The right direction.

Financial Statements

2009

ICCREA BANCA

Financial Statements 2009

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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ICCREA BANCA

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Report on Operations

FINANCIAL YEAR
1ST JANUARY - 31ST DECEMBER 2009

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Report on Operations

Corporate Bodies
2010 - 2012

Board Of Directors

CARRI Francesco	*	Chairman
COLOMBO Annibale	*	Deputy Chairman
FIORELLI Bruno	*	Deputy Chairman
BONACINA Gianfranco		
BUDA Pierino	*	
CAPOGROSSI Maurizio		
MICHIELIN Gianpiero		
PALDINO Nicola		
RAVAGLIOLI Domenico		
RUBATTU Leonardo	*	
SAPORITO Salvatore		

* members of the Executive Committee

Board Of Auditors

GASPARI Luigi	Chairman
CATAROZZO Camillo	Auditors
NAPPINI Eros	Auditors
DE ROSI Antonio	Alternates
MASCARELLO Santiago	Alternates

General Manager

GORNATI Luciano Giorgio	General Manager since 1/03/2000

Introduction

Dear Shareholders,

the 2009 period was characterised by the continuing strong downturn of the real economy, by a reduction in share and rate trends, by a low assets under management profile, and by an increase of corporate default rates, all of which increased in intensity during the year.

The crisis made all financial sector intermediaries take a new, critical look at the previously used economic and financial models. The rapid development of the international financial system during the past few years was fuelled and accelerated by a notable increase in the level of market integration.

Financial globalisation brought about a significant reduction in transaction costs and, at the same time, guaranteed an important increase in global financial availability. As a consequence of the markets' ability to promote efficient distribution of wealth on a global scale, there was a significant redistribution of economic growth among the various countries which generally penalised all of the European Union countries, especially Italy.

The strong interdependence of the markets also caused a notable increase in the speed of transmitting both positive and negative economic and financial impacts. All of the international markets were characterised by great uncertainty which triggered an unprecedented loss of security.

It is important to recognise that the financial sector has to re-create faith among the stakeholders who have been hit by the crisis. Banks have to rebuild their reputation, which has been rapidly compromised, and demonstrate to the markets that they are able to sustain the economy, even in moments of serious difficulty. Now more than ever, banks need to be able to quickly identify clients' needs and offers solutions which respond to those needs just as quickly with products that are simpler, more transparent, and easier to evaluate than they were in the past.

To rebuild customer faith, banks need to begin again from their ability to be close to the territory, starting up a closer dialogue with stakeholders. With this outlook, the Credit Cooperative Banks, as banks that have a strong and radically local presence, have had and will have a particular advantage in this process and it is also evident that by demonstrating their reliability, they will be able to make their activity sustainable over time and, therefore, continue to contribute to economic growth.

In this context, Iccrea Banca has always overseen the quality of its relationship with customers, adapting the service and product offering to the needs of Cooperative Banks and Rural Banks (BCC-CR), also thanks to operations and initiatives implemented consistent with the 2009 - 2011 Industrial Plan.

The efficiency of organisational and commercial choices made in past years was confirmed in the positive results regarding development of the commercial core business (growth in managed volumes and market share, customer satisfaction indices and the primary interest margin) and in the solidity of its financial and equity position.

In this context, it is particularly satisfying to affirm that, despite the adverse economic situation, Iccrea Banca was able to achieve results that were much better than many other sector operators, attaining the highest level of its 47-year history, and not only related to profitability.

While many other financial institutions reported backslides, even in significant measures compared with 2008, in 2009 Iccrea Banca achieved a pre-tax profit of Euro 50.7 million (+172.5% compared with 2008) and a net profit of Euro 29.9 million (+220.3% compared with 2008).

Our central institution activities maintain all of their force intact, and the pressure on revenues was reduced by way of rigorous cost management which, however, also dedicated resources to investments in core activities, especially services related to BCC-CR. The costs/revenue ratio of this period is 67.1%, about 13% less than 2008, a sign of the great attention that was paid to profiles of operating efficiency.

