task of the Audit Department consists of monitoring the activities of: i) the review of the process; ii) identification of the gap in respect of best practice; iii) definition of corrective action and the relative implementation programme.

For the Finance, Administration, Credit and Payment Systems areas, apart from the normal activity of process review, the Audit Department focused on the activities in support of the identification and implementation of organisational protection and control, rendered necessary by, among other things, the changes in the legislation of reference regarding:

- adoption of the so-called MiFID;
- the obligations imposed on intermediaries with reference to the implementation of the TUF (Testo Unico della Finance - the Consolidated Finance Act);
- the obligations imposed on intermediaries subsequent to the updating of the supervisory legislation;
- the obligations imposed on intermediaries subsequent to the issue of the national regulations for the sector;
- the introduction/updating of new operating/ administrative processes;
- the updating of the existing internal regulations due to modifications/additions to the administrative/operating processes.

With regard to the action carried out in order to verify the technology information system, the Department continued, throughout the year, to perform its duties, taking as a reference not only the usual standards of the control objectives for information technology (COBIT), but also the standard international principles on information security (ISO 27001:2005) and continuous functioning (BS25999:2006) since the Institute itself has adopted them since the creation of its management systems for respectively the security of the information and functioning continuity.

The usual supporting activity (preparation of opinions, assessment of provisions, etc.) has in fact been intensified, also with the direct participation in work groups or on projects. The task relative to complaints and the preparation of periodic reports for the Administrative and Supervisory Bodies, also subsequent to the introduction of the new joint Bank of Italy/ CONSOB regulations, has been transferred to the Compliance Department constituted at Iccrea Banca on 25th June last. Supporting activities have also been carried out in favour of the Bank of Italy's money laundering inspection and on matters inherent to relations with the intermediaries of the Republic of San Marino. To this regard, just before the inspection, initiatives were undertaken in preparation for the Institutional anti-money-laundering meeting promoted by Iccrea Holding for the specific management of new provi-

sions and for the in-depth discussion of issues relative to the so-called 2nd level intermediaries.

RISK MANAGEMENT

In 2008, with regard to credit, operating and market risks, the evolutionary course of the adaptation of the methods and instruments to protect against risks continued, in respect of both external provisions and the internal management and monitoring needs.

Measures taken through the centralised Group department developed in the operating sphere.

With regard to the credit risk, particular support was given for the review of the delegated powers for foreign operations, Documentary Credit, Loans (maximum amounts granted to bank counterparts) and Ordinary Credit, also with participation in the definition and preparation of the operating procedures for the management of ceilings for Loans and Foreign Business and for monitoring the use of credit lines granted. The computerised procedure for monitoring loans reported to the "Central Risks Bureau" was implemented and the database was extended to all outstanding credit; the system of the feedback to the Bank of Italy was adapted, updating the monthly monitoring report and issuing to the user structures the new procedure for the consultation of the Central Risks Bureau data. Assistance was given in the development of an overall system for monitoring trends for bank and non-bank counterparts. The congruity of the calculation of the analytical and generic write-downs on the loan portfolio was subjected to six-monthly verification, and the parameters used for the calculation of the generic write-downs were estimated, giving an adequate report to the Board of Auditors and the Board of Directors. Lastly, the internal rating of bank counterparts continued as well as the data and analyses requested from the Rating Agencies for the updating of the Bank's ratings.

With regard to the operating risks, the collection of data relative to operating losses continued. Self assess-

ment of the operating risks was also carried out with the involvement of all the Bank's operating structures and, in collaboration with the Audit and Compliance departments, the risk models were updated.

With regard to the market risks, the Bank's position was monitored daily and a daily report (the so-called "Monitor") was produced on the trading portfolio and functioning; a daily monitoring report was also drawn up aimed at verifying the respective limits of maximum losses for each operating compartment and for the Bank as a whole, as foreseen by points H/24 and H/25 of the Delegated Powers in force ("Market Risk-LPM")

With regard to the ALM activity, the equity requisites and prudential indicators for the interest rate risk and the liquidity risk and for the treasury situation were analysed monthly.

5. Information on the preparation and updating of the security programmatic document pursuant to Lgs. Decree 196 of 30/6/2003, app. b, point 26

Pursuant to the provisions on personal data protection of Law n. 675 of 1996 and Presidential Decree n. 318 of 1998, in March 2008 the Bank updated the programmatic security document prescribed by the said law.

6. Other business information

(Chap. 2, Paragraph 7, Bank of Italy circular n. 262 of 22/12/2005)

DEAR SHAREHOLDERS,

Pursuant to the Bank of Italy's Instructions on the Financial Statements of Credit Institutions (circular n. 95/05 and successive amendments, chapter 2, paragraph 7), we inform you that:

- the Bank does not engage resources in research and development activities in the strict sense;
- the Bank does not hold, and has not directly or indirectly, through trusts or proxies, bought or sold any of its own or the Holding Company's shares;
- full information is given, in the specific sections of the Notes to the Accounts to the Bank's Financial Statement, on:
- the corporate aims and policies regarding the assumption, management and hedging of financial risks (Part E "Comments on risks and related hedging policies");
- fees paid to directors and managers (Part H - Section 1);
- transactions with allied parties (which refer to the subjects indicated in the accounting standard IAS N. 24), infra-group transactions, with separate indication for subsidiaries, holding companies, other companies subject to the control of the latter, and companies subject to considerable influence of the same (Part H - Section 2). These transactions are, in any case, included within the sphere of normal management and are carried out substantially in line with market conditions in force at the time of each transaction. The administrative organs have adopted rules of conduct that ensure transparency and substantial and procedural correctness of operations with connected parties.
- We also point out that:
- the Plenary Assemble of Moneyval, in the meeting held in Strasburg from 31st March to 4th April 2008, assessed the Republic of San Marino's system for fighting money laundering and the financing of terrorism, reporting shortcomings in the implementation of, among other things, the GAFI recommendations on the adequate verification of clientele, reporting suspect operations, and the information that must accompany bank transfers. The Republic of San Marino was the-

refore subjected to reinforced observation procedures. The EU, in application of Resolution 2005/60/EC (the so-called 3rd anti-money laundering Directive), and also in the light of the Moneyval assessment, excluded San Marino from the list of non-EU countries that apply provisions against money laundering and the financing of terrorism equivalent to those of the Community. This assessment was confirmed by art. 25 of Lgs. Decree n. 231/2007 of the Ministry of the Economy and Finance;

- the Bank was subjected to inspection from 10.10.2008 to 23.12.2008, pursuant to art. 14 of the Lgs. Decree of 1.9.1993 and art. 385. The inspection focused on assessing the functioning of the organisational setup in order to ensure respect for the laws in force and correct management and updating of the AUI (Archivio Unico Informatico - Single Electronic Archive). Given the above, especially with regard to payment systems, the Bank is scrupulously following the Bank of Italy's indications and is taking measures to guarantee that operations with the Republic of San Marino do not infringe legal provisions or regulations, including those on money laundering and the funding of terrorism.

In 2008, in the context of the international financial crisis, two events involved the Bank:

- the moratorium for the Iceland banks, including Kaupthing and Landsbanki, and the starting up of the procedure of Chapter 11 (Reorganisation) for the parent company Lehman Brothers Holdings Inc. With regard to the Iceland banks, Iccrea has an exposure for inter-bank deposits, as specified in the Notes to the Accounts. It is also exposed due to an ordinary deposit with the Landsbanki, which was released from bankruptcy in January last and was incorporated into the New Landsbanki;
- with regard to the Lehman Brothers exposure, the Bank is concerned to a limited extent, especially con-

sidering the impact of the entire banking system on that group. The relations started up by the Bank were for the purpose of sustaining BCC-CR operations.

- During 2008, with regard to the Rating Agencies:
- Standard & Poor's confirmed the "A" and "A1" rating for respectively the long and short term, as well as the continuing stable outlook for the long term;
- Fitch awarded the "A" and "F1" ratings to respectively the long and short term with a stable outlook for the long term.

7. Important events after closure of the financial year

On 16th January 2009 the Bank's Board of Directors approved the Institute's participation in the project started up by the Bank of Italy with the collaboration of the eMID, a company which manages the electronic market of inter-bank deposits, for the constitution of a segment of the said inter-bank market of deposits covered by collateral and managed under the supervision of the Supervisory Body, with the aim of eliminating the counterpart risk and the delivery risk and of restoring a climate of confidence and trust between operators.

8. Outlook for the future

(Chap. 2, Paragraph 7, Bank of Italy circular n. 262 of 22/12/2005)

With reference to the expected evolution of the Bank's business, on the basis of the Parent Company's guidelines, aimed at the pursuit of the activities for the completion of the rationalisation and strategic repositioning project for the GBI, with the aim of giving more incisive support to the BCC-CR in their services to and relations with their own clientele, the Bank has decided to implement the new Indus-

trial Plan 2009-2011, passing on the relative guidelines, approved by the Iccrea Board of Directors in the meeting of 17/10/2008 and communicated to this Board of Directors at the meeting of 28/10/2008. With a communication of 11/12/2008, the Parent Company issued the implementation modalities of the Banking Group's mission for the next three years, which also represent the programmatic basis for quantification of capital needs. The Plan is coherent with the preceding plan for the 2008-2010 period, but also incorporates new requests relative to:

- equity adequacy (ICA-AP Process);
- integrated management of liquidity, funding and of the risks linked to the Group's financial position;
- a reduction in operating costs;
- containing the level of the risks assumed.

On the basis of the general guidelines, the Bank has directed its own Plan in order to correspond, in an increasingly more efficient and pro-active manner, to the Institutional market, developing operations with the BCC-CR and with the GBI companies. With regard to the BCC-CR, particular attention has been paid to increasing the efficiency of the service models and the definition of suitable commercial and marketing policies. For the other GBI companies, while the conclusion, expected in the very near future, of the project for the centralisation of GBI finance at Iccrea Banca is pending, full support has been given to the specific project aimed at making the said initiative operative as soon as possible. Particular attention has also been given to decreasing the operating costs in respect of 2008, implementing all available management levers.

DEAR SHAREHOLDERS,

On conclusion of this Report, the Board again wishes to sincerely thank you for having accompanied the activity of the Administration and Management with your usual participation.

The Cooperative Banks therefore express their warm thanks for the trust and preference which you have reserved for the Institute.

We also wish to express our appreciation of the General Management and Staff for the cooperation, commitment and shared efforts with which they faced the many changes required by an increasingly competitive market.

Our thanks and appreciation also go to the Personnel Offices for the responsibility and the constructive spirit shown.

We also recognise the Board of Auditors' work performed with commitment and professional skill.

Our appreciation also extends to the Bank of Italy, the CONSOB and the Rating Agencies, which have always followed the Institute's activities with attention, and for their constant availability and for their collaboration during the course of the period.

And lastly, our greetings and thanks go to all central and local Cooperative Banks, especially Iccrea Holding and Federcasse, and to all those who, with competence and in the name of reciprocal collaboration, have helped us in performing our business.

Proposal for the allocation of the net profit

(Chap. 2, Paragraph 7, letter e), Bank of Italy circular n. 262 of 22/12/2005)

DEAR SHAREHOLDERS,

We invite you to approve the Financial Statements for the year ending on 31.12.2008, accompanied by the Board of Directors' Report on Operations, and subject to auditing by the company Reconta Ernst & Young S.p.A. We also propose the following use of the net profits, which amount to a total of Euro 9.341.085:

Legal reserve	Euro	2.803.000
Remuneration of the shareholders' equity, of Euro 15.5 per share	Euro	6.510.000
Available for the Board of Directors	Euro	28.085

Rome, 24th March 2009
THE BOARD OF DIRECTORS

*Board
of Auditors'
Report*

FINANCIAL YEAR
1ST JANUARY - 31ST DECEMBER 2008



DEAR SHAREHOLDERS,

During the financial year 2008, we have as always supervised the observance of the law, of the articles of association and respect for the principles of correct administration.

We have attended the meetings of the Board of Directors and of the Executive Committee.

We have obtained from the directors, and reported in our minutes, the information on the general business trend and on the expected future development of business, as well as further information and details on the most important management operations.

We have held periodic meetings with the auditing firm mandated to audit the accounts and during these meetings no problems came to light and no relevant data or information emerged worthy of being specifically mentioned in this report.

We have gained knowledge of and supervised, as far as possible, the adequacy of the company's organisational system, also by means of verifications carried out in the various sectors and departments, obtaining information from those directly in charge of the departments and from the subjects appointed to carry out internal audits; reports on our inquiries have been drawn up and filed in the company's deeds.

We have followed the auditing activity performed by the I.A.S.G. - the Internal Audit of the Companies of the Group - and the inspections (entrusted to the said IASG as of 1st January 2006).

We point out that the internal audits, the results of which (including partial and provisional results) were reported to us by the IASG by means of periodic communications, conserved in the deeds of this Board of Auditors, regarded among other things Finance and Administration, payment systems, the credit area and, as usual, the processes of the computerised systems for administration and management.

From the findings of the audits and controls, also carried out by this Board, it has come to light that it is still necessary to continue with the activity of defining the organisational lines relative to money-laundering, with the definition and

formal approval of the organisational procedures and standards regarding this matter; the compliance department must continue with defining positions and professional roles, as well as the payment systems, particularly regarding the strategy adopted by the company in this sector.

With regard to the process for the production of accounting rules, this was completed during the year with the drafting, on the part of the administrative structure, of the relative manuals which have been deposited in the deeds of this Board of Auditors.

As already known, having been mentioned in the directors' report, certain particularly negative macro-economic events took place in 2008, which led to situations of default on the part of Banking Institutions of world importance (Lehman Brothers Int.), as well as to default in European areas (Iceland) which are particularly active in the financial field.

This Board of Auditors, on the basis of the information received from the directors, immediately assessed the company's exposure towards the foreign credit institutions which were responsible for aggravating the world monetary crisis. On conclusion of the said verification, the Board found that no extraordinary action was required because of any "particular" important exposure on the part of the Bank towards the said financial institutions.

To this regard, the Board of Auditors also issued guidelines to the accounts department, for the assessment of exposure, coming to agreements with the structures concerned on the consequent decisions also for checking the fair value of the credit towards such institutions, as expressly indicated, for that matter, in the Notes to the Accounts.

We have assessed and supervised the adequacy of the accounts administrative system and its reliability to concretely represent management facts, and we have found no particular problems of which you are not already aware (Aside).

The directors presented to us, within the terms of law (on 24/3/2009), the draft financial statement at 31/12/2008 and their report on operations, as approved at the Board of Directors' meeting held on 24/3/2009.

We present the summarised data below:

BALANCE SHEET	
Assets	€ 8.972,246,097
Liabilities	€ 8.654,474,536
SHAREHOLDERS' EQUITY	
Share capital	€ 216,913,200
Reserves	€ 91,517,276
Profit for the period	€ 9,341,085
INCOME STATEMENT	
Revenue of the period	€ 642,645,417
Management costs	€ 624,040,909
Gross profit	€ 18,604,508
Income taxes	€ 9,263,423
Net profit for the period	€ 9,341,085

Not being required to carry out any analytical control or assessment of the merits of the financial statement, we agree with the Administration and with the Auditing Firm on the general approach to the same, on its compliance with law as regards its preparation and structure, and also its conformity with the provisions of the Bank of Italy.

We have, in any case, verified that the financial statement corresponds to the facts and information which we obtained during the execution of our duties, as explained to this Board of Auditors by the Institutional Departments of the Company.

We also mention that the financial statement at 31/12/2008 has been drawn up this year in compliance with the IAS/IFRS accounting standards.

As you already know, the said standards involve an improved definition of the modalities for the representation on the financial statement of the economic results and the consistency of the equity, although, due to the effect of the economic-monetary situation and the consequences of the lack of liquidity on the markets, the equity

has sustained losses on AFS government bonds, which generate such effects by the precise application of the criteria of the aforesaid IAS without, however, rendering invalid the worth of the underlying credit relative to the issuer, i.e. the Italian State.

This Board has constantly followed the application and solutions adopted by the Iccrea administrative structure and by the Auditing Firm appointed to audit the accounts.

The effects of the accounting standards and evaluations are described in detail in the Notes to the Accounts, pursuant to art. 2426 of the civil code.

Together with the financial statement, composed of the balance sheet and statement of accounts schedules and the notes to the accounts, the cash flow statement and the statement of changes in the shareholders' equity have also been drawn up.

During the performance of our work, we have also found that there is a need to upgrade certain organisational aspects, particularly as regards the internal audit departments, also subsequent to the notes and suggestions issued by the Supervisory Body relative to operational problems which have occurred in relations with the banks of the Republic of San Marino. Because of such situations, the Board has had to carry out its activity with greater frequency and to more frequently attend the company's head office than normally required for the activity of a Board of Auditors, and to intervene with the competent departments in order to eliminate certain critical aspects which emerged during the second part of the period.

We also mention the fact that during the last three months of the financial year, the Bank of Italy carried out specific verifications aimed at eliminating money laundering; the results of the verifications are still pending, since the Institute is preparing counter-deductions in response to the observations expressed; furthermore, the Bank immediately took action to eliminate those critical aspects found during the course of the inspection regarding the transactions of certain services suppliers and the Bank's transactions with the Republic of San Marino.

We again acknowledge that the Report on Operations, drawn up by the Board of Directors, gives an adequately satisfactory illustration of the Institute's situation and the business trend of 2008, as well as its development after closure of the period. It also points out the importance, after that date, of the Bank's participation in the Project started up by the Bank of Italy for the constitution of an "anonymous" inter-bank liquidity market in support of the momentary needs of the banking system afflicted by a crisis of confidence deriving from the world economic crisis. It also mentions the starting up of a programme for the development of the institute's activities involving the opening of new Bank departments within the Banking Group to which it belongs, the guidelines of which are linked to the three-year industrial plan and were approved at the end of the financial year; the activities are being prepared with the structures of the parent company and also include the new definition of the articles of association of the companies belonging to the Group.

The provisions of law regarding the preparation of the plan have also been observed, and all the elements required by law have been indicated.

In the execution of its work regarding the preparation of this report on the financial statement, the Board of Auditors also ascertained that the infra-group transactions are carried out under market conditions.

We lastly mention the results of the activity carried

out by the auditing firm, the company Reconta, Ernest and Young; as stated above, representatives of the firm attended this Board of Auditors' meetings held together with the structures of the Board of Directors; during the said meetings we were informed of the results of the work carried out by the said firm for the accounts auditing and for the certification of the financial statement; to this regard, the auditing firm stated that at that date, during the performance of its duties, in both the preparatory work and during the audit itself, it had found no evidence of any problem that could hinder the approval of either the form or substance of the financial statement presented to us after the Board of Directors' approval of 24/3/2009, except for the modifications to be requested for the correction of merely formal errors.

Given and having stated all the above, on the conclusion of our checks and from the examination of the financial statement draft, as above approved by the Board of Directors, this Board of Auditors expresses a favourable opinion for the approval of the financial statement at 31/12/2008, and we again acknowledge that the Board of Directors' proposal for the destination of the profits does not conflict with the dictates of law or the company's articles of association.

Rome, 2nd April 2009
THE BOARD OF STATUTORY AUDITORS

*The Company's
Financial Statement
Schedules*



BALANCE SHEET

ASSET ITEMS		31/12/2008	31/12/2007
10.	Cash and cash equivalents	68,166,881	57,845,881
20.	Financial assets held for trading	615,095,553	1,407,309,745
30.	Financial assets carried at fair value	29,478,525	30,049,745
40.	Financial assets available for sale	803,864,638	215,377,024
60.	Due from banks	6,529,261,608	7,114,843,420
70.	Customers loans	792,637,485	606,798,776
80.	Hedging derivatives	587,720	3,876,134
100.	Equity investments	1,057,067	1,533,368
110.	Tangible assets	20,042,472	21,869,264
120.	Intangible assets	2,967,134	3,552,631
130.	Tax assets	61,048,722	46,078,147
	a) current	39,490,495	36,821,072
	b) prepaid	21,558,227	9,257,075
140.	Non-current assets and groups of assets in the process of being sold off	-	-
150.	Other assets	48,038,292	55,542,251
	Total assets	8,972,246,097	9,564,676,386
LIABILITY AND SHAREHOLDERS' EQUITY ITEMS		31/12/2008	31/12/2007
10.	Due to banks	6,551,187,849	7,095,114,733
20.	Due to customers	1,392,658,185	1,398,560,723
30.	Debt securities in issue	146,167,943	123,430,199
40.	Financial liabilities held for trading	351,000,801	272,027,312
50.	Financial liabilities carried at fair value	13,441,480	100,081,321
60.	Hedging derivatives	16,744,095	2,682,794
80.	Tax liabilities	17,758,586	30,542,999
	a) current	12,419,066	11,669,260
	b) deferred	5,339,520	18,873,739
100.	Other liabilities	143,200,018	159,583,615
110.	Provision for employee severance indemnity	15,371,613	15,466,540
120.	Provisions for risks and charges:	6,943,966	12,278,368
	b) other provisions	6,943,966	12,278,368
130.	Valuation reserves	24,832,319	53,910,134
160.	Reserves	66,684,957	58,934,957
180.	Share capital	216,913,200	216,913,200
200.	Profit (Loss) for the year (+/-)	9,341,085	25,149,491
	Total liabilities and Shareholders' equity	8,972,246,097	9,564,676,386

INCOME STATEMENT

	ITEMS	31/12/2008	31/12/2007
10.	Interest receivable and similar income	392,057,250	344,505,665
20.	Interest payable and similar charges	(334,464,837)	(305,492,213)
30.	Net interest receivable	57,592,413	39,013,452
40.	Commission receivable	232,341,845	209,397,991
50.	Commission payable	(123,514,730)	(104,558,546)
60.	Net commissions	108,827,115	104,839,445
70.	Dividends and similar income	5,845,292	2,183,775
80.	Net gain (loss) on trading activities	(12,507,169)	13,217,091
90.	Net gain (loss) on hedging activities	(64,751)	251,344
100.	Gains (losses) on disposal or repurchase of:	1,826,083	1,270,427
	a) loans	7,908	(17,479)
	b) financial assets available for sale	1,812,580	1,340,870
	c) financial assets held to maturity		
	d) financial liabilities	5,595	(52,964)
110.	Net gain (/loss) on financial assets and liabilities carried at fair value	(23,225)	1,292,751
120.	Intermediation margin	161,495,758	162,068,285
130.	Net impairment adjustment of:	(15,832,147)	(1,490,692)
	a) loans	(15,100,702)	(1,282,074)
	b) financial assets available for sale	(638,664)	-
	c) financial assets held to maturity		
	d) other financial transactions	(92,781)	(208,618)
140.	Profit (loss) from financial operations	145,663,611	160,577,593
150.	Administrative expenses:	(131,655,583)	(127,529,259)
	a) personnel expenses	(57,512,698)	(58,489,732)
	b) other administrative expenses	(74,142,885)	(69,039,527)
160.	Net provisions for risks and charges	(157,549)	(251,393)
170.	Net adjustment of tangible assets	(3,487,876)	(3,377,745)
180.	Net adjustment of intangible assets	(2,333,042)	(2,517,915)
190.	Other operating income (expenses)	10,574,947	10,050,608
200.	Operating expenses	(127,059,103)	(123,625,704)
250.	Profit(loss) before tax on continuing operations	18,604,508	36,951,889
260.	Income taxes for the year on continuing operations	(9,263,423)	(15,509,849)
270.	Profit(loss) after tax on continuing operations	9,341,085	21,442,040
280.	After tax profit (loss) on non-current assets and groups of assets in the process of being sold off	-	3,707,451
290.	Profit (Loss) for the year	9,341,085	25,149,491

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

	BALANCES AT 31.12.2007	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.2008	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER USES
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Issuance premiums	-		-	-	
Reserves:					
a) of profits	57,091,957	-	57,091,957	7,750,000	
b) others	1,843,000	-	1,843,000	-	
Valuation reserves:					
a) available for sale	6,044,484	-	6,044,484		
b) cash flow hedging	-	-	-		
c) others: for special laws on revaluation	47,865,650	-	47,865,650		
Equity instruments	-		-		
Own shares	-		-		
Profit (Loss) for the year	25,149,491	-	25,149,491	(7,750,000)	(17,399,491)
Shareholders' equity	354,907,782		354,907,782	-	(17,399,491)

The amount of the "other reserves" corresponds to the goodwill earned from the sale of the Corporate company branch.

CHANGES IN RESERVES	CHANGE DURING THE PERIOD OPERATIONS ON SHAREHOLDERS' EQUITY							SHAREHOLDERS' EQUITY AT 31.12.2008
	NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	PROFIT (LOSS) FOR THE YEAR AT 31.12.2008	
	-	-						216,913,200
	-							-
	-							-
-	-	-	-					64,841,957
-	-					-	-	1,843,000
(29,077,815)								(23,033,331)
-								-
-								47,865,650
					-			-
	-	-						-
							9,341,085	9,341,085
(29,077,815)	-	-	-	-	-	-	9,341,085	317,771,561

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2007

	BALANCES AT 31.12.2007	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.2008	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER USES
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Issuance premiums	-		-	-	
Reserves:					
a) of profits	44,252,957	-	44,252,957	12,839,000	
b) others	-	-	-	-	
Valuation reserves:					
a) available for sale	(10,763)	-	(10,763)		
b) cash flow hedging	-	-	-		
c) others: for special laws on revaluation	47,865,650	-	47,865,650		
Equity instruments	-		-		
Own shares	-		-		
Profit (Loss) for the year	30,210,632	-	30,210,632	(12,839,000)	(17,371,632)
Shareholders' equity	339,231,676		339,231,676	-	(17,371,632)

The amount of the "other reserves" corresponds to the goodwill earned from the sale of the Corporate company branch.

CHANGES IN RESERVES	CHANGE DURING THE PERIOD OPERATIONS ON SHAREHOLDERS' EQUITY							SHAREHOLDERS' EQUITY AT 31.12.2008
	NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	PROFIT (LOSS) FOR THE YEAR AT 31.12.2008	
	-	-	-	-	-	-	-	216,913,200
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	57,091,957
1,843,000	-	-	-	-	-	-	-	1,843,000
6,055,247	-	-	-	-	-	-	-	6,044,484
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	47,865,650
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	25,149,491	25,149,491
7,898,247	-	-	-	-	-	-	25,149,491	354,907,782

CASH FLOWS: INDIRECT METHOD

A. BUSINESS ACTIVITIES	31/12/2008	31/12/2007
1. Operating activities	(5,174,780)	41,732,868
- profit (loss) for the year (+/-)	9,341,085	25,149,491
- capital gains/losses on financial assets held for trading and on assets/liabilities carried at fair value (+/-)	23,578,623	2,598,834
- capital gains/losses on hedging assets(+/-)	64,751	1,608,402
- net impairment adjustment (+/-)	16,563,592	2,743,426
- net adjustment on tangible and intangible fixed assets (+/-)	5,820,918	5,895,660
- net provisions for risks and charges and other costs/revenues (+/-)	1,649,725	8,644,726
- unpaid taxes and duties (+)	9,263,423	15,509,849
- net adjustment of non-current assets and groups of assets in the process of being sold off; net of taxation (+/-)	-	(3,707,451)
- other adjustments (+/-)	(71,456,897)	(16,710,069)
2. Liquidity generated/absorbed by financial assets	586,309,265	(666,750,899)
- financial assets held for trading	757,186,896	(659,112,382)
- financial assets carried at fair value	804,045	16,456,997
- financial assets available for sale	(604,008,242)	(146,510,346)
- due from banks: on demand	162,858,544	(38,880,868)
- due from banks: other receivables	452,147,821	(264,205,201)
- customers loans	(182,553,381)	425,707,103
- other assets	(126,418)	(206,203)
3. Liquidity generated/absorbed by financial liabilities	(550,388,885)	601,949,910
- due to banks: on demand	(650,594,690)	1,118,037,770
- due to banks: other payables	103,918,808	(989,632,782)
- due to customers	(6,163,214)	521,069,134
- securities outstanding	19,396,180	(29,802,022)
- financial liabilities held for trading	78,999,174	30,357,366
- financial liabilities carried at fair value	(81,251,683)	(250,724)
- other liabilities	(14,693,460)	(47,828,832)
Net liquidity generated/absorbed by operating activities (A)	30,745,600	(23,068,122)

B. INVESTMENT ACTIVITIES	31/12/2008	31/12/2007
1. Liquidity generated by	389,182	50,891,324
- sales of equity investments	383,520	-
- dividends collected on equity investments	-	150,428
- sales of financial assets held to maturity	-	-
- sales of tangible assets	5,662	48,897,896
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	1,843,000
2. Liquidity absorbed by	(3,414,291)	(6,467,404)
- purchases of equity investments	-	(1,000,000)
- purchases of financial assets held to maturity	-	-
- purchases of tangible assets	(1,666,746)	(1,233,132)
- purchases of intangible assets	(1,747,545)	(4,234,272)
- purchases of subsidiaries and business units	-	-
Net liquidity generated/absorbed by investment activities (B)	(3,025,109)	44,423,920
C. FUNDING	31/12/2008	31/12/2007
- issue/purchases of own shares	-	-
- issue/purchases of capital instruments	-	-
- distribution of dividends and other purposes	(17,399,491)	(17,371,632)
Net liquidity generated/absorbed by funding activities (C) (+/-)	(17,399,491)	(17,371,632)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	10,321,000	3,984,166

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents at the start of the period (E)	57,845,881	53,861,715
Total net liquidity generated/absorbed in the period (D)	10,321,000	3,984,166
Cash and cash equivalents: effect of variations in exchange rates (F)	-	-
Cash and cash equivalents at the end of the period (G)=E+/-D+/-F	68,166,881	57,845,881

*Explanatory
Notes*



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PART A
Accounting Policies



PART A - ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

The accounting standards adopted for the preparation of the financial statements at 31st December 2008 are given in this chapter. The accounting standards, which are shared by the whole Group, are set out under the headings of classification, recognition, valuation and derecognition of the various asset and liability items. The description of the relative financial effect is given for each of the aforesaid stages, where relevant.

Section 1: Declaration of conformity to international accounting standards (IAS/IFRS)

The financial statements of Iccrea Banca, in application of Lgs. Decree no. 38 of 28th February 2005, have been prepared in accordance with the accounting standards issued by the International Accounting Standard Board (IASB) and related interpretations by the International Financial Reporting Interpretation Committee (IFRIC) and approved by the European Commission, as established by Community Regulation No.1606 of 19th July 2002 and successive amendments and additions. In particular, as of the reference date of 31st December 2008, the amendments to IAS 39 and IFRS 7 - introduced by the IASB in the document "Reclassification of financial assets" - and approved by the European Commission on 15th October 2008 with EC Regulation n. 1005/2008, have been adopted for the drafting of the Bank's financial statements.

The financial statements at 31st December 2008 have been drawn up on the basis of Circular no. 262 of 22nd December 2005 "Financial statements of banks: compilation methods and regulations" issued by the Bank of Italy.

The accounting policies described below have been applied in drawing up the accounting schedules for all the periods presented.

Section 2: General accounting principles

The financial statements consist of the Balance Sheet, the Income statement, the Changes in Shareholders' Equity, the Cash Flow Statement and the Notes to the Accounts, accompanied by the Directors' report on the business trend, economic results and the equity and financial situation of Iccrea Banca. In compliance with the provisions of Art. 5 of Lgs. Decree no. 38/2005, the financial statements are drawn up with the Euro as the accounting currency.

The amounts in the schedules are expressed in units of one Euro, while those in the Notes to the Accounts and the Report on Operation are expressed in thousands of Euro unless otherwise specified.

The financial statements have been drawn up by applying the general standards of IAS 1 and the specific accounting standards approved by the European Commission and described in Part A.2 of these Notes to the Accounts, and also in compliance with the general assumptions provided by the classification framework used for the preparation and presentation of financial statements issued by the IASB. No waiver from application of the IAS/IFRS accounting standards was necessary.

The Accounting Schedules and the Notes to the Accounts give not only the amounts relative to the period of reference but also the corresponding data of at 31st December 2007 for comparison.

CONTENTS OF THE SCHEDULES

BALANCE SHEET AND INCOME STATEMENT

The balance sheet and Income statement schedules are composed of items, sub-items, and further details (the "of which" lines of the items and sub-items). In compliance with the provisions of Circular no. 262 of 22nd December 2005 issued by the Bank of Italy, items with no corresponding amount have been omitted, for both the financial period of reference and the previous financial period. On the

Income statement and in the relative sections of the Notes to the Accounts revenues are indicated without any sign, while costs are indicated in brackets.

CHANGES IN SHAREHOLDERS' EQUITY

The changes in shareholder's equity are presented according to the format prescribed by Circular no. 262/2005 of the Bank of Italy. The composition and movement of the shareholders' equity accounts occurring in the period of reference and in the previous period are divided under share capital (ordinary shares and others), capital reserves, reserves of profits and from evaluation of assets or liabilities on the balance sheet and the Income statement.

CASH FLOWS

The cash flow statement for the period of reference and the previous period have been drawn up according to the indirect method, according to which cash flows from business operations are represented by the result of the financial period adjusted by the effects of non-monetary operations. The cash flows arising from business operations, from investment activities, and from funding activities are indicated separately. Cash generated during the financial period is shown without any sign, while cash used is indicated in parentheses.

CONTENTS OF THE EXPLANATORY NOTES

The Notes to the Accounts give the information as prescribed by Circular no. 262/2005 of the Bank of Italy and other information as prescribed by the international accounting standards. For the sake of full information on the schedules as defined by the Bank of Italy, items with no corresponding amount in the period of reference and in the previous period are nevertheless listed on the financial statements.

Section 3: Subsequent events after of the relevant date of the financial statement.

Events occurring after the closure of the financial period and which would affect the results of the financial statement at 31st December 2008 are mentioned in the Report on Operation.

However, no significant events have occurred after the closure of the period which could significantly alter the values and results reported.

Section 4: Other aspects

OPTION TO USE THE NATIONAL CONSOLIDATED TAX RETURN

As from 2004, Iccrea Holding and all the companies of the Group including Iccrea Banca, have adopted the so-called "national consolidated tax return" disciplined by arts. 117-129 of the TUIR (consolidated act on income tax) introduced by Lgs. Decree no.344/2003. This is an optional system pursuant to which the total net income or tax loss of each subsidiary company included in the consolidation area - together with the taxes withheld, deductions, and tax credits - are transferred to the parent company, for which a single taxable income or tax loss is calculated (resulting from the algebraic sum of the income/losses of the parent company and the subsidiaries, and therefore a single tax debit/credit), which can also be carried forward.

Due to this option, each of the companies of the Group which have adhered to the "national consolidated tax return" system calculate their own tax burden and the corresponding taxable income is transferred to the Parent Company. If one or more of the participants have a negative taxable income, and if there is a consolidated income for the financial year or a high probability of a future taxable income, the tax losses will be transferred to the Parent Company.

A.2 - THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

The main accounting standards adopted for the most important items on the financial statement are indicated in this chapter. The said items are posted according to the classification, recognition, valuation, and derecognition stages of the same in the assets and liabilities. The description of the relative financial effect is given for each of the aforesaid stages, where relevant.

With regard to the classification of the financial instruments, on 13th October 2008 the International Accounting Standards Board (IASB) approved certain modifications to the accounting standard IAS 39 "Financial instruments: Entry and valuation" and to the International Financial Reporting Standard (IFRS) 7: "Financial instruments: additional information." The European Commission adopted the amendments with EC Regulation n. 1004/2008 of 15th October 2008 published in the Official Journal of the European Union on 16th October 2008. The modification regarded the possibility, forbidden until the entry into force of these amendments, of reclassifying non-derivative financial assets no longer held for short term trading, from the category of financial instruments held for trading (financial instruments valued at fair value and entered on the Income statement) to the other categories foreseen by IAS 39 (assets held to maturity, financial assets available for sale, for financing and for loans). The possibility of reclassifying financial assets available for sale to the financing and lending compartment was also foreseen. These reclassifications are now allowed in as much as a financial asset, by the effect of "rare circumstances" which will hardly occur again in the short term, may no longer be held for trading due to the present world financial crisis which has been recognised by the IASB as a "rare circumstances". Until 31st October 2008, the reclassifications in virtue of the exceptional and temporary situation can have effect back dated to 1st July 2008; afterwards, they take effect as of the moment of the reclassification.

The detail of the reclassifications and the relative economic-equity effects are described in the respective parts of the Notes to the Accounts.

1 - Financial assets held for trading

CLASSIFICATION CRITERIA

Financial assets held for short term trading purposes are included in this category, regardless of their technical form. Derivatives with positive values, also including those from implicit derivative unbundling operations which do not form part of effective hedging operations, have been entered.

RECOGNITION CRITERIA

With regard to financial assets, debt and capital instruments are first entered on settlement date, while derivatives are entered on the date they are undersigned. Financial assets are initially entered at fair value, which normally corresponds to the amount paid or collected. If the amount paid or received is different from fair value, the financial asset is entered at its fair value and the difference between the actual amount and the fair value is entered on the Income statement.

Derivative contracts incorporated into financial instruments or other contractual forms that present economic and risk characteristics not connected to the host instrument or which have elements to be qualified as derivative contracts themselves, are entered separately in the category of financial assets held for trading, unless the complex instrument in which they are contained is valued at fair value with an effect on the Income statement. Following the separation of the implicit derivative, the main contract will be treated according to the accounting rules of its own classification category.

VALUATION CRITERIA

After initial recognition, financial assets held for trading are booked at fair value. For financial instruments listed on active markets, determination of the fair value of financial assets or liabilities is based on official prices recognised on the date of the financial statements. For financial instruments, including capital securities, which are not listed on active markets, the fair value is determined using valuation techniques and data available on the market, such as market listings for similar instruments, the calculation of discounted cash flows, models for the calculation of option prices, or values recognised in recent comparable transactions.

If the fair value obtained by technical valuation cannot be reliably determined for the capital securities and the related derivative instruments, the financial instruments are measured at cost and adjusted for any losses due to impairment.

DERECOGNITION CRITERIA

Financial assets for trading are derecognized from the balance sheet if the contractual rights regarding the cash flows have expired or if assignments have been made which transfer all the risks and benefits connected to ownership of the transferred asset to third parties. However, if a prevalent percentage of the risks and benefits of financial assets sold are maintained, they will continue to be entered on the financial statements, even if the ownership of such assets has effectively been transferred.

If substantial transfer of the risks and benefits cannot be ascertained, but no type of control is exercised over the same, the financial asset is derecognized from the financial statements. Otherwise, when such control is maintained, even partially, the asset is entered on the balance sheet to the extent to which the said control is maintained, calculated according to the change in the value of the asset sold and the variations in the cash flows of the same.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

The results of the valuation of financial trading assets are recorded on the Income statement. Dividends on a representative capital instrument held for trading are recognised on the Income statement when the right to receive payment matures.

2 - Financial assets available for sale*CLASSIFICATION CRITERIA*

Financial assets other than derivatives and which are not classified as assets on the balance sheet, are included in this category as "Financial assets held for trading", "Financial assets carried at fair value", "Bank receivables" and "Customer receivables".

Specifically, this item includes: non-controlling equity holdings, equity with joint control, and equity in associated companies not held for the purpose of trading; unit trusts which are either non-listed or with low movement; specific bond instruments, identified on a case by case basis according to the purposes for which they are purchased/held.

RECOGNITION CRITERIA

Financial assets available for sale are first entered on payment date. They are initially entered at fair value, which normally corresponds to the amount paid or received. If the amount paid or received is different from fair value, the financial asset is entered at its fair value and the difference between the actual sum and the fair value is entered on the Income statement. The value of the initial entry includes the charges and profit directly associated with the transaction and quantifiable on the date of entry, even if cashed later.

VALUATION CRITERIA

After initial recognition, financial assets held for trading are booked at fair value. In order to determine fair value, the criteria previously noted in the paragraph on financial assets held for trading are applied. If the fair value obtained by technical valuation cannot be reliably determined, the financial instruments are measured at cost and adjusted for any losses due to impairment.

DERECOGNITION CRITERIA

Financial assets for trading are derecognized from the balance sheet if the contractual rights regarding the cash flows have expired or if transactions have been concluded which transfer all the risks and benefits connected to ownership of the transferred asset to third parties. However, if a prevalent percentage of the risks and benefits of financial assets sold are maintained, they will continue to be entered on the financial statements, even if the ownership of has effectively been transferred.

If substantial transfer of the risks and benefits cannot be ascertained, but no type of control is exercised over the same, the financial asset is derecognized from the financial statements. Otherwise, when such control is maintained, even partially, the asset is entered on the balance sheet to the extent to which the said control is maintained, calculated according to the change in the value of the asset sold and the variations in the cash flows of the same. They are derecognized from the financial statements if the contractual rights to receive the relative cash flows are maintained but with the commitment to pay such flows, and only those, to third parties.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Profits and losses deriving from variations in fair value are registered in a special shareholders' equity provision, until the moment at which they are derecognized, while

the value of the written-down cost is entered on the Income statement.

Financial assets available for sale are examined in order to verify the existence of real evidence of a fall in value. If such evidence is found, the accumulative loss is entered directly in the shareholders' equity and offset on the Income statement; the amount of the loss is calculated as the difference between the purchase cost, net of any reimbursement of capital and net of depreciation, and the current fair value, after deduction of any loss for impairment previously registered on the Income statement. If the reasons for the loss in value no longer exist subsequent to an event occurring after the registration of the reduction in value, the increase in the value of securities or debt instruments is posted on the Income statement, and for capital instruments in the shareholders' equity. The amount of the recovery cannot, however, exceed the amount of the write-downs previous applied to the instrument.

Apart from recording any impairment in value, the profits and losses accumulated in the shareholders' equity provision, as mentioned above, are entered on the Income statement under item 100 ("profit/loss from the sale of financial assets available for sale") when the asset in question is sold. Dividends on a representative capital instrument held for trading are recognised on the Income statement when the right to receive payment matures.

3 - Financial assets held to maturity

At the relevant date of the financial statements, there were no financial assets in this category.

4 - Loans*CLASSIFICATION CRITERIA*

Loans are classified under the items "Due from banks" and "Customer Loans" whether provided directly or

acquired from third parties not listed on active markets, and which have set, fixed payments with the exception of those classified under the items: "Financial assets held for trading", "Financial assets carried at fair value" and "Financial assets available for sale". Among others, any securities that have similar characteristics to receivables are included, as well as operating credit and repurchase agreements.

RECOGNITION CRITERIA

Loans are entered on the balance sheet at the date they are issued or, in the case of debt instruments, on the settlement date. They are initially entered at amount paid out or at the underwriting value, including any costs/income directly resulting from the transaction and determined on the entry date, even if paid or received later. Costs relative to repayment on the part of the borrower or relative to normal internal administrative costs are excluded the first time the loan is entered. Loans granted at other than normal market conditions are initially entered at the fair value of the receivable in question, determined by means of valuation techniques; the difference between fair value and the sum issued or the underwriting price is entered on the Income statement.

Contangos and repurchase agreements with forward repurchase or resale of the obligation are recognised on the financial statements as deposit or loan transactions; cash sale and forward repurchase transactions are recognised on the financial statements as payables for the cash amount received, while cash purchase and forward re-sale operations are recognised as receivables valued at the cash amount paid. Transactions with banks, with which giro accounts exist, are recorded at the time of payment, and therefore these accounts are adjusted for all the non-liquid items regarding the deeds and documents received or sent, recognised as 'subject to collection' or registered after actual collection.

VALUATION CRITERIA

After the initial recognition, receivables are entered at their written down value. The depreciated cost of a financial asset is equal to the initial recognition value, net of any capital reimbursements, and increased or decreased by total depreciation calculated by application of the effective interest method on any difference between the initial value and the value on expiry, and taking into account any deduction (directly or through an allocation) subsequent to a reduction in value or non-recoverability.

The cost thus written down is not applied to short-term receivables, technical instruments without a defined maturity date and revoked loans, for which the application of such a criterion would be devoid of significance. These values are entered at cost.

The receivables portfolio is subject to periodic valuation, but is in any case also examined when financial statements are closed in order to check on the existence of any elements which would cause impairment due to losses Non performing credit, watch-listed credit, restructured exposure, and expired exposure and credit outstanding for more than 180 days as prescribed by the current rules of the Bank of Italy, in compliance with IAS/IFRS rules, are considered as impaired. After the initial entry of the receivable, impairment is only recorded, however, when there is objective evidence of the occurrence of events which cause impairment of the same to the extent that there is a variation in cash flows which can be reliably calculated.

Receivables that are impaired due to objective evidence of loss are subject to analytical valuation. The amount of the loss is the difference between the initial entry value of the asset and the current value of the expected cash flows discounted at the original effective interest rate of the financial asset.

The valuation of receivables takes into consideration: the "maximum recoverable" amount, corresponding to the most precise calculation possible according to expected cash flows and interest from the receivable; the sale

value of any guarantees net of expenses for recovery; recovery times, estimated on the basis of the contractual expiry dates if present, and on reasonable estimates if there are no contractual agreements; the discount rate, i.e. the original effective interest rate; and for impaired receivables existing at the transition date for which it would be excessively costly to obtain data, reasonable estimates such as the average rate of the loans which have become non-performing in the year, or the restructuring rate.

If recovery is expected in the short term, the analytical evaluation does not discount back cash flows. The original effective rate of each receivable does not change over time, even if the contractual rate has been varied subsequent to debt restructuring, and even if the contractual interest is no longer valid.

Receivables without objective evidence of loss for impairment are subject to collective valuation by the creation of groups of positions with a similar risk profile. They are then written down on the basis of the historical performance of loss for each specific group. In order to determine the historical series, the positions subject to analytical valuation are not included in such groups. The consequent collective value adjustments are entered on the Income statement. Impairment of unsecured credit is also subjected to collective valuation according to the same criteria.

DERECOGNITION CRITERIA

Receivables are derecognized when they reach expiry or are transferred. Sold credit is derecognized from the assets on the financial statement only when the sale has involved the substantial transfer of all the risks and benefits linked to the same. However, if risks and benefits of the sold credit are maintained, it will continue to be booked to the assets, even if the ownership of such credit has effectively been transferred.

If substantial transfer of the risks and benefits cannot be ascertained, the credit is cancelled from the financial statements when no type of control is exercised over the

same. Otherwise, when such control is maintained, even partially, the credit is entered on the balance sheet to the extent of the said control, calculating the loan according to the change in the value of the credit sold and the variations in the cash flows of the same. Such credit is derecognized from the financial statement, however, if the contractual rights to receive the relative cash flows are maintained but with the commitment to pay such flows, and only those, to third parties.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Subsequent to initial entry, receivables are then valued at the written down cost, corresponding to the first entry net of capital repayments, write-downs/write-backs in value and increased or decreased by the amortisement - calculated with the effective interest rate method - applied to the difference between the amount paid out and that repayable at maturity date, based on costs/income directly connected to each single loan. The effective interest rate is the rate that equals the present value of the future receivable flows, for capital and interest, applied to the amount paid inclusive of costs/income connected to the receivable. This financial accounting logic allows the financial effect of costs/income to be distributed over the expected residual life of the receivable.

The depreciated cost method is not used for receivables that have such a brief duration since application of the discounting-back logic would be negligible. Such receivables are entered at their original cost. The same valuation principle is adopted for receivables without a definite expiry or which are revocable.

Loss due to impairment, as defined in the previous paragraph on the valuation of receivables, is recognised on the Income statement. If the reasons for the loss in value no longer exist, subsequent to an event occurring after the registration of the reduction in value, the recovered value is posted on the Income statement. The adjusted value, however, may never be higher than the value of the depreciated cost that the receivable would have had

if the loss due to impairment had never been recorded. Reinstatement of value linked to the passing of time, corresponding to interest matured during the financial period on the basis of the original effective interest rate previously used to calculate the loss due to impairment, is entered as recovery of value previously lost due to impairment.

5 - Financial assets carried at fair value

CLASSIFICATION CRITERIA

The item "Financial assets carried at fair value" includes financial assets that have been estimated at their fair value as from their first entry, in accordance with the requirements for the classification of that item, regardless of their technical form.

RECOGNITION CRITERIA

Financial assets carried at fair value are first entered on the date of payment for debt and capital instruments. The fair value for the initial entry of financial assets normally corresponds to the amount paid or collected. If the amount paid or received is different from fair value, the financial asset is entered at its fair value and the difference between the actual sum and the fair value is entered on the Income statement.

VALUATION CRITERIA

Subsequent to the initial entry, the financial assets of this item are booked at fair value. In order to determine fair value, the criteria previously noted in the paragraph on financial assets held for trading are applied.

DERECOGNITION CRITERIA

Financial assets carried at fair value are derecognized from the balance sheet if the contractual rights regarding the cash

flows have expired or if all the risks and benefits connected to ownership have been transferred to third parties. However, if a prevalent percentage of the risks and benefits of financial assets sold are maintained, they will continue to be entered on the financial statements, even if the ownership of such assets has effectively been transferred.

If substantial transfer of the risks and benefits cannot be ascertained, but no type of control is exercised over the same, the financial asset is derecognized from the financial statements. Otherwise, when such control is maintained, even partially, the asset is entered on the balance sheet to the extent to which the said control is maintained, calculated according to the change in the value of the asset sold and the variations in the cash flows of the same. They are derecognized from the financial statements if the contractual rights to receive the relative cash flows are maintained but with the commitment to pay such flows, and only the same, to third parties.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

The results of the valuation are entered on the Income statement.

6 - Hedging operations

CLASSIFICATION CRITERIA

Derivative contracts for hedging purposes are used to protect against different types of risk (interest rate risks, exchange rate risks, price risks, credit risks, etc.). Specifically, fair value is hedged in order to cover the risk of variations in fair value; cash flow is hedged to cover the risk of variations in cash flows. The "hedge derivatives" of the assets and liabilities on the balance sheet include the positive and negative value of derivatives which are effectively used for hedging operations.

RECOGNITION CRITERIA

Hedging derivatives and the financial assets and liabilities for effective hedging are posted on the financial statements according to the accounting criteria for hedging operations. Operations classified as hedging, with formal documentation of the transaction between the instrument hedged and the hedging instrument, are considered effective if initially and for the entire duration of the hedge the variations in fair value or cash flows of the instrument hedged are almost completely compensated by variations in the fair value and cash flows of the derivative hedging instrument.

On closure of the financial statements, effectiveness must be tested using prospective and retrospective tests, and the cover relationship is considered as effective if the ratio between the variations in value does not exceed the established limit of 80-125 per cent.

VALUATION AND ENTRY CRITERIA FOR INCOME COMPONENTS

Derivatives classified under "Hedging derivatives" in the assets and liabilities are posted at fair value. In the case of fair value hedging, the variations in value are entered in the Income statement. For cash flow hedging, for the part of the derivative which effectively covers the flow, variations in fair value are entered in the shareholders' equity, and only when, with reference to the item covered, there is a variation in the cash flows to be compensated, are they entered on the Income statement.

In the case of fair value hedging, the change in the fair value of the part actually covering the risk, is entered on the Income statement. In the case of specific hedging, the asset or liability hedged, entered on the financial statements according to the pertinent classification, is written down or up for the amount of the variation in the fair value of the part actually hedged.

DERECOGNITION CRITERIA

If the tests carried out do not confirm the effectiveness of the hedging, the accounting of the hedge operations is discontinued according to the criteria in this paragraph, and the accounting principles foreseen for the category to which the derivative belongs are applied and the derivative is reclassified as a trading instrument; successive variations in fair value are entered on the Income statement. For cash flow hedging, if the transaction covered is no longer expected to be carried out, the accumulated profit or loss entered in the shareholders' equity reserve is transferred to the Income statement.

7 - Equity investments*CLASSIFICATION CRITERIA*

The item "Equity investments" includes shareholdings in subsidiary, associated and jointly controlled companies. Companies of which more than half of the voting rights are held, unless it can be demonstrated that such possession does not involve any control, and companies for which the power of determining financial and management policies is exercised, are considered as subsidiaries. The consolidated financial statements are drawn up by the parent company.

Jointly controlled companies are those in which control is shared with other parties pursuant to contract. Associated companies are those of which at least 20 per cent of the voting rights are held directly or indirectly, or, even if a lower percentage of voting rights is held, considerable influence can be shown in the sense of influencing financial and management policies without, however, having control or joint control. Control, joint control, or association will be considered as terminated when the financial and management policies of the subsidiary/joint/associated company can no longer be influenced by the administrative organ and is placed under the authority of a single government entity or a court, and in similar

situations. Equity holdings in these cases will be ruled by IAS 39 as prescribed for financial instruments

In determining equity holdings, only the elements (percentage of holding, effective and potential voting rights, considerable influence) that exist at the level of individual financial statements are considered. Equity holdings of subsidiary, jointly controlled and associated companies due to be sold are recorded separately on the financial statements as a group in the process of being sold off, and valued at the lesser of either the book value or the fair value, net of the divestment costs.

RECOGNITION CRITERIA

Equity holdings are initially entered at cost on the date of payment, inclusive of costs or income directly related to the transaction.

VALUATION CRITERIA

Equity investments in subsidiary, associated and jointly controlled companies are valued at cost. If there is evidence that the value of any stake may have suffered a reduction in value, the recoverable value of the investment is assessed taking into account the market value or the present value of future financial flows. If the recoverable value is lower than the book value, the difference is posted on the Income statement as a loss equal to the reduction in value.

DERECOGNITION CRITERIA

Equity investments are derecognized when contractual rights on financial cash flows from the same either expire or are sold with the substantial transfer of all relative risks and benefits.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Dividends on equity investments valued at cost are entered on the Income statement when the right to re-

ceive payment matures. The loss due to impairment of holdings in subsidiary, associated, or jointly controlled companies valued at cost is entered on the Income statement. If the reasons for the loss due to the reduced value are removed subsequent to an event occurring after the registration of the reduction in value, the increase in value is posted on the Income statement.

8 - Tangible assets

This item includes tangible assets with a functional use and those held for investment.

TANGIBLE ASSETS WITH A FUNCTIONAL USE

CLASSIFICATION CRITERIA

Such tangible assets include land, instrumental fixed assets, technical plant, furniture and fittings and equipment of any kind. These are tangible assets for use in production or for the supply of goods and services or for administrative uses, which are expected to be used for more than one financial period.

RECOGNITION CRITERIA

Tangible fixed assets are initially entered at cost, which includes not only the purchase price but also any connected charges directly ensuing from the purchase and costs involved in starting up use of the object. Extraordinary maintenance costs which involve an increase in future economic benefits are entered as an increase in the value of the asset, whereas ordinary maintenance costs are entered on the Income statement.

VALUATION CRITERIA

Tangible assets, including real estate investments, are valued at cost after deduction of any write-downs and loss in value. Depreciation is systematically determined

according to the remaining useful lifetime of the asset. The depreciable value is represented by the cost of the goods, since the residual value at the end of the depreciation process is not held to be significant. Depreciation rates are determined according to the remaining possibility of use of the asset, taking into consideration the depreciation in their value and consumption, which is 3% in the case of fixed assets.

The useful lifetime of the tangible assets is reviewed at the closure of every financial period, and if it differs from previous estimates, the depreciation rate is adjusted for the current and subsequent financial periods. Land which is acquired separately or incorporated into the value of a building held from ground to roof level is not subject to depreciation.

DERECOGNITION CRITERIA

Tangible assets are removed from the balance sheet when they are sold off or when no further financial benefits are expected from their use or sale.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Depreciation is entered on the Income statement. If there are indications that point to a potential loss in the value of an element of the tangible assets, a comparison is made between the carrying amount and the recoverable amount, which is the greater of either the usage value, understood as the present value of future cash flows originating from the asset, and the fair value net of divestment costs. If the reasons that led to the value adjustment are no longer valid, the value is written back on the Income statement. However, the write-back may not result in a value greater than that which the asset would have had if it had not been previously subjected to impairment.

INVESTMENTS IN FIXED ASSETS

Fixed assets are those that are owned for the purposes of receiving rental income and/or for the appreciation of the invested capital. The same criteria for initial recognition, valuation, and elimination that are used for assets held for instrumental use, are applied to investments in fixed assets.

9 - Intangible assets

CLASSIFICATION CRITERIA

Intangible assets are entered as such if they can be identified and if they are based on legal or contractual rights. They also include software.

RECOGNITION CRITERIA

Intangible assets are entered on the balance sheet at cost, plus any connected charges, only if probable future economic benefits ascribable to the asset can feasibly be expected and if the cost of the asset itself can be reliably determined. Otherwise, the cost of the intangible assets is entered on the Income statement in the year in which the expenditure is effectively sustained.

VALUATION CRITERIA

Intangible assets recognised at cost are subject to amortisation at a linear rate, in accordance with the estimated residual life of the asset.

DERECOGNITION CRITERIA

Intangible assets are written off when they are scrapped or sold and if no future financial benefits are expected from their use or divestment.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Depreciation is entered on the Income statement. Where there are indications that suggest impairment of an intangible asset, a test is carried out to check on the impairment loss. Any difference between the book value and the recoverable amount is recorded on the Income statement. If the reasons that led to the value adjustment are no longer valid, the value is written back on the Income statement. However, the write-back may not result in a value greater than that which the asset would have had if it had not been previously subjected to impairment.

10 - Non-current assets in the process of being sold off

ENTRY AND CLASSIFICATION CRITERIA

This item includes non-current assets destined for sale, and assets and liabilities attached to groups for which sale is expected within twelve months from classification date, such as any equity investments in subsidiary, associated, or jointly controlled companies, and tangible or intangible fixed assets or assets and liabilities attached to a company branch subject to conveyance.

VALUATION AND ENTRY CRITERIA FOR INCOME COMPONENTS

The assets and liabilities included in this item are valued at the lesser of either the book value or the fair value net of sales costs. The related income and charges are shown on the Income statement under a separate item, net of any tax effect.

11 - Current and deferred taxes

CLASSIFICATION CRITERIA

Prepaid and deferred taxes are entered on the balance sheet with open balances and without compensation, the former under "Tax assets" and the latter under "Tax liabilities".

RECOGNITION CRITERIA

Prepaid taxes are entered as assets when their recovery is probable. Deferred taxes are entered when the relative liability is probable.

VALUATION CRITERIA

When the results of the operations are entered directly in the shareholders' equity, the current taxes, prepaid tax assets, and deferred tax liabilities are also charged to the shareholders' equity.

Tax assets and liabilities entered for prepaid and deferred taxes are periodically assessed to take into account any amendments in legal provisions or changes in rates.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

Income taxes are entered on the Income statement, except those relative to items debited or credited directly to the shareholders' equity. Income taxes are calculated according to the tax laws in force. Current tax debits and credits are recognised at the value that is expected to be paid to/received from the tax authorities applying tax rates and laws in force. Deferred and prepaid taxes are calculated on the temporary differences between the values of the assets and the liabilities entered on the financial statements and the corresponding amounts recognised for tax purposes.

12 - Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

ENTRY AND CLASSIFICATION CRITERIA

The risk and charge allocations are entered on the Income statement and recognised as liabilities in the shareholders' equity if there is an existing, legal, or implicit obligation arising from a past event for which it is likely that the obligation must be honoured, on condition that the loss associated with the liability can be reliably estimated. The provisions are recorded at the value that represents the best estimate of the amount requested to settle the obligation, or to transfer it to third parties, at the closure date of the financial statements.

When the financial effect linked to the passing of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back at the market rates in force on the date of the financial statements.

VALUATION AND ENTRY CRITERIA FOR INCOME COMPONENTS

These provisions are reviewed at the end of each financial period and are adjusted to reflect updated estimates of expenses necessary to perform the obligations existing at the date of closure of the financial statements. The effect of the passing of time and the variation in interest rates are recorded on the Income statement in the net provisions for the period.

DERECOGNITION CRITERIA

The provisions are only used for the charges against which they were originally recorded. If it is deemed improbable that fulfilment of the obligation will probably call for the use of resources, the provision is reversed and re-allocated on the Income statement.

13 - Debt instruments and securities in circulation

CLASSIFICATION CRITERIA

Financial liabilities which are not held for short term trading purposes are classified under loans and securities in circulation, and include the different technical forms of inter-bank and customer funding and the deposits made through the issue of bond securities, net of any repurchased amounts.

RECOGNITION CRITERIA

The first entry is on the basis of the fair value of the liability, normally for the amount paid or at the issue price, increased/decreased by any costs or income directly connected to the single operation of the provision of funds or the issue and not repaid by the lender, and excluding internal administrative costs. Loans granted at other than prevalent market conditions are entered at fair value according to the best estimate, and the difference between this value and the amount paid or the value of the issue is entered on the Income statement.

VALUATION AND ENTRY CRITERIA FOR INCOME COMPONENTS

Subsequent to the initial entry, these items are booked at the depreciated cost, calculated according to the effective interest rate method, except for short term liabilities for which the temporal factor is negligible, which are posted at the cash-in value. Criteria for calculating the depreciated cost are those indicated in the paragraph further above on receivables.

DERECOGNITION CRITERIA

Financial liabilities entered under the present items are removed from the balance sheet not only consequent to extinction or expiry, but also in the case of the repurchase of securities issued previously. In this case, the difference

between the book value of a liability and the amount paid for purchase is entered on the Income statement. The replacing on the market of own securities after buyback is considered as a new issue with entry at the new placing price and with no effect on the Income statement.

14 - Financial liabilities held for trading

CLASSIFICATION CRITERIA

This item includes the negative value of derivative contracts that are not included in hedging and the negative value of the implicit derivatives in complex contracts. Liabilities that derive from technical overdrafts generated by security trading activities are entered under "Financial liabilities held for trading".

RECOGNITION CRITERIA

Financial liabilities relative to debt and capital instrument are entered on settlement date, while derivatives are entered on the date they are undersigned. Financial liabilities are initially entered at fair value, which normally corresponds to the amount collected. If the amount paid is different from fair value, the financial liability is entered at its fair value and the difference between the actual payment and the fair value is entered on the Income statement.

Derivative contracts incorporated into financial instruments or other contractual forms that present economic and risk characteristics not connected to the host instrument or which have elements to be qualified as derivative contracts themselves, are entered separately, in the category of financial liabilities held for trading if they have a negative value, unless the complex instrument which contains them is valued at fair value with an effect on the Income statement.

VALUATION CRITERIA

After initial entry, financial liabilities held for trading are then booked at fair value. In order to determine fair value,

the criteria previously noted in the paragraph on financial assets held for trading are applied.

DERECOGNITION CRITERIA

Financial liabilities for trading are derecognized when they are extinguished and on expiry.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

The results of the valuation of financial liabilities held for trading are recorded on the Income statement.

15 - Financial liabilities carried at fair value

CLASSIFICATION CRITERIA

The item "Financial liabilities carried at fair value" includes financial liabilities that have been estimated at their fair value as from their first entry, in accordance with the requirements for the classification of that item, regardless of their technical form.

RECOGNITION CRITERIA

In the case of debt and capital instruments, financial liabilities carried at fair value are first entered on the date of payment. Financial liabilities are first entered at fair value, which normally corresponds to the amount paid or collected. If the amount paid is different from fair value, the financial liability is entered at its fair value and the difference between the actual payment and the fair value is entered on the Income statement.

VALUATION CRITERIA

Subsequent to the initial entry, the financial liabilities of this item are booked at fair value. In order to determine fair value, the criteria previously noted in the paragraph on financial liabilities held for trading are applied. No variations in fair value depending on variations of the creditworthiness of the items have been found.

DERECOGNITION CRITERIA

Financial liabilities carried at fair value are derecognized from the balance sheet if the contractual rights regarding the cash flows have expired or if all the risks and benefits connected to ownership have been transferred to third parties.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

The results of the valuation are entered on the Income statement.

16 - Currency transactions*RECOGNITION CRITERIA*

Operations in foreign currency are first entered in the accounting currency, applying the exchange rate in force at the moment of the operation.

CRITERIA FOR RECOGNISING INCOME COMPONENTS

At the end of every financial period, foreign currency entries are valued as follows:

- cash entries are converted at the exchange rate quoted on the statement closure date;
- non-cash entries are carried at their original cost converted at the exchange rate quoted on the date of the operation;
- non-cash entries carried at fair value are converted at the exchange rate quoted on the statement closure date.

Exchange differences resulting from the settlement of cash elements or from the conversion of non-cash elements at rates other than those of the initial conversion or the conversion rate of the previous financial statements,

are entered on the Income statement of the financial period in which they arise. When a gain or a loss relative to a non-cash element is entered in the shareholders' equity, the exchange difference for that element is also entered on the balance sheet. However, when a gain or loss is entered on the Income statement, the relative exchange difference is also entered on the said statement.

17 - Other information*PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY*

Subsequent to the complementary pension reform of Lgs. Decree n. 255 of 5th December 2005, modifications have been introduced in the way of registering severance indemnity. Severance indemnity quotas matured at 31st December 2006 are classified as "defined benefit" schemes, since the company must pay the employee, in the cases prescribed to law, the amount specified in art. 2120 of the civil code. The changes compared to the situation prior to 31st December 2006, regard the cases of actuarial calculations of the model, which must include the revaluation foreseen by art. 2120 of the civil code (application of a rate of which 1.5 percent is a fixed sum and 75 percent depends on the ISTATE inflation index) and must no longer represent the company's estimate. Consequently the provision, as from 31st December 2006, must be valued on a new model which no longer takes into account any variable such as mean annual salary increase rate, remuneration framework, seniority, or percentage salary increases on promotion.

However, severance indemnity quotas maturing as of 1st January 2007 destined for complementary pension schemes and those destined for the INPS treasury fund, are classified as "defined contribution" schemes, since the company's obligation towards the employee ceases on payment of the fund quota that has fallen due.

According to the above, as of 1st January 2007 the Bank:

- continues to fulfil its obligation for quotas which have matured up to 31st December 2006 pursuant to the rules of the defined benefit schemes; this means that the obligation for benefits matured by employees by the use of actuarial techniques must be calculated, on the basis of which the total actuarial gains and losses must be calculated, as well as the part of these which must be then calculated according to the "corridor method" previously used;
- fulfils its obligation for the quotas maturing as of 1st January 2007 pursuant to the complementary pension schemes or the INPS treasury fund, paying the contributions due each financial period, since these are "defined contribution" schemes.

RECOGNITION OF REVENUES

Revenues are recognised when they are received, or at least when future benefits are expected or produced, and when such future benefits can be reliably expected and quantified. In the case of services rendered, the revenues are recognised when the service is actually performed.

In particular:

- interests are recognised on an accruals basis according to the contractual interest rate or the effective rate in the case of the application of the depreciated cost;
- interests on arrears, if foreseen contractually, are entered on the Income statement only when they are effectively collected;
- dividends are entered on the Income statement when resolution is passed in favour of their distribution;
- commission on revenues from services are entered in the period in which the services are performed;

- revenue from financial instruments brokerage, calculated as the difference between the price of the transaction and the fair value of the instrument, are entered on the Income statement when the operation is registered if the fair value can be determined according to recently observed parameters or transactions relative to the same market. If such values are difficult to obtain or if they present reduced liquidity, the financial instrument is entered at the transaction price, after deduction of the mark up; the difference between this and fair value is entered on the Income statement for the entire period of the operation, with gradual reduction, in the assessment model, of the corrective factor linked to the reduced liquidity of the instrument;
- revenue from the sale of non-financial assets are entered at the moment of the conclusion of the sale, unless the bank has maintained a majority of the risks and benefits connected to the same.

EXPENDITURE FOR IMPROVEMENTS ON PROPERTY BELONGING TO THIRD PARTIES

Expenses for refurbishing buildings belonging to third parties, without an independent function or use, are classified on the financial statements under other assets, pursuant to the Bank of Italy's circular n. 262; relative amortisation, applied for a period which does not exceed the rental contract, is entered on the balance under other management costs.

PART - B

*Comments on
the Balance Sheet*



PART B - COMMENTS ON THE BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

Values in legal tender are entered in this item, including banknotes and coins in foreign currency and unrestricted deposits with the Central Bank.

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

ITEMS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
a) Cash	68,167	57,846
b) Unrestricted deposits at Central Banks	-	-
Total	68,167	57,846

The sub-item "cash" includes foreign currency for a counter value of Euro 6,460 thousand.

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

This item lists all financial assets (debt securities, capital securities, derivative instruments) held in the trading portfolio. Assets transferred but not derecognized include own shares used for repurchase operations.

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

ITEMS/AMOUNTS	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	LISTED	UNLISTED	LISTED	UNLISTED
A Cash assets				
1. Debt securities	181,729	645	526,491	20,681
1.1 Structured securities	4,251	14	17	289
1.2 Other debt securities	177,478	631	526,474	20,392
2. Equity securities	196	-	2,057	27
3. UCITS units	2,189	-	52,616	-
4. Loans	-	-	-	-
4.1 Repurchase agreements receivable	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets transferred but not derecognized	14,628	-	486,610	-
Total A	198,742	645	1,067,774	20,708
B Derivatives				
1. Financial derivatives	278	415,295	576	318,179
1.1 from trading	278	414,431	576	311,876
1.2 tied to fair value option	-	864	-	6,303
1.3 other	-	-	-	-
2. Credit derivatives	-	136	-	73
2.1 from trading	-	136	-	73
2.2 tied to fair value option	-	-	-	-
2.3 other	-	-	-	-
Total B	278	415,431	576	318,252
Total (A+B)	199,020	416,076	1,068,350	338,960

The considerable decrease is mainly due to the particular market situation which developed in 2008, involving the following events:

- lack of liquidity in a climate of systematic lack of confidence on the part of the market operators, which influenced the opportunity to sell at short term the classified assets in the portfolio;
- the use of large quantities of assets for institutional purposes, as security and/or guarantees (banker's cheques, clearing house and guarantees, Euroclear).

For the above reasons, more assets were classified as "financial assets available for sale" already in the first half of the year, on initial entry; Successively, on 31st October 2008, pursuant to a Board of Directors' resolution, the company took avail of the faculty of the Amendment to the international accounting standard IAS 39, approved by the European Commission Regulation n° 1004/2008. The financial instruments for trading were then reclassified as financial instruments available for sale when the conditions of the said Amendment were met (see also IFRS 7, paragraph 12A letter c) and when the Institute opted for the said faculty.

In particular, the securities held for trading (HFT) reclassified as available for sale (AFS) on the basis of the aforesaid faculty, were all bonds (in accordance with the provisions of reference) amounting to a nominal value of Euro 247,104 thousand, and securities of the Republic of Italy for a nominal value of Euro 9,404 thousand, while the remaining part was composed of CCT with various maturity dates. The reclassification of the equity and the consequent economic effects took the values at 12th September 2008, pursuant to the faculty foreseen by the international accounting standard IAS 39 subsequent to the aforesaid Amendment. The table in Section 4 - Financial assets available for sale - gives details of the securities reclassified and the fair values on the reclassification date.

For full information, it is mentioned that the debt securities under letter A point 1.2 also included CCT for a nominal value of Euro 10,000 thousand (IT0004321813) and CCT for a nominal value of Euro 4,500 thousand (IT0003438212) given in guarantee to Lehman Brothers International Europe, a company subject to judicial administration in the United Kingdom, for operations in listed financial derivatives (futures). The said securities, in as much as deposited as security, will be repaid by the organs appointed to manage the bankruptcy procedures involving the companies of the Lehman Brothers Group. It is pointed out that since 22nd September 2008, the operations carried out previously with Lehman Brothers International Europe were transferred to Banca IMI.