Regarding risk management, we reduced the exposure toward portfolios, in the sphere of reinforcing the equity structure. With the aim of improving our ability to forecast and manage risks, we reinforced our control departments and reorganised the risk management system. We actively managed our equity base, in order to continue to sustain our important initiatives supporting BCC-CR and their clients, families, and companies. In fact, the last few months were not only difficult for banks and market intermediaries, but also for millions of workers. Because of this, our Bank undertook a series of initiatives to sustain small and medium sized companies, in tight accord with the Credit Cooperative Industry.

At the same time, we continue to be committed to a constant dialogue with our stakeholders, and to take their opinions into account in our operations and decisions.

The year 2010 will be a very busy one for the Tangram project initiatives. We recognise the need to modify our organisational profile to better respond to the new context. We are re-analysing our products to make them simpler and more transparent. We are redesigning operating mechanisms based on our Bank's operations, with the objective of increasing synergies and integrations with the entirety of companies that make up the Iccrea Banking Group (GBI). Furthermore, we are re-analysing our service evaluation system, so that it can better reflect the new sustainability goals we have set for ourselves.

The results that the Bank achieved in 2009 are a source of encouragement for us, because they offer a solid base to continue the process we have begun.

Guidelines for the 2009-2011 Industrial Plan

In order to pursue 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 Parent Company implemented the new 2009-2011 Industrial Plan, 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 means 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:

- Attention to shareholders' equity adequacy (ICAAP Process and BI provisions inherent to Pillar II risks);
- integrated management of liquidity, funding, and of the risks linked to the Group's financial position;
- reduction of operating cost levels, utilising leverages available while waiting for the outcomes of the Tangram project.
- containment of risk levels assumed (credit crunch effects; bad debt level; held assets, for example the "Lehman case").

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. Regarding BCC-CR, particular attention was given to the implementation of service models which fully utilise the product catalogue, to improve Corporate Banking services and define suitable commercial and marketing policies. Regarding other GBI companies, the centralised GBI financial project was implemented at Iccrea Banca . Particular attention has also been given to decreasing the operating costs compared to 2008, implementing all available management leverages available and aiming at operating efficiency and a trim organisational structure.

Resource management policy will continue to be focused on the full potential of the company's human capital, facilitating the integration and development of a sense of belonging to the Group. The Plan shall continue a rigorous optimisation policy for the relationship between expected performance and assumed risk. This goal is pursued by adopting a programme that works across company departments, aimed at reinforcing exemplary commercial policies able to reduce equity absorptions in line with performance. This rationalisation policy will be reflected on a growth of weighted risk assets less than proportional compared with the total asset growth and, consequently, an optimisation of allocated equity, in this way favouring value creation processes.

Dear Shareholders,

because of the unfolding of the 2009-2011 Industrial Plan, the 2009 period therefore gives you a Bank, renewed in its structure and organisation, able to produce income stably through offering services to the market, and ready to undertake a new, further path of growth.

1. KEY PERFORMANCE DATA OF THE BANK

Reclassified Balance Sheet Statement Assets - (figures in thousands of Euro)

	DESCRIPTION	DEC 2009	DEC 2008	DELTA %
10	Cash and cash equivalents	73,318	68,167	7.6%
	Receivables:			
70	a) Loans to customers	1,049,043	792,637	32.3%
60	b) Due from Banks	7,774,949	6,529,262	19.1%
	Financial assets held for trading			
20		461,722	615,096	-24.9%
30		29,320	29,479	-0.5%
40		662,895	803,865	-17.5%
100	Equity investments	1,057	1,057	0.0%
	Property and equipment and intangible assets			
110		17,995	20,042	-10.2%
120		3,308	2,967	11.5%
130	Tax assets	19,044	25,999	-26.8%
	Other assets			
80		1,031	588	75.4%
150		101,723	83,088	22.4%
	TOTAL ASSETS	**10,195,407**	**8,972,246**	**13.6%**

Reclassified Balance Sheet Statement Liabilities - (figures in thousands of Euro)