There is also a Lehman Zero Coupon bond in the portfolio, maturing on 08/06/2010, issued by the Dutch company Lehman Treasury Co. BV (at present subject to bankruptcy procedure) and guaranteed by Lehman Brothers Holding Inc., for a nominal value of Euro 3,200 thousand. The instrument is subject to a devaluation of 70%, according to the recovery forecasts for the credit positions with the Lehman Brothers. Furthermore, in order to define the Institute's credit position, the bankrupt issuer is being served the so-called Notice of Acceleration (declaration of lapse of the benefit of term), which will involve, pursuant to the regulations, the consequent early maturity of the security with a request for the payment of the sum otherwise due at the natural maturity date.

The amount under letter B point 1.2 refers to derivative contracts linked to the use of the fair value option, connected to debenture bonds issued by the Bank and structured loans held in the portfolio on the balance sheet date. The equity items covered are classified in the financial assets/liabilities carried at fair value.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN ACCORDING TO DEBTORS/ISSUERS

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A Cash assets		
1. Debt securities	182,374	547,172
a) Governments and Central Banks	172,247	536,904
b) Other government agencies	28	220
c) Banks	7,802	6,735
d) Other issuers	2,297	3,313
2. Equity securities	196	2,084
a) Banks	2	3
b) Other issuers:	194	2,081
- insurance companies	13	7
- financial companies	12	20
- non-financial companies	169	2,054
- other	-	-
3. UCITS units	2,189	52,616
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
6. Assets transferred but not derecognized	14,628	486,610
a) Governments and Central Banks	14,628	486,610
b) Other government agencies	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	199,387	1,088,482
B. Derivatives		
a) Banks	390,054	286,477
b) Customers	25,655	32,351
Total B	415,709	318,828
Total (A+B)	615,096	1,407,310

The financial assets have been divided according to the economic compartment of the debtors or issuers (for securities), pursuant to the classification criteria indicated by the Bank of Italy.

The UCITS units at the date of these financial statements are open-end share funds.

2.3 FINANCIAL ASSETS HELD FOR TRADING: DERIVATIVE INSTRUMENTS

TYPE OF DERIVATIVES/ UNDERLYING ASSETS	INTEREST RATES	CURRENCY AND GOLD	EQUITY SECURITIES	LOANS	OTHER	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A) Listed derivatives							
1. Financial derivatives:	270	-	8	-	-	278	576
• <i>With principal exchange</i>	270	-	-	-	-	270	180
- Options bought	-	-	-	-	-	-	-
- Other derivatives	270	-	-	-	-	270	180
• <i>Without principal exchange</i>	-	-	8	-	-	8	396
- Options bought	-	-	-	-	-	-	-
- Other derivatives	-	-	8	-	-	8	396
2. Credit derivatives:	-	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-	-
Total A	270	-	8	-	-	278	576
B) Unlisted derivatives							
1. Financial derivatives:	342,650	52,601	16,908	-	3,136	415,295	318,179
• <i>With principal exchange</i>	3,066	52,601	1,032	-	-	56,699	32,179
- Options bought	3,066	51	1,032	-	-	4,149	6,659
- Other derivatives	-	52,550	-	-	-	52,550	25,520
• <i>Without principal exchange</i>	339,584	-	15,876	-	3,136	358,596	286,000
- Options bought	12,942	-	15,876	-	-	28,818	63,128
- Other derivatives	326,642	-	-	-	3,136	329,778	222,872
2. Credit derivatives:	-	-	-	136	-	136	73
• <i>With principal exchange</i>	-	-	-	136	-	136	73
• <i>Without principal exchange</i>	-	-	-	-	-	-	-
Total B	342,650	52,601	16,908	136	3,136	415,431	318,252
Total (A+B)	342,920	52,601	16,916	136	3,136	415,709	318,828

2.4 FINANCIAL ASSETS HELD FOR TRADING, OTHER THAN THOSE TRANSFERRED AND NOT DERECOGNIZED AND IMPAIRED FINANCIAL ASSETS: ANNUAL VARIATION

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2008
A. Opening balances	547,172	2,084	52,616	-	601,872
B. Increases	35,817,198	70,879	986	-	35,889,063
B1. Purchases	35,801,923	70,670	986	-	35,873,579
B2. Increases in fair value	250	58	-	-	308
B3. Other changes	15,025	151	-	-	15,176
C. Decreases	36,181,996	72,767	51,413	-	36,306,176
C1. Sales	35,904,186	72,399	33,007	-	36,009,592
C2. Redemptions	-	-	-	-	-
C3. Decreases in fair value	9,556	120	15,486	-	25,162
C4. Other changes	268,254	248	2,920	-	271,422
D. Closing balances	182,374	196	2,189	-	184,759

The decreases in "other variations" include the counter values of the securities reclassified as available for sale, for Euro 247,550 thousand.

SECTION 3 - FINANCIAL ASSETS CARRIED AT FAIR VALUE - ITEM 30

This item includes the financial assets carried at fair value with the valuation results entered in the income statement, on the basis of the faculty recognised to companies (fair value option) pursuant to IAS 39. Debt instruments with incorporated derivatives are classified in this category.

3.1 FINANCIAL ASSETS CARRIED AT FAIR VALUE: BREAKDOWN BY TYPE

ITEMS/AMOUNTS	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	LISTED	UNLISTED	LISTED	UNLISTED
1. Debt securities	-	29,479	-	30,050
1.1 Structured securities	-	29,479	-	30,050
1.2 Other debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
4.1 Structured	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets transferred but not derecognized	-	-	-	-
Total	-	29,479	-	30,050
Cost	-	28,298	-	27,844

The amounts indicated as "cost" refer to the purchase cost of the closing balances of the financial assets on closure of the period.

The Fair Value option was used for:

- two structured loans in the portfolio hedged by several derivative contracts, in order to avoid accounting mismatching which would otherwise occur by posting such instruments at written down cost and the derivatives at fair value on the income statement, thus creating a natural hedge;
- a structured debenture loan in order to avoid the unbundling of the embedded derivative.

3.2 FINANCIAL ASSETS CARRIED AT FAIR VALUE: BREAKDOWN BY DEBTORS/ISSUERS

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Debt securities	29,479	30,050
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	29,479	30,050
d) Other issuers	-	-
2. Equity securities	-	-
a) Banks	-	-
d) Other issuers:	-	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- other	-	-
3. UCITS units	-	-
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
6. Assets transferred but not derecognized	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
Total	29,479	30,050

The financial assets have been divided according to economic compartment of the debtors or issuers (for securities), pursuant to the classification criteria indicated by the Bank of Italy.

3.3 FINANCIAL ASSETS CARRIED AT FAIR VALUE OTHER THAN THOSE TRANSFERRED AND NOT DERECOGNIZED: ANNUAL VARIATION

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2008
A. Opening balances	30,050	-	-	-	30,050
B. Increases	488	-	-	-	488
B1. Purchases	-	-	-	-	-
B2. Increases in fair value	-	-	-	-	-
B3. Other changes	488	-	-	-	488
C. Decreases	1,059	-	-	-	1,059
C1. Sales	-	-	-	-	-
C2. Redemptions	-	-	-	-	-
C3. Decreases in fair value	1,059	-	-	-	1,059
C4. Other changes	-	-	-	-	-
D. Closing balances	29,479	-	-	-	29,479

SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

This item lists all the financial assets (debt securities, capital securities ...) classified in the "available for sale" portfolio. The capital securities are mainly equity investments which are no longer classified as such pursuant to the international accounting standards; the UCITS units are those of the Securfondo and Melograno real estate trusts.

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN BY TYPE

ITEMS/AMOUNTS	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	LISTED	UNLISTED	LISTED	UNLISTED
1. Debt securities	629,964	72,542	54,975	70,746
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	629,964	72,542	54,975	70,746
2. Equity securities	610	21,344	897	14,608
2.1 Carried at fair value	610	18,174	897	12,886
2.2 Carried at cost	-	3,170	-	1,722
3. UCITS units	56,163	16,639	57,945	16,206
4. Loans	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets transferred but not derecognized	6,603	-	-	-
Total	693,340	110,525	113,817	101,560

The considerable increase in amounts at the end of the year is a consequence of the Institute's decisions regarding the classification of the financial securities, according to the particular market conditions. Furthermore, as already mentioned at the foot of table 2.1, the Institute reclassified certain assets HFT as AFS in application of the faculty foreseen by IAS 39 as amended

in 2008. The reclassified assets are listed in the table below where, as requested by IFRS 7, paragraph 12A letters a, b and f, the exchange values at the date of the reclassification and the book values at the end of the year are given, as well as the internal interest rate and the indexation parameters of the coupons maturing after the reclassification date:

ISIN CODE	DESCRIPTION OF SECURITY	NOMINAL VALUE	FAIR VALUE AT 12/9/2008	FAIR VALUE AT 31/12/2008	INTERNAL INTEREST RATE	FUTURE EXPECTED FLOWS
IT0003993158	CCT 1.11.2012	64,000	64,563	62,454	4.574	BOT 6 months + 0.15
IT0004224041	CCT 01.03.14	71,000	70,426	68,210	4.723	BOT 6 months + 0.15
IT0004321813	CCT 01.12.14	70,000	70,213	66,029	4.625	BOT 6 months + 0.15
IT0003658009	CCT 01.05.11	5,000	5,061	5,002	4.490	BOT 6 months + 0.15
XS0247770224	ITALY 22.3.2018	9,404	9,356	8,386	5.624	The lower of either (2.25 x European inflation rate) and (Euribor 6 months + 0.60)
IT0003858856	CCT 01.03.12	4,700	4,684	4,670	4.806	BOT 6 months + 0.15
IT0003746366	CCT 01.11.11	23,000	23,247	22,800	4.516	BOT 6 months + 0.15
Total		247,104	247,550	237,551		

4.2 FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN BY DEBTORS/ISSUERS

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Debt securities	702,506	125,721
a) Governments and Central Banks	702,506	125,721
b) Other government agencies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity securities	21,954	15,505
a) Banks	-	-
b) Other issuers:	21,954	15,505
- insurance companies	-	620
- financial companies	1,199	1,484
- non-financial companies	20,755	13,401
- other	-	-
3. UCITS units	72,802	74,151
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
6. Assets transferred but not derecognized	6,603	-
a) Governments and Central Banks	6,603	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
Total	803,865	215,377

The financial assets have been divided according to economic compartment of the debtors or issuers (for securities), pursuant to the classification criteria indicated by the Bank of Italy.

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE: HEDGED ASSETS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

4.4 FINANCIAL ASSETS AVAILABLE FOR SALE: ASSETS WITH SPECIFIC HEDGING

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

4.5 FINANCIAL ASSETS AVAILABLE FOR SALE, OTHER THAN THOSE TRANSFERRED AND NOT DERECOGNIZED AND THOSE IMPAIRED: ANNUAL VARIATION

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2008
A. Opening balances	125,721	15,505	74,151	-	215,377
B. Increases	646,518	11,891	2,041	-	660,450
B1. Purchases	390,338	11,814	1,607	-	403,759
B2. Increases in fair value	-	77	434	-	511
B3. Writebacks	-	-	-	-	-
- booked to the income statement	-	x	-	-	-
- booked to shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	247,550	-	-	-	247,550
B5. Other changes	8,630	-	-	-	8,630
C. Decreases	69,733	5,442	3,390	-	78,565
C1. Sales	28,023	4,317	44	-	32,384
C2. Redemptions	-	-	-	-	-
C3. Decreases in fair value	38,510	1,125	3,345	-	42,980
C4. Depreciation for impairment	-	-	-	-	-
- booked to the income statement	-	-	-	-	-
- booked to shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	-	-	-	-
C6. Other changes	3,200	-	1	-	3,201
D. Closing balances	702,506	21,954	72,802	-	797,262

The main changes regard:

- debt securities: net purchases of listed and unlisted government bonds for Euro 390,388 thousand; the transfer of listed and unlisted securities for a counter value of Euro 247,550 thousand from the HFT assets portfolio.
- equity securities: during the period, the merger by incorporation of CIM Italia S.p.A. into Key-Client S.p.A. was concluded; the consequent values were calculated on the basis of the assessments/surveys drawn up pursuant to law for the determination of the share swap ratios.

It is also mentioned that for the above extraordinary operations, concluded within closure of the period, in virtue of the ruling of IAS 39, paragraphs 26 and 35b, and also pursuant to the indications in the Guidance on Implementation of IAS 39, paragraph 3.1, the cancellation of the CIM Italia S.p.A. securities was considered a condition for entering on the income statement the result calculated according to the difference between the book value and the value of the equity on the basis of the aforesaid swap ratios.

The said operation had economic effects determining the cancellation of the securities:

*Merger of CIM Italia SpA into Key - Client S.p.A.
Euro 2,130 thousand*

With regard to the interest held in the London Stock Exchange Group, on the basis of market assessments and the deterioration of the economic-equity indices of the

company, an impairment of Euro 639 thousand was registered on the income statement, pursuant to IAS 39. In particular, the Institute checked the conditions for impairment of the security in question, in view of the significant and prolonged reduction of the value of the security expressed by the market. In order to recognise conditions for impairment, the Institute interpreted the attributes of significant reduction due to a contraction of the initial book value as 30% more than the value itself; while the attribute of the prolonged reduction of the value was recognised in a constant reduction of the value over a term of one year. Both conditions (in themselves relevant for an impairment analyses also individually) showed objective evidence of impairment which, in this specific case, was not denied, as already mentioned, by the simultaneous analysis of the economic-equity indices of the company, thus leading to the writedown in question entered on the income statement of the period.

SECTION 5 - FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

At the relevant date of the financial statements, there were no financial assets in this category.

SECTION 6 - DUE FROM BANKS - ITEM 60

This item includes unlisted financial assets due from banks (current accounts, unrestricted and time deposits, guarantee deposits, debt securities ...) classified in the receivables portfolio pursuant to IAS 39.

6.1 DUE FROM BANKS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Receivable from central banks	438,207	242,196
1. Time deposits	-	-
2. Obligatory reserve	438,207	242,196
3. Repurchase agreements receivable	-	-
4. Others	-	-
B. Receivable from Banks	6,091,055	6,872,647
1. Current accounts and unrestricted deposits	1,143,430	1,007,788
2. Time deposits	3,519,598	4,615,415
3. Other loans:	1,032,846	886,185
3.1 Repurchase agreements receivable	102,828	55,790
3.2 Financial lease	-	-
3.3 Other	930,018	830,395
4. Debt securities	372,237	359,237
4.1 Structured securities	28,983	-
4.2 Other debt securities	343,254	359,237
5. Impaired assets	13,132	-
6. Assets transferred but not derecognized	9,812	4,022
Total (book value)	6,529,262	7,114,843
Total (fair value)	6,609,193	7,157,842

The sub-item “obligatory reserve” includes the reserve managed on behalf of the BCC/CRA.

The sub-item “current accounts and unrestricted deposits” includes the deposit relative to the available funds of the Fondo Centrale di Garanzia provision, for Euro 2,355 thousand.

Receivables from banks are entered net of value adjustments for devaluation.

Impaired assets regard two Iceland banks, , Kaupthing Bank hf. and Landsbanki Island hf., and refer to a deposit account and a current account.

The current account was transferred to the New Landsbanki Island hf. in January 2009, while the deposit account, of which Euro 14,620 thousand had already expired and Euro 3,93 thousand expires in April 2009, was subjected to a prudential devaluation of 40% apart from the discounting back of the foreseen flows (see also Part C - Income statement - Section 8) in line with the expected recovery of the assets.

The fair value was obtained by present value calculation techniques - discounted cash flow analysis.

6.2 DUE FROM BANKS: ASSETS WITH SPECIFIC HEDGING

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Receivables with specific hedging of fair value:	762,178	-
a) interest rate risk	762,178	-
b) exchange risk	-	-
c) credit risk	-	-
d) other risks	-	-
2. Receivables with specific hedging of cash flows:	-	-
a) interest rate risk	-	-
b) exchange risk	-	-
c) other:	-	-
Total	762,178	-

This item is composed of interbank deposits at fixed rate hedged, during 2008, by Overnight Indexed Swap (OIS) derivatives and Interest Rate Swaps (IRS) (see section 6.2 of the Liabilities).

Furthermore, in 2008, because of the default of the Lehman Brothers Group, on 12th September, a hedging agreement with Lehman Brothers Special Financing Inc., on a debt security of a BCC, placed in the L&R category, was interrupted, The effects of the discontinuing are given in Part C - Income statement - Sections 4 and 5.

6.3 FINANCIAL LEASE

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 7 - CUSTOMER LOANS - ITEM 70

This item includes financial instruments, including unlisted debt securities due from customers, which IAS 39 classifies as "loans and receivables".

7.1 CUSTOMER LOANS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Current accounts	186,023	133,799
2. Repurchase agreements receivable	-	8,622
3. Mortgage loans	412,552	356,157
4. Credit cards, personal loans and salary-backed loans	-	-
5. Financial lease	-	-
6. Factoring	-	-
7. Other transactions	87,412	46,097
8. Debt securities	79,399	42,161
8.1 Structured securities	-	-
8.2 Other debt securities	79,399	42,161
9. Impaired assets	27,251	19,963
10. Assets transferred but not derecognized	-	-
Total (book value)	792,637	606,799
Total (fair value)	823,460	630,570

Receivables from customers are entered net of value adjustments for devaluation.

The fair value was obtained by present value calculation techniques - discounted cash flow analysis.

In 2008, and specifically on 15/09/2008, the American company Lehman Brothers Holding Inc. was subjected to the procedure of Chapter 11 (Reorganisation); the company Lehman Brothers Special Financing Inc., with which the Institute had some derivative contracts, was also involved in the procedure. On the basis of the procedures foreseen by the ISDA M.A. contracts which disciplined the derivative agreements between the Institute and the Lehman Brothers Special Financing Inc. on 26/09/2008 the Bank proceeded with the so-called Early Termination: the result of this procedure was our credit position for Euro 7,783 thousand, corresponding to the net balance of the assets and liabilities in derivatives compensated pursuant to the ISDA M.A. provision of reference. Subsequent to the authorisation of the Board of Directors pursuant to its resolution of 20/11/2008, the said position was registered as a bad debt and 70% of the credit was written off. At present, a document is being prepared for access to the bankruptcy procedure in the United States against the counterpart Lehman Brothers Special Financing Inc. and of the guarantor - Credit Support Provider - Lehman Brothers Holding Inc., in order to lodge a claim the said amount.

7.2 CUSTOMER LOANS: BREAKDOWN ACCORDING TO DEBTORS/ISSUERS

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Debt securities:	79,399	42,161
a) Governments	-	-
b) Other government agencies	-	-
c) Other issuers:	79,399	42,161
- non-financial companies	-	-
- financial companies	79,399	42,161
- insurance companies	-	-
- other	-	-
2. Loans to:	685,987	544,675
a) Governments	-	-
b) Other government agencies	4,745	6,431
c) Other subjects	681,242	538,244
- non-financial companies	373,310	224,860
- financial companies	166,242	168,188
- insurance companies	784	73
- other	140,906	145,123
3. Impaired assets:	27,251	19,963
a) Governments	-	-
b) Other government agencies	-	-
c) Other subjects	27,251	19,963
- non-financial companies	18,372	14,254
- financial companies	2,839	626
- insurance companies	-	-
- other	6,040	5,083
4. Assets transferred but not derecognized:	-	-
a) Governments	-	-
b) Other government agencies	-	-
c) Other subjects	-	-
- non-financial companies	-	-
- financial companies	-	-
- insurance companies	-	-
- other	-	-
Total	792,637	606,799

The financial assets have been divided according to economic compartment of the debtors or issuers (for securities), pursuant to the classification criteria indicated by the Bank of Italy.

7.3 CUSTOMER LOANS: ASSETS WITH SPECIFIC HEDGING

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Securities with specific hedging of fair value:	32,721	96,595
a) interest rate risk	32,721	96,595
b) exchange rate risk	-	-
c) credit risk	-	-
d) other risks	-	-
2. Securities with specific hedging of cash flows:	-	-
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other risks	-	-
Total	32,721	96,595

Credit with specific hedging of fair value is entered at cost adjusted for the variation of fair value for the

hedged risk accrued until the end of the financial year. The amount, in particular, refers to a fixed rate loan - stipulated with BCC Solutions for Euro 31,111 thousand (the remaining debt at 31st December 2008) - hedged against the interest rate risk.

Because of the Lehman Brothers' default, the Bank also closed a hedging operation for a fixed rate loan granted to the Parent Company, involving an Interest Rate Swap (IRS) derivatives contract with Lehman Brothers Special Financing Inc. The hedging operation was closed with value date 12th September 2008, which was the last working day before the default was communicated to the market and the consequent admission to the procedure of Chapter 11 pursuant to United States law. The variation in fair value matured on the item covered until the date of the interruption of the hedging operation was capitalised and will be completely amortised, recalculating the internal interest rate according to the amortised cost method, within the maturity date of the item itself. The economic effects of the discontinuing are given in Part C of the Notes to the Accounts - Sections 4 and 5.

7.4 FINANCIAL LEASE

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 8 - HEDGING DERIVATIVES - ITEM 80

This item include financial derivatives for hedging, which at the closure of the period presented a positive fair value.

8.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF CONTRACT AND UNDERLYING ASSETS

TYPE OF DERIVATIVES/UNDERLYING ASSETS	INTEREST RATES	CURRENCIES AND GOLD	EQUITY SECURITIES	LOANS	OTHER	TOTAL AT 31/12/2008
A) Listed derivatives						
1. Financial derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted derivatives						
1. Financial derivatives:	588	-	-	-	-	588
• <i>With principal exchange</i>	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
• <i>Without principal exchange</i>	588	-	-	-	-	588
- Options issued	-	-	-	-	-	-
- Other derivatives	588	-	-	-	-	588
2. Credit derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
Total B	588	-	-	-	-	588
Total (A+B) at 31/12/2008	588	-	-	-	-	588
Total (A+B) at 31/12/2007	3,876	-	-	-	-	3,876

These amounts refer to financial derivatives (Interest Rate Swaps) with the purpose of covering risks of variations in the current value, due to the volatility of interest rates, of financial instruments in the “financial payables” portfolio, as detailed in the following table.

8.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS HEDGED AND TYPE OF HEDGING

TRANSACTIONS/TYPE OF HEDGING	FAIR VALUE					CASH FLOWS		
	SPECIFIC					GENERIC	SPECIFIC	GENERIC
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	OTHER RISKS			
1. Financial assets available for sale	-	-	-	-	-	X	-	X
2. Loans	-	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
5. Foreign investments	X	X	X	X	X	X	-	X
Total assets at 31/12/2008	-	-	-	-	-	-	-	-
1. Financial liabilities	588	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities at 31/12/2008	588	-	-	-	-	-	-	-
1. Expected transactions	X	X	X	X	X	X	-	-

The “financial liabilities” hedged by the “interest rate” refer to bonds issued by the Bank and entered under item 30 of the liabilities “Securities in circulation”, as specified in table 3.3 of the liabilities.

SECTION 9 - VALUE ADJUSTMENTS OF FINANCIAL ASSETS WITH GENERIC HEDGING - ITEM 90

At the relevant date of the financial statements, there were no financial assets in this category.

SECTION 10 - EQUITY INVESTMENTS - ITEM 100

10.1 EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE: INFORMATION ON THE INVESTMENTS

COMPANY	HEAD OFFICE	% OF EQUITY HELD	% OF VOTES HELD
A. Wholly - owned subsidiaries			
1. Credico Finance s.r.l.	Rome	92.00	92.00
2. Bcc Securis s.r.l.	Rome	90.00	90.00
B. Joint venture			
	-	-	-
C. Companies subject to significant influence			
1. Hi-Mtf S.p.A.	Milan	20.00	20.00

The equity held in the company Hi-MTF S.p.A. has decreased in the year from 25% to 20%.

10.2 EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE: ACCOUNTING INFORMATION

	TOTAL ASSETS	TOTAL REVENUE	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	BOOK VALUE	FAIR VALUE
A. Wholly - owned subsidiaries						
Credico Finance s.r.l.	74	78	1	57	48	X
Bcc Securis s.r.l.	35	69	-	11	9	X
B. Joint venture						
	-	-	-	-	-	
C. Companies subject to significant influence						
Hi-MTF S.p.A.	4,182	1,298	(554)	3,846	1,000	X
Total at 31/12/2008	4,291	1,445	(553)	3,914	1,057	-

The data are those of the financial statement at 31st December 2008.

The Bank, making use of the faculty foreseen by IAS/IFRS 27, 10 par. d), does not prepare consolidated financial statements since this is drawn up by the parent company Iccrea Holding for public use in compliance with the International Financial Reporting Standards

10.3 EQUITY INVESTMENTS: ANNUAL VARIATION

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Opening balances	1,533	742
B. Increases	-	1,000
B.1 Purchases	-	1,000
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	476	209
C.1 Sales	384	-
C.2 Writedowns	92	209
C.3 Other changes	-	-
D. Closing balances	1,057	1,533
E. Total revaluations	-	-
F. Total adjustments	-	-

During the year, the stake in Prominvestment S.p.A. was sold.

10.4 COMMITMENTS RELATING TO EQUITY INVESTMENTS IN SUBSIDIARIES

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

10.5 COMMITMENTS RELATING TO EQUITY INVESTMENT IN JOINT VENTURE

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

10.6 COMMITMENTS RELATING EQUITY INVESTMENTS IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 11 - TANGIBLE ASSETS - ITEM 110

This item includes tangible assets used in the business (property, furniture, plant, machinery and other objects).

11.1 TANGIBLE ASSETS: BREAKDOWN OF ASSETS CARRIED AT COST

ASSETS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Assets used in operations		
1.1 company owned	20,042	21,869
a) land	-	-
b) buildings	13,918	14,434
c) furniture	529	578
d) electronic systems	4,772	5,718
e) other	823	1,139
1.2 acquired under leasing	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
Total A	20,042	21,869
B. Assets held as investments		
2.1 company owned	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
2.2 acquired under leasing	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
Total B	-	-
Total (A+B)	20,042	21,869

11.2 TANGIBLE ASSETS: BREAKDOWN OF ASSETS CARRIED AT FAIR VALUE OR REVALUED

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

11.3 TANGIBLE ASSETS USED IN OPERATIONS: ANNUAL VARIATION

	LAND	BUILDINGS	FURNITURE	ELECTRONIC SYSTEMS	OTHER	TOTAL AT 31/12/2008
A. Gross opening balances	-	14,434	578	5,718	1,139	21,869
A.1 Total net write downs	-	-	-	-	-	-
A.2 Net opening balances	-	14,434	578	5,718	1,139	21,869
B. Increases:	-	-	55	1,391	215	1,661
B.1 Purchases	-	-	55	1,391	215	1,661
B.2 Expenses for capitalised improvements	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Positive changes in fair value, recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Reclassification from fixed assets held as investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	-	516	104	2,337	531	3,488
C.1 Sales	-	-	2	-	4	6
C.2 Depreciation	-	516	102	2,337	527	3,482
C.3 writedowns recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value, recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) tangible assets held for investment	-	-	-	-	-	-
b) assets in the process of being sold off	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balances	-	13,918	529	4,772	823	20,042
D.1 total net write downs	-	-	-	-	-	-
D.2 Gross closing balances	-	13,918	529	4,772	823	20,042
E. Valuation at cost	-	13,918	529	4,772	823	20,042

11.4 TANGIBLE ASSETS HELD FOR INVESTMENTS: ANNUAL VARIATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

11.5 COMMITMENTS FOR THE PURCHASE OF TANGIBLE ASSETS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 12 - INTANGIBLE ASSETS - ITEM 120

This item includes the intangible assets referred to in IAS 38, which are all valued at cost.

12.1 INTANGIBLE ASSETS: BREAKDOWN ACCORDING TO CATEGORY OF BUSINESS

ASSETS/AMOUNTS	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	LIMITED DURATION	UNLIMITED DURATION	LIMITED DURATION	UNLIMITED DURATION
A.1 Goodwill	X	-	X	-
A.2 Other intangible assets	2,967	-	3,553	-
A.2.1 Assets carried at cost:	2,967	-	3,553	-
a) Intangible assets generated in house	-	-	-	-
B) Other assets	2,967	-	3,553	-
A.2.2 Assets carried at fair value:	-	-	-	-
a) Intangible assets generated in house	-	-	-	-
B) Other assets	-	-	-	-
Total	2,967	-	3,553	-

In accordance with IAS 38, software is classified entirely under intangible assets with a limited life; the relative amortisation is calculated at constant rates over a three year period.

12.2 INTANGIBLE ASSETS: ANNUAL VARIATION

	GOODWILL	OTHER INTANGIBLE ASSETS: GENERATED IN HOUSE		OTHER INTANGIBLE ASSETS: OTHER		TOTAL AT 31/12/2008
		LIM.	UNLIM.	LIM.	UNLIM.	
A. Opening balances	-	-	-	3,553	-	3,553
A.1 Total net writedowns	-	-	-	-	-	-
A.2 Net opening balances	-	-	-	3,553	-	3,553
B. Increases	-	-	-	1,747	-	1,747
B.1 Purchases	-	-	-	1,747	-	1,747
B.2 Increases in in-house generated intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Positive changes in fair value recognised in:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	-	-	-	2,333	-	2,333
C.1 Sales	-	-	-	-	-	-
C.2 Writedowns		-	-	2,333	-	2,333
- Depreciation	X	-	-	2,333	-	2,333
- Write downs recognised in:		-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Negative changes in fair value recognised in:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Reclassification to non-current assets in the process of being sold off	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balances	-	-	-	2,967	-	2,967
D.1 total net write downs	-	-	-	-	-	-
E. Gross closing balances	-	-	-	2,967	-	2,967
F. Evaluation at cost	-	-	-	2,967	-	2,967

12.3 OTHER INFORMATION

Pursuant to IAS 38, paragraphs 122 and 124, the following is stated:

- there are no revalued intangible assets; subsequently, there were no impediments to the distribution of capital gains to shareholders relating to revalued intangible assets (IAS 38, paragraph 124, letter b);
- there are no intangible assets purchased through government concessions (IAS 38, paragraph 122, letter c);
- there are no intangible assets used as collateral for debt (IAS 38, paragraph 122, letter d);
- there are no intangible assets on lease.

SECTION 13 - TAX ASSETS AND LIABILITIES - ITEM 130 OF THE ASSETS AND ITEM 80 OF THE LIABILITIES

This item includes tax assets (current and deferred) and tax liabilities (current and deferred) recorded respectively under item 130 of assets and item 80 of liabilities.

13.1 PREPAID TAX ASSETS: BREAKDOWN

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Receivables (including securitisations)	4,920	1,143
Other financial instruments	15,168	5,266
Goodwill	84	144
Tangible fixed assets	46	32
Provisions for risks and charges	1,183	1,122
Agency costs	22	35
Personnel costs	135	1,515
Total	21,558	9,257

13.2 DEFERRED TAXES LIABILITIES: BREAKDOWN

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Capitals gains to be spread over several periods	2,071	2,928
Goodwill	-	-
Intangible fixed assets	-	-
Financial instruments	3,105	13,846
Personnel costs	-	680
Other	163	1,420
Total	5,339	18,874

Current tax assets for Corporate Income Tax which are subject to the tax consolidation regime have been reclassified under "Other assets" and "Other liabilities" in sub-item "Receivables/Payables due to Parent company for tax consolidation".

DEFERRED TAXES NOT ENTERED

The extent and variation of temporary taxable differences (and the relative components) for which the conditions for entering deferred tax liabilities were not met, given that they are characterised by the unlikelihood of liquidation:

- have not been recorded, in the case of deferred taxes payable on the revaluation reserve, established in 2003 pursuant to Law n. 342 of 22/11/2000, on which substitution taxes (Euro 11,227 thousand) have already been paid. Since the distribution of the said reserve to shareholders has not been contemplated, the relative deferred taxes, of approximately Euro 11.4 million, have not been allocated.

13.3 CHANGES IN PREPAID TAXES (OFFSET ON THE INCOME STATEMENT)

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Opening balance	9,257	10,839
2. Increases	4,090	2,987
2.1 Prepaid taxes arising in the year	4,090	2,987
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) writebacks	-	-
d) other	4,090	2,987
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	5,341	4,569
3.1 Prepaid taxes cancelled in the period	5,327	2,826
a) reversal	5,327	2,826
b) write offs for uncollectability	-	-
c) due to changes in accounting standards	-	-
3.2 Reductions in tax rates	14	1,743
3.3 Other decreases	-	-
4. Closing balance	8,006	9,257

13.4 CHANGES IN DEFERRED TAXES (OFFSET ON THE INCOME STATEMENT)

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Opening balance	17,187	16,167
2. Increases	127	7,958
2.1 Deferred taxes arising in the year	127	7,958
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	127	7,958
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	12,801	6,938
3.1 Deferred taxes cancelled in the period	12,764	3,794
a) reversal	12,764	3,794
b) due to change in accounting standards		
c) other	-	-
3.2 Reductions in tax rates	37	3,144
3.3 Other decreases	-	-
4. Closing balance	4,513	17,187

Art. 1, clause 48, of Law 244/2008 (the 2008 Budget) foresees the possibility of recovering taxation relative to excess deductions in preceding years pursuant to the suppressed EC Box existing at 31/1/2007. This correction allows for taking advantage of a substitute tax in lieu of the normal rate: the Institute has taken avail of this faculty obtaining a positive economic effect of about Euro 960 thousand.

Furthermore, entry into force of Decree Law 185 of 29/11/2008 foresees the possibility of realignment of the tax values to the civil law values subsequent to the adoption of the international accounting standards IAS/IFRS. Realignment allows for the application of a substitute tax in lieu of the ordinary rates: the Institute has taken avail of this faculty obtaining a positive economic effect of about Euro 430 thousand.

13.5 CHANGES IN PREPAID TAXES (OFFSET IN THE NET EQUITY)

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Opening balance	-	-
2. Increases	13,552	-
2.1 Deferred taxes arising in the year	13,552	-
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	13,552	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred taxes cancelled in the period	-	-
a) reversal	-	-
b) due to changes in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	13,552	-

13.6 CHANGES IN DEFERRED TAXES (OFFSET IN THE NET EQUITY)

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Opening balance	1,687	82
2. Increases	145	1,682
2.1 Deferred taxes arising in the year	145	1,682
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	145	1,682
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	1,006	77
3.1 Deferred taxes cancelled in the period	1,006	76
a) reversal	1,001	76
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	5	1
3.3 Other decreases	-	-
4. Closing balance	826	1,687

13.7 OTHER INFORMATION

With regard to the Bank's tax position:

- for the financial years 2004, 2005, 2006 and 2007 (for which the terms of assessment have not expired), no formal notice of assessment has yet been served;
- an inspection by the Italian tax police, Regional Tax Police Headquarters of Lazio, in the financial year 2004, was concluded with the drafting of a report on findings, following which no further news and/or information has been requested, nor has any formal notice of assessment been issued; in our opinion, and in that of our consultants, the findings reported do not seem to have grounds from either a legal standpoint or as regards administrative practice; however, in the case of any future notification, the Bank will do its best to counteract any claims by the Revenue Authority;
- at the end of the financial year 2007, the Bank received a demand for the payment of the register tax for the sale of the Corporate branch to Banca Agrileasing. The payment was made in January, and a claim was simultaneously filed with the Provincial Tax Commission of Rome, since in our opinion, and in that of our consultants, there were no grounds for the demand received from the Revenue Authority either from a legal standpoint or according to administrative practice;
- in March 2008, the Institute received from the Provincial Office of Treviso a notice of payment of the mortgage tax on the registration of the current account credit line, transferred with the Corporate branch, carried out by a pool with Centromarca Banca di Credito Cooperativo. In May an appeal was filed before the Provincial Tax Commission of Treviso, since the tax authority's claims, in our opinion and according to our consultants, have no legal or administrative grounds.