	DESCRIPTION	DEC 2009	DEC 2008	DELTA %
	Payables			
	a) Due to Customers and securities			
20		1,211,759	1,392,658	-13,0%
30		287,158	146,168	96,5%
50		311,797	13,441	22,7%
10	b) Due to Banks	7,386,774	6,551,188	12,8%
40	Financial liabilities held for trading	392,447	351,001	11,8%
	Funds for a specific destination			
110		15,515	15,372	0,9%
120		11,539	6,944	66,2%
	Other liability items			
60		8,316	16,744	-50,3%
80		9,684	11,285	-14,2%
100		193,128	149,673	29,0%
	Total shareholders' equity			
130	a) Valuation reserves	50,967	24,832	105,2%
160	d) Reserves	69,488	66,685	4,2%
180	f) Share capital	216,913	216,913	0,0%
200	h) Net Profit (Loss) for the period	29,921	9,341	220,3%
	Total Liabilities and Shareholders' equity	**10,195,407**	**8,972,246**	**13,6%**

Reclassified Income Statement

RECLASSIFIED INCOME STATEMENT	DEC 2009	DEC 2008	DELTA %	ITEMS AS PER BOI CIRCULAR 262 OF 22/12/2005
Net interest income	**72,434,410**	**57,592,413**	**25.8%**	**10-20**
Gains and losses on assets/liabilities carried at *fair value*	25,373,878	-10,769,062	335.6%	80-90-100-110
Dividends	4,927,837	5,845,292	-15.7%	70
Net fees and commission income (expense)	**114,573,078**	**109,228,379**	**4.9%**	**40-50**
Other operating income (expenses)	12,087,579	10,173,683	18.8%	190
Total Revenues	**229,396,782**	**172,070,705**	**33.3%**	
Personnel expenses	69,779,344	57,654,289	21.0%	150a
Other administrative expenses	78,194,123	74,001,294	5.7%	150b
Net adjustment of tangible and intangible assets	5,864,572	5,820,918	0.7%	170-180
Total operating costs	**153,838,039**	**137,476,501**	**11.9%**	
Gross operating profit/(loss)	**75,558,743**	**34,594,204**	**118.4%**	
Net provisions for risks and charges	1,270,509	157,549		160
Net losses/recoveries on impairment of loans and other financial activities	23,588,170	15,832,147		130
Total provisions and adjustments for impairment	**24,858,679**	**15,989,696**		
Net operating profit/(loss)	**50,700,064**	**18,604,508**		
Profit before tax	**50,700,064**	**18,604,508**	**172.5%**	
Income tax expense from continuing operations	20,778,947	9,263,423		260
Profit/(Loss) for the period	**29,921,117**	**9,341,085**	**220.3%**	

Summary statement of results at 31/12/2009
EARNINGS PERFORMANCE, ASSETS AND LIABILITIES AND KEY OPERATING INDICATORS

EARNINGS PERFORMANCE (€/000)	DEC 2009	DEC 2008	CHANGE	% CHANGE	ITEMS AS PER BOI CIRCULAR 262 OF 22/12/2005
Net banking income (Total revenues)	229,397	172,071	57,326	33.3%	120-190 IS
Gross operating profit/(loss)	75,559	34,594	40,965	118.4%	120-190-150-170-180 IS
Profit before tax	50,700	18,605	32,096	172.5%	250 IS
Net profit for the period	29,921	9,341	20,580	220.3%	290 IS
EQUITY AND OPERATING INDICATORS (€/000)	**DEC 2009**	**DEC 2008**	**CHANGE**	**% CHANGE**	
Total assets and liabilities	10,195,407	8,972,246	1,223,161	13.6%	
Funding from credit institutions	7,386,774	6,551,188	835,586	12.8%	10 SPC
Lending to credit institutions	7,774,949	6,529,262	1,245,687	19.1%	60 SFP-A
Total Interest-bearing Assets	9,977,930	8,770,338	1,207,592	13.8%	20-30-40-60-70 SFP-A
Total Interest-bearing Liabilities	9,598,252	8,471,200	1,127,052	13.3%	10-20-30-40-50-60 SFP-L
Total shareholders' Equity	367,289	317,772	49,517	15.6%	130-160-180-200 SPP
CREDIT QUALITY RATIOS(%)	**DEC 2009**	**DEC 2008**	**CHANGE**	**% CHANGE**	
Net non-performing loans/Loans to customers	2.6%	2.3%	0.3%		
PROFIT RATIOS (%)	**DEC 2009**	**DEC 2008**	**CHANGE**	**% CHANGE**	
Cost/Income ratio	67.1%	79.9%	-12.8%		
R.O.E. (on share capital)	13.8%	4.3%	9.5%		
ROI (Gross operating profit / Total mean assets)	0.7%	0.4%	0.0%		
CAPITAL RATIOS (%)	**DEC 2009**	**DEC 2008**	**CHANGE**	**% CHANGE**	
Regulatory Capital	332,106	293,589	38,517	13.1%	
Tier 1	281,451	250,559	30,892	12.3%	
OPERATING STRUCTURE	**DEC 2009**	**DEC 2008**	**CHANGE**	**% CHANGE**	
Total number of employees - current figure	740	723	17	2.4%	
Number of branches	14	14	0	0.0%	

2. The macroeconomic situation

The most recent scenario seems to finally indicate a recovery of all main global economies. Both in the USA area and the euro area, the GDP has begun to grow again after a long period of contraction, placing a technical end to the recession.

Comforting indications are also obtained from the main economic indicators: industrial production, although starting from very low levels, has been continuously rising since last May; the atmosphere of trust is also improving for both companies and families. Both in the USA area and in the euro area, the negative effects of the recession are, however, worryingly impacting the job market.

Considering the heavy negative inheritance left by the international economic crisis, for what concerns the global economic trend, it is evaluated that the tremendous shock which occurred in past quarters will bring about a reduction of global production, for the first time since records began on this subject. Specifically, in 2009 the downturn is expected to be 1%, followed by growth of 3% and 4% in the two subsequent years. For the euro area, the forecast includes a drop in GDP equal to 4%, after a 0.6% increase recorded in 2008. A more intense recovery is forecasted than the one expected for Italy: next year could close with a GDP variation of 0.9%, while in 2011 growth should be at 1.9%. The growth difference in favour of the euro area forecasted for the next two years, linked to the better recovery projected in France and Germany, is partly countered by the extension of the recession which is characterising the economies of Spain and Greece, whose GDP could continue to contract even in the next year, according to the latest information obtained from OCSE and the European Commission.

In particular, for the aggregate demand items, private consumption is expected to contract by 1.1% in 2009, grow by half of a percentage point in 2010, and more vigorously recover in 2011 (+1.8%). A severe contraction in investments is estimated for this year (-10.1%), while the fall should slow down on an annual basis in 2010 (-0.4%) and a gradually recover during 2011 (+3.4%). This year, the downturn of the global production and consequently of international commercial trading will bring about a marked contraction both for exports (-14.7%) and for imports (-13%). Exports and imports should, however, start growing again already starting from 2010, to then consolidate the increase in 2011.

The ECB monetary policy and banking system performance in the Euro area.

During the last semester of 2009, the instability of the financial markets was strongly mitigated after strong turbulence that occurred in the last part of 2008 and the first months of 2009 following the growth of the financial crisis and strong impairment of the economic situation in the main international countries. Exactly because of this situation, in the past few months, the Central Banks of the most important industrialised countries adopted essentially neutral monetary policies, maintaining rates at the lowest levels ever reached, together with behaviours aimed at maintaining market liquidity, also with the adoption of unconventional measures. The dynamic of the monetary policy rates, therefore, acted on the same wavelength as the evolution of market conditions, trying to work against the repercussions of the real economic crisis. Thanks to the work of the Central Banks, the international money market turbulences were largely mitigated.

In the euro area, less instability of monetary and financial markets, together with a general impairment of the business cycle, which only in the third quarter of the year showed small signs of recovery, are at the base of the essentially neutral position of the ECB monetary policy, which was implemented, in any case, in a context where the Central Bank pursued its operation of issuing cash flow onto the market. Between June and December 2009, the ECB maintained the monetary policy rate unvaried in the euro area, after it had reduced its own rates a good five times in the December 2008 - May 2009 period. The minimum offering rate on principal refinancing transactions was brought from 3.25% to 1% (the lowest level ever reached), as the interest rate on marginal refinancing transactions and on overnight deposits decreased from 3% to 1.75% and from 2% to 0.25%, respectively.