SECTION 14 - NON-CURRENT ASSETS AND GROUPS OF ASSETS IN THE PROCESS OF BEING SOLD OFF AND CONNECTED LIABILITIES - ITEM 140 OF THE ASSETS AND ITEM 90 OF THE LIABILITIES.

At the relevant date of the financial statements, there were no financial assets in this category.

SECTION 15 - OTHER ASSETS - ITEM 150

This item includes assets not classifiable as other asset items on the Balance Sheet.

15.1 OTHER ASSETS: BREAKDOWN

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Items being processed	27,119	27,776
Receivables for future premiums	5,287	10,540
Commissions	6,021	7,717
Receivables due from parent company for tax consolidation	9,611	9,509
Other	-	-
Total	48,038	55,542

LIABILITIES

SECTION 1 - DUE TO BANKS - ITEM 10

This item includes payables to banks, of any type whatsoever, other than those entered under items 30, 40 and 50.

1.1 DUE TO BANKS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Due to Central Banks	25,739	30,042
2. Due to banks	6,525,449	7,065,073
2.1 Current accounts and unrestricted deposits	4,185,552	3,930,601
2.2 Time deposits	2,254,601	2,879,590
2.3 Loans	44,807	169,721
2.3.1 Financial leases	-	-
2.3.2 Other	44,807	169,721
2.4 Payables for commitments to repurchase own equity instruments	-	-
2.5 Liabilities for assets sold and not derecognised from the balance sheet	40,489	85,161
2.5.1 Repurchase agreements payable	40,489	85,161
2.5.2 Other	-	-
2.6 Other payables	-	-
Total	6,551,188	7,095,115
Fair value	6,523,693	7,106,519

The fair value was obtained by present value calculation techniques - discounted cash flow analysis.

1.2. BREAKDOWN OF ITEM 10 "PAYABLES TO BANKS": SUBORDINATE PAYABLES

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.3. BREAKDOWN OF ITEM 10 "PAYABLES TO BANKS": STRUCTURED DEBTS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.4 PAYABLES TO BANKS: PAYABLES WITH SPECIFIC HEDGING

the table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.5 PAYABLES FOR LEASE CONTRACTS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 2 - DUE TO CUSTOMERS - ITEM 20

This item includes payables to customers, of any type whatsoever (deposits, current accounts, loans...), other than those entered under items 30, 40 and 50.

2.1 DUE TO CUSTOMERS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Current accounts and unrestricted deposits	707,934	545,079
2. Time deposits	261,073	17,155
3. Deposits received for administration	3,907	4,546
4. Loans	-	-
4.1 Financial Lease	-	-
4.2 Other	-	-
5. Payables for commitments to repurchase own equity instruments	-	-
6. Liabilities for assets sold and not derecognised from the balance sheet	3,964	420,976
6.1 Repurchase agreements payable	3,964	420,976
6.2 Other	-	-
7. Other payables	415,780	410,805
Total	1,392,658	1,398,561
Fair value	1,386,834	1,398,310

The sub-item "other payables" includes banker's cheques issued and not yet presented for payment.

The fair value was obtained by present value calculation techniques - discounted cash flow analysis.

2.2 BREAKDOWN OF ITEM 20 "PAYABLES TO CUSTOMERS": SUBORDINATE PAYABLES

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

2.3 BREAKDOWN OF ITEM 20 "PAYABLES TO CUSTOMERS": STRUCTURED DEBTS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

2.4 PAYABLES TO CUSTOMERS: PAYABLES WITH SPECIFIC HEDGING

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

2.5 PAYABLES FOR LEASE CONTRACTS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 3 - DEBT SECURITIES IN ISSUE - ITEM 30

This item includes securities issued valued at written down cost. The amount is net of the securities bought back.

3.1 DEBT SECURITIES IN ISSUE: BREAKDOWN BY TYPE

TYPE OF INSTRUMENT / AMOUNT	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
A. Listed securities				
1. Bonds	-	-	-	-
1.1 structured	-	-	-	-
1.2 other	-	-	-	-
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other	-	-	-	-
B. Unlisted securities				
1. Bonds	146,168	146,271	123,430	123,280
1.1 structured	-	-	-	-
1.2 other	146,168	146,271	123,430	123,280
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other	-	-	-	-
Total	146,168	146,271	123,430	123,280

This item includes both debenture bonds issued by the Institute hedged against the interest rate risk by derivative contracts, the amount of which has not been adjusted for the variation in the hedged risk matured at the balance sheet date (see successive table 3.3) and bonds issued without hedging and registered at their written down cost.

The fair value of the securities in circulation is calculated by discounting back the future cash flows, using the interest rates swap curve at the date of the balance sheet in question.

3.2 BREAKDOWN OF ITEM 30 "SECURITIES IN CIRCULATION": SUBORDINATED SECURITIES

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

3.3 DEBT SECURITIES IN ISSUE: SECURITIES WITH SPECIFIC HEDGING

	TOTALE AL 31/12/2008	TOTALE AL 31/12/2007
1. Securities with specific hedging of fair value:	96,013	93,302
a) interest rate risk	96,013	93,302
b) exchange rate risk	-	-
c) more than one risk	-	-
2. Securities with specific hedging of cash flows:	-	-
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other risks:	-	-

The amount refers to bonds issued by the Bank and hedged against the interest rate risk by derivative contracts on interest rates.

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

This item includes financial derivative instruments for trading.

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008				TOTAL AT 31/12/2007			
	NV	FV		FV *	NV	FV		FV *
		LISTED	UN-LISTED			LISTED	UN-LISTED	
A. Cash liabilities								
1. Due to banks	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	2,527	2,482	-	2,482
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	X	-	-	-	X
3.1.2 Other bonds	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	-	-	-	-	2,527	2,482	-	2,482
B. Derivatives	X			X	X			X
1. Financial derivatives	-	383	350,482	-	-	387	265,444	-
1.1 for trading	X	383	350,134	X	X	387	261,492	X
1.2 tied to fair value option	X	-	348	X	X	-	3,952	X
1.3 Other	X	-	-	X	X	-	-	X
2. Credit derivatives	-	-	136	-	-	-	3,714	-
2.1 for trading	X	-	136	X	X	-	73	X
2.2 tied to fair value option	X	-	-	X	X	-	3,641	X
2.3 Other	X	-	-	X	X	-	-	X
Total B	X	383	350,618	X	X	387	269,158	X
Total (A+B)	X	383	350,618	X	X	2,869	269,158	X

Key

FV = fair value / FV* = fair value calculated excluding value changes due to variation in issuer's creditworthiness compared to the date of issue. / NV = nominal or notional value / L = Listed / NL = Not listed

The financial liabilities for trading entered under letter B point 2.3 of the table represent the negative value of derivative instruments, to which the fair value option is applicable since administratively connected (natural hedging) to the equity items, pursuant to IAS 39.

4.2 BREAKDOWN OF ITEM 40 "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED DEBT

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

4.3 BREAKDOWN OF ITEM 40 "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED DEBTS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

4.4 FINANCIAL LIABILITIES HELD FOR TRADING: DERIVATIVE INSTRUMENTS

TYPE OF DERIVATIVE/UNDERLYING ASSETS	INTEREST RATES	CURRENCIES AND GOLD	EQUITY SECURITIES	LOANS	OTHER	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A) Listed derivatives							
1. Financial derivatives:	348	-	35	-	-	383	387
• <i>With principal exchange</i>	348	-	19	-	-	367	367
- options issued	-	-	-	-	-	-	-
- other derivatives	348	-	19	-	-	367	367
• <i>Without principal exchange</i>	-	-	16	-	-	16	20
- options issued	-	-	-	-	-	-	-
- other derivatives	-	-	16	-	-	16	20
2. Credit derivatives:	-	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-	-
Total A	348	-	35	-	-	383	387
B) Unlisted derivatives							
1. Financial derivatives:	288,006	40,265	17,635	-	4,576	350,482	265,444
• <i>With principal exchange</i>	2,825	40,265	1,024	-	-	44,114	31,303
- options issued	2,822	-	1,024	-	-	3,846	6,658
- other derivatives	3	40,265	-	-	-	40,268	24,645
• <i>Without principal exchange</i>	285,181	-	16,611	-	4,576	306,368	234,141
- options issued	8,389	-	16,611	-	-	25,000	42,327
- other derivatives	276,792	-	-	-	4,576	281,368	191,814
2. Credit derivatives:	-	-	-	136	-	136	3,714
• <i>With principal exchange</i>	-	-	-	136	-	136	3,714
• <i>Without principal exchange</i>	-	-	-	-	-	-	-
Total B	288,006	40,265	17,635	136	4,576	350,618	269,158
Total (A+B)	288,354	40,265	17,670	136	4,576	351,001	269,545

4.5 FINANCIAL LIABILITIES HELD FOR TRADING IN CASH (EXCLUDING “UNCOVERED SHORT POSITION”): ANNUAL VARIATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 5 - FINANCIAL LIABILITIES CARRIED AT FAIR VALUE - ITEM 50

This item includes the financial liabilities, carried at fair value with the valuation results entered on the Income Statement, pursuant to the faculty recognised to companies (fair value option) by IAS 39.

5.1 FINANCIAL LIABILITIES CARRIED AT FAIR VALUE: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNTS	TOTAL AT 31/12/2008				TOTAL AT 31/12/2007			
	NV	FV		FV *	NV	FV		FV *
		LISTED	UN-LISTED			LISTED	UN-LISTED	
1. Bank payables	-	-	-		-	-	-	
1.1 Structured	-	-	-	X	-	-	-	X
1.2 Other	-	-	-	X	-	-	-	X
2. Due to customers	-	-	-		-	-	-	
2.1 Structured	-	-	-	X	-	-	-	X
2.2 Other	-	-	-	X	-	-	-	X
3. Debt securities	12,608	-	13,441		98,922	-	100,081	
3.1 Structured	-	-	-	X	86,285	-	87,051	X
3.2 Other	12,608	-	13,441	X	12,637	-	13,030	X
Total	12,608	-	13,441		98,922	-	100,081	

Key:

FV = Fair value

FV* = fair value calculated excluding value changes due to variation in issuer's creditworthiness compared to that on issue date

VN= nominal value

5.2 BREAKDOWN OF FINANCIAL LIABILITIES CARRIED AT FAIR VALUE: SUBORDINATED DEBT

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

5.3 FINANCIAL LIABILITIES CARRIED AT FAIR VALUE: ANNUAL VARIATION

	BANK PAYABLES	DUE TO CUSTOMERS	SECURITIES IN CIRCULATION	TOTAL AT 31/12/2008
A. Opening balances	-	-	100,081	100,081
B. Increases	-	-	4,506	4,506
B1. Issues	-	-	-	-
B2. Sales	-	-	-	-
B3. Increases in fair value	-	-	463	463
B4. Other changes	-	-	4,043	4,043
C. Decreases	-	-	91,146	91,146
C1. Purchases	-	-	28	28
C2. Redemptions	-	-	86,285	86,283
C3. Decreases in fair value	-	-	-	-
C4. Other changes	-	-	4,833	4,833
D. Closing balances	-	-	13,441	13,441

The sub-item "redemptions" refers to three structured bonds issued by the Bank which matured during the year, for a nominal value of Euro 86,285 thousand.

SECTION 6 - HEDGING DERIVATIVES - ITEM 60

This item include financial derivatives for hedging, which at the closure of the period presented a negative fair value.

6.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF CONTRACT AND UNDERLYING ASSETS

TYPE OF DERIVATIVE/UNDERLYING ASSETS	INTEREST RATES	CURRENCIES AND GOLD	EQUITY SECURITIES	LOANS	OTHER	TOTAL AT 31/12/2008
A) Listed derivatives						
1. Financial derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted derivatives						
1. Financial derivatives:	16,744	-	-	-	-	16,744
• <i>With principal exchange</i>	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• <i>Without principal exchange</i>	16,744	-	-	-	-	16,744
- options issued	-	-	-	-	-	-
- other derivatives	16,744	-	-	-	-	16,744
2. Credit derivatives:	-	-	-	-	-	-
• <i>With principal exchange</i>	-	-	-	-	-	-
• <i>Without principal exchange</i>	-	-	-	-	-	-
Total B	16,744	-	-	-	-	16,744
Total (A+B) at 31/12/2008	16,744	-	-	-	-	16,744
Total (A+B) at 31/12/2007	2,683	-	-	-	-	2,683

These amounts refer to financial derivatives to cover risks of variations in current value, due to the volatility of interest rates, of financial instruments in the "receivables" and "financial receivables" portfolio, as detailed in the following table.

6.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS AND TYPE OF HEDGING

TRANSACTION/TYPE OF HEDGING	FAIR VALUE					CASH FLOWS		
	SPECIFIC					GENERIC	SPECIFIC	GENERIC
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK			
1. Financial assets available for sale	-	-	-	-	-	X	-	X
2. Loans	16,102	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
5. Foreign investments	X	X	X	X	X	X	-	X
Total assets at 31/12/2008	16,102	-	-	-	-	-	-	-
1. Financial liabilities	642	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities at 31/12/2008	642	-	-	-	-	-	-	-
1. Expected transactions	X	X	X	X	X	X	-	-

The “receivables” hedged against the “interest rate risk” refer to a fixed rate loan stipulated with BCC Solutions hedged by Interest Rate Swap (IRS) derivative contracts and to the designation, during the period, of transactions for hedging fixed rate interbank deposits, implemented by means of Overnight Indexed Swap (OIS) and Interest Rate Swap (IRS) derivative contracts. The “financial liabilities” hedged against the “interest rate” refer to bonds issued by the Bank and entered under item 30 of the liabilities “Securities in circulation”, as specified in table 3.3 of the liabilities.

SECTION 7 - VALUE ADJUSTMENTS OF FINANCIAL LIABILITIES WITH GENERIC HEDGING - ITEM 70

At the relevant date of the financial statements, there were no financial assets in this category.

SECTION 8 - TAX LIABILITIES - ITEM 80

See section 13 of the Assets.

SECTION 9 - LIABILITIES LINKED TO ASSETS IN THE PROCESS OF BEING SOLD OFF - ITEM 90

See section 14 of the Assets.

SECTION 10 - OTHER LIABILITIES - ITEM 100

This item includes liabilities not ascribable to other liability items on the Balance Sheet.

10.1 OTHER LIABILITIES: BREAKDOWN

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Due to national insurance institutions	8,023	7,903
Amounts at the disposal of customers	82,200	76,743
"Fondo centrale di garanzia" provision	2,334	2,290
Items being processed	16,077	19,760
Payables for future premiums	3,918	7,442
Due to parent company for tax consolidation	15,520	11,090
Invoices to be paid not yet received	14,854	15,637
Failed purchasing operations	274	18,719
Total	143,200	159,584

The sums available to the clientele include payables to the counterpart Lehman Brothers Inc. (an American company at present subject to Liquidation) for Euro 2,394 thousand. This payable, resulting from the "Early Termination" procedure foreseen by the ISDA, implemented on 06/10/2008, for currency exchange derivatives, cannot at present be offset by any receivables due from the Lehman Group.

This item includes the "Fondo Centrale di Garanzia Provision" and refers to the remaining available amount of the theoretic equity of the management of the former fund established in 1979 for the purpose of safeguarding the image of the BCC-CRA. After the constitution of the new Guarantee Fund, all time deposits of the participating BCC have been gradually reimbursed. In recent years the "Fondo Centrale di Garanzia" has only provided for the closure of cases previously opened.

The assets and liabilities of this item at 31st December 2008 are the following:

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Assets		
Deposits with banks	2,355	2,465
Total assets	2,355	2,465
Liabilities		
Tax payable	21	175
Payables to "Fondo centrale di garanzia"	2,334	2,290
Total liabilities	2,355	2,465

Management of the fund has no economic effects as regards the Bank's financial statement.

SECTION 11 - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY - ITEM 110

This item refers to the provision for employee severance indemnity, estimating the amount to be paid to each employee, considering when they are likely to leave the company. Valuation is carried out on an actuarial basis considering the future maturity date when the expenditure will effectively be sustained.

11.1 PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY: ANNUAL VARIATION

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Opening balances	15,467	18,573
B. Increases	621	2,512
B.1 Provision for the period	621	945
B.2 Other increases	-	1,567
C. Decreases	716	5,618
C.1 Indemnities paid	716	1,943
C.2 Other decreases	-	3,675
D. Closing balances	15,372	15,467
Total	15,372	15,467

11.2 OTHER INFORMATION

The provision for employee severance indemnity covers the amounts accrued by employees at balance sheet date, in compliance with current legislation, collective labour agreements and specific company agreements. The amount calculated according to article 2120 of the civil code totals Euro 17,900 thousand (Euro 17,940 thousand at 31st December 2007).

The results of the actuarial calculations, carried out by an independent actuary, to determine the liabilities at balance sheet date, are as follows:

- **Demographic factors:** mortality rates for the Italian population were collected, distinguished by age and sex, as recorded by ISTAT in 2000 and reduced by 25 %, and probabilities of ceasing work due to total permanent disability and the probability of leaving the company subsequent to becoming disabled were taken from official disability statistics and those currently in use for insurance practice, distinguished by age and sex; expected employee leaving rate is 2.39 % per year.
- **Financial factors:** the estimates were made on the basis of an interest rate of 3.98%;
- **Economic factors:** an inflation rate of 2 % was presumed, while the annual salary increase rate was estimated at 2.38 % for all categories of employees and only considering seniority of service.

SECTION 12 - PROVISION FOR RISKS AND CHARGES - ITEM 120

This item includes existing bonds, for which the Bank maintains a future expenditure of resources probable, pursuant to IAS 37.

12.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Provisions for retirement benefits	-	-
2. Other provisions for risks and charges	6,944	12,278
2.1 litigation	4,494	4,736
2.2 personnel expenses	2,450	7,542
2.3 other	-	-
Total	6,944	12,278

12.2 PROVISIONS FOR RISKS AND CHARGES: ANNUAL VARIATION

	PROVISIONS FOR RETIREMENT BENEFITS	OTHER PROVISIONS	TOTAL AT 31/12/2008
A. Opening balances	-	12,278	12,278
A.1 litigation	-	4,736	4,736
A.2 personnel expenses	-	7,542	7,542
B. Increases	-	2,900	2,900
B.1 Provision for the year	-	2,785	2,785
B.1.1 litigation	-	960	960
B.1.2 personnel expenses	-	1,825	1,825
B.2 Variations due to the passing of time	-	108	108
B.2.1 litigation	-	108	108
B.2.2 personnel expenses	-	-	-
B.3 Variations due to changes in discount rate	-	7	7
B.3.1 litigation	-	7	7
B.3.2 personnel expenses	-	-	-
B.4 Other increases	-	-	-
B.4.1 litigation	-	-	-
B.4.2 personnel expenses	-	-	-
C. Decreases	-	8,234	8,234
C.1 Use during the period	-	7,655	7,655
C.1.1 litigation	-	738	738
C.1.2 personnel expenses	-	6,917	6,917
C.2 Variations due to changes in discount rate	-	-	-
C.2.1 litigation	-	-	-
C.2.2 personnel expenses	-	-	-
C.3 Other decreases	-	579	579
C.3.1 litigation	-	579	579
C.3.2 personnel expenses	-	-	-
D. Closing balances	-	6,944	6,944
D.1 litigation	-	4,494	4,494
D.2 personnel expenses	-	2,450	2,450

Expenditure for personnel refers mainly to:

- payment in lieu of holidays;
- bonuses and incentives

12.3 COMPANY DEFINED-BENEFIT PENSION FUNDS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.1 DESCRIPTION OF THE FUNDS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.2 CHANGES DURING THE PERIOD

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.3 CHANGES DURING THE PERIOD IN ASSETS AT THE SERVICE OF THE SCHEME AND OTHER INFORMATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.4 RECONCILEMENT BETWEEN CURRENT VALUE OF FUNDS, CURRENT VALUE OF ASSETS SERVING THE PLAN, AND ASSETS AND LIABILITIES BOOKED TO THE BALANCE SHEET

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.5 DESCRIPTION OF MAIN ACTUARIAL ASSUMPTIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.3.6 COMPARATIVE INFORMATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

12.4 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

TYPE	OPENING BALANCES	UTILISATION	PROVISIONS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Provision for revocatory actions	1,946	-	386	2,332	1,946
Reserve for legal action and disputes	2,790	739	111	2,162	2,790
Reserve for future charges	7,542	6,917	1,825	2,450	7,542
Closing balance	12,278	7,656	2,322	6,944	12,278

SECTION 13 - REDEEMABLE SHARES - ITEM 140

13.1 REDEEMABLE SHARES: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 14 - COMPANY SHARE HOLDERS EQUITY - ITEMS 130, 150, 160, 170, 180, 190 AND 200

14.1 COMPANY SHARE HOLDERS EQUITY: BREAKDOWN

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Share capital	216,913	216,913
2. Issuance premiums	-	-
3. Reserves	66,685	58,935
4. (Own shares)	-	-
5. Valuation reserves	24,832	53,910
6. Equity instruments	-	-
7. Profit (Loss) for the year	9,341	25,149
Total	317,771	354,907

The considerable decrease in the valuation reserves is due to the negative reserves generated on securities classified as assets available for sale (AFS).

14.2 "CAPITAL" AND "OWN SHARES": BREAKDOWN

On the date of the balance sheet under examination, the capital was divided into 420,000 ordinary shares with a value of Euro 516.46 each - held by the Parent company Iccrea Holding S.p.A., the Federazione Lombardia of the BCC and by the Head Office of the Casse Rurali Trentine-North East BCC - for a total value of Euro 216,913,200 fully paid-up. On the date of the balance sheet under examination, the Bank did not hold any of its own shares.

14.3 CAPITAL - NUMBER OF SHARES: ANNUAL VARIATION

ITEMS/TYPES	ORDINARY	OTHER
A. Shares at start of the period	420	-
- fully paid up	420	-
- not fully paid up	-	-
A.1 Own shares (-)	-	-
B.2 Shares in circulation: opening balance	420	-
B. Increases	-	-
B.1 New issues	-	-
- against payment:		
- business combination	-	-
- bond conversion	-	-
- warrant exercise	-	-
- other	-	-
- free of charge		
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of own shares	-	-
B.3 Other changes	-	-
C. Decreases	-	-
C.1 Annulled	-	-
C.2 Purchase of own shares	-	-
C.2 Corporate sale transactions	-	-
C.4 Other changes	-	-
D. Shares in circulation: closing balance	420	-
D.1 Own shares (+)	-	-
D.2 Shares at the end of period	420	-
- fully paid up	420	-
- not fully paid up	-	-

14.4 CAPITAL: OTHER INFORMATION

There is no other information, since the capital has remained unchanged over the financial year 2008.

14.5 PROFIT RESERVES: OTHER INFORMATION

Reserves total Euro 66,685 thousand and include: the legal reserve (45,398 thousand), the statutory reserve (205 thousand), the extraordinary reserve (3,861 thousand), a reserve (1,843 thousand) generated subsequent to the sale of the Corporate branch of the company to Banca Agrileasing as well as the effect generated by transition to the international accounting standards (15,378 thousand). In compliance with statutory provisions, at least three tenths of profit must be allocated to the legal reserve; the remaining seven tenths are available for distribution to shareholders, for directors' fees and for charity and advertising expenditure.

DISTRIBUTABILITY, AVAILABILITY AND FORMATION OF CAPITAL RESERVES

In compliance with the provisions of Art. 2427, n.4 and 7-bis of the civil code, composition of the Bank's net equity is shown below, with indication of the source, level of availability, and the possibility of distribution of the various items.

ITEMS	AMOUNT	POSSIBILITY OF USE (*)	AMOUNT AVAILABLE	SUMMARY OF USE IN THE LAST THREE FINANCIAL PERIODS	
				TO COVER LOSSES	FOR OTHER REASONS
Share capital	216,913				
Reserves:					
a) legal reserve	45,398	B	45,398		
b) statutory reserve	205	A - B - C	205		
c) extraordinary reserve	3,861	A - B - C	3,861		
d) other reserves	1,843	A - B - C	1,843		
e) other reserves (<i>first time adoption</i>)	15,378	A - B - C	15,378		
Valuation reserves:					
a) available for sale	(23,033)		(23,033)		
Revaluation law reserves:					
(Law n. 342 of 22/11/2000)	47,866	A - B - C (**)	47,866		
Profit for the year	9,341				
TOTAL	317,771				

(*) A = for increase in capital; B = to cover losses; C = for distribution to shareholders

(**) In the event of use of the reserve to cover losses, allocation of profits cannot take place until the reserve is increased or decreased to its original valued by a corresponding amount. Reduction must be approved by a resolution of the extraordinary shareholders meeting, in compliance with the provisions made by paragraphs 2 and 3 of article 2445 of the Italian Civil Code.

If the reserve is not allocated to the capital, it can be reduced only in compliance with paragraphs 2 and 3 of article 2445 of the Civil Code.

If distributed to shareholders it constitutes taxable income for both the company and shareholders.

14.6 CAPITAL INSTRUMENTS: BREAKDOWN AND ANNUAL VARIATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

14.7 VALUATION RESERVES: BREAKDOWN

ITEM/COMPONENTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Financial assets available for sale	(23,033)	6,045
2. Tangible assets	-	-
3. Intangible assets	-	-
4. Foreign investment hedging	-	-
5. Cash flow hedging	-	-
6. Exchange-rate differences	-	(1)
7. Non-current assets in the process of being sold off	-	-
8. For special laws on revaluation	47,866	47,866
Total	24,833	53,910

14.8 VALUATION RESERVES: ANNUAL VARIATION

	FINANCIAL ASSETAVAILABLE FOR SALE	TANGIBLE ASSETS	INTANGIBLE ASSETS	FOREIGN INVESTMENT HEDGING	CASH FLOW HEDGING	EXCHANGE-RATE DIFFERENCES	NON-CURRENT ASSETS IN THE PROCESS OF BEING SOLD OFF	SPECIAL REVALUATION LAWS
A. Opening balances	6,045	-	-	-	-	(1)	-	47,866
B. Increases	1,344	-	-	-	-	1	-	-
B1. Increases in fair value	366	-	-	-	-	-	-	-
B2. Other changes	978	-	-	-	-	1	-	-
C. Decreases	(30,422)	-	-	-	-	-	-	-
C1. Decreases in fair value	(28,345)	-	-	-	-	-	-	-
C2. Other changes	(2,077)	-	-	-	-	-	-	-
D. Closing balances	(23,033)	-	-	-	-	-	-	47,866

14.9 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN

ASSETS/AMOUNTS	TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	-	26,371	-	280
2. Equity securities	4,494	13	5,642	144
3. UCITS units	1,109	2,252	826	-
4. Loans	-	-	-	-
Total	5,603	28,636	6,468	424

Amounts are stated net of the related tax effects.

The amount of the "Negative reserve" on "Debt securities" is mainly due to CCT.

14.10 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: ANNUAL VARIATION

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS
1. Opening balances	(280)	5,498	826	-
2. Increases	-	1,045	299	-
2.1 Increases in fair value	-	72	293	-
2.2 Switched to Income Statement, negative reserves	-	144	-	-
- from deterioration	-	144	-	-
- from sale	-	-	-	-
2.3 Other changes	-	829	6	-
3. Decreases	(26,091)	(2,062)	(2,268)	-
3,1 Decreases in fair value	(26,064)	(13)	(2,268)	-
3.2 Switched to Income Statement, positive reserves: from disposal	(25)	(2,049)	-	-
3.3 Other changes	(2)	-	-	-
D. Closing balances	(26,371)	4,481	(1,143)	-

OTHER INFORMATION

1. GUARANTEES GRANTED AND COMMITMENTS

TRANSACTIONS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1) Financial guarantees granted	90,673	158,568
a) Banks	82,116	154,998
b) Customers	8,557	3,570
2) Commercial guarantees granted	64,626	55,632
a) Banks	64,040	54,541
b) Customers	586	1,091
3) Irrevocable payment commitments	387,858	609,155
a) Banks	327,702	200,503
i) with certain use	327,402	200,503
ii) with uncertain use	300	-
b) Customers	60,156	408,652
i) with certain use	42,382	403,439
ii) with uncertain use	17,774	5,213
4) Commitments underlying credit derivatives: protection sales	31,760	119,245
5) Assets lodged in guarantee for liabilities of third parties	-	-
6) Other commitments	-	58,534
Total	574,917	1,001,134

The amount of the guarantees granted by the bank is indicated at nominal value net of cash usages and any value adjustments.

Irrevocable commitments to issue funds are indicated on the basis of the commitment assumed net of sums already paid out and of any value adjustments.

Irrevocable commitment to issue funds, the use of which on the part of the applicant is certain and predefined, also include in particular purchases (of repurchase agreements) of securities which are no longer subjected to regulations and deposits and loans to be issued at a later date.

The amount of the "commitments underlying credit derivatives: sales of protection" are posted at notional value net of sums paid out and any value adjustments.

2. ASSETS USED AS COLLATERAL FOR OWN LIABILITIES AND COMMITMENTS

PORTFOLIOS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Financial assets held for trading	96,397	724,662
2. Financial assets carried at fair value	-	-
3. Financial assets available for sale	321,140	-
4. Financial assets held to maturity	-	-
5. Due from banks	9,812	-
6. Customers loans	-	-
7. Tangible assets	-	-

The financial assets held for trading are included in the securities with a nominal value of Euro 14,500 thousand used to guarantee Lehman Brother International Europe (see note: section 2, item 20 of the assets). The items also include sums deposited with the Bank of Italy, and specifically Euro 68,117 thousand to guarantee banker's cheques, Euro 128,068 thousand to guarantee payment of securities and derivatives, Euro 31,042 thousand for repurchase agreements and Euro 200,122 thousand for marginal refinancing operations with the European Central Bank.

3. INFORMATION ON OPERATING LEASES

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

4. MANAGEMENT AND BROKING FOR THIRD PARTIES

This section shows operations carried out by the Bank on behalf of third parties.

TYPE OF SERVICE	TOTAL AT 31/12/2008
1. Financial instrument trading for third parties	15,557,279
a) Purchases	10,915,751
1. paid	10,779,627
2. unpaid	136,124
b) Sales	4,641,528
1. paid	4,592,552
2. unpaid	48,976
2. Asset management	1,659,819
a) individual	1,659,819
b) collective	-
3. Custody and administration of securities	163,809,912
a) third-party securities on deposit: connected to custodian bank operations (excluding asset management)	2,597,586
1. securities issued by the reporting bank	-
2. other securities	2,597,586
b) third-party securities on deposit (excluding asset management): other	79,089,043
1. securities issued by the reporting bank	336,642
2. other securities	78,752,401
c) third-party securities on deposit with third parties	80,570,015
d) own securities deposited with third parties	1,553,268
4. Other transactions	-

The securities deposited with third parties include Euro 2,500 thousand to guarantee the company Lehman Brothers International Europe for futures operations on listed markets and pending return.

PART - C

*Comments on
the Income Statement*



PART C - COMMENTS ON THE INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

This item includes the interests payable and receivable, the relative income and charges connected, respectively, to cash and cash equivalents, financial assets held for trading, financial assets carried at fair value, financial assets available for sale, financial assets held to maturity, receivables (items 10, 20, 30, 40, 50, 60 and 70 of the assets) and payables, securities in circulation, financial liabilities for trading, financial liabilities carried at fair value (items 10, 20, 30, 40 and 50 of the liabilities) and any other interests accrued in the period.

In addition, the interests receivable and payable also include differentials or margins, both positive and negative, accrued until the closing date of the financial statement and matured or closed within the date of reference, relative to derivative contracts for hedging connected with the fair value option.

1.1 INTEREST RECEIVABLE AND SIMILAR INCOME: BREAKDOWN

	ITEMS/TECHNICAL TYPES	PERFORMING FINANCIAL ASSETS		IMPAIRED FINANCIAL ASSETS	OTHER ASSETS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
		DEBT SECURITIES	LOANS				
1.	Financial assets held for trading	20,679	-	-	-	20,679	16,585
2.	Financial assets available for sale	20,773	-	-	-	20,773	2,912
3.	Financial assets held to maturity	-	-	-	-	-	-
4.	Due from banks	18,866	294,033	-	-	312,899	262,695
5.	Customer loans	3,421	28,244	38	1,099	32,802	61,157
6.	Financial assets carried at fair value	560	-	-	4,222	4,782	808
7.	Hedging derivatives	X	X	X	-	-	-
8.	Financial assets transferred but not derecognized	122	-	-	-	122	350
9.	Other assets	X	X	X	-	-	-
	Total	64,421	322,277	38	5,321	392,057	344,506

The sub-item 8 “Financial assets sold and not derecognised”, in the column “Interest bearing financial assets - Debt securities”, contains interests on securities traded in resale operations.

1.2 INTEREST RECEIVABLE AND SIMILAR INCOME: SPREADS RELATED TO HEDGING TRANSACTIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.3 INTEREST RECEIVABLE AND SIMILAR INCOME: OTHER INFORMATION

It is considered unnecessary to add further information than that given in the preceding tables.

1.3.1 INTEREST RECEIVABLE AND SIMILAR INCOME ON FINANCIAL ASSETS IN FOREIGN CURRENCY

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Debt securities	32	31
2. Due from banks	28,748	34,660
3. Due from BCC/CR	2,279	8,034
4. Customer loans	6	-
Total	31,065	42,725

1.3.2 INTEREST RECEIVABLE AND SIMILAR INCOME ON LEASING OPERATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.3.3 INTEREST RECEIVABLE AND SIMILAR INCOME ON LOANS WITH THIRD-PARTY FUNDS UNDER ADMINISTRATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.4 INTEREST PAYABLE AND SIMILAR CHARGES: BREAKDOWN

	ITEMS/TECHNICAL TYPES	PAYABLES	SECURITIES	OTHER	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1.	Due to banks	(291,712)	X	-	(291,712)	(264,675)
2.	Due to customers	(28,316)	X	-	(28,316)	(28,787)
3.	Debt securities in issue	X	(5,017)	-	(5,017)	(5,667)
4.	Financial liabilities held for trading	-	-	-	-	(26)
5.	Financial liabilities carried at fair value	-	(6,122)	-	(6,122)	(5,257)
6.	Financial liabilities linked to assets sold but not derecognized	-	-	-	-	-
7.	Other liabilities	X	X	(18)	(18)	-
8.	Hedging derivatives	X	X	(3,280)	(3,280)	(1,080)
	Total	(320,028)	(11,139)	(3,298)	(334,465)	(305,492)

1.5 INTEREST PAYABLE AND SIMILAR CHARGES: SPREADS RELATED TO HEDGING TRANSACTIONS

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Positive differentials on transactions for:		
A.1 Specific hedging of fair value of assets	1,944	131
A.2 Specific hedging of fair value of liabilities	193	296
A.3 Generic interest-rate risk hedging	-	-
A.4 Specific hedging of asset cash flows	-	-
A.5 Specific hedging of liability cash flows	-	-
A.6 Generic cash flow hedging	-	-
Total positive differentials (A)	2,137	427
B. Negative differentials on transactions for:		
B.1 Specific hedging of fair value of assets	(3,728)	(201)
B.2 Specific hedging of fair value of liabilities	(1,689)	(1,306)
B.3 Generic interest-rate risk hedging	-	-
B.4 Specific hedging of asset cash flows	-	-
B.5 Specific hedging of liability cash flows	-	-
B.6 Generic cash flow hedging	-	-
Total negative differentials (B)	(5,417)	(1,507)
C. Balance (A-B)	(3,280)	(1,080)

1.6 INTEREST PAYABLE AND SIMILAR CHARGES: OTHER INFORMATION

It is considered unnecessary to add further information than that given in the preceding tables.