More recently, the European banking industry's request for long-term borrowings has drastically decreased. Furthermore, the ECB highlighted how the effects of the anti-crisis stimulus measures adopted by the euro area economies were larger than expected. In the next few months, the governments will be required to fulfil a difficult task: prepare exit strategies from the measures imposed to sustain the economy fiscally, avoiding that these negatively affect the faith of companies and families. In relation to the above, and acting before the Fed, at the beginning of December 2009, the ECB formally began the gradual withdrawal from the exceptional measures it has utilised for more than a year to guarantee adequate liquidity to the market and is already working to manage the post-crisis, aiming at avoiding that the Euroland economy continues to navigate through liquidity at the beginning of 2011, the year in which inflation could return to the 2% threshold.

Moreover, on the money market, the three-month Euribor rate has further decreased, also in the last semester: after having shown a strong contraction between the end of 2008 and the first half of 2009 (from 3.29% to 1.23%), in line with the Central Bank's indications, in the middle of November and in the first days of December it dropped to 0.72%, stabilising at the lowest amounts ever reached.

Regarding the projections, it is estimated that the dollar/Euro exchange rate will be at 1.40 in 2009 (2008 average value 1.47) and at 1.48 in 2010-2011, with annual percentage variations of -5% in 2009 and +6.2% the next year. The combination of assumptions regarding prices in dollars, on one hand, and the dollar/Euro exchange rate on the other hand, leads use to delineate a price of 2009-11 oil imports in Euro that is in considerable reduction in this year (-33%) and then in acceleration: 14.9 and 4% in 2010 and 2011, respectively. In this framework, considering the evolution of prices and other imported goods and services, there will be a variation in the deflationary factor of Italian imports equal to -5.8% in 2009 (+6.9% in 2008), of +2% in 2010 and +3% in 2011. The dynamic of Italian export prices, which increased by 5% in 2008, is projected to decrease by 1.5% in 2009, increase by 0.7% in 2010 and increase by 2.1% in 2011. Moreover forecasted, given the size of the imported (dis)inflation, is a significant improvement of terms of trade (+4,4%, calculated on the total of goods and services) for 2009 and a subsequent worsening in 2010-11, induced by the re-emergence of light pressure on oil prices.

Finally, regarding the definition of monetary policies, the assumption adopted is that in the euro area, the rate level will raise, but only by 25 basis points, after the first half of 2010, while a subsequent operation of equal extension, is expected by the end of the same year. Inflation, expected to rise from 0.2% in 2009 to 1% in 2010, should in fact push the ECB to gradually proceed toward re-absorption of the broad liquidity injected into the system. The needs to anchor long-term inflation expectations should then push the ECB toward a more marked intervention in 2011, with the reference rate which should rise to 2.75% by the end of the year.

Instead, regarding the Federal Reserve, it is forecasted that, given the current close-to-zero level of fed funds, and taking into account the more vigorous economic recovery forecasted for next year, the inversion operations of fine-tuning the monetary policy could occur first. The expectations are for a monetary policy rate that, at the end of next year, could reach 1.25%, a growth by a percentage point compared with 2009, to then reach the quota of 2.25% at the end of 2011. The difference between the ECB and Fed rates should then move from the current 75 basis points to 50 basis points in the last year of projections. Long-term interest rates will respond slowly to short-term rate impulses: from this will come a flattening of the yield to maturity curve, whose inclination had increased in the last few months as a reaction to market expectations of an increase in medium-term rates. At the end of the three-year projection, the spread between the policy rate and the benchmark rate will be equal to 2.8 percentage points in the USA and 2 percentage points in the euro area.

The macroeconomic situation in Italy

Regarding Italy, as happened for the entire euro area, official data from the last two quarters confirmed signs of recovery suggested by the last few months of economic indicators. However, the 2009 GDP contraction shall remain very close to the 5% threshold that had already been forecasted last summer.