1.6.1 INTEREST PAID ON LIABILITIES IN FOREIGN CURRENCY

ITEMS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Due to banks	(11,586)	(26,644)
2. Due to BCC/CR	(7,937)	(7,459)
3. Due to customers	(579)	(803)
Total	(20,102)	(34,906)

1.6.2 INTEREST PAYABLE AND SIMILAR CHARGES ON LIABILITIES OF LEASING OPERATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.6.3 INTEREST PAYABLE AND SIMILAR CHARGES ON THIRD PARTIES FUNDS UNDER ADMINISTRATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

This item includes the income and charges relative, respectively, to services rendered and services received by the Bank

2.1 COMMISSION RECEIVABLE: BREAKDOWN

TYPE OF SERVICES / AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
a) guarantees given	664	757
b) credit derivatives	-	-
c) management, broking and consulting services:	27,053	24,627
1. financial instrument trading	5,210	6,857
2. foreign exchange trading	357	294
3. asset management	1,910	2,767
3.1. individual	1,910	2,767
3.2. collective	-	-
4. custody and administration of securities	5,844	5,546
5. custodian bank	4,603	5,371
6. placing of securities	5,567	1,413
7. order collection	1,749	1,994
8. advisory services	1,813	385
9. distribution of third-party services	-	-
9.1. asset management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	-	-
d) collection and payment services	60,848	58,485
e) servicing of securitisation operations	210	759
f) factoring transaction services	-	-
g) management of rate and tax-collection agencies	-	-
h) other services	143,567	124,770
Total	232,342	209,398

2.2 COMMISSION RECEIVABLE: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

CHANNELS/VALUES	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
a) through own branches:	7,477	4,180
1. asset management	1,910	2,767
2. placing of securities	5,567	1,413
3. third-party services and products	-	-
b) offered externally:	-	-
1. asset management	-	-
2. placing of securities	-	-
3. third-party services and products	-	-
c) other distribution channels:	-	-
1. asset management	-	-
2. placing of securities	-	-
3. third-party services and products	-	-

2.3 COMMISSION PAYABLE: BREAKDOWN

SERVICES/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
a) guarantees received	(121)	(726)
b) credit derivatives	-	-
c) management and brokerage services:	(9,435)	(6,454)
1. financial instrument trading	(1,242)	(2,009)
2. foreign exchange trading	(40)	(36)
3. asset management:	(2)	(5)
3.1 own portfolio	-	-
3.2 third-party portfolio	(2)	(5)
4. custody and administration of securities	(3,174)	(3,345)
5. placing of financial instruments	(4,977)	(1,059)
6. external marketing of financial instruments, products and services	-	-
d) collection and payment services	(9,757)	(9,904)
e) other services	(104,202)	(87,475)
Total	(123,515)	(104,559)

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

This item represents the dividends relative to shares or stakes held in the portfolio other than those valued by the net equity method, also including dividends and other income from UCITS units (Undertakings in Collective Investment in Transferable Securities).

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN

ITEMS/INCOME		TOTAL AT 31/12/2008		TOTAL AT 31/12/2007	
		DIVIDENDS	INCOME FROM UCITS UNITS	DIVIDENDS	INCOME FROM UCITS UNITS
A.	Financial assets held for trading	19	9	132	16
B.	Financial assets available for sale	2,027	3,790	150	1,886
C.	Financial assets carried at fair value	-	-	-	-
D.	Equity investments	-	X	-	X
Total		2,046	3,799	282	1,902

SECTION 4 - NET GAIN (LOSS) ON TRADING ACTIVITIES - ITEM 80

This item includes for “total imbalance”:

- a) the balance between profits and losses on transactions classified under “financial assets held for trading” and “financial liabilities held for trading”, including the profit on the valuation of such operations; profits and losses on derivative contracts connected to the fair value option are excluded, being partly entered under the interests of items 10 and 20, and partly in the “net profit from financial assets and liabilities carried at fair value”, under item 110 on the income statement;
- b) the balance between profits and losses on financial transactions other than those designated at fair value and those for hedging, in foreign currency, including the profit from the valuations of such transactions.

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: BREAKDOWN

TRANSACTIONS/INCOME COMPONENTS	GAINS (A)	TRADING PROFITS (B)	LOSSES (C)	TRADING LOSSES (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets held for trading	307	13,688	(12,596)	(24,708)	(23,309)
1.1 Debt securities	249	13,537	(9,556)	(8,974)	(4,744)
1.2 Equity securities	58	151	(120)	(248)	(159)
1.3 UCITS units	-	-	(2,920)	(15,486)	(18,406)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Other	-	-	-	-	-
3. Other financial assets and liabilities: foreign exchange differences	X	X	X	X	3,385
4. Derivative instruments	163,759	476,127	(174,888)	(463,006)	7,417
4.1 Financial derivatives:	163,696	476,123	(174,825)	(463,005)	7,414
- on debt securities and interest rates	139,556	464,418	(149,144)	(448,857)	5,973
- on equity securities and share indices	-	11,705	(9,990)	(14,148)	(12,433)
- on currency and gold	X	X	X	X	5,425
- other	24,140	-	(15,691)	-	8,449
4.2 Credit derivatives	63	4	(63)	(1)	3
Total	164,066	489,815	(187,484)	(487,714)	(12,507)

This item also includes the variations in fair value of 2 hedging derivatives with the counterpart Lehman Brothers Special Financing Inc., produced between the date of the interruption of the hedging agreement, on 12th September 2008, and the early termination of the position, pursuant to the ISDA contract, on 26th September (see in the successive Section 5 of the Income Statement and Sections 6 and 7 of the Assets - tables 6.2 and 7.3).

This item also includes the loss entered on the Income Statement due to the transfer of the securities from the trading portfolio to the portfolio of securities available for sale.

As requested by IFRS 7, paragraph 12A letter d, details are given below:

ISIN CODE	DESCRIPTION OF SECURITY	NOMINAL VALUE	LOSS ENTERED ON THE INCOME STATEMENT
IT0003993158	CCT 1.11.2012	64,000	(593)
IT0004224041	CCT 1.3.2014	71,000	(656)
IT0004321813	CCT 1.12.2014	70,000	(692)
IT0003658009	CCT 1.5.2011	5,000	(3)
XS0247770224	ITALY 22.3.2018	9,404	(26)
IT0003858856	CCT 1.3.2012	4,700	(1)
IT0003746366	CCT 1.11.2011	23,000	(122)
Total		247,104	(2,093)

The further economic effects of the transfer can be summed up as follows:

- the loss, calculated as the difference between the transfer price and the price at 31.12.2008 which, if the transfer had not been carried out, would have been entered on the income statement under item 80, was posted in the shareholders' equity reserves, under item 130 of the liabilities, net of the relative prepaid taxes, pursuant to IAS 39, and net of the adjustment for application of the amortised cost criterion (see *Net variation in shareholders' equity*, in the following table);
- the application of the amortised cost calculation criterion, on these securities, led to the entry under item 10, Interest Income, of an amount which, if the transfer had not been carried out, would have been entered in the accounts (see Quota of amortised cost from 12.9.08 in the next table).

These economic effects are detailed, pursuant to IFRS 7 paragraph 12A letter e, in the following table:

ISIN CODE	DESCRIPTION OF SECURITY	NOMINAL VALUE	GROSS LOSS	TAX EFFECT (32.32%)	VARIATION IN SHAREHOLDERS' EQUITY	QUOTA OF AMORTISED COST FROM 12.9.08
IT0003993158	CCT 1.11.2012	64,000	(1,440)	465	(975)	50
IT0004224041	CCT 1.3.2014	71,000	(3,216)	1,040	(2,177)	23
IT0004321813	CCT 1.12.2014	70,000	(3,473)	1,121	(2,350)	51
IT0003658009	CCT 1.5.2011	5,000	(8)	3	(5)	5
XS0247770224	ITALY 22.3.2018	9,404	(885)	286	(599)	32
IT0003858856	CCT 1.3.2012	4,700	(80)	26	(54)	3
IT0003746366	CCT 1.11.2011	23,000	(209)	68	(142)	23
Total		247,104	(9,311)	3,009	(6,302)	187

SECTION 5 - NET GAIN (LOSS) ON HEDGING ACTIVITIES - ITEM 90

The following are included in this item, for total "imbalance":

- a) the profits/losses of fair value hedging operations;
- b) the profits/losses of valuations of the financial assets and liabilities subject to fair value hedging;
- c) The positive and negative differentials and margins relative to derivative contracts for hedging other than those classified under interests.

5. NET GAIN (LOSS) ON HEDGING ACTIVITIES: BREAKDOWN

INCOME COMPONENTS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Income relating to:		
A.1 Derivates for fair value hedging	1,631	5,591
A.2 Hedged financial assets (fair value)	14,316	-
A.3 Hedged financial liabilities (fair value)	-	349
A.4 Derivatives for cash flow hedging	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income from hedging business (A)	15,947	5,940
B. Charges relating to:		
B.1 Derivatives for fair value hedging	(13,087)	(1,795)
B.2 Hedged financial assets (fair value)	(105)	(3,855)
B.3 Hedged financial liabilities (fair value)	(2,820)	(39)
B.4 Derivatives for cash flow hedging	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total charges on hedging business (B)	(16,012)	(5,689)
C. Net gain (loss) on hedging activities (A - B)	(65)	251

The major amounts regard hedging of fixed rate interbank deposits, carried out in 2008, by means of Overnight Indexed Swap (OIS) and Interest Rate Swap (IRS) derivative instruments.

Also in 2008, because of the default of the Lehman Brothers Group and the consequent admission of the same to the procedure of Chapter 11 pursuant to United States Law, the two hedging operations with the counterpart Lehman Brothers Special Financing Inc. were closed. In particular, the hedging agreements were interrupted with value at 12th September 2008, the last working day before the market was informed of the default of the Lehman Brothers Group.

Therefore, the variations in the fair value of the items hedged and of the hedging derivatives, calculated until that date, are entered under item 90 of the Income statement; the variations in the fair value of the hedging derivatives between the date of the closure of the hedging agreement and the date of early termination pursuant to the ISDA contract on 26th September, is posted under item 60 of the Income Statement.

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

This item presents the positive or negative balances between the profits and losses resulting from the sale of financial assets or liabilities other than those held for trading and those designated at fair value.

6.1 GAINS (LOSSES) ON DISPOSAL OR REPURCHASE: BREAKDOWN

ITEMS/INCOME COMPONENTS	TOTAL AT 31/12/2008			TOTAL AT 31/12/2007		
	PROFITS	LOSSES	NET RESULT	PROFITS	LOSSES	NET RESULT
Financial assets						
1. Due from banks	-	(8)	(8)	1	(1)	-
2. Customer loans	16	-	16	11	(28)	(17)
3. Financial assets available for sale	2,167	(355)	1,812	1,340	-	1,340
3.1 Debt securities	37	(37)	-	83	-	83
3.2 Equity securities	2,130	(317)	1,813	1,243	-	1,243
3.3 UCITS units	-	(1)	(1)	14	-	14
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	2,183	(363)	1,820	1,352	(29)	1,323
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities in circulation	6	-	6	19	(72)	(53)
Total liabilities	6	-	6	19	(72)	(53)

SECTION 7 - NET GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE - ITEM 110

This section represents the positive or negative balances between profits and losses on financial assets/liabilities valued at fair value and the management instruments linked to the same for which the fair value option has been exercised, including the results of the valuations of such instruments at fair value.

7.1 NET GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE: BREAKDOWN

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS (A)	PROFITS ON SALE (B)	CAPITAL LOSSES (C)	LOSSES ON SALE (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets	-	-	(1,059)	-	(1,059)
1.1 Debt securities	-	-	(1,059)	-	(1,059)
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	4,251	(463)	(4,044)	(256)
2.1 Securities in circulation	-	4,251	(463)	(4,044)	(256)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in currency: foreign exchange differences	X	X	X	X	-
4. Derivative instruments	7,451	-	(6,159)	-	1,292
4.1 Financial derivatives:	4,177	-	(6,159)	-	(1,982)
- on debt securities and interest rates	2,045	-	(5,636)	-	(3,591)
- on equity securities and share indices	2,132	-	(523)	-	1,609
- on currency and gold	X	X	X	X	-
- other	-	-	-	-	-
4.2 Credit derivatives	3,274	-	-	-	3,274
Total derivatives	7,451	-	(6,159)	-	1,292
Total at 31/12/2008	7,451	4,251	(7,681)	(4,044)	(23)

SECTION 8 - NET IMPAIRMENT ADJUSTMENT - ITEM 130

This item presents the balances of the writedowns and value recovery connected to the impairment of credit with the clientele and banks, of the financial assets available for sale, of the financial assets held to maturity and of other financial transactions.

8.1 NET IMPAIRMENT ADJUSTMENT OF LOANS: BREAKDOWN

TRANSACTIONS/INCOME COMPONENTS	WRITEDOWNS (1)			WRITEBACKS (2)				TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
	SPECIFIC		OF PORTFOLIO	SPECIFIC		OF PORTFOLIO		(3)=(1)-(2)	(3)=(1)-(2)
	WRITE-OFFS	OTHER		A	B	A	B		
A. Receivable from banks	-	(7,737)	-	-	-	-	-	(7,737)	-
B. Customer loans	(328)	(8,676)	(519)	692	1,467	-	-	(7,364)	(1,282)
C. Total	(328)	(16,413)	(519)	692	1,467	-	-	(15,101)	(1,282)

Key: A = from interests / B = other recovery

The “value writedowns” are mainly due to the exposure with companies of the Lehman Brothers Group and the exposure with two Icelandic banks, Kaupthing Bank hf. e Landsbanki Island hf.

In the “other recovery” of value, the restored values connected with the passing of time are entered, corresponding to the interests accrued in the period on the basis of the original effective interest rate previously used to calculate the value writedowns.

8.2 NET IMPAIRMENT ADJUSTMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN

TRANSACTIONS/INCOME COMPONENTS	WRITEDOWNS (1)		WRITEBACKS (2)		TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
	SPECIFIC		SPECIFIC			
	WRITE-OFFS	OTHER	A	B	(3) = (1)-(2)	(3) = (1)-(2)
A. Debt securities	-	-	-	-	-	-
B. Equity securities	(639)	-	X	X	(639)	-
C. UCITS units	-	-	X	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	(639)	-	-	-	(639)	-

Key: A = from interests / B = other recovery

The amount refers entirely to the impairment on the equity investments in the London Stock Exchange Group on the basis of market valuations and the impairment of the company's economic-equity indices.

8.3 NET IMPAIRMENT ADJUSTMENT OF FINANCIAL ASSETS HELD TO MATURITY: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

8.4 NET IMPAIRMENT ADJUSTMENT OF OTHER FINANCIAL TRANSACTIONS: BREAKDOWN

TRANSACTIONS/INCOME COMPONENTS	WRITEDOWNS (1)			WRITEBACKS (2)				TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
	SPECIFIC		OF PORTFOLIO	SPECIFIC		OF PORTFOLIO			
	WRITE-OFFS	OTHER		A	B	A	B	(3)=(1)-(2)	(3)=(1)-(2)
A. Guarantees given	-	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Fund payment commitments	-	-	-	-	-	-	-	-	-
D. Other transactions	(93)	-	-	-	-	-	-	(93)	(209)
E. Total	(93)	-	-	-	-	-	-	(93)	(209)

Key: A = from interests / B = other recovery

SECTION 9 - ADMINISTRATIVE EXPENSES - ITEM 150

Personnel costs include not only expenditure relative to employees but also:

- costs of Bank employees on transfer to other companies and the relative expenses recovered;
- expenses relative to non-typical employment contracts;
- expense reimbursement for employees of other companies on transfer to the Bank;
- directors' fees

9.1 PERSONNEL EXPENSES: BREAKDOWN

TYPE OF EXPENSE/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1) Employees	(56,876)	(57,865)
a) salaries and wages	(37,525)	(39,279)
b) social security contributions	(10,467)	(10,894)
c) severance indemnity	-	-
d) other pension schemes	-	-
e) provision for employee severance indemnity	(695)	(337)
f) provision for retirement benefits and similar:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to complementary external pension funds:	(4,237)	(3,575)
- defined contribution	(4,237)	(3,575)
- defined benefit	-	-
h) costs pursuant to payment agreements based on own equity instruments	-	-
i) other employee benefits	(3,952)	(3,780)
2) Other personnel	(27)	(54)
3) Directors	(610)	(571)
Total	(57,513)	(58,490)

9.2 AVERAGE NUMBER OF EMPLOYEES PER CATEGORY

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Employees:	728	723
a) managers	16	14
b) total junior managers	254	241
- of which: 3 rd and 4 th level	92	88
c) remaining employees	458	468
Other personnell	2	4

9.3 COMPANY DEFINED-BENEFIT PENSION FUNDS: TOTAL COSTS

There are no balances relative to this item at the closure of the period.

9.4 OTHER EMPLOYEE BENEFITS

The item "other benefits in favour of employees" includes mainly the resignation incentive for about Euro 700 thousand and other indemnities such as tickets, insurance policies and training courses, for about Euro 1,300 thousand.

9.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

TYPE OF EXPENSE/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Electronic data processing	(28,485)	(25,162)
For buildings and furniture	(8,455)	(8,377)
Rental expenses	(7,219)	(7,260)
Cleaning of premises	(561)	(426)
Surveillance	(675)	(691)
The purchase of non-professional goods and services	(15,100)	(14,306)
Telephone and data transmission	(1,944)	(2,233)
Postal expenses	(6,784)	(6,026)
Work outsourced to third parties	(2,678)	(2,794)
Transportation and control of valuables	(287)	(302)
Electricity, heating and water	(1,029)	(970)
Transport	(638)	(741)
Stationery and printed matter	(1,644)	(1,156)
Subscriptions, magazines and newspapers	(96)	(84)
The purchase of professional goods and services	(9,783)	(9,013)
Professional fees	(3,496)	(3,156)
Legal fees, Information and inquiries	(125)	(171)
Insurance premiums	(749)	(735)
Services rendered by third parties	(5,413)	(4,951)
Advertising, promotion, marketing and representation	(2,035)	(669)
Membership subscriptions	(1,634)	(1,450)
Other expenses	(12)	(325)
Indirect dues and taxes	(8,639)	(9,737)
Stamp duty	(8,118)	(8,100)
Substitution tax Pres. Decree 601/73	(257)	(363)
Local property rates	(91)	(186)
Taxes on stock exchange contracts	-	(855)
Other Indirect dues and taxes	(173)	(233)
Total administrative expenses	(74,143)	(69,039)

The increase is mainly due to IT expenses for activities outsourced, advertising costs and costs of extraordinary professional services.

SECTION 10 - NET PROVISION FOR RISKS AND CHARGES - ITEM 160

This item presents the positive or negative balance between allocations and reclassifications on the Income Statement of funds considered surplus, relative to the provisions entered under the sub-item b) "Other provisions" of item 120 "Provisions for risks and charges, of the liabilities of the Balance Sheet.

10.1 NET PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Net provisions for risks and charges	(158)	251

SECTION 11 - NET ADJUSTMENT OF TANGIBLE ASSETS - ITEM 170

This section gives the balance between value writedowns and recovery relative to tangible assets held for functional use.

11.1 NET ADJUSTMENT OF TANGIBLE ASSETS: BREAKDOWN

ASSETS/INCOME COMPONENTS	DEPRECIATION (A)	WRITEDOWNS FOR DETERIORATION (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Tangible assets				
A.1 Company owned	3,482	6	-	3,488
- for operating use	3,482	6	-	3,488
- for investment	-	-	-	-
A.2 acquired on lease	-	-	-	-
- for operating use	-	-	-	-
- for investment	-	-	-	-
Total	3,482	6	-	3,488

SECTION 12 - NET ADJUSTMENT OF INTANGIBLE ASSETS - ITEM 180

This section gives the balance between value writedowns and recovery relative to intangible assets.

12.1 NET ADJUSTMENT OF INTANGIBLE ASSETS: BREAKDOWN

	DEPRECIATION (A)	WRITEDOWNS FOR DETERIORATION (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Intangible assets				
A.1 Company owned	2,333	-	-	2,333
- developed in-house by the company	-	-	-	-
- others	2,333	-	-	2,333
A.2 Purchased under financial lease	-	-	-	-
Total	2,333	-	-	2,333

SECTION 13 - OTHER OPERATING INCOME (EXPENSES) - ITEM 190

This section gives the costs and revenues not classifiable under other items, which contribute to the determination of item 270 "Profit (Loss) after tax on current operations".

13.1 OTHER OPERATING EXPENSES: BREAKDOWN

INCOME COMPONENTS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Other charges	(60)	(35)
Total	(60)	(35)

13.2 OTHER OPERATING INCOME: BREAKDOWN

INCOME COMPONENTS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
Real estate rent collected	7	23
Expenses recovered:		
- stamp duty	5,632	6,066
- substitute tax	257	210
- Milano Finanza	414	410
Premiums on options	-	-
Revenue for subsidised financial services	104	20
Income for personnel administration services	269	252
Insourcing revenue	1,409	1,075
Other income	2,543	2,030
Total	10,635	10,086

SECTION 14 - PROFITS (LOSSES) FROM EQUITY INVESTMENTS - ITEM 210

14.1 PROFIT (LOSS) ON EQUITY INVESTMENTS: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 15 - NET RESULT OF EVALUATION AT FAIR VALUE OF TANGIBLE AND INTANGIBLE ASSETS - ITEM 220

15.1 NET PROFIT FROM VALUATION AT REVALUED FAIR VALUE OF TANGIBLE AND INTANGIBLE ASSETS: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 16 - WRITEDOWNS OF GOODWILL - ITEM 230

16.1 WRITEDOWNS OF GOODWILL: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 17 - PROFITS (LOSSES) FROM THE SALE OF EQUITY INVESTMENT - ITEM 240

17.1 PROFITS (LOSSES) FROM THE SALE OF EQUITY INVESTMENT: BREAKDOWN

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 18 - INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 260

This item includes the tax burden - equal to the balance between current and deferred taxes - on the income of the period.

18.1 INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS: BREAKDOWN

	COMPONENTS/AMOUNT	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1.	Current taxes (-)	(21,242)	(14,004)
2.	Variations in current taxes compared to the previous period (+/-)	556	-
3.	Reductions in current taxes for the period (+)	-	-
4.	Changes in prepaid taxes (+/-)	(1,251)	(1,581)
5.	Changes in deferred taxes (+/-)	12,674	75
6.	Taxes relative to the period (-) (-1+/-2+3+/-4+/-5)	(9,263)	(15,510)

The income taxes for the period are calculated taking into account the entry into force of Decree Law 112 of 25/06/2008 and that art. 82, amending the Consolidated Tax Act, has introduced a non-deductible fixed 3% on interests paid. The economic effects of this provision have increased the tax burden by about Euro 3,100 thousand.

On the occasion of the payment of the Corporate Tax and Regional Business Tax balance for the year 2007, subsequent to clarifications given by the Tax Authority, the current taxes for that year were adjusted by Euro 445 thousand to offset the deferred taxation.

18.2 RECONCILIATION BETWEEN THEORETIC TAX BURDEN AND TAX BURDEN ON THE FINANCIAL STATEMENTS

RECONCILIATION BETWEEN THE THEORETIC TAX BURDEN AND TAX BURDEN ON THE FINANCIAL STATEMENTS	CORPORATE INCOME TAX		REGIONAL BUSINESS TAX	
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAX
Total profit before taxes	18,605	-		
Theoretic tax burden (27.5%)	-	5,116		
Difference between production value and cost			86,606	
Theoretic tax burden (4.82%)				4,174
Temporary taxable differences in future periods	(463)	(127)	-	-
Temporary differences in deductions in future periods	14,864	4,088	46	2
<i>Shift of temporary differences of preceding periods :</i>				
Annulment of temporary differences in deductions	(17,472)	(4,805)	(11,541)	(556)
Annulment of temporary differences in taxable amounts	33,433	9,194	33,105	1,596
<i>Differences which cannot be shifted to future periods:</i>				
Permanent negative variations in taxable income	(4,441)	(1,221)	(21,568)	(1,040)
Permanent positive variations in taxable income	11,909	3,275	10,624	512
Taxable income	56,435			
Current income taxes for the period		15,520		
Taxable income for Regional Business Tax			97,272	
Current Regional Business Tax for the period				4,688

SUMMARY:	
Corporate income tax	15,520
Regional business tax	4,688
Substitute tax for realignment with fiscal values	1,160
Recovery of 3% Corporate Income Tax on infragroup interest expense	(126)
Total current taxes	21,242

SECTION 19: AFTER TAX PROFIT (LOSS) ON NON-CURRENT ASSETS AND GROUPS OF ASSETS IN THE PROCESS OF BEING SOLD OFF - ITEM 280

19.1 AFTER TAX PROFIT (LOSS) ON NON-CURRENT ASSETS AND GROUPS OF ASSETS IN THE PROCESS OF BEING SOLD OFF: BREAKDOWN

INCOME COMPONENTS/AMOUNTS	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Income	-	846
2. Charges	-	-
3. Result of valuation of the group of assets and of the associated liabilities	-	-
4. Profit (loss) on sale	-	4,721
5. Dues and taxes	-	(1,860)
Profit (Loss)	-	3,707

19.2 BREAKDOWN OF INCOME TAXES RELATIVE TO THE NON-CURRENT ASSETS IN THE PROCESS OF BEING SOLD OFF

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
1. Current taxation (-)	-	(765)
2. Changes in prepaid taxes (+/-)	-	(1)
3. Changes in deferred taxes (+/-)	-	(1,094)
4. Income taxes for the period (-1+/-2+/-3)	-	(1,860)

SECTION 20 - OTHER INFORMATION

It is considered unnecessary to add further information than that given in the preceding tables.

SECTION 21 - EARNINGS PER SHARE

	TOTAL AT 31/12/2008
Profit for the period	9,341,085
Attributable profit	6,510,000
Average number of ordinary shares in circulation	420,000
Earnings per share	22.24
Attributable profit per share	15.50

The above amounts are in units of euro.

PART - D
Segment Reporting



PART D - SEGMENT REPORTING

In line with the provisions regarding segment reporting, the Bank's main economic and equity aggregates are illustrated below.

PRIMARY REPORT

Iccrea Banca systematically draws up a Report on Operation, in accordance with a specific "data model", on the results obtained in the individual sectors into which the bank's activities are subdivided and which reflect the organizational structure. These sectors are:

- finance;
- credit;
- payment systems;

in addition to which there are the central governance and support functions and the Agency Service grouped in the "Corporate Centre".

The detailed analysis of the sectors of activities and Business Lines of which they are composed is given in the chapter on the Bank's activities in the Report on Operation.

INCOME STATEMENT

The table below shows the main economic aggregates of the aforesaid segments of activity.

ITEMS/ BUSINESS SECTOR *	FINANCE		LOANS		PAYMENT SERVICES		CORPORATE CENTRE		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
(figures in thousands of euro)										
Net Interest income	31,421	11,243	6,578	8,731	9,723	5,109	9,871	13,930	57,592	39,013
Net income from services	(3,508)	27,156	2,054	2,052	96,328	90,479	19,603	13,417	114,478	133,105
Total income	27,913	38,399	8,632	10,784	106,051	95,589	29,474	27,348	172,071	172,119
Administrative expenses	(36,663)	38,315	(9,529)	10,185	(67,947)	62,986	(17,516)	16,043	(131,656)	127,529
Operating profit	(8,750)	84	(897)	598	38,104	32,603	11,958	11,304	40,415	44,590

* Connection with the items on the Income Statement can be seen in table "A" at the foot of this section of the Notes to the Accounts.

With reference to the criteria for calculating the profitability of the Sectors, it should be noted that the income statement was drawn up in accordance with the following procedures:

- the net interest income was calculated by contribution on the basis of the internal transfer rate
- the margin from services was calculated by means of direct allocation of the economic components;
- the operating expenses were attributed in accordance with the "full costing" model which allocates the totality of the operating costs.

EQUITY AGGREGATES

The table below shows the main equity aggregates relating to the utilization of and deposits made by customers and banks.

ITEM/BUSINESS SECTOR	FINANCE		LOANS		PAYMENT SERVICES		CORPORATE CENTRE		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
(figures in millions of euro)										
Customer loans	192	129	626	510	9	8	-	-	828	647
Due from banks	6,945	7,418	-	-	3	-	-	-	6,948	7,418
Financial assets and equity investments	961	1,264	-	-	-	-	236	236	1,197	1,500
Total loans	8,098	8,811	626	510	12	8	236	236	8,972	9,565
Due to customers	265	438	4	5	907	839	320	210	1,496	1,491
Due to banks	6,936	7,477	-	-	-	-	146	123	7,082	7,601
Other liabilities	-	-	-	-	-	-	394	473	394	473
Total deposits	7,201	7,915	4	5	907	839	860	806	8,972	9,565

SECONDARY REPORT

With regard to the secondary report, it should be noted that the Bank's activities are almost exclusively carried out in Italy.

TABLE "A": CONNECTION WITH THE INCOME STATEMENT

Aggregate	Income statement item
Net Interest income	30
Net income from services	60; 70; 80; 90; 100; 110 ;190
Total income	Net interest income + net income from services
Administrative expenses	150a; 150b
Operating profit	Total revenues - Administrative expenses

PART - E

*Comments on
Risks and Related
Hedging Policies*



PART E - COMMENTS ON RISKS AND RELATED HEDGING POLICIES

The Iccrea Banking Group attributes great importance to risk protection and to the control systems that constitute fundamental requirements for guaranteeing reliable and sustainable generation of value, protecting financial solidity over time and permitting adequate management of the portfolios of assets and liabilities.

A progressive implementation method for the gradual upgrading of methods and tools with reference both to external regulations and to internal management and monitoring needs has been put into practice within the Group in recent years with regard to credit, market and operating needs.

SECTION 1 - CREDIT RISK

Qualitative information

1. GENERAL ASPECTS

In 2008, the Institute's activity in the credit compartment focused on:

- support to the BCC in the agricultural compartment;
- relations with companies with a strong international vocation located in the areas covered by the BCC;
- the maintenance of a "centre of excellence" for subsidised loans, capable of supporting and collaborating with all the parties in the System involved by this department;
- the funding needs of the BCC by granting overdrafts, ceilings and maximum operational limits.
- the development, with the cooperative companies, of pool loans together with the BCC to the members of Confcooperative;

- the expansion of business in the "large corporate" compartment, consistent with the development of relations between these companies, the BCC and the payment and money services offered by the Institute.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANISATIONAL ASPECTS

Organizational structures involved

The organizational structure of Iccrea Banca SpA responsible for undertaking and managing the credit risk is the Loans Department, which is a section of the Central Finance and Credit Office.

Within the sphere of the Loans Department, the Institutional and Special Credit Service carries out the activities associated with credit granting procedures in national and foreign currency for the relative clientele (institutional, large corporate, retail and the employees of the Institute) and for special loans, and all activities connected with the same (development, pricing, management and monitoring). It deals with all procedures, including inquiries, for the mandate for issuing Iccrea Banca S.p.A. banker's cheques and for the granting of operational ceilings and credit lines to bank counterparts.

The Controls Service and Credit Technical Office ensures monitoring of the progress of credit positions and of the correctness/adequacy of administration processes carried out by the Loans Department. It also manages watch-listed debts and cheques and enters the data of the positions assigned into the computerised system, producing opportune reports on the subject.

The Credit Risk Service of the Risk Management Department has the task of promoting the adoption of procedures for accepting, managing and controlling the credit risks and

of carrying out operating procedures which can guarantee effective control of the risks in line with the principles of the supervisory regulations and with the management needs. Among other things, the Service also produces independent reporting on the matter, and takes part in the updating and development of the regulations governing the credit risk with particular regard to operational mandates and limits.

Inspections are carried out by the Group's Audit Department.

Credit exposure segmentation criteria

For the purpose of managing the credit risk, credit exposure is segmented into portfolios on the basis of the type of credit line/ceiling and type of counterpart (BCC, other banks, private customers).

Further segmentation is carried out within the framework of each customer segment on the basis of the technical form (current account credit opening, loans, etc.) and duration (short, medium and long-term).

Credit worthiness assessment process

The counterpart's creditworthiness is assessed on the basis of analysis and opinion in terms of the solidity of the equity and the economic and financial equilibrium of the potential borrower, taking into account quantitative data by the determination of the management economic indices, as well as on the evaluation of the qualitative information on the management's standing together with forecasts relative to medium/long-term transactions.

The instruments used in the inquiry stage differ according to the type of counterpart and action requested, taking into consideration, in the case of a customer which has already been granted credit, the trend of past and/or present repayments.

The creditworthiness of banks is assessed, for the purpose of granting credit and of deciding ceilings, on the basis of the balance sheet and statistical indicators, the bank's internal rating and external rating, if any, and trend data.

2.2 MANAGEMENT, ASSESSMENT AND AUDIT SYSTEMS

Criteria have been established for determining the credit risk position, the value of which is used to decide credit lines and/or ceilings.

The risk is assessed using a position weighting factor, referred to the nominal value of the sums paid out in the loans and in the deposits, the nominal amount of the securities, the notional value of the securities, the notional value of the treasury and exchange derivative contracts, and the current positive value of the other derivative contracts.

The systematic supervision process, aimed at assessing anomalies, and controlling trends to correctly classify and activate the consequent action to be taken, makes use of a specific computer program. In particular, the control procedure reports trend anomalies monthly, allocating the positions in different classes of anomaly. The discovery of anomalies activates the systematic supervisory process and managerial assessment process of amounts owed by customers.

The reporting of risk positions subject to a ceiling is carried out daily, by means of a special IT procedure.

Within the framework of the Group, bearing in mind the specific experience and specializations of the main subsidiaries, activities have continued for the development of internal rating systems applicable to bank counterparts and ordinary clientele.

2.3 CREDIT RISK MITIGATION TECHNIQUES

A series of measures have already been defined for adaptation of the bank's organisational structures and its software in order to create structural frameworks and processes which can be effective and adequate to ensure full compliance with the organisational, economic and legal requisites pursuant to the new regulations and to guarantee the protection of the entire acquisition, assessment, audit and construction processes of the instruments used to mitigate the credit risk.

In particular, in 2008 the Institute assigned the various duties to the Institutional and Special Credit Service, in order to diversify the said duties between those who issue instructions for the execution of the transactions and those who actually perform the transactions, assigning the different tasks to the members of different sectors, improving the effectiveness of the operating process.

The guarantees available for mitigation of the credit risk are defined in an "Analytic Guarantee Form" which gives a specific description of all the information necessary for correct use of the guarantees. The types of guarantee must be approved by the Board of Directors.

Examination of the collateral for mortgage loans already acquired by the Institute to protect the loan operations in force has been started up, and the an electronic database containing details of the same is being prepared in order to allow for the systematic monitoring of the relative values. A similar task is being carried out on all lien guarantees already acquired by the Institute.

Iccrea Banca uses the "close out netting" mechanism, activated with Cooperative Credit Banks, involving the specific right to immediately close pending relationships with compensation of the reciprocal positions and payment of the net balance in the event of the counterpart's

insolvency or bankruptcy. This mechanism is used in contracts aimed at regulating the operations in unlisted financial instruments (OTC).

In order to mitigate the credit risk connected to operations in financial derivative instruments with bank counterparts (the counterpart risk), an initiative has been started up aimed at completing the Credit Support Annex (CSA) with the said counterparts. The CSA is a financial guarantee contract pursuant to which the two counterparts, within the sphere of derivative instrument trading, swap guarantees which are, at the Bank's request, in cash. The borrower undertakes to pay to the lender the respective guarantee in order to contain the risks linked to the borrower's possible insolvency. If the net market value of the loan is higher than the minimum amount established contractually, the value of the guarantees to be swapped must correspond to the said net market value. The contracts concluded shall take effect as from the first months of 2009.

2.4 IMPAIRED FINANCIAL ASSETS

Procedure for classifying assets according to borrower quality

The Institute is organized with regulatory/IT structures and procedures for credit management, classification and control.