Based on these considerations, therefore, a scenario of slow recovery is forecasted for 2010 (+0.6%), while in 2011 an acceleration up to 1.6% is expected. The accumulated performance of Italy compared with the euro area, from 2009 to 2011, would about 1.5 percentage points less.

Regarding prices, the inflation that has been observed in the last few months also seems to be showing signs of beginning a trend reversal after the minimum levels reached in July 2009 (-0.1%). The slight recovery in demand, together with the lack of the basis effect which had pushed the variation in the price index lower until last summer, caused a slight increase in the inflation rate during the last few months. However, it should be highlighted that both in the euro area and in the United States (in a higher measure), deflationary phenomenon are still present. In Italy, instead, the annual variation of the general index of consumption prices is, according to the latest information available, positive (+0.7% in November according to the latest Istat information). The beginning of the economic recovery and the growth in oil list prices should further induce inflation growth which, however, as said previously, would be contrasted by the Central Banks in the fear that the considerable liquidity issued on the markets during this period could make medium-term price stability lose control.

For Italy, inflation is expected to be at a rate of 0.8% for 2009, to then raise to 1.6 and 1.9% in the subsequent two years. The more volatile products will especially impact this growth: in fact, core inflation is expected to increase, but only from 1.7% in 2009 to 2.1% in 2011.

Information about economic trends from Public Finance does not offer comforting news. Cash information from the government sector segment indicate that the accumulated need of the first eleven months of 2009 increased to Euro 88.4 billion from the Euro 56.2 billion posted in the same period of 2008. It is forecasted that the deficit/GDP ratio will be equal to 5.9% in 2010; in 2011 and 2012 a reduction of around 4.7% is expected. Within the situation described up to now, the debt/GDP rises to 114.5% in 2009 (105.7% in 2008) and then up to 117.3% in 2010 and to 117.8% in 2011. Remaining elements also contribute to the increase in debt: those factors which increase debt without influencing borrowing (financial items and others).

The Italian banking industry

The credit situation in Italy shows moderately positive signs. The credit intensity indicator, given the relationship between loans and GDP, went from 110% in the third quarter of 2008 to 114% in the same period of 2009.

Even in the presence of a strong slow-down of the loans dynamic, developments in the credit situation were shown to be relatively positive in the last year and a half, if compared with the deep drop in economic activity. According to the most recent information, bank loans comprehensively issued to families and companies are in a slight recovery on an annual basis (+3%). However, during the month of September, receivables to non-financial companies underwent a downturn with a slightly negative (-0.2%) annual change rate, better however than the one posted in the euro area. Lower demand for credit, especially for credit for investments, would seem to be the cause of this result. From the breakdown of loans by duration, it is observed that in Italy there is an increase in the average duration of company and family borrowing.

Regarding liabilities, deposits of residents, which represent about 50% of the comprehensive liabilities which also include interbank deposits, should increase to around 5.3% in 2010 and to 7.5% at the end of the forecasting period. Deposits other than interbank deposits should have a similar dynamic, while for the main component of this last aggregate, that is, current accounts and other deposits in Euro, a growth of 3.6% is expected for 2010 and 6.5% in 2011. The bond increase rate is lively, although slowing down, and is around +7.7% in 2010/11.

It should be indicated that the severity of the recession is causing a strong and worrying push to increase non-performing loans: it is forecasted that, net of write-downs, these will increase by about 27% in 2010 and 9% in 2011. Measured compared with loans, net non-performing loans would show a progressive and gradual decline until reaching 2.1% in 2011, an amount of about one percentage point higher than that forecasted for 2009.

The "prices" of loans and deposits and other credit assets and liabilities will naturally be conditioned by the behaviour of the European Central Bank, which has already been noted previously. Within the situation of the policy rate, and in a scenario which foresees the progressive normalisation in the workings of the transmission of the monetary policy to the productive sector, it should be kept in mind that, in the medium term, a further modest restrictive effect could arise from the re-appearance of a (contained) positive difference between short-term market interest rates and policy rates. The restriction of the difference between the un-guaranteed interbank rate (Euribor) and the guaranteed (Eurepo) should act, instead, to contain the loan cost dynamic. The Eurepo should tend to stabilise on a value of about 20 basis points, a value that is much less than the maximums posted at the height of the financial crisis, but in any case more than the average value observed before the turmoil. Specifically, the average annual level of the 3-month Euribor rate is expected to be at 1.1/1.2% during this year, at 1.5% in 2010 and at 2.5% in 2011. This implies that the annual average spread compared to the policy rate should be about 30 basis points, a value that is, in any case, higher than the pre-crisis data. In this context, it is estimated that the spread between average rates on loans and on collections (deposits and bonds) will only slightly increase: from 2.5% in the current year up to 2.7% in the last two years of the forecast.

The results indicated are the fruit of differentiated dynamics of the different revenue and cost items. In 2010, operating conditions and in particular the increasing cost of bond collection will make improvement of economic results difficult, allowing for a further reduction of the net interest income (-1.2%), although less than that estimated for 2009. Only with the recovery of the interest rates at the end of the current year and with them, the banking margin, will the interest margin return on a path of growth in 2011. It is estimated that 2009 will see a contraction of 5.6%, and begin to grow by 1.3% and 5.3% in 2010 and 2011, respectively. Other net revenues are expected to recover by 5.3% already starting in this year, to then accelerate in subsequent years. This dynamic would be essentially guided by trading income, which is growing thanks to the equity markets favoured by the economic recovery. For the interest margin, which in 2008 posted a downturn of 7.7%, a further fall of 0.8% is projected for 2009, with a recovery of 3.6% in 2010 and around 7% at the end of the forecast horizon.

The difficulty in the operating context, given the slow economic recovery, and the necessity of contrasting the downturn in traditional profitability make cost management activities a focus also in 2010. After the contraction of operating costs estimated for 2009 (-2.1%), due to the gradual reduction of integration costs and a progressive increase in cost synergies carried out in aggregation processes, in 2010 growth will be quite modest (+0.5%). The operating costs dynamic should rebound especially in 2011 (+2.7%), together with the recovery of the business cycle and the more lively evolution of profitability.

The gross operating profit should post mostly elevated growth rates derived from the operating costs dynamic, which should be slightly contained. Concerning adjustments from provisions, after the acceleration posted in the past few years, they are expected to continue increasing. The contribution from credit adjustments would be particularly important; obviously this dynamic is affected by adverse macroeconomic conditions which will induce Italian banks to have a particularly prudent attitude toward credit portfolio management.

The joint provision of the tendencies on quantity and on prices generates outlooks on accounts that, if on one hand push toward highlighting the holding, on the other indicate the necessity of future policies that are very cautious both on income and on costs. Regarding numbers, after a reduction of 54% in 2008, the net profit of the banks in 2009 should note a substantial halving (-45.6%); for 2010 an inversion is instead forecasted with a tendency toward growth of 8.6%. The definitive overcoming of the critical phase is projected for 2011, when a rebound could be seen thanks to which the net profit should go back to a level almost the same as that posted in 2008. Within this framework, the return on equity would go from 4.4% in 2008 to 2.4% in 2009-10, while it would increase in 2011/12, stopping, however at 3.6%.

The Cooperative Credit Industry

The crisis enhanced the different model of being a bank represented by the Cooperative Banks which, because of their identity, were placed as antitheses and antidotes compared to some perverse logic and some excesses which caused finance's short-circuit. In the crisis, they acted proactively and flexibly, maintaining a profile consistent with their profile as banks close to the needs of families and small and medium-sized companies.

The BCC-CRs continued to issue credit when other banks restricted it. They promoted, and continue to promote, a series of original operations in favour of local economy to meet their partners and clients halfway in a moment of difficulty: from the suspension of mortgage rate payments, to facilitation of access to credit for small and medium-sized companies and families, from support of companies for payment of December bonuses, to the advance of the temporary state layoff fund, to microcredit agreements.