In line with the provisions of the IAS/IFRS, on the closure of every financial period the presence of objective value loss (impairment) elements is assessed for every instrument or group of financial instruments.

Objective evidence of the impairment of a financial asset or group of financial assets is constituted by observable data regarding the following events:

- a borrower's significant financial difficulties;
- breach of contractual agreements, such as default or

- failure to pay interest or capital;
- for economic or legal reasons linked to the beneficiary's financial difficulties, the lender grants the borrower a concession which the lender would not otherwise have taken into consideration;
- high probability of the borrower's bankruptcy or other financial reorganization;
- disappearance of an active market for the financial asset following the borrower's financial difficulties (case not relevant for the current types of amounts owed by banks/customers);
- the existence of elements indicating a quantifiable decrease of estimated future cash flows for a group of assets, after their initial registration, even though this reduction cannot yet be ascribed to the individual position:
 - reduction of the borrower's ability to pay with regard to the group of assets held by the same;
 - national or local conditions that could generate default for a group of loans.

The above-mentioned check is carried out with the support of special IT screening procedures on the basis of the information from internal and external sources.

Within the scope of the check on the existence of objective impairment elements, non-performing credits are classified in the following categories:

- Bad debts: loans to parties in a state of insolvency (even if bankruptcy has not been declared by a court) or in substantially equivalent situations, regardless of any expectations of impairment formulated by the company;
- watch-listed loans: loans showing a temporary situation of objective difficulty, the removal of which can be foreseen within a reasonable period of time;
- restructured loans: credit for which a pool of banks (or a single bank) allows for modifications to the original contractual conditions giving rise to a loss;

- expired/overdue loans: with repayments in arrears for more than 180 days.

Factors which allow for a shift from impaired loans to performing loans:

Impaired loans may become performing loans again with the borrower's return to a state of full solvency, in particular:

- by reducing the entire exposure or of the debt in arrears to zero;
- with settlement of the risk position.

Procedure for assessment of the adequacy of the value adjustments:

Loans are entered on the financial statements at their presumable collectable value. This value is calculated by deducting the total devaluations - specifically analytical and of lumps sums - of capital and interest, net of the associated reimbursements from the total amount paid out.

The formulation of the loss forecast is based on analytical and statistical methodologies; the latter used for the category of outstanding personal loans and for calculating the physiological risk.

The analytical valuation of non-performing loans is based on standard criteria approved by the Board of Directors, inspired by prudential evaluations of any collateral covering the repayment capacity.

In particular, impaired loans are analytical evaluated on the basis of:

- expectation of the future recovery of the credit - with the exclusion of future losses that have not yet appeared - using different procedures according to the type of the loan:

- the recovery forecast for outstanding personal loans is determined using a statistical methodology based on stratification according to age bracket, considering the sums collected and the losses on past cases from which, with appropriate calculations, a percentage loss to apply to the entire portfolio in existence can be deduced;

- for other loans, flat-rate devaluation is applied on the basis of statistical techniques which, using the values calculated for the credit impairment rate and for the recoverability rate, contribute to the calculation of the percentage level of cover which must be ensured for prudence;

- recovery times;
- the possibility of cashing in any collateral, complete with the presumed collection/liquidation charges which must be incorporated into the future expected cash flows.

The amount of the loss, entered on the income statement, is the difference between the initial entry value of the asset and the current value of the expected cash flows discounted at the original effective interest rate of the financial asset at the moment of classification as a non performing loan.

The original value of any loans that have been written down is written back again in subsequent years if the reasons for the write-down no longer apply.

Quantitative information**A. LOAN QUALITY****A.1 IMPAIRED AND PERFORMING LOANS: AMOUNTS,
WRITEDOWNS, TRENDS, ECONOMIC AND TERRITORIAL DISTRIBUTION****A.1.1 DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (BOOK VALUES)**

PORTFOLIO/QUALITY	BAD LOANS	SUB STANDARD LOANS	RESTRUCTURED LOANS	EXPIRED LOANS	COUNTRY RISK	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	-	615,096	615,096
2. Financial assets available for sale	-	-	-	-	-	803,865	803,865
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	-	13,132	-	-	7,821	6,508,309	6,529,262
5. Customer loans	18,169	8,967	-	116	28	765,358	792,638
6. Financial assets carried at fair value	-	-	-	-	-	29,479	29,479
7. Financial assets in the process of being sold off	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	588	588
Total at 31/12/2008	18,169	22,099	-	116	7,849	8,722,695	8,770,928
Total at 31/12/2007	15,430	3,381	-	1,152	4,629	9,353,663	9,378,255

A.1.2 DISTRIBUTION OF FINANCIAL ASSETS ACCORDING TO PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)

PORTFOLIO/QUALITY	IMPAIRED ASSETS				OTHER ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO WRITEDOWNS	NET EXPOSURE	
1. Financial assets held for trading	-	-	-	-	X	X	615,096	615,096
2. Financial assets available for sale	-	-	-	-	803,865	-	803,865	803,865
3. Financial assets held to maturity	-	-	-	-	-	-	-	-
4. Due from banks	28,690	7,737	-	20,953	6,508,309	-	6,508,309	6,529,262
5. Customer loans	55,844	28,565	-	27,279	766,811	1,452	765,359	792,638
6. Financial assets carried at fair value	-	-	-	-	X	X	-	-
7. Financial assets in the process of being sold off	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	X	X	588	588
Total at 31/12/2008	84,534	36,302	-	48,232	8,078,985	1,452	8,693,217	8,741,449
Total at 31/12/2007	42,913	22,937	13	19,963	7,917,975	919	9,358,292	9,378,255

A.1.3 CASH AND OFF-BALANCE SHEET EXPOSURE TO BANKS: GROSS AND NET AMOUNTS

TYPE OF EXPOSURE/AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. CASH EXPOSURE				
a) Bad debts	-	-	-	-
b) Substandard loans	20,869	7,737	-	13,132
c) Restructured loans	-	-	-	-
d) Past due loans	-	-	-	-
e) Country risk	7,821	X	-	7,821
f) Other assets	6,545,592	X	-	6,545,592
TOTAL A at 31/12/2008	6,574,282	7,737	-	6,566,545
B. OFF BALANCE SHEET EXPOSURE				
a) Impaired loans	-	-	-	-
b) Other	560,659	X	-	560,659
TOTAL B at 31/12/2008	560,659	-	-	560,659

A.1.4 CASH EXPOSURES TO BANKS: TREND OF GROSS IMPAIRED LOANS AND LOANS SUBJECT TO "COUNTRY RISK"

REASONS/CATEGORIES	BAD LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	COUNTRY RISK
A. Gross initial exposure	-	-	-	-	4,411
- of which: loans transferred but not derecognized	-	-	-	-	-
B. Increases	-	20,869	-	-	6,235
B.1 inflows from performing loans	-	20,794	-	-	6,212
B.2 transfers of impaired loans from other categories	-	-	-	-	-
B.3 other increases	-	75	-	-	23
C. Decreases	-	-	-	-	2,825
C.1 outflows to performing loans	-	-	-	-	-
C.2 Write-off	-	-	-	-	-
C.3 collections	-	-	-	-	2,825
C.4 disposals	-	-	-	-	-
C.5 transfers of impaired loans to other categories	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-
D. Gross closing exposure	-	20,869	-	-	7,821
- of which: loans transferred but not derecognized	-	-	-	-	-

A.1.5 CASH EXPOSURES TO BANKS: TREND OF TOTAL WRITEDOWNS

REASONS/CATEGORIES	BAD LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	COUNTRY RISK
A. Total initial writedowns	-	-	-	-	-
- of which: loans transferred but not derecognized	-	-	-	-	-
B. Increases	-	7,737	-	-	-
B.1 Writedowns	-	7,737	-	-	-
B.2 transfers of impaired loans from other categories	-	-	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	-	-	-	-	-
C.1 writebacks subsequent to valuation	-	-	-	-	-
C.2 writebacks subsequent to collection	-	-	-	-	-
C.3 Write-off	-	-	-	-	-
C.4 transfers of impaired loans to other categories	-	-	-	-	-
C.5 Other decreases	-	-	-	-	-
D. Total final writedowns	-	7,737	-	-	-
- of which: loans transferred but not derecognized	-	-	-	-	-

A.1.6 CASH AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS: GROSS AND NET AMOUNTS

TYPE OF EXPOSURE/AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. CASH EXPOSURE				
a) Bad debts	46,184	28,015	-	18,169
b) Substandard loans	9,544	550	27	8,967
c) Restructured loans	-	-	-	-
d) Past due loans	116	-	-	116
e) Country risk	28	X	-	28
f) Other assets	1,762,230	X	1,425	1,760,805
TOTAL A at 31/12/2008	1,818,102	28,565	1,452	1,788,085
B. OFF BALANCE SHEET EXPOSURE				
a) Impaired loans	-	-	-	-
b) Other	606,251	X	-	606,251
TOTAL B at 31/12/2008	606,251	-	-	606,251

A.1.7 CASH EXPOSURES TO CUSTOMERS: TREND OF GROSS IMPAIRED LOANS AND LOANS SUBJECT TO "COUNTRY RISK"

REASONS/CATEGORIES	BAD LOANS	SUBSTANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	COUNTRY RISK
A. Gross initial exposure	38,289	3,468	-	1,156	218
- of which: loans transferred but not derecognized	-	-	-	-	-
B. Increases	12,133	9,806	-	110	-
B.1 inflows from performing loans	8,395	8,726	-	37	-
B.2 transfers of impaired loans from other categories	3,267	1,075	-	-	-
B.3 Other increases	471	5	-	73	-
C. Decreases	4,239	3,730	-	1,150	190
C.1 outflows from performing loans	-	438	-	54	-
C.2 write off	1,214	-	-	-	-
C.3 Collections	3,025	25	-	21	190
C.4 disposals	-	-	-	-	-
C5. transfers of impaired loans to other categories	-	3,267	-	1,075	-
C.6 Other decreases	-	-	-	-	-
D. Gross closing exposure	46,184	9,544	-	116	28
- of which: loans transferred but not derecognized	-	-	-	-	-

A.1.8 CASH EXPOSURES TO CUSTOMERS: TREND OF TOTAL WRITEDOWNS

REASONS/CATEGORIES	BAD LOANS	SUB STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	COUNTRY RISK
A. Total initial writedowns	22,859	87	-	4	-
- of which: loans transferred but not derecognized	-	-	-	-	-
B. Increases	8,325	531	-	-	-
B.1 writedowns	8,295	527	-	-	-
B.2 transfers of impaired loans from other categories	30	4	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	3,168	41	-	4	-
C.1 writebacks from valuation	1,150	11	-	-	-
C.2 writebacks for collection	804	-	-	-	-
C.3 write off	1,214	-	-	-	-
C.4 transfers of impaired loans to other categories	-	30	-	4	-
C.5 Other decreases	-	-	-	-	-
D. Total final writedowns	28,015	577	-	-	-
- of which: loans transferred but not derecognized	-	-	-	-	-

A.2 CLASSIFICATION OF EXPOSURES ACCORDING TO EXTERNAL AND INTERNAL RATINGS

A.2.1 DISTRIBUTION OF ON AND OFF-BALANCE SHEET LOANS ACCORDING TO EXTERNAL RATINGS

EXPOSURE	EXTERNAL RATING CLASSES						WITHOUT RATING	TOTAL AT 31.12.2008
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	LOWER THAN B-		
A Cash exposure	2,388,822	3,509,603	147,615	65,546	26	11,383	2,231,635	8,354,630
B. Derivatives	260,493	73,323	6,333	24	-	-	76,125	416,298
B.1 Financial derivatives	260,357	73,323	6,333	24	-	-	76,125	416,162
B.2 Credit derivatives	136	-	-	-	-	-	-	136
C. Guarantees given	-	63,079	742	1,541	-	-	89,937	155,299
D. Commitments to supply funds	502,288	375	733	4,000	8	-	87,910	595,314
Total	3,151,603	3,646,380	155,423	71,111	34	11,383	2,485,607	9,521,541

A.2.2 DISTRIBUTION OF ON AND OFF-BALANCE SHEET LOANS ACCORDING TO INTERNAL RATINGS

The table has not been drafted since external ratings were used when the financial statements were drawn up.

A.3 DISTRIBUTION OF GUARANTEED LOANS BY TYPE OF GUARANTEE

A.3.1 SECURED LOANS TO BANKS AND CUSTOMERS

	AMOUNT OF XPOSURE	COLLATERAL GUARANTY (1)			PERSONAL GUARANTY (2)							TOTAL AT 31.12.2008	
		REAL ESTATE	SECURITIES	OTHER ASSETS	CREDIT DERIVATES			UNSECURED LOANS				(1)+(2)	
					GOVERNMENTS	OTHER GOVERNMENT AGENCIES	BANKS	OTHER SUBJECTS	GOVERNMENTS	OTHER GOVERNMENT AGENCIES	BANKS		OTHER SUBJECTS
1. Secured exposures to banks:	306,982	2,552	224,476	-	-	-	-	-	-	-	-	714	227,742
1.1 fully secured	188,845	2,552	185,579	-	-	-	-	-	-	-	-	714	188,845
1.2 partially secured	118,137	-	38,897	-	-	-	-	-	-	-	-	-	38,897
2. Secured exposures to customers:	351,657	294,662	5,983	8,596	-	-	-	-	-	14	8,671	15,647	333,573
2.1 fully secured	318,980	293,604	4,759	6,481	-	-	-	-	-	14	8,475	5,647	318,980
2.2 partially secured	32,677	1,058	1,224	2,115	-	-	-	-	-	-	196	10,000	14,593

A.3.2 SECURED OFF-BALANCE SHEET LOANS TO BANKS AND CUSTOMERS

	AMOUNT OF XPOSURE	COLLATERAL GUARANTY (1)			PERSONAL GUARANTY (2)						TOTAL AT 31.12.2008		
		REAL ESTATE	SECURITIES	OTHER ASSETS	CREDIT DERIVATES			UNSECURED LOANS			(1)+(2)		
					GOVERNMENTS	OTHER GOVERNMENT AGENCIES	BANKS	OTHER SUBJECTS	GOVERNMENTS	OTHER GOVERNMENT AGENCIES		BANKS	OTHER SUBJECTS
1. Secured exposures to banks:	18,041	-	14,995	-	-	-	-	-	-	-	-	-	14,995
1.1 fully secured	13,628	-	13,628	-	-	-	-	-	-	-	-	-	13,628
1.2 partially secured	4,413	-	1,367	-	-	-	-	-	-	-	-	-	1,367
2. Secured exposures to customers:	4,579	-	-	-	-	-	-	-	-	-	4,252	-	4,252
2.1 fully secured	3,924	-	-	-	-	-	-	-	-	-	3,924	-	3,924
2.2 partially secured	655	-	-	-	-	-	-	-	-	-	328	-	328

A.3.3 IMPAIRED SECURED CASH LOANS TO BANKS AND CUSTOMERS

	AMOUNT OF EXPOSURE	AMOUNT GUARANTEED	COLLATERAL GUARANTY					
			REAL ESTATE	SECURITIES	OTHER ASSETS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS
1. Secured exposures to banks:	-	-	-	-	-	-	-	-
1.1. over 150%	-	-	-	-	-	-	-	-
1.2. between 100% and 150%	-	-	-	-	-	-	-	-
1.3. between 50% and 100%	-	-	-	-	-	-	-	-
1.4. up to 50%	-	-	-	-	-	-	-	-
2. Secured exposures to customers:	20,500	20,432	16,759	-	536	-	-	-
2.1. over 150%	17,919	17,919	16,554	-	377	-	-	-
2.2. between 100% and 150%	194	194	194	-	-	-	-	-
2.3. between 50% and 100%	2,345	2,318	10	-	159	-	-	-
2.4. up to 50%	42	1	1	-	-	-	-	-

A.3.2 SECURED OFF-BALANCE SHEET LOANS TO BANKS AND CUSTOMERS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

GUARANTEES (FAIR VALUE)												TOTAL AT 31.12.2008	FAIR VALUE SURPLUS, GUARANTEE
PERSONAL GUARANTY													
CREDIT DERIVATIVES				UNSECURED LOANS									
FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS			
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	99	-	-	-	3,038	20,432	-	-
-	-	-	-	-	-	57	-	-	-	931	17,919	-	-
-	-	-	-	-	-	-	-	-	-	-	194	-	-
-	-	-	-	-	-	42	-	-	-	2,107	2,318	-	-
-	-	-	-	-	-	-	-	-	-	-	1	-	-

B. CREDIT DISTRIBUTION AND CONCENTRATION

B.1 DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" CUSTOMER LOANS ACCORDING TO SECTOR

EXPOSURE /COUNTERPARTS	GOVERNMENTS AND CENTRAL BANKS				OTHER GOVERNMENT AGENCIES				FINANCIAL COMPANIES			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A Cash exposure												
A.1 Bad loans	-	-	-	-	-	-	-	-	9,052	6,213	-	2,839
A.2 Sub Standard loans	-	-	-	-	-	-	-	-	-	-	-	-
A.3. Restructured loans	-	-	-	-	-	-	-	-	-	-	-	-
A.4. Past due loans	-	-	-	-	-	-	-	-	-	-	-	-
A.5. Other exposures	895,984	X	-	895,984	4,776	X	3	4,773	324,188	X	49	324,139
Total A	895,984	-	-	895,984	4,776	-	3	4,773	333,240	6,213	49	326,978
B. Off balance sheet exposure												
B.1. Bad loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2. Sub Standard loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3. Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4. Other exposures	499,469	X	-	499,469	894	X	-	894	21,581	X	-	21,581
Total B	499,469	-	-	499,469	894	-	-	894	21,581	-	-	21,581
Total (A+B) at 31/12/2008	1,395,453	-	-	1,395,453	5,670	-	3	5,667	354,821	6,213	49	348,559
Total (A+B) at 31/12/2007	2,112,261	-	-	2,112,261	7,528	-	4	7,524	362,158	31	68	362,059

INSURANCE COMPANIES				NON-FINANCIAL COMPANIES				OTHER SUBJECTS			
GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
-	-	-	-	27,246	15,405	-	11,841	9,886	6,397	-	3,489
-	-	-	-	7,088	541	27	6,520	2,456	9	-	2,447
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	12	-	-	12	104	-	-	104
797	X	-	797	395,349	X	1,115	394,234	141,164	X	258	140,906
797	-	-	797	429,695	15,946	1,142	412,607	153,610	6,406	258	146,946
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
4,692	X	-	4,692	54,417	X	-	54,417	25,198	X	-	25,198
4,692	-	-	4,692	54,417	-	-	54,417	25,198	-	-	25,198
5,489	-	-	5,489	484,112	15,946	1,142	467,024	178,808	6,406	258	172,144
34,281	-	-	34,281	517,223	16,558	599	500,066	160,238	6,348	261	153,629

B.3 DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" CUSTOMER LOANS ACCORDING TO GEOGRAPHIC AREA

EXPOSURE/GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A Cash exposure				
A.1 Bad loans	37,789	15,904	632	158
A.2 Sub Standard loans	9,544	8,967	-	-
A.3. Restructured loans	-	-	-	-
A.4. Past due loans	116	116	-	-
A.5. Other exposures	1,755,960	1,754,535	5,776	5,776
Total A	1,803,409	1,779,522	6,408	5,934
B. Off balance sheet loans				
B.1. Bad loans	-	-	-	-
B.2. Sub Standard loans	-	-	-	-
B.3. Other impaired assets	-	-	-	-
B.4. Other exposures	556,754	556,754	48,725	48,725
Total B	556,754	556,754	48,725	48,725
Total (A+B) at 31/12/2008	2,360,163	2,336,276	55,133	54,659
Total (A+B) at 31/12/2007	2,800,936	2,777,067	194,438	194,438

	AMERICA		ASIA		REST OF THE WORLD	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
	7,763	2,107	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	458	458	-	-	64	64
	8,221	2,565	-	-	64	64
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	99	99	10	10	663	663
	99	99	10	10	663	663
	8,320	2,664	10	10	727	727
	1,464	1,464	198,141	198,141	135	135

B.4 DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" LOANS TO BANKS

EXPOSURE/GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A Cash exposure				
A.1 Bad loans	-	-	-	-
A.2 Sub Standard loans	-	-	20,869	13,132
A.3. Restructured loans	-	-	-	-
A.4. Past due loans	-	-	-	-
A.5. Other exposures	4,591,603	4,591,603	1,928,146	1,928,146
Total A	4,591,603	4,591,603	1,949,015	1,941,278
B. Off balance sheet loans				
B.1. Bad loans	-	-	-	-
B.2. Sub standard loans	-	-	-	-
B.3. Other impaired assets	-	-	-	-
B.4. Other exposures	267,239	267,239	290,864	290,864
Total B	267,239	267,239	290,864	290,864
Total (A+B) at 31/12/2008	4,858,842	4,858,842	2,239,879	2,232,142
Total (A+B) at 31/12/2007	4,622,584	4,622,584	3,075,719	3,075,719

B.5 MAJOR RISKS

a) Amount	130,746
b) Number	2

The legislation in force defines as "major risks" those amounting to a total of more than 10% of the regulatory equity.

	AMERICA		ASIA		REST OF THE WORLD	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	27,599	27,599	4,623	4,623	1,442	1,442
	27,599	27,599	4,623	4,623	1,442	1,442
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,917	1,917	531	531	108	108
	1,917	1,917	531	531	108	108
	29,516	29,516	5,154	5,154	1,550	1,550
	70,534	70,534	12,954	12,954	3,193	3,193

C. SECURITISATION and equity sale transactions

C.1 SECURITISATION TRANSACTIONS

Qualitative information

At the end of 2001 and during 2004 and 2007, pursuant to Law 130 of 30th April 1999 on credit securitisation, Iccrea Banca carried out three sale transactions of securities issued by the Cooperative Credit Banks. The operations were carried out to meet the needs of the BCC to raise capital directly in the medium/long-term in order to:

- reduce the rate risk of the BCC by acting on the transformation of the maturity dates;
- rebalance the assets and liabilities in the accounts;
- broaden the possibilities of use.

On 10th December 2007, the first of the three transactions for the sale of bonds relative to the "Credico Funding" operation, entitled CBO1, was concluded. The Vehicle Company redeemed all the tranches of the securities issued in 2002 and also paid the relative interests.

The second sale, on 5th July 2004, was for bonds with a nominative value of Euro 1,159,500 thousand, to Credico Funding 2 s.r.l., Milan. This is a vehicle company founded pursuant to Law n. 130 of 30th April 1999, included on the general list held by the Italian Exchange Bureau pursuant to art. 106 of Lgs. Decree n. 385 of 1st September 1993, under n. 35452, and on the special list held by the Bank of Italy pursuant to art. 107 of the Consolidated Banking Act, under n. 32898.

The equity of Credico Funding 2 s.r.l. is held entirely by two Dutch companies: Stichting Chatwin and Stichting Amis.

The securities were sold to the SPV at par cost. In order to find the necessary funding for the purchase of the securities involved in the securitisation operation, the Issuing Company issued the following asset backed securities, pursuant to and within the sphere of Law 130.

- Class A for a value of Euro 1,008,800 thousand, at a variable rate indexed to the 3-month Euribor plus 0.20% with a quarterly coupon;
- Class B for a value of Euro 24,400 thousand, at a variable rate indexed to the 3-month Euribor plus 0.33% with a quarterly coupon;
- Class C for a value of Euro 47,500 thousand, at a variable rate indexed to the 3-month Euribor plus 0.50% with a quarterly coupon;
- Class D for a value of Euro 44,000 thousand, at a variable rate indexed to the 3-month Euribor plus 1.20% with a quarterly coupon;
- Class E for a value of Euro 34,800 thousand, at a variable rate indexed to the 3-month Euribor plus 2.50% with a quarterly coupon;

The following ratings were assigned to the securities:

	STANDARD & POOR'S	MOODY'S
Class A	AAA	AAA
Class B	AA	
Class C	A	
Class D	BBB-	

The Class A securities were placed with institutional investors while those relating to the other classes, including Class F which has no rating, were entirely underwritten internally by the Institute and partly placed with BCC. The risks which the Institute continues to bear are substantially represented by the Class E securities in the portfolio.

At 31st December 2008, there are class E securities in the portfolio for a nominal value of Euro 9,950 thousand, and securities of the other classes for a nominal value of Euro 47,700 thousand.

The third sale, on 7th June 2007 was for bonds with a nominal value of Euro 1,222,500 thousand, to Credico Funding 3 s.r.l. of Milan,. This is a vehicle company founded pursuant to Law n. 130 of 30th April 1999, included on the general list held by the Italian Exchange Bureau pursuant to art. 106 of Lgs. Decree n. 385 of 1st September 1993, under n. 35207, and on the special list held by the Bank of Italy pursuant to art. 107 of the Consolidated Banking Act, under n. 32861.

The equity of Credico Funding 3 s.r.l. is held entirely by the Dutch company Stichting Bayswater.

The securities were sold to the SPV at par cost. In order to find the necessary funding for the purchase of the securities involved in the securitisation operation, the Issuing Company issued the following asset backed securities, pursuant to and within the sphere of Law 130.

- Class A1 for a value of Euro 1,033,000 thousand, with a variable rate indexed to the 3-month Euribor plus 0.17% and a quarterly coupon;
- Class A2 for a value of € 33,000, with a variable rate indexed to the 3-month Euribor plus 0.20% and a quarterly coupon;
- Class B for a value of Euro 23,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.23% with a quarterly coupon;
- Class C for a value of Euro 48,900 thousand, at a variable rate indexed to the 3-month Euribor plus 0.43% with a quarterly coupon;
- Class D for a value of Euro 45,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.95% with a quarterly coupon;

- Class E for a value of Euro 4,900 thousand, at a variable rate indexed to the 3-month Euribor plus 1.90% with a quarterly coupon;
- Class F for a value of Euro 34,200 thousand, at a variable rate indexed to the 3-month Euribor plus 2.50% with a quarterly coupon.

The following ratings were assigned to the securities:

	STANDARD & POOR'S	MOODY'S
Class A1	AAA	AAA
Class A2	AAA	
Class B	AA	
Class C	A	
Class D	BBB-	
Class E	BB+	

Class A securities were placed with institutional investors while those relating to the other classes, including Class F which has no rating, were entirely underwritten internally by the Institute and partly placed with BCC. The risks which remain borne by the Institute are substantially those linked to the Class F securities in the portfolio and by the subordinate loan of Euro 2,798 thousand issued to the Vehicle Company.

At 31st December 2008, there are class F securities in the portfolio for a nominal value of Euro 15,874 thousand, and securities of the other classes for a nominal value of Euro 3,500 thousand.

Credico Funding 2 s.r.l and Credico Funding 3 s.r.l have appointed Iccrea Banca S.p.A. to carry out the relative Servicing. The Servicer, in the name of and on behalf of the Issuing Company, provides for the administration, management and recovery of the underlying securities

and monitors collection of the relative credit, including the collection of the coupons and the capital redemption of the underlying securities. So far, all payments have been made punctually and there have been no cases of default on the part of the BCC adhering to the operation.

Organizational structure relative to the securitization operations

The organizational profiles of the securitization process are governed by special internal regulations which involve various company line and control departments. In particular, the origination and coordination assets of the securitisation assets are held by a specific Securitisation unit belonging to the Central Finance and Credit Office of Iccrea Banca.

Quantitative information

C.1.1 EXPOSURE FROM SECURITISATION TRANSACTIONS ACCORDING TO THE QUALITY OF THE UNDERLYING ASSETS

TYPE OF UNDERLYING ASSET/EXPOSURE	CASH EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	32,538	32,538	17,705	17,705	29,155	29,155
a) Impaired loans	-	-	-	-	-	-
b) Other	32,538	32,538	17,705	17,705	29,155	29,155
B. With underlying assets of third parties:	-	-	-	-	-	-
a) Impaired loans	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

	GUARANTEES GIVEN						CREDIT LINES					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

C.1.2 EXPOSURE FOR OWN MAIN SECURITISATION TRANSACTIONS ACCORDING TO THE TYPE OF SECURITISED ASSET AND TYPE OF EXPOSURE

TYPE OF SECURITISED ASSET/EXPOSURE	CASH EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITEDOWNS/ WRITEBACKS	BOOK VALUE	VALUE WRITEDOWNS/ WRITEBACKS	BOOK VALUE	VALUE WRITEDOWNS/ WRITEBACKS
A. Assets completely derecognized from balance sheet	32,538	-	17,705	-	29,155	-
A.1 Credico funding 2 s.r.l CBO2						
- debt securities	30,039	-	16,804	-	12,278	-
A.2 Credico funding 3 s.r.l CBO3						
- debt securities	2,499	-	901	-	16,877	-
A.3 securitisation name ...						
- type of asset	-	-	-	-	-	-
B. Assets partially derecognized from balance sheet	-	-	-	-	-	-
B.1 securitisation name 1						
- type of asset	-	-	-	-	-	-
B.2 securitisation name 2						
- type of asset	-	-	-	-	-	-
B.3 securitisation name ...						
- type of asset	-	-	-	-	-	-
C. Not derecognized from balance sheet	-	-	-	-	-	-
C.1 securitisation name 1						
- type of asset	-	-	-	-	-	-
C.2 securitisation name 2						
- type of asset	-	-	-	-	-	-
C.3 securitisation name ...						
- type of asset	-	-	-	-	-	-

C.1.3 EXPOSURE FOR OWN MAIN SECURITISATION TRANSACTIONS ACCORDING TO THE TYPE OF SECURITISED ASSET AND TYPE OF EXPOSURE

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

C.1.4 EXPOSURE ON SECURITISATION DIVIDED ACCORDING TO FINANCIAL ASSET PORTFOLIO AND TYPE

EXPOSURE / PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS WITH OPTION AT FAIR VALUE	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	LOANS	TOTAL AT 31.12.2008	TOTAL AT 31.12.2007
1. Cash exposure	-	-	-	-	79,398	79,398	42,161
- senior	-	-	-	-	32,538	32,538	12,439
- mezzanine	-	-	-	-	17,705	17,705	2,099
- junior	-	-	-	-	29,155	29,155	27,623
2. Off-balance sheet exposure	-	-	-	-	-	-	-
- senior	-	-	-	-	-	-	-
- mezzanine	-	-	-	-	-	-	-
- junior	-	-	-	-	-	-	-

C.1.5 TOTAL AMOUNT OF SECURITISED ASSETS UNDERLYING JUNIOR SECURITIES OR OTHER CREDIT FORMS

ASSETS/AMOUNTS	TRADITIONAL SECURITISATION	SYNTHETIC SECURITISATION
A. Own underlying assets:	1,411,041	-
A.1 Completely derecognized from balance sheet	1,411,041	
1. Bad loans	-	X
2. Sub standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	1,411,041	X
A.2 Partly derecognized positions	-	
1. Bad loans	-	X
2. Sub standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	-	X
A.3 Not written off	-	-
1. Bad loans	-	-
2. Sub standard loans	-	-
3. Restructured loans	-	-
4. Past due loans	-	-
5. Other assets	-	-
B. Underlying assets of third parties:	-	-
B.1. Bad loans	-	-
B.2. Sub standard loans	-	-
B.3. Restructured loans	-	-
B.4. Past due loans	-	-
B.5. Other assets	-	-

This table shows value of the portfolio of assets involved in securitisation at the financial statements date, in relationship to the junior securities held.

C.1.6 EQUITY HELD IN SPECIAL PURPOSE ENTITY

The table has not been drafted since there were no balances for this item relative to the vehicle companies involved in operations CBO2 and CBO3 when the financial statements were drawn up. The Bank holds a stake in the vehicle company Credico Finance s.r.l., as indicated in table 10.1 of the balance sheet assets.

C.1.7 SERVICER ACTIVITIES - COLLECTION OF SECURITISED LOANS AND REDEMPTION OF SECURITIES ISSUED BY THE SPECIAL PURPOSE ENTITY

SPECIAL PURPOSE ENTITY	SECURITISED ASSETS (END OF PERIOD)		CREDIT COLLECTED DURING THE PERIOD		% OF SECURITIES REDEEMED (FIGURE AT END OF PERIOD)						
	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	SENIOR		MEZZANINE		JUNIOR		
					IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	
Credico funding 2 s.r.l CBO2	-	1,159,500	-	-	-	-	-	-	-	-	-
Credico funding 3 s.r.l CBO3	-	1,222,500	-	-	-	-	-	-	-	-	-

C.2 SALE TRANSACTIONS

C.2.1 FINANCIAL ASSETS SOLD AND NOT DERECOGNIZED

TECHNICAL TYPES/ PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS CARRIED AT FAIR VALUE			FINANCIAL ASSETS AVAILABLE FOR SALE		
	A	B	C	A	B	C	A	B	C
A. Cash assets	14,628	-	-	-	-	-	6,603	-	-
1. Debt securities	14,628	-	-	-	-	-	6,603	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-
3. UCITS	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X
Total at 31/12/2008	14,628	-	-	-	-	-	6,603	-	-
Total at 31/12/2007	486,610	-	-	-	-	-	-	-	-

Key: A = financial assets sold and registered in full (book value) / B = financial assets sold and registered in part (book value) / C = financial assets sold and partially registered (full value)

FINANCIAL ASSETS HELD TO MATURITY			DUE FROM BANKS			CUSTOMER LOANS			TOTAL AT	
A	B	C	A	B	C	A	B	C	31/12/2008	31/12/2007
-	-	-	9,812	-	-	-	-	-	31,043	490,632
-	-	-	9,812	-	-	-	-	-	31,043	490,632
X	X	X	X	X	X	X	X	X	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	9,812	-	-	-	-	-	31,043	-
-	-	-	4,022	-	-	-	-	-	490,632	490,632

C.2.2. FINANCIAL LIABILITIES LINKED TO FINANCIAL ASSETS SOLD AND NOT DERECOGNIZED

LIABILITIES/ASSETS PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS CARRIED AT FAIR VALUE	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	DUE FROM BANKS	CUSTOMER LOANS	TOTAL AT 31.12.2008
1. Due to customers	2,462	-	-	-	1,502	-	3,964
a) for assets completely recognized	2,462	-	-	-	1,502	-	3,964
b) for assets partially recognized	-	-	-	-	-	-	-
2. Due to banks	32,200	-	-	-	8,289	-	40,489
a) for assets completely recognized	32,200	-	-	-	8,289	-	40,489
b) for assets partially recognized	-	-	-	-	-	-	-
Total at 31.12.2008	34,662	-	-	-	9,791	-	44,453
Total at 31.12.2007	532,162	-	-	-	4,017	-	536,179

D. MODELS FOR CREDIT RISK ASSESSMENT

At the date of the financial statements, no internal models were used for credit risk assessment.

SECTION 2 - MARKET RISKS

Broking for the BCC is the main strategic aim of Iccrea Banca and is pursued by seeking management procedures, in terms of size and content of the financial portfolios, in line with the needs of the BCC and with the evolution of the markets. The position activities are carried out using standard financial instruments as well as derivative contracts; the management of the transformation of both medium and long-term maturity dates both in the context of treasury operations is always carried out in compliance with a financial risk containment policy

The Central Finance and Credit Office is responsible for the assumption and management of the market risk; the Office manages the assets owned by the bank according to the guidelines defined when the strategic plans are decided.

The main activities performed are:

- raising capital and lending on the interbank market;
- trading as a primary dealer on the MTS market;
- participation on the primary market and share and bond placing also at auction and underwriting of Government securities;
- negotiation of repurchase agreements on the OTC markets and on the regulated markets, and of derivatives on the regulated markets;
- structuring, construction and management of financial derivatives traded on non-regulated markets, mainly to satisfy specific needs of the Bank's clientele;
- the offer to the BCC of financial investment services,

performing reception and transmission of trading orders for third parties and the placing of financial instruments;

- Management of the liquidity and of the short-term interest rate profile deriving from transactions on the interbank, foreign exchange and precious metals markets.

2.1 INTEREST RATE RISK REGULATORY TRADING PORTFOLIO

Qualitative information

A. GENERAL ASPECTS

Within the framework of the trading activities carried out by Iccrea Banca on the financial markets, the interest rate risk derives prevalently from transactions on interbank markets, from trading in derivatives on regulated markets and over the counter (OTC), and securities trading on the MTS and HiMTF markets.

In the context of the operating delegations, specific operating limits are defined for trading which generates exposure to the interest rate risk. This risk is assumed by domestic government securities and futures contracts traded on official markets with compensation and guarantee mechanisms, and derivative contracts on interest rates, mainly plain vanilla derivatives, for the purpose of hedging the risk of the BCC. Within the sphere of the transactions in derivative products on rates, interest rate swaps are also carried in support of the vehicle company in the transformation of the interest rate flows generated by the BCC credit securitisation transactions.

The company's overall exposure to the interest rate risk is concentrated in euro operations and therefore the effects of correlation between the trends of interest rate curves referred to different currency areas are marginal.

B. INTEREST RATE RISK MANAGEMENT AND ASSESSMENT METHODS

The Institute's own portfolio maintained a significant component of variable rate government securities in 2008, held both for the purpose of liquidity and for guarantee and functioning.

The portfolio was managed in a context of high volatility of the financial markets, subsequent to the credit crunch. In fact, the uncertainty of the financial markets also penalised domestic government securities with variable rates, and there was a significant fall in the CCT quotations.

Business in interest rate derivative products with maturity at more than 12 months was carried out consistently with the mission of supporting the BCC, with volumes in line with those of the preceding financial year. Operations are subjected to sensitivity limits in respect of rate factors and volatility (the scenario method).

Within the system of operating limits, derivative contracts on rates with maturity falling before 12 months are considered within the context of the overall position of the Treasury. Maximum loss and economic attention threshold limits are laid down. As from the second half of 2008, a progressively decreasing trend in such operations was confirmed, coherently with a policy of reducing exposure in the light of particularly uncertain market dynamics.

Pursuant to specific activity aimed at migrating the positions to within a single system for holding and managing the front to back positions dedicated to financial transactions, the use, for management purposes, of the "Delta-Gamma VaR" method was consolidated, for the purpose of quantitative reporting and monitoring of

both the linear instruments and those with an optional content.

An audit section of the Finance Department has the responsibility for monitoring and controlling the market risk. This section, together with the Risk Management Department, monitors business and analysis the market risk on the trading portfolio on a daily basis.

In particular, the said audit section of the Finance Department must verify correct management of all the financial assets in order to ensure respect for the operating limits of the various parts of the trading portfolio, including the financial VaR limits measured with the parametric method (with a holding period of 10 days and confidence intervals of 99%), also taking sensitivity into account.

Quantitative information

1. REGULATORY TRADING PORTFOLIO: DISTRIBUTION BY RESIDUAL DURATION (RE-PRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES HELD AND FINANCIAL DERIVATIVES

This table has not been drafted, since an analysis of interest rate risk sensitivity is given in the Notes to the Accounts.

2. REGULATORY TRADING PORTFOLIO INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

The following table shows the results of the sensitivity analysis on value subsequent to a shift of +/- 100 bp on the interest rate curves relative to the currencies in the positions.

	ESTIMATED IMPACT ON BROKING PROFIT		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED VARIATION IN SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	2.61	-1.05	1.76	-0.71	1.19	-0.48

Figures in €/mln at 31st December 2008

2.2 INTEREST RATE RISK - BANK PORTFOLIO

Qualitative information

A. GENERAL ASPECTS, INTEREST RATE

RISK MANAGEMENT AND ASSESSMENT METHODS

Within the context of the treasury activities, raising capital and lending are prevalently carried out on the interbank market; capital is raised by the BCC, mainly through the use of the daily regulating account, particularly on the interbank market with maximum terms of up to 12 months, depending on the decisions taken by those with delegated powers; the management of derivative contracts on interest rates maturing within 12 months is linked with such operations, some of which have been put to the effectiveness test as foreseen by the hedge accounting rules.

With reference to the support given to capital raising on the part of the BCC, the amount of bonds issued by the BCC and held by the Institute has remained substantially stable.

The Fair Value Option is also adopted for the valuation of certain non-standard bonds which are linked to structured derivative contracts, which are also neutralising in the case of the effects of accounting mismatch, as well as for certain Credit Linked Notes.

The Risk Management Department and Controls Service and Finance Technical Office include, in their

reporting systems, information on risk positions of the bank portfolio; the treasury positions are subject to operating risks which are monitored daily.

A ceiling is adopted, on the basis of a synthetic indicator of the interest rate risk exposure of the treasury, which is a combination of the imbalance of loans and collection also considering the relative rate expiry dates, and including the securities positions in the treasury portfolio, in terms of both counter value in euro and each separate currency.

The ALM system includes the bank portfolio assets and liabilities, including loans and bond issues. Reporting is carried out at monthly intervals and regards exposure according to maturity, currency and sub-portfolios. Methods are used for sensitivity to cases of instantaneous variation in the interest rate curves as well as to the case of variation in the interest rate margin always in the light of the curve shift.

B. HEDGE ASSETS AT FAIR VALUE

The hedging of the interest rate risk is carried out in a specific manner in accordance with the IAS Fair Value Hedge provisions. At 31st December 2008, positions in Iccrea Banca securities and individual bond issues existing amounted to Euro 96 million overall.

The effectiveness tests were carried out using the Dollar Offsetting method for the retrospective profile and linear regression for the forecast profile.

C. FINANCIAL FLOW HEDGING

At the date of these financial statements, the Bank was not hedging financial flows.

Quantitative information

1. BANK PORTFOLIO: DISTRIBUTION FOR RESIDUAL DURATION (FOR RE-PRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES

This table has not been drafted, since an analysis of interest rate risk sensitivity is given in the Notes to the Accounts.

2. BANK PORTFOLIO: INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

The following table shows the results of the sensitivity analysis on value and on the interest rate margin of the bank portfolio subsequent to a shift of +/- 100 bp on the interest rate curves relative to the currencies in the positions

	ESTIMATED IMPACT ON NET INTEREST INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED VARIATION IN SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	-0.92	1.02	-0.63	0.69	-0.42	0.47

Figures in €/mln at 31st December 2008

2.3 PRICE RISK - REGULATORY PORTFOLIO

Qualitative information

A. General aspects

The considerations of an organizational nature regarding the interest rate risk, both on the trading portfolio and on the bank portfolio, also apply to the price risk. In the framework of the system of internal limits, the risk profile for shares involves significant containment.

B. PRICE RISK MANAGEMENT AND ASSESSMENT METHODS

With regard to shares, plain vanilla options on high liquidity stock exchange indices (Eurostoxx50, Nikkei225, S&P-MIB) as well as on nominative shares of primary listed companies on the Italian stock exchange linked mainly to the structuring of indexed bonds of the BCC and the BCC life insurance company. The options soled are then partly hedged with market counterparts and partly with the delta hedging technique.

Sensitivity techniques are used in cases of instantaneous price variations up to 24% (with steps of 8%) together with instantaneous volatility variations up to 25% (with steps of 5%).

Always to support the BCC in terms of covering their structured bond issues, buying and selling operations are carried out in options on unit trusts as well as units of cash funds, in accordance with the delta hedging management procedures.

The profiles of these operations are monitored on a daily basis by checking compliance with the net position limits for the underlying instrument.

Quantitative information**1. REGULATORY TRADING PORTFOLIO: EXPOSURE HELD IN EQUITY AND UCITS SECURITIES**

TYPE OF EXPOSURE/VALUES	BOOK VALUE	
	LISTED	UNLISTED
A. Equity securities	196	-
A.1 Shares	196	-
A.2 Innovative equity instruments	-	-
A.3. Other equity securities	-	-
B. UCITS	2,189	-
B.1. Italian	110	-
- open harmonised	110	-
- open non-harmonised	-	-
- closed	-	-
- reserved	-	-
- speculative	-	-
B.2. Of other EU states	2,079	-
- harmonised	2,079	-
- open non-harmonised	-	-
- closed non-harmonised	-	-
B.2. Of non-EU states	-	-
- open	-	-
- closed	-	-
Total at 31.12.2008	2,385	-

2. REGULATORY TRADING PORTFOLIO: DISTRIBUTION OF EXPOSURE IN EQUITY SECURITIES AND SHARE INDICES FOR THE MAIN COUNTRIES OF THE MARKETS ON WHICH THEY ARE LISTED

This table has not been drafted, since an analysis of price risk sensitivity is given in the Notes to the Accounts.

3. REGULATORY TRADING PORTFOLIO - INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

	ESTIMATED IMPACT ON BROKING PROFIT		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED VARIATION IN SHAREHOLDERS' EQUITY	
	+ 24%	- 24%	+ 24%	- 24%	+ 24%	- 24%
Iccrea Banca	-0.92	1.02	-0.63	0.69	-0.42	0.47

Figures in €/mln at 31st December 2008

2.4 PRICE RISK - BANK PORTFOLIO

Qualitative information

A. GENERAL ASPECTS, PRICE RISK MANAGEMENT AND ASSESSMENT METHODS

At 31st December 2008, there was a balance of Euro 72.8 million in units of two real estate funds (Securfondo and Melograno), as well as an overall balance of Euro 21.95 million regarding shareholdings and equity investments.

B. HEDGE TRANSACTIONS TO COVER PRICE RISK

The strategic nature of investment in real estate fund units has not yet made it appropriate to select specific price risk hedging policies. In any case, the impact of the hypothesis of a prudential instantaneous variation of 8% of the current value of the balance is monitored by the Risk Management Department. As an indication, with reference to the balance at the end of the year, this impact is estimated to be about Euro 5.8 million.

Quantitative information**1. BANK PORTFOLIO: EXPOSURE HELD IN EQUITY AND UCITS SECURITIES**

TYPE OF EXPOSURE/VALUES	BOOK VALUE	
	LISTED	UNLISTED
A. Equity securities	610	21.344
A.1 Shares	610	21.344
A.2 Innovative equity instruments	-	-
A.3. Other equity securities	-	-
B. UCITS	56,163	16,639
B.1. Italian	56,163	16,639
- open harmonised	-	-
- open non-harmonised	-	-
- closed	56,163	16,639
- reserved	-	-
- speculative	-	-
B.2. Of other EU states	-	-
- harmonised	-	-
- open non-harmonised	-	-
- closed non-harmonised	-	-
B.2. Of non-EU states	-	-
- open	-	-
- closed	-	-
Total at 31.12.2008	56,773	37,983

2. BANK PORTFOLIO: INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

There is no information apart from that already given above.

2.5 EXCHANGE RATE RISK

Qualitative information

A. GENERAL ASPECTS, EXCHANGE RISK MANAGEMENT AND ASSESSMENT METHODS

The exchange risk is managed in a centralized manner by the Treasury. The Bank implements a policy of constant dimensioning of the positions assumed in the various currencies in a context of support for the currency operations of the BCC and other companies of the Group.

Operations are mainly concentrated on currencies of greater market importance. Use is made of a system of daily operating limits on the overall exchange composition, as well as on the net exchange positions of the individual currencies, in accordance with a plan for the partial utilization of the above overall position limit, appropriately graduated on the basis of the importance of the currency itself.

B. HEDGE TRANSACTIONS TO COVER EXCHANGE RISK

On the date of the accounts under examination, the Bank was not hedging the exchange risk.

Quantitative information

1. DISTRIBUTION BY CURRENCY OF ASSETS, LIABILITIES AND DERIVATIVES

ITEMS	CURRENCY					
	USA DOLLARS	STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
A. Financial assets	607,124	34,901	127,090	1,170	219,197	28,399
A.1 Debt securities	292	-	-	-	-	-
A.2 Equity securities	429	180	-	-	1	-
A.3. Loans to banks	605,890	34,721	127,090	1,151	219,188	28,399
A.4. Loans to customers	513	-	-	19	8	-
A.5. Other financial assets	-	-	-	-	-	-
B. Other assets	2,898	1,223	225	527	800	787
C. Financial liabilities	316,419	21,579	79,777	6,371	106,367	28,249
C.1. Due to banks	304,243	16,709	72,643	4,764	106,047	18,414
C.2. Customer loans	12,176	4,870	7,134	1,607	320	9,835
C.3. Debt securities	-	-	-	-	-	-
C.4. Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	-	3	-	-	-	-
E. Financial derivatives	1,256,701	228,840	509,948	37,345	137,796	157,914
- Options	2,934	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	2,934	-	-	-	-	-
- Other derivatives	1,253,767	228,840	509,948	37,345	137,796	157,914
+ long positions	481,210	107,583	231,375	21,069	12,327	77,957
+ short positions	772,557	121,257	278,573	16,276	125,469	79,957
Total assets	1,091,232	143,707	358,690	22,766	232,324	107,143
Total liabilities	1,091,910	142,839	358,350	22,647	231,836	108,206
Differences (+/-)	-678	868	340	119	488	-1,063

2. INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

There is no information apart from that already given above.

2.6 DERIVATIVE

A. FINANCIAL DERIVATIVES

A.1 SUPERVISORY TRADING PORTFOLIO: NOTIONAL VALUES AT THE END OF THE PERIOD AND AVERAGE VALUES

TYPE OF TRANSACTION / UNDERLYING INSTRUMENTS	DEBT SECURITIES AND INTEREST RATES		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreement	-	2,133,858	-	-	-	-
2. Interest rate swaps	-	25,866,036	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. IRS currency	-	-	-	-	-	-
5. Basis swaps	-	4,041,228	-	-	-	-
6. Equity indices swaps	-	-	-	-	-	-
7. Real indices swaps	-	-	-	-	-	-
8. Futures	2,900	-	2,363	-	-	-
9. Cap options	-	717,226	-	-	-	-
- bought	-	339,117	-	-	-	-
- issued	-	378,109	-	-	-	-
10. Floor options	-	306,836	-	-	-	-
- bought	-	200,247	-	-	-	-
- issued	-	106,589	-	-	-	-
11. Other options	-	1,948,053	-	685,642	-	46,231
- bought	-	1,007,573	-	267,743	-	25,900
- plain vanilla	-	1,007,573	-	191,713	-	25,900
- exotic	-	-	-	76,030	-	-
- issued	-	940,480	-	417,899	-	20,331
- plain vanilla	-	940,480	-	226,149	-	20,331
- exotic	-	-	-	191,750	-	-
12. Forward contracts	477,521	407	1,290	-	-	2,291,375
- purchases	346,127	203	704	-	-	897,047
- sales	131,394	204	586	-	-	1,359,854
- currency against currency	-	-	-	-	-	34,474
13. Other derivative contracts	-	-	-	415,666	-	-
Total	480,421	35,013,644	3,653	1,101,308	-	2,337,606
Average amount	1,245,377	39,012,911	7,690	1,183,982	-	2,411,656

OTHER VALUES		TOTAL AT 31.12.2008		TOTAL AT 31.12.2007	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	2,133,858	-	6,850,887
-	-	-	25,866,036	-	29,103,462
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,041,228	-	4,025,303
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,263	-	1,229,693	-
-	-	-	717,226	-	805,283
-	-	-	339,117	-	396,263
-	-	-	378,109	-	409,020
-	-	-	306,836	-	321,281
-	-	-	200,247	-	216,416
-	-	-	106,589	-	104,865
-	-	-	2,679,926	-	2,714,210
-	-	-	1,301,216	-	1,457,415
-	-	-	1,225,186	-	1,345,962
-	-	-	76,030	-	111,453
-	-	-	1,378,710	-	1,256,795
-	-	-	1,186,960	-	993,008
-	-	-	191,750	-	263,787
-	-	478,811	2,291,782	792,365	2,434,084
-	-	346,831	897,250	581,309	1,167,299
-	-	131,980	1,360,058	211,056	1,201,144
-	-	-	34,474	-	65,641
-	-	-	415,666	-	510,029
-	-	484,074	38,452,558	2,022,058	46,764,539
-	-	1,253,067	42,608,549	1,504,729	46,571,243

A.2 BANK PORTFOLIO: NOTIONAL VALUES AT THE END OF THE PERIOD AND AVERAGE VALUES

1.2.1 HEDGING

TYPE OF DERIVATIVE / UNDERLYING INSTRUMENTS	DEBT SECURITIES AND INTEREST RATES		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreement	-	-	-	-	-	-
2. Interest rate swaps	-	866,022	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. IRS currency	-	-	-	-	-	-
5. Basis swaps	-	-	-	-	-	-
6. Share indices swaps	-	-	-	-	-	-
7. Real indices swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-
- bought	-	-	-	-	-	-
- issued	-	10,000	-	-	-	-
10. Floor options	-	-	-	-	-	-
- bought	-	10,000	-	-	-	-
- issued	-	50,000	-	-	-	-
11. Other options	-	-	-	-	-	-
- bought	-	-	-	-	-	-
- plain vanilla	-	-	-	-	-	-
- exotic	-	50,000	-	-	-	-
- issued	-	50,000	-	-	-	-
- plain vanilla	-	-	-	-	-	-
- exotic	-	-	-	-	-	-
12. Forward contracts	-	-	-	-	-	-
- purchases	-	-	-	-	-	-
- sales	-	-	-	-	-	-
- currency against currency	-	-	-	-	-	-
13. Other derivative contracts	-	926,022	-	-	-	-
Total	-	590,589	-	-	-	-
Average amount						

	OTHER VALUABLES		TOTAL AT 31.12.2008		TOTAL AT 31.12.2007	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
	-	-	-	-	-	-
	-	-	-	866,022	-	195,155
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	10,000	-	10,000
	-	-	-	-	-	-
	-	-	-	10,000	-	10,000
	-	-	-	50,000	-	50,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	50,000	-	50,000
	-	-	-	50,000	-	50,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	926,022	-	255,155
	-	-	-	590,589	-	257,021

A.2.2 OTHER DERIVATIVES

TYPE OF DERIVATIVE / UNDERLYING INSTRUMENTS	DEBT SECURITIES AND INTEREST RATES		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreement	-	-	-	-	-	-
2. Interest rate swaps	-	552,243	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. IRS currency	-	-	-	-	-	-
5. Basis swaps	-	15,150	-	-	-	-
6. Share indices swaps	-	-	-	-	-	-
7. Real indices swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-
- bought	-	-	-	-	-	-
- issued	-	-	-	-	-	-
10. Floor options	-	15,150	-	-	-	-
- bought	-	15,150	-	-	-	-
- issued	-	-	-	-	-	-
11. Other options	-	-	-	7,243	-	-
- bought	-	-	-	-	-	-
- plain vanilla	-	-	-	-	-	-
- exotic	-	-	-	-	-	-
- issued	-	-	-	7,243	-	-
- plain vanilla	-	-	-	-	-	-
- exotic	-	-	-	7,243	-	-
12. Forward contracts	-	-	-	-	-	-
- purchases	-	-	-	-	-	-
- sales	-	-	-	-	-	-
- currency against currency	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	7,243	-	-
Total	-	582,543	-	14,486	-	-
Mean amounts	-	353,186	-	97,150	-	-

OTHER VALUABLES		TOTAL AT 31.12.2008		TOTAL AT 31.12.2007	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	-
-	-	-	552,243	-	93,528
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,150	-	15,150
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,150	-	15,150
-	-	-	15,150	-	15,150
-	-	-	-	-	-
-	-	-	7,243	-	7,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,243	-	7,243
-	-	-	-	-	-
-	-	-	7,243	-	7,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,243	-	172,570
-	-	-	597,029	-	303,641
-	-	-	450,335	-	220,308

A.3 FINANCIAL DERIVATIVES: PURCHASE AND SALE OF UNDERLYING INSTRUMENTS

TYPE OF TRANSACTION / UNDERLYING INSTRUMENTS	DEBT SECURITIES AND INTEREST RATES		EQUITY SECURITIES AND SHARE INDICES	
	LISTED	UNLISTED	LISTED	UNLISTED
A. Supervisory trading portfolio:	480,421	30,972,416	3,653	1,101,308
1. Transactions with principal exchange	480,421	211,702	1,290	92,290
- purchases	349,027	156,023	704	45,340
- sales	131,394	55,679	586	46,950
- currency against currency	-	-	-	-
2. Transactions without principal exchange	-	30,760,714	2,363	1,009,018
- purchases	-	15,493,936	1,068	448,790
- sales	-	15,266,778	1,295	560,228
- currency against currency	-	-	-	-
B. Bank portfolio:	-	1,493,415	-	14,486
B.1 For hedging	-	926,022	-	-
1. Transactions with principal exchange	-	-	-	-
- purchases	-	-	-	-
- sales	-	-	-	-
- currency against currency	-	-	-	-
2. Transactions without principal exchange	-	926,022	-	-
- purchases	-	95,000	-	-
- sales	-	831,022	-	-
- currency against currency	-	-	-	-
B.2 Other derivatives	-	567,393	-	14,486
1. Transactions with principal exchange	-	-	-	-
- purchases	-	-	-	-
- sales	-	-	-	-
- currency against currency	-	-	-	-
2. Transactions without principal exchange	-	567,393	-	14,486
- purchases	-	15,150	-	7,243
- sales	-	552,243	-	7,243
- currency against currency	-	-	-	-

EXCHANGE RATES AND GOLD		OTHER VALUABLES		TOTAL AT 31.12.2008		TOTAL AT 31.12.2007	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	2,337,606	-	-	484,074	34,411,330	2,022,058	42,739,237
-	2,337,606	-	-	481,711	2,641,598	990,465	3,141,088
-	914,436	-	-	349,731	1,115,799	779,409	1,626,431
-	1,388,696	-	-	131,980	1,491,325	211,056	1,447,647
-	34,474	-	-	-	34,474	-	67,010
-	-	-	-	2,363	31,769,732	1,031,593	39,598,149
-	-	-	-	1,068	15,942,726	8,952	18,942,728
-	-	-	-	1,295	15,827,006	1,022,641	20,655,421
-	-	-	-	-	-	-	-
-	-	-	-	-	1,507,901	-	543,646
-	-	-	-	-	926,022	-	255,155
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	926,022	-	255,155
-	-	-	-	-	95,000	-	95,000
-	-	-	-	-	831,022	-	160,155
-	-	-	-	-	-	-	-
-	-	-	-	-	581,879	-	288,491
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	581,879	-	288,491
-	-	-	-	-	22,393	-	187,720
-	-	-	-	-	559,486	-	100,771
-	-	-	-	-	-	-	-

A.4 OVER THE COUNTER FINANCIAL DERIVATIVES: POSITIVE FAIR VALUE - COUNTERPART RISK

COUNTERPART/UNDERLYING INSTRUMENT	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND SHARE INDICES		
	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE
A. Regulatory trading portfolio:						
A.1 Governments and Central Banks	6	-	-	-	-	-
A.2 Government agencies	253	-	105	-	-	-
A.3 Banks	343,224	-	65,795	16,422	-	32,861
A.4 Financial companies	17.162	-	3.021	446	-	2.464
A.5 Insurances	5.671	-	323	40	-	576
A.6 Non-financial companies	-	-	-	-	-	-
A.7 Other subjects	1	-	-	-	-	-
Total A at 31/12/2008	366.317	-	69.244	16.908	-	35.901
Total at 31/12/2007	270.596	-	76.484	46.627	-	40.392
B. Bank portfolio:						
B.1 Governments and Central Banks	-	-	-	-	-	-
B.2 Government agencies	-	-	-	-	-	-
B.3 Banks	2.176	-	1.078	-	-	-
B.4 Financial companies	237	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-
B.7 Other subjects	-	-	-	-	-	-
Total B at 31/12/2008	2.413	-	1.078	-	-	-
Total at 31/12/2007	4.748	-	1.532	5.431	-	5.177

	EXCHANGE RATES AND GOLD			OTHER VALUABLES			DIFFERENT UNDERLYING INSTRUMENTS	
	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE	COMPENSATED	FUTURE EXPOSURE
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	48,686	-	390	-	-	-	-	-
	3,428	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	52.114	-	390	-	-	-	-	-
	26.650	-	677	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

A.5 OVER THE COUNTER FINANCIAL DERIVATIVES: NEGATIVE FAIR VALUE - FINANCIAL RISK

COUNTERPART/UNDERLYING INSTRUMENT	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND SHARE INDICES		
	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE	GROSS NOT NETTED	NETTED GROSS	FUTURE EXPOSURE
A. Regulatory trading portfolio:						
A.1 Governments and Central Banks	-	-	-	-	-	-
A.2 Government agencies	14	-	66	-	-	-
A.3 Banks	280,588	-	37,682	7,510	-	948
A.4 Financial companies	17,184	-	1,064	1,414	-	-
A.5 Insurances	10,819	-	592	13,741	-	18,913
A.6 Non-financial companies	-	-	-	-	-	-
A.7 Other subjects	177	-	98	-	-	-
Total A at 31/12/2008	308,782	-	39,502	22,665	-	19,861
Total at 31.12.2007	193,029	-	36,803	74,669	-	24,812
B. Bank portfolio:						
B.1 Governments and Central Banks	-	-	-	-	-	-
B.2 Government agencies	-	-	-	-	-	-
B.3 Banks	17,505	-	253	549	-	-
B.4 Financial companies	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-
B.7 Other subjects	-	-	-	-	-	-
Total A at 31/12/2008	17,505	-	253	549	-	-
Total at 31/12/2007	4,503	-	775	2,132	-	708

A.6 RESIDUAL TERM OF OVER THE COUNTER FINANCIAL DERIVATIVES: NOTIONAL VALUES

UNDERLYING INSTRUMENT / RESIDUAL TERM	UP TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading portfolio	21,037,513	14,886,150	2,528,895	38,452,558
A.1 Financial derivatives on debt securities and interest rates	18,323,867	14,160,882	2,528,895	35,013,644
A.2 Financial derivatives on equity securities and share indices	376,040	725,268	-	1,101,308
A.3 Financial derivatives on exchange rates and gold	2,337,606	-	-	2,337,606
A.4 Financial derivatives on other valuables	-	-	-	-
B. Bank portfolio	1,321,362	162,156	39,533	1,523,051
B.1 Financial derivatives on debt securities and interest rates	1,321,362	147,670	39,533	1,508,565
B.2 Financial derivatives on equity securities and share indices	-	14,486	-	14,486
B.3 Financial derivatives on exchange rates and gold	-	-	-	-
B.4 Financial derivatives on other valuables	-	-	-	-
Total at 31/12/2008	22,358,875	15,048,306	2,568,428	39,975,609
Total at 31/12/2007	27,775,327	17,285,743	2,262,265	47,323,335

B. CREDIT DERIVATIVES

B.1 CREDIT DERIVATIVES: NOTIONAL VALUES AT THE END OF THE PERIOD AND AVERAGE VALUES

TYPE OF TRANSACTIONS	REGULATORY TRADING PORTFOLIO		OTHER TRANSACTIONS	
	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)
1. Protection purchases				
1.1 With principal exchange	12,000	-	-	-
<i>Credit default swap</i>	12,000	-	-	-
<i>Credit linked notes</i>	-	-	-	-
1.2 Without principal exchange	-	-	-	-
Total at 31/12/2008	12,000	-	-	-
Total at 31/12/2007	13,200	-	86,285	-
Mean values	12,600	-	43,143	-
2. Protection sales				
2.1 With principal exchange	12,000	-	19,760	-
<i>Credit default swap</i>	12,000	-	-	-
<i>Credit linked notes</i>	-	-	19,760	-
2.2 Without principal exchange	-	-	-	-
Total at 31/12/2008	12,000	-	19,760	-
Total at 31/12/2007	13,200	-	106,045	-
Mean values	12,600	-	62,903	-

B.2 CREDIT DERIVATIVES: POSITIVE FAIR VALUE - COUNTERPART RISK

TYPE OF TRANSACTION / AMOUNT	NOTIONAL VALUE	POSITIVE FAIR VALUE	FUTURE EXPOSURE
A. REGULATORY TRADING PORTFOLIO	12,000	136	720
A.1 Protection purchase with counterparts:	12,000	136	720
1. Governments and Central Banks	-	-	-
2. Other government agencies	-	-	-
3. Banks	12,000	136	720
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other subjects	-	-	-
A.2 protection sales with counterparts:	-	-	-
1. Governments and Central Banks	-	-	-
2. Other government agencies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other subjects	-	-	-
B. BANK PORTFOLIO	-	-	-
B.1 Protection purchases with counterparts:	-	-	-
1. Governments and Central Banks	-	-	-
2. Other government agencies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other subjects	-	-	-
B.2 Protection sales with counterparts:	-	-	-
1. Governments and Central Banks	-	-	-
2. Other government agencies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other subjects	-	-	-
Total at 31.12.2008	12,000	136	720
Total at 31.12.2007	13,200	73	1,032

B.3 CREDIT DERIVATIVES: NEGATIVE FAIR VALUE - FINANCIAL RISK

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

B.4 RESIDUAL TERM OF DERIVATIVE CONTRACTS ON LOANS: NOTIONAL VALUES

UNDERLYING INSTRUMENT / RESIDUAL TERM	UP TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading portfolio	24,000	-	-	24,000
A.1 Credit derivatives with "qualified" "reference obligation"	-	-	-	-
A.2 Credit derivatives with "non-qualified" "reference obligation"	24,000	-	-	24,000
B. Bank portfolio	19,760	-	-	19,760
B.1. Credit derivatives with "qualified" "reference obligation"	19,760	-	-	19,760
B.2. Credit derivatives with "non-qualified" "reference obligation"	-	-	-	-
Total at 31.12.2008	43,760	-	-	43,760
Total at 31.12.2007	194,730	24,000	-	218,730

SECTION 3 - LIQUIDITY RISK

Qualitative information

A. GENERAL ASPECTS, LIQUIDITY RISK MANAGEMENT AND ASSESSMENT METHODS

The liquidity risk is managed by a special treasury unit of the Central Finance and Loans Office, which mainly employs the available financial resources on the interbank market in the form of time deposits. Due to its role as an intermediary with the regulatory system on behalf of the BCC, the liquid funds of the Cooperative Credit system is concentrated in Iccrea Banca, which normally acts as the net lender of cash to the system. The financial management therefore features a net prevalence of short term or on-demand cash flows.

The employment of the financial resources is governed by the Delegated Powers in force which define the limits of the positions for the various expiry terms.

From the operational viewpoint, the total volumes held by the treasury in Euro deposited by the BCC/Banks for which Iccrea Banca acts as the intermediary, have grown further in 2008. Both the amounts deposited on current accounts and those in time deposits have increased.

The Bank's total balances, setting off liabilities against assets, are monitored by an ALM system at monthly intervals.

In the light of the new legislation, the use of the gap reporting forms, for the control and management of risks deriving from the mismatching of the maturity dates between assets and liabilities on the balance sheet, has continued. Since October 2008, the Group's liquidity position has also been reported weekly reporting to the Bank of Italy.

Quantitative information

1. TIME DISTRIBUTION BY RESIDUAL CONTRACTUAL TERM OF FINANCIAL ASSETS AND LIABILITIES

CURRENCY OF DENOMINATION: EURO

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	1,432,309	509,094	220,509	721,099
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	33,290	-	-	8,160
A.4 UCITS units	74,991	-	-	-
A.5 Loans	1,324,028	509,094	220,509	712,939
- banks	1,121,832	508,972	220,484	712,018
- customers	202,196	122	25	921
Cash liabilities	5,775,736	76,399	142,677	335,304
B.1 Deposits	5,775,171	75,285	136,425	322,187
- banks	5,103,182	75,285	88,425	145,633
- customers	671,989	-	48,000	176,554
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	565	1,114	6,252	13,117
Off balance sheet transactions	39,520	786,339	194,810	1,545,839
C.1 Financial derivatives with principal exchange	-	770,288	185,082	1,539,516
- long positions	-	397,015	143,785	814,487
- short positions	-	373,273	41,297	725,029
C.2 Deposits and loans to be received	-	-	-	-
- long positions	-	-	-	-
- short positions	-	-	-	-
C.3 Irrevocable payment commitments	39,520	16,051	9,728	6,323
- long positions	19,760	16,051	-	-
- short positions	19,760	-	9,728	6,323

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	667,016	722,922	869,719	659,605	1,035,003	470,333
	-	2,960	-	207,122	685,902	-
	738	1,802	437	5,039	1,466	-
	4,964	17,120	93,158	286,387	48,085	-
	-	-	-	-	-	-
	661,314	701,040	776,124	161,057	299,550	470,333
	656,300	676,629	754,257	32,099	906	442,867
	5,014	24,411	21,867	128,958	298,644	27,466
	344,409	167,342	162,721	85,939	34,486	-
	295,675	156,851	132,607	-	1,003	-
	261,172	156,851	130,591	-	1,003	-
	34,503	-	2,016	-	-	-
	-	10,073	30,114	85,939	33,483	-
	48,734	418	-	-	-	-
	351,163	358,706	97,302	226,114	146,086	-
	351,163	346,706	97,302	214,114	146,086	-
	164,389	303,089	35,479	169,054	60,722	-
	186,774	43,617	61,823	45,060	85,364	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	12,000	-	12,000	-	-
	-	-	-	12,000	-	-
	-	12,000	-	-	-	-

CURRENCY OF DENOMINATION: DOLLAR (USA)

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	55,005	163,747	230,621	16,445
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	55,005	163,747	230,621	16,445
- banks	54,492	163,747	230,621	16,445
- customers	513	-	-	-
Cash liabilities	143,395	16,363	29,561	75,070
B.1 Deposits	99,025	16,363	29,561	75,070
- banks	86,849	16,363	29,561	75,070
- customers	12,176	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	44,370	-	-	-
Off balance sheet transactions	-	308,643	8,907	777,714
C.1 Financial derivatives with principal exchange	-	282,245	8,907	777,714
- long positions	-	12,867	1,836	380,704
- short positions	-	269,378	7,071	397,010
C.2 Deposits and loans to be received	-	25,016	-	-
- long positions	-	12,508	-	-
- short positions	-	12,508	-	-
C.3 Irrevocable payment commitments	-	1,382	-	-
- long positions	-	691	-	-
- short positions	-	691	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	119,681	11,297	7,265	292	-	5,815
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	292	-	-
	-	-	-	-	-	-
	119,681	11,297	7,265	-	-	5,815
	119,681	11,297	7,265	-	-	5,815
	-	-	-	-	-	-
	32,525	13,699	5,805	-	-	-
	32,088	13,699	5,805	-	-	-
	32,088	13,699	5,805	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	437	-	-	-	-	-
	143,505	26,473	17,976	39	52	-
	143,505	26,473	17,976	39	52	-
	67,495	8,542	9,826	19	26	-
	76,010	17,931	8,150	20	26	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

CURRENCY OF DENOMINATION: YEN (JAPAN)

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	5,719	15,633	30,430	32,658
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	5,719	15,633	30,430	32,658
- banks	5,719	15,633	30,430	32,658
- customers	-	-	-	-
Cash liabilities	10,001	916	41,658	25,646
B.1 Deposits	10,001	916	41,658	25,646
- banks	2,867	916	41,658	25,646
- customers	7,134	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	-	-	-	-
Off balance sheet transactions	-	14,974	45,240	404,717
C.1 Financial derivatives with principal exchange	-	5,870	45,240	404,717
- long positions	-	3,000	603	201,902
- short positions	-	2,870	44,637	202,815
C.2 Deposits and loans to be received	-	520	-	-
- long positions	-	260	-	-
- short positions	-	260	-	-
C.3 Irrevocable payment commitments	-	8,584	-	-
- long positions	-	4,292	-	-
- short positions	-	4,292	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	34,706	6,202	1,742	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	34,706	6,202	1,742	-	-	-
	34,706	6,202	1,742	-	-	-
	-	-	-	-	-	-
	1,001	555	-	-	-	-
	1,001	555	-	-	-	-
	1,001	555	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	44,768	6,790	2,562	-	-	-
	44,768	6,790	2,562	-	-	-
	21,667	2,878	1,325	-	-	-
	23,101	3,912	1,237	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

CURRENCY OF DENOMINATION: CHF (SWITZERLAND)

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	1,673	15,800	50,893	38,376
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	1,673	15,800	50,893	38,376
- banks	1,665	15,800	50,893	38,376
- customers	8	-	-	-
Cash liabilities	8,789	20,388	31,132	34,294
B.1 Deposits	8,789	20,388	31,132	34,294
- banks	8,469	20,388	31,132	34,294
- customers	320	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	-	-	-	-
Off balance sheet transactions	-	22,838	54,317	35,311
C.1 Financial derivatives with principal exchange	-	19,942	54,317	35,311
- long positions	-	10,395	-	1,343
- short positions	-	9,547	54,317	33,968
C.2 Deposits and loans to be received	-	2,882	-	-
- long positions	-	1,441	-	-
- short positions	-	1,441	-	-
C.3 Irrevocable payment commitments	-	14	-	-
- long positions	-	7	-	-
- short positions	-	7	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	97,444	12,803	2,206	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	97,444	12,803	2,206	-	-	-
	97,444	12,803	2,206	-	-	-
	-	-	-	-	-	-
	11,435	237	92	-	-	-
	11,435	237	92	-	-	-
	11,435	237	92	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	28,123	104	-	-	-	-
	28,123	104	-	-	-	-
	590	-	-	-	-	-
	27,533	104	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

CURRENCY OF DENOMINATION: GBP (GREAT BRITAIN)

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	4,650	499	469	517
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	4,650	499	469	517
- banks	4,650	499	469	517
- customers	-	-	-	-
Cash liabilities	11,489	1,842	1,513	3,685
B.1 Deposits	11,489	1,842	1,513	3,685
- banks	6,619	1,842	1,513	3,685
- customers	4,870	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	-	-	-	-
Off balance sheet transactions	-	25,980	836	158,787
C.1 Financial derivatives with principal exchange	-	22,460	836	158,787
- long positions	-	21,586	315	76,709
- short positions	-	874	521	82,078
C.2 Deposits and loans to be received	-	3,520	-	-
- long positions	-	1,760	-	-
- short positions	-	1,760	-	-
C.3 Irrevocable payment commitments	-	-	-	-
- long positions	-	-	-	-
- short positions	-	-	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	1,165	27,420	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,165	27,420	-	-	-	-
	1,165	27,420	-	-	-	-
	-	-	-	-	-	-
	2,467	549	33	-	-	-
	2,467	549	33	-	-	-
	2,467	549	33	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	17,791	29,031	-	65	-	-
	17,791	29,031	-	65	-	-
	8,901	105	-	32	-	-
	8,890	28,926	-	33	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

CURRENCY OF DENOMINATION: AUD (AUSTRALIA)

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	1,242	3,963	11	83
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	1,242	3,963	11	83
- banks	1,242	3,963	11	83
- customers	-	-	-	-
Cash liabilities	2,333	538	41	214
B.1 Deposits	2,333	538	41	214
- banks	1,412	538	41	214
- customers	921	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	-	-	-	-
Off balance sheet transactions	-	1,986	49,380	14,460
C.1 Financial derivatives with principal exchange	-	1,346	49,380	14,460
- long positions	-	592	24,669	6,905
- short positions	-	754	24,711	7,555
C.2 Deposits and loans to be received	-	640	-	-
- long positions	-	320	-	-
- short positions	-	320	-	-
C.3 Irrevocable payment commitments	-	-	-	-
- long positions	-	-	-	-
- short positions	-	-	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	77	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	77	-	-	-	-	-
	77	-	-	-	-	-
	-	-	-	-	-	-
	747	-	-	-	-	-
	747	-	-	-	-	-
	747	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	533	10	425	54	-	-
	533	10	425	54	-	-
	-	-	25	27	-	-
	533	10	400	27	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

CURRENCY OF DENOMINATION: OTHER CURRENCIES

ITEMS/TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH
Cash assets	12,148	3,303	399	5,510
A.1 Government securities	-	-	-	-
A.2 Debt securities	-	-	-	-
A.3 Other debt securities	-	-	-	-
A.4 UCITS units	-	-	-	-
A.5 Loans	12,148	3,303	399	5,510
- banks	12,129	3,303	399	5,510
- customers	19	-	-	-
Cash liabilities	17,643	8,879	875	892
B.1 Deposits	17,643	8,879	875	892
- banks	7,123	8,879	875	892
- customers	10,520	-	-	-
B.2 Debt securities	-	-	-	-
B.3 Other liabilities	-	-	-	-
Off balance sheet transactions	-	14,751	21,032	95,074
C.1 Financial derivatives with principal exchange	-	8,593	21,032	95,074
- long positions	-	7,520	10,376	47,179
- short positions	-	1,073	10,656	47,895
C.2 Deposits and loans to be received	-	2,740	-	-
- long positions	-	1,370	-	-
- short positions	-	1,370	-	-
C.3 Irrevocable payment commitments	-	3,418	-	-
- long positions	-	1,709	-	-
- short positions	-	1,709	-	-

	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
	1,192	-	-	-	-	2,580
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,192	-	-	-	-	2,580
	1,192	-	-	-	-	2,580
	-	-	-	-	-	-
	2,407	50	-	-	-	-
	2,407	50	-	-	-	-
	2,407	50	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,376	160	128	-	62	-
	4,376	160	128	-	62	-
	1,685	160	45	-	31	-
	2,691	-	83	-	31	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

2. DISTRIBUTION OF FINANCIAL LIABILITIES BY SECTOR

EXPOSURE /COUNTERPARTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1. Due to customers	3,273	929	834,605	75,443	17,734	460,674
2. Debt securities in issue	-	-	-	20,041	-	-
3. Financial liabilities held for trading	-	14	43,802	23,542	-	177
4. Financial liabilities carried at fair value	-	-	-	-	-	-
Total at 31.12.2008	3,273	943	878,407	119,026	17,734	460,851
Total at 31.12.2007	10,946	1,886	845,862	211,596	35,440	578,539

3. TERRITORIAL DISTRIBUTION OF FINANCIAL LIABILITIES

EXPOSURE /COUNTERPARTS	ITALY	OTHER EUROPEAN COUNTRIES	AMERICA	ASIA	REST OF THE WORLD
1. Due to customers	1,392,654	4	-	-	-
2. Due to banks	6,341,176	208,463	1,549	-	-
3. Debt securities in issue	146,168	-	-	-	-
4. Financial liabilities held for trading	213,264	137,701	36	-	-
5. Financial liabilities carried at fair value	13,441	-	-	-	-
Total at 31.12.2008	8,106,703	346,168	1,585	-	-
Total at 31.12.2007	8,372,112	613,119	3,544	-	439

SECTION 4 - OPERATING RISKS

Qualitative information

GENERAL ASPECTS, OPERATIONAL RISK MANAGEMENT AND ASSESSMENT METHODS

Within the framework of the initiatives defined at Group level in the Risk Management area, the Bank has launched an integrated system for operating risk management which allows for assessment of the operating risk for each business area. In particular, a self-assessment process of expected exposure to operating risks, the so-called Risk Self Assessment, has been defined and is implemented. The results of the assessment are processed by means of a statistical model which allows for translating the operating risk exposure estimates into economic capital values;

The approach adopted also allows for achieving the following further specific objectives:

- to give risk owners greater awareness of the risks linked to their own operations;
- to assess the Bank's exposure to operating risk factors which exist in company procedures;
- to give an overall view, for each period and sector under observation, of the Bank's operating problems;
- to supply the information necessary for improving the Internal Auditing System;
- to optimise operating risk mitigating actions, by means of a process which, starting with identification of the risk, economic assessment of the same, and identification of the internal criticalities underlying the same, allows for cost/benefit analysis of the measures to be taken.

Quantitative information

Pursuant to the provision issued in the Bank of Italy Circular n° 263 of 27th December 2006 - New prudential regulatory provisions for banks - the Institute has until now used the Basic Method (BIA - *Basic Indicator Approach*) for calculating the Operating Risk for reporting purposes.

In the Basic Method, the equity requisites are calculated by applying a regulatory coefficient to an indicator of the company's business volumes, thus identifying the "broking margin".

In particular, the Institute's equity requisite, equal to 15% of the average of the last three months' observations of the "broking margin", was Euro 24,558 thousand at the end of the period.

PART - F

*Comments on
the Shareholders' Equity*



PART F - COMMENTS ON THE SHAREHOLDER'S EQUITY

SECTION 1 - THE CORPORATE EQUITY

A. Qualitative information

Individual capital refers to regulatory capital as defined by Bank of Italy circular no. 155 of 22/11/1991 and subsequent updates. The said regulations require banks belonging to banking groups to comply with a minimum total capital ratio of 8% calculated as the ratio between the sum of the regulatory capital and the permitted third-level subordinat-

ed loans, and the total weighted assets for the risk. When preparing forecasts of the future development of the Bank's assets, compliance with the minimum obligatory capital requirements needed for supporting the quantitative and qualitative growth of disbursements and, more in general, the risk activities is constantly monitored; this takes place by correlating this growth with the associated revenue growth trend and checking the resulting self-financing capacity.

B. Quantitative information

See "Part B - Information on the Balance Sheet" - Liabilities - Section 14.

SECTION 2 - SHAREHOLDERS' EQUITY AND REGULATORY RATIOS

2.1 REGULATORY CAPITAL

Quantitative information

	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. Tier 1 capital before application of prudential filters	283,434	280,046
B. Tier 1 capital prudential filters:		
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	(26,371)	(280)
C. Tier 1 capital gross of elements to be deducted (A+B)	257,063	279,766
D. Elements to be deducted from Tier 1 equity	6,504	363
E. Total Tier 1 capital (C-D)	250,559	279,403
E. Tier 2 capital before application of the prudential filters	51,204	54,191
G. Tier 2 capital prudential filters:		
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,669)	(3,163)
H. Tier 2 capital gross of elements to be deducted (F+G)	49,535	51,028
J. Elements to be deducted from the Tier 2 capital	6,504	363
L. Total Tier 2 capital (H-I)	43,031	50,665
M. Elements to be deducted from Tier 1 and Tier 2 capital	-	370
N. Regulatory capital (E+L-M)	293,590	329,698
O. Tier 3 capital	-	-
P. Regulatory capital inclusive of Tier 3 (N+O)	293,590	329,698

2.2 CAPITAL ADEQUACY

Quantitative information

CATEGORIES/AMOUNTS	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUISITES	
	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007	TOTAL AT 31/12/2008	TOTAL AT 31/12/2007
A. RISK ASSETS				
A.1 Credit and counterpart risk	14,434,127	13,238,259	2,253,447	2,039,948
1. Standardised methodology	14,387,267	13,238,259	2,032,394	2,039,948
2. Methodology based on internal ratings	-	-	-	-
2.1 Base	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisation	46,860	-	221,053	-
B. REGULATORY EQUITY REQUIREMENTS				
B.1 Credit and counterpart risk			189,389	156,767
B.2 Market risks			28,003	38,596
1. Standard methodology			-	38,596
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operating risk			24,558	-
1. Basic method			24,558	-
2. Standardised method			-	-
3. Advanced method			-	-
B.4 Other prudential requirements			-	-
B.5 Total prudential requirements			241,950	195,363
C. RISK ASSETS AND REGULATORY RATIOS			3,024,375	2,790,900
C.1 Weighted risk assets			3,024,375	2,790,900
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			8.50%	10.01%
C.3 Regulatory capital including Tier 3/Weighted risk assets (Total capital ratio)			9.71%	11.81%

PART - G

*Business
Combination Related
to Company or
Business Units*



PART G - BUSINESS COMBINATION RELATED TO COMPANY OR BUSINESS UNITS

SECTION 1: OPERATIONS CARRIED OUT DURING THE PERIOD

1.1 AGGREGATION OPERATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.2 OTHER INFORMATION ON AGGREGATION OPERATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.2.1 ANNUAL GOODWILL VARIATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

1.2.2 OTHERS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

SECTION 2: OPERATIONS CARRIED OUT AFTER CLOSURE OF THE PERIOD

2.1 AGGREGATION OPERATIONS

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

PART - H
*Related
Parties Transaction*



PART H - RELATED PARTIES TRANSACTION

1. DATA REGARDING REMUNERATION PAID TO DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The data required by IAS 24 is given below, regarding the remuneration of directors and 3 executives belonging to General Management, and the fees paid to the Board of Statutory Auditors..

	TOTAL AT 31.12.2008
Remuneration and salaries (1)	1,563
Benefits after closure of the work relationship (2)	69

(1) Inclusive of the salary of the General Manager and Deputy General Managers

(2) Referring to the annual allocation to the severance indemnity provision, in accordance with the provisions of current legal requirements

	TOTAL AT 31.12.2008
Board of Auditors' fees	143

CREDIT FACILITIES AND GUARANTEES GIVEN:

	TOTAL AT 31.12.2008
Directors	411
Auditors	-

2. COMMENTS ON TRANSACTIONS WITH RELATED PARTIES

name of the parent company
Iccrea Holding S.p.A.

Head office
Via Lucrezia Romana, 41/47 - 00178 Rome

PARENT COMPANY - KEY DATA AT 31ST DECEMBER 2007 (EURO/1000)

BALANCE SHEET	TOTAL AT 31.12.2007
Assets	711,508
Liabilities	123,303
Share Capital	512,420
Legal reserve	16,755
Reserve for own shares in portfolio	1,311
Statutory reserve	19,930
Other reserves	(13,031)
Revaluation reserves	23,077
Own shares	(1,311)
Profit for the period	29,054
Shareholders' equity	588,205
INCOME STATEMENT	TOTAL AT 31.12.2007
Net Interest income	(2,524)
Net commissions	1,605
Broking margin	36,968
Profit (loss) from financial operations	36,968
Operating costs	(11,877)
Pre-tax profit/loss on current operations	25,091
Profit for the period	29,054

The parent company carries out management and coordination activities.

THE BALANCE SHEET AND INCOME STATEMENT ITEMS REGARDING THE INTRAGROUP RELATIONSHIPS ARE PROVIDED BELOW

ASSETS	A20 - FINANCIAL ASSETS HELD FOR TRADING	A60 - AMOUNTS DUE FROM BANKS	A70 - AMOUNTS DUE FROM CUSTOMERS	A150 OTHER ASSETS
Aureo Gestioni				53
Banca Agrileasing	26,147	893,020		95
Bcc Gestione Crediti				15
Bcc Solutions			31,111	1,521
Bcc Private Equity				
Bcc Securis				
Bcc Vita			7,684	601
Bcc Multimedia				
Credico Finance				
Iccrea Holding			103,694	9,855
Immicra			84	
Nolé			2,042	
Sef Consulting				
Bcc Factoring			37	
Hi-Mtf				2
GRAND TOTAL	26,147	893,020	144,652	12,142

LIABILITIES	P10 - AMOUNTS DUE TO BANKS	P20 - AMOUNTS DUE TO CUSTOMERS	P30 - DEBT SECURITIES IN ISSUE	P40 - FINANCIAL LIABILITIES HELD FOR TRADING	P100 - OTHER LIABILITIES
Aureo Gestioni		16,501			
Banca Agrileasing	7,957			5,953	178
Bcc Gestione Crediti		1,054			3
Bcc Solutions		1,075			2,586
Bcc Private Equity		569			
Bcc Securis		9			
Bcc Vita		48,326	20.041	23,542	
Bcc Multimedia		1,182			304
Credico Finance		44			
Iccrea Holding					16,935
Immicra		133			
Nolé					9
Sef Consulting					
Bcc Factoring		9,941			
Hi-Mtf					116
GRAND TOTAL	7,957	78,834	20.041	29,495	20,131

INCOME STATEMENT	E10 - INTEREST RECEIVABLE AND SIMILAR INCOME	E20 - INTEREST PAYABLE AND SIMILAR CHARGES	E40 - COMMISSION RECEIVABLE
Aureo Gestioni		273	61
Banca Agrileasing	7,980	6,519	5,179
Bcc Gestione Crediti		31	
Bcc Solutions	1,419	15	2
Bcc Private Equity		59	
Bcc Securis			7
Bcc Vita	21	8,318	472
Bcc Multimedia		37	1
Credico Finance		2	
Iccrea Holding	3,667	47	1
Immicra	9		
Nolé	112	1	47
Sef Consulting			
Bcc Factoring	32	3	5
Hi-Mtf			7
GRAND TOTAL	13,240	15,718	5,782

	E50 - COMMISSION EXPENSE	E80 - NET PROFIT (LOSS) FROM TRADING	E110 - NET GAIN (/LOSS) ON FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE	E150 - ADMINISTRATIVE EXPENSES	E190 - OTHER OPERATING INCOME (EXPENSES)
					23
		19,616		31	247
				13	21
				8,905	59
					3
					20
		(1,678)	206		12
				1,013	3
				2,597	516
	321				
	321	17,938	206	12,559	904

PARTE - I

*Payment Agreements
Based on Own
Equity Instruments*



PART I – PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

A. QUALITATIVE INFORMATION

1. DESCRIPTION OF PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

At the date of the financial statements, the Bank has no payment agreements in force based on its own equity instruments.

B. QUANTITATIVE INFORMATION

1. ANNUAL VARIATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

2. OTHER INFORMATION

The table has not been drafted since there were no balances for this item when the financial statements were drawn up.

Appendices

- BCC SECURIS
- CREDICO FINANCE
 - HI-MTF
- SITUATION OF THE CENTRAL GUARANTEE FUND



BCC SECURIS COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

ASSET ITEMS		31/12/2008	31/12/2007
10.	Cash and cash equivalents	-	-
60.	Due from banks	9,076	8,988
120	Tax assets	9,718	8,706
	a) current	3,552	1,725
	a) prepaid	6,166	6,981
140.	Other assets	17,231	20,251
	Total Assets	36,025	37,945
LIABILITY AND SHAREHOLDERS' EQUITY ITEMS		31/12/2008	31/12/2007
70.	Tax liabilities	660	3,628
	a) current	660	3,628
	a) prepaid	-	-
90.	Other liabilities	24,821	24,078
120.	Share capital	10,000	10,000
160.	Reserves	239	239
180.	Profit (Loss) for the year	305	-
	Total Liabilities	36,025	37,945

INCOME STATEMENT

	ITEMS	31/12/2008	31/12/2007
10.	Interest receivable and similar income	305	297
	Net Interest income	305	297
40.	Commission payable	(60)	(70)
	Net commissions	(60)	(70)
	Broking margin	245	227
120.	Administrative expenses:	(66,663)	(64,169)
	b) other administrative expenses	(66,663)	(64,169)
170.	Other operating expenses	(892)	(4,959)
180.	Other operating income	69,173	73,431
	Profit (loss) from financial operations	1,618	4,303
	Profit (loss) before tax on continuing operations	1,863	4,530
210.	Income taxes for the year on continuing operations	(1,558)	(4,530)
	Profit (loss) after tax on continuing operations	305	-
	Profit (Loss) for the year	305	-

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

	BALANCES AT 31.12.2007	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.2008	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD		CHANGE DURING THE PERIOD								SHAREHOLDERS' EQUITY AT 31.12.2008
				RESERVES	DIVIDENDS AND OTHER USES	CHANGES IN RESERVES	OPERATIONS ON SHAREHOLDERS' EQUITY					PROFIT (LOSS) FOR THE YEAR AT 31.12.2008		
							NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	DERIVATIVES ON OWN SHARES		STOCK OPTIONS	
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Issuance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a) of profits	1,121	-	1,121	-	-	-	-	-	-	-	-	-	-	1,121
b) other	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	(882)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year period	-	-	-	-	-	-	-	-	-	-	-	-	305	305
Shareholders' equity	10,239		10,239	-	-	-	-	-	-	-	-	-	305	10,544

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2007

	BALANCES AT 31.12.2006	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.2007	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD		CHANGE DURING THE PERIOD								SHAREHOLDERS' EQUITY AT 31.12.2007
				RESERVES	DIVIDENDS AND OTHER USES	CHANGES IN RESERVES	OPERATIONS ON SHAREHOLDERS' EQUITY						PROFIT (LOSS) FOR THE YEAR AT 31.12.2007	
							NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS		
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Issuance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	(441)	-	(441)	680	-	-	-	-	-	-	-	-	-	239
a) of profits	441	-	441	680	-	-	-	-	-	-	-	-	-	1,121
b) other	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	(882)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year period	680	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' equity	10,239		9,559	680	-	-	-	-	-	-	-	-	-	10,239

CASH FLOWS

	31/12/2008	31/12/2007
OPERATING ASSETS		
1. Management	305	-
- Interest receivable and similar income	305	297
- Interest payable and similar charges	-	-
- dividends and similar income	-	-
- commission receivable	-	-
- commission payable	(60)	(70)
- personnel expenses	-	-
- other costs	(67,555)	(69,128)
- other income	69,173	73,431
- taxes	(1,558)	(4,530)
2. Liquidity generated by the reduction of financial assets	4,083	7,200
- financial assets held for trading	-	-
- financial assets carried at fair value	-	-
- financial assets available for sale	-	-
- receivables	-	-
- other assets	4,083	7,200
3. Liquidity absorbed by the increase of financial assets	(2,075)	-
- financial assets held for trading	-	-
- financial assets carried at fair value	-	-
- financial assets available for sale	-	-
- receivables	-	-
- other assets	(2,075)	-
4. Liquidity absorbed by the increase of financial liabilities	9,383	11,345
- payables	-	-
- securities in circulation	-	-
- financial liabilities held for trading	-	-
- financial liabilities carried at fair value	-	-
- other liabilities	9,383	11,345
5. Liquidity absorbed by redemption/repurchase of financial liabilities	(11,608)	(18,462)
- payables	-	-
- securities in circulation	-	-
- financial liabilities held for trading	-	-
- financial liabilities carried at fair value	-	-
- other liabilities	(11,608)	(18,462)
Net liquidity generated/absorbed by investment activities (A)	88	83

	31/12/2008	31/12/2007
INVESTMENT ASSETS		
1. Liquidity generated by the decrease in:		
- equity investments	-	-
- financial assets held to maturity	-	-
- tangible assets	-	-
- intangible assets	-	-
- other assets	-	-
2. Liquidity absorbed by the increase in:		
- equity investments	-	-
- financial assets held to maturity	-	-
- tangible assets	-	-
- intangible assets	-	-
- other assets	-	-
Net liquidity generated/absorbed by investment activities (B)	-	-
FUNDING ASSETS		
- issue/purchase of own shares	-	-
- issue/purchase of capital instruments	-	-
- distribution of dividends and other uses	-	-
Net liquidity generated/absorbed by investment activities (C)	-	-
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD (D)=A+B+C	88	83

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents at the start of the period	8,988	8,904
Total net liquidity generated/absorbed in the period	88	83
Cash and cash equivalents at the close of the period	9,076	8,988

CREDICO FINANCE COMPANY'S FINANCIAL STATEMENTS SCHEDULES

BALANCE SHEET

ASSET ITEMS		31/12/2008	31/12/2007
60.	Amounts due from banks	43,909	42,834
120	Tax assets	2,588	2,596
	a) current	2,588	2,596
	a) prepaid		
140.	Other assets	27,185	25,186
	Total Assets	73,682	70,616

LIABILITY AND SHAREHOLDERS' EQUITY ITEMS		31/12/2008	31/12/2007
90.	Other liabilities	16,572	14,707
120.	Share capital	51,645	51,645
160.	Reserves	4,264	3,121
180.	Profit (Loss) for the year	1,201	1,143
	Total Liabilities	73,682	70,616

INCOME STATEMENT

ITEMS		31/12/2008	31/12/2007
10.	Interest receivable and similar income	1,656	1,426
	Net Interest income	1,656	1,426
	Broking margin	1,656	1,426
120.	Administrative expenses:	(75,935)	(70,802)
	b) other administrative expenses	(75,935)	(70,802)
170.	Other operating expenses	-	-
180.	Other operating income	75,935	70,802
	Profit (loss) from financial operations	-	-
	Profit(loss) before tax on continuing operations	1,656	1,426
210.	Income taxes for the year on continuing operations	(455)	(283)
	Profit(loss) after tax on continuing operations	1,201	1,143
	Profit (Loss) for the year	1,201	1,143

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

	BALANCES AT 31.12.2007	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.08	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD		CHANGE DURING THE PERIOD						SHAREHOLDERS' EQUITY AT 31.12.2008
				RESERVES	DIVIDENDS AND OTHER USES	CHANGES IN RESERVES	OPERATIONS ON SHAREHOLDERS' EQUITY				PROFIT (LOSS) FOR THE YEAR AT 31.12.2008	
							NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS		
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	51,645
Issuance premiums	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-
a) of profits	4,616	-	4,616	1,143	-	-	-	-	-	-	-	5,759
b) other	(1,495)	-	(1,495)	-	-	-	-	-	-	-	-	(1,495)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	1,143	-	1,143	(1,143)	-	-	-	-	-	-	1,201	1,201
Shareholders' equity	55,909	-	55,909	-	-	-	-	-	-	-	1,201	57,110

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2007

	BALANCES AT 31.12.2006	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.2007	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD		CHANGE DURING THE PERIOD							SHAREHOLDERS' EQUITY AT 31.12.2007
				RESERVES	DIVIDENDS AND OTHER USES	CHANGES IN RESERVES	OPERATIONS ON SHAREHOLDERS' EQUITY					PROFIT (LOSS) FOR THE YEAR AT 31.12.2007	
							NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	OTHER VARIATIONS		
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	-	51,645
Issuance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) of profits	3,833	-	3,833	783	-	-	-	-	-	-	-	-	4,616
b) other	(1,495)	-	(1,495)	-	-	-	-	-	-	-	-	-	(1,495)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	783	-	783	(783)	-	-	-	-	-	-	-	1,143	1,143
Shareholders' equity	54,766	-	54,766	-	-	-	-	-	-	-	-	1,143	55,909

CASH FLOWS

	31/12/2008	31/12/2007
A. OPERATING ASSETS		
1. Management	1,201	1,143
- Interest receivable and similar income	1,656	1,426
- Interest payable and similar charges	-	-
-dividends and similar income	-	-
- commission receivable	-	-
- commission payable	-	-
- personnel expenses	-	-
- other costs	(76,390)	(71,085)
- other income	75,935	70,802
- taxes	-	-
2. Liquidity generated by the reduction of financial assets	(1,991)	12,214
- financial assets held for trading	-	-
- financial assets carried at fair value	-	-
- financial assets available for sale	-	-
- receivables	-	-
- other assets	-	-
3. Liquidity absorbed by the increase of financial assets	-	-
- financial assets held for trading	-	-
- financial assets carried at fair value	-	-
- financial assets available for sale	-	-
- receivables	-	-
- other assets	(1,991)	12,214
4. Liquidity absorbed by the increase of financial liabilities	1,865	2,549
- payables	-	-
- securities in circulation	-	-
- financial liabilities held for trading	-	-
- financial liabilities carried at fair value	-	-
- other liabilities	1,865	2,549
5. Liquidity absorbed by redemption/repurchase of financial liabilities	-	-
- payables	-	-
- securities in circulation	-	-
- financial liabilities held for trading	-	-
- financial liabilities carried at fair value	-	-
- other liabilities	-	-
Net liquidity generated/absorbed by investment activities (A)	1,075	15,906

	31/12/2008	31/12/2007
B. INVESTMENT ASSETS		
Liquidity generated by the decrease in:		
- equity investments	-	-
- financial assets held to maturity	-	-
- tangible assets	-	-
- intangible assets	-	-
- other assets	-	-
2. Liquidity absorbed by the increase in:		
- equity investments	-	-
- financial assets held to maturity	-	-
- tangible assets	-	-
- intangible assets	-	-
- other assets	-	-
Net liquidity generated/absorbed by investment activities (B)	-	-
C. FUNDING ASSETS		
- issue/purchase of own shares	-	-
- issue/purchase of capital instruments	-	-
- distribution of dividends and other uses	-	-
Net liquidity generated/absorbed by investment activities (C)	-	-
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD (D)=A+B+C	1,075	15,906

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents at the start of the period	42,834	26,928
Total net liquidity generated/absorbed in the period	1,075	15,906
Cash and cash equivalents at the close of the period	43,909	42,834

HI-MTF COMPANY'S FINANCIAL STATEMENTS SCHEDULES

BALANCE SHEET

ASSET ITEMS		31/12/2008	31/12/2007
10.	Cash and cash equivalents	9	-
40.	Financial assets available for sale	-	2,983,050
60.	Loans	3,507,544	545,841
100.	Tangible assets	57,172	60,171
110.	Intangible assets	68,631	57,262
120	Tax assets	10,894	5,670
	a) current	10,894	5,670
	a) prepaid	-	-
140.	Other assets	538,175	126,355
	Total Assets	4,182,425	3,778,349
LIABILITY AND SHAREHOLDERS' EQUITY ITEMS		31/12/2008	31/12/2007
70.	Tax liabilities	13,425	-
	a) current	13,425	-
	a) prepaid	-	-
90.	Other liabilities	313,842	401,657
100.	Provision for employee severance indemnity	8,684	559
120.	Share capital	5,000,000	4,000,000
160.	Reserves	(599,347)	-
170.	Valuation reserves	-	(24,519)
180.	Profit (Loss) for the year	(554,179)	(599,347)
	Total Liabilities	4,182,425	3,778,349

INCOME STATEMENT

	ITEMS	31/12/2008	31/12/2007
60.	Commission receivable	1,192,637	5,228
70.	Commission payable	(15,326)	(217)
80.	Interest and similar income	104,985	48,266
	Broking margin	1,282,296	53,278
120.	Administrative expenses:	(1,763,642)	(617,575)
	a) personnel expenses	(776,631)	(349,701)
	b) other administrative expenses	(987,011)	(267,873)
130.	Net adjustment of tangible assets	(10,612)	(6,421)
140.	Net adjustment of intangible assets	(48,631)	(28,631)
170.	Other operating expenses	(165)	-
180.	Other operating income	-	2
	Profit (loss) from financial operations	(540,754)	(599,347)
	Profit (loss) before tax on continuing operations	(540,754)	(599,347)
210.	Income taxes for the year on continuing operations	(13,425)	-
	Profit(loss) after tax on continuing operations	(554,179)	(599,347)
	Profit (Loss) for the year	(554,179)	(599,347)

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

	BALANCES AT 31.12.2007	CHANGES TO INITIAL BALANCES	BALANCES AT 01.01.08	ALLOCATION OF PROFIT OF THE PREVIOUS PERIOD		CHANGES IN RESERVES	CHANGE DURING THE PERIOD					SHAREHOLDERS' EQUITY AT 31.12.2008	
				RESERVES	DIVIDENDS AND OTHER USES		NEW SHARE ISSUES	OWN SHARE PURCHASES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN CAPITAL INSTRUMENTS	OTHER VARIATIONS		PROFIT (LOSS) FOR THE YEAR AT 31.12.2008
Share capital:	4,000,000	-	4,000,000	-	-	-	1,000,000	-	-	-	-	-	5,000,000
Issuance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) of profits	-	-	-	(574,489)	-	-	-	-	-	-	-	-	(574,489)
b) other	-	-	-	(24,858)	-	-	-	-	-	-	-	-	(24,858)
Valuation reserves:	-	(24,519)	(24,519)	-	-	24,519	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	(574,489)	(24,858)	(599,347)	599,347	-	-	-	-	-	-	-	(554,179)	(554,179)
Shareholders' equity	3,425,511	(49,377)	3,376,134	-	-	24,519	1,000,000	-	-	-	-	(554,179)	3,846,474

CASH FLOWS

	31/12/2008	31/12/2007
A. OPERATING ASSETS		
1. Management	(554,179)	(599,347)
- commission receivable	1,192,637	5,228
- commission payable	(15,326)	(217)
- Interest receivable and similar income	104,985	48,266
- personnel expenses	(776,631)	(349,701)
- other costs	(1,046,418)	(302,925)
- other income	-	2
- taxes	(13,425)	-
2. Liquidity generated by the reduction of financial assets	2,983,050	-
- financial assets available for sale	2,983,050	-
- other assets	-	-
3. Liquidity absorbed by the increase of financial assets	(417,045)	(3,115,074)
- financial assets available for sale	-	(2,983,050)
- other assets	(417,045)	(132,024)
4. Liquidity absorbed by the increase of financial liabilities	21,551	402,215
- other liabilities	21,551	402,215
5. Liquidity absorbed by redemption/repurchase of financial liabilities	(87,815)	-
- other liabilities	(87,815)	-
<i>Net liquidity generated/absorbed by operating activities</i>	1,945,562	(3,312,206)
INVESTMENT ASSETS		
1. Liquidity generated by the decrease in:	2,999	-
- tangible assets	2,999	-
2. Liquidity absorbed by the increase in:	(11,369)	(117,433)
- tangible assets	-	(60,171)
- intangible assets	(11,369)	(57,262)
<i>Net liquidity generated/absorbed by investment activities</i>	(8,370)	(117,433)
FUNDING ASSETS		
- issue/purchase of own shares	1,000,000	4,000,000
- distribution of dividends and other purposes	24,519	(24,519)
<i>Net liquidity generated/absorbed by investment activities</i>	1,024,519	3,975,481
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	2,961,712	545,841

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents at the start of the period	545,841	-
Total net liquidity generated/absorbed in the period	2,961,712	545,841
Cash and cash equivalents at the close of the period	3,507,553	545,841

SITUATION OF THE FONDO CENTRALE DI GARANZIA AT 31ST DECEMBER 2008

BALANCE SHEET	31/12/2008	31/12/2007
Assets		
Deposits with banks	2,355,435	2,465,363
Total assets	2,355,435	2,465,363
Liabilities		
Taxes payable	21,082	175,158
Payables to the Central Guarantee Fund	2,334,353	2,290,205
Total liabilities	2,355,435	2,465,363
INCOME STATEMENT	31/12/2008	31/12/2007
Costs		
Fees and consultancy	-	(16,140)
Provisions for taxes	(21,082)	(175,158)
Allocation to the reserve	(44,148)	(282,772)
Total costs	(65,230)	(474,070)
Revenues		
Interests on bank deposits	65,230	64,070
Extraordinary income (interests receivable)	-	410,000
Total revenue	65,230	474,070

The action still to be defined regards:

- a guarantee of Euro 877,976 issued to Credito Emiliano in favour of the former BCC Corleonese for which a release was requested in as much as the tax dispute should be completely closed;
- a sum is outstanding, due from the BCC San Marcellino liquidation; this credit has been entirely written off pursuant to an indication of the Federazione Campana and Federcasse;
- Litigation is still pending with the former Tursi BCC and Benestare BCC regarding the collection of the differential profits accrued at the time and which were not paid.

Auditors' Report





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**Independent auditors' report
pursuant to article art.2409-ter of the Italian Civil Code
(Translation from the original Italian text)**

To the Shareholders of
Iccrea Banca S.p.A.

1. We have audited the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2008, comprising the balance sheet, the income statement, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art.9 of the Italian Legislative Decree n°38/2005 is the responsibility of the Iccrea Banca S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards generally accepted in Italy. In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion. For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 11, 2008.
3. In our opinion, the financial statements of Iccrea Banca S.p.A. at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art.9 of the Italian Legislative Decree n°38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of Iccrea Banca S.p.A. for the year then ended.
4. The management of Iccrea Banca S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 2409-ter, paragraph 2, letter e), of the Italian Civil Code. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Report on Operations is consistent with the financial statements of Iccrea Banca S.p.A. as of December 31, 2008.

Rome, April 8, 2009

Reconta Ernst & Young S.p.A.
signed by: Francesco Natale, partner

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