The BCC-CR, in essence, put into play increasing doses of flexibility and innovation to supply new responses to new needs. These behaviours led to appreciation from various parties, especially from economic categories, institutions, and civil companies and also from the market.

In the past few years, Cooperative Credits posted a significant structural and operating reinforcement. Strong from the widespread diffusion throughout the territory, BCC-CR consolidated their position on the side of traditional brokering. The market share of loans in the last decade increased by 2.6 percentage points, and for deposits by more than 2 points. The expansion of financing activity is particularly interesting: during the decade, loans issued by banks of the category posted a growth rate of 214%, more than double the rest of the banking industry.

The decade saw a notable development of the branch network- increasing by 45%, 22 percentage points compared to the rest of the banking industry - in the number of employees, which grew by 40% against a reduction of 4% in other banks, and the number of clients which, by now, reaches almost 5 and a half million.

The reinforcement of regional coverage, which brought the "BCC-CR industry"'s branch offices up to 12.2%, notably contributed to changing competitive conditions, in that it often led to the entry into areas already covered by other banks. Along with this, market niches decreased, in relation to the establishment of other banks in peripheral markets. Regardless, there are still 551 Italian municipalities that are exclusively served by BCC-CRs.

The membership base grew in a very meaningful way: in 1999, there were 557,000 BCC-CR members; in June 2009 they amounted to 989,000, an increase of 78% in one decade. The strong increase in the number of branches and employees deeply changed the "average" type of our banks: ten years ago, a "typical" BCC-CR had, on average, 5 windows and 42 employees; today the average is 10 windows and more than 70 employees.

This sizeable growth, necessary to reach a minimum threshold compatible with the market and to manage complex surveillance regulations, allows for BCC-CRs to be able to operate even with larger sized customers. Our banks, on average stronger and more structured, have been able therefore to respond to a broader group of companies. A more analytical examination of brokerage activities highlights a recomposition of the credit portfolio in favour of non-financial companies—characterised by a more complex legal form which requires more structured and transparent information—whose weight on total loans has risen from 27 to 40%. The movement toward this target of clients is, moreover, partly a consequence of the higher frequency of this type of company in Italy's entrepreneurial landscape. The weight of loans on consumer families remained quite constant in the last decade, while loans in favour of non-profit companies grew notably.

Consistent with the movement toward the target of larger sized customers, the average amount of loans granted by our banks has notably increased during the years, doubling from 1999 to June 2009. The growing economic commitment to supporting the financial needs of productive families (microcompanies) and consumers furthermore determined the strong growth in the amount issued on average to this customer target, which is currently equal to almost half of that issued by other banks.

In the companies sector, however, the extent of average BCC-CR lines of credit is still significantly less than those of the system, although it has grown at higher rates than those reported for other banks.

In short, Cooperative Credit has grown with the growth of companies, promoting the growth of companies and demonstrating the ability of BCC-CRs to be local development banks, adapting themselves to the needs of the productive system. During the decade, the dynamic of issued credit is more sustained than the deposits dynamic, determining a generalised increase in the loans/deposits ratio: for BCC-CRs, this indicator increased by 15 percentage points in the 1999-2009 period, moving from 70 to 85%.

In the last three years, comprehensive collections posted a growth rate of 34%. The increase in the bond market has been particularly significant. Halfway through 2009, bonds issued by BCC-CR were equal to 41% of comprehensive direct deposits, a percentage that is in line with the industry average.

Against this intense loan activity, the quality of credit issued by banks of the category highlighted a decisive improvement in the first years of the decade, stopping in the most recent period when the negative effects of the financial crisis reached the real economy, causing its generalised impairment. Moreover, the economic crisis had an even more accentuated impact on the rest of the banking industry. However, the other banks implemented considerable transactions of securitisation of bad debt items, and so softened the growth trend of anomalous items, which would be even higher than that of BCC-CR.

In the last three years, BCC-CR underperforming credits grew at an elevated rate, higher than that of loans. In the 12 months before June 2009, a 30.1% average percentage increase is reported in BCC-CR underperforming loans. The underperforming loans/loans ratio, which drastically decreased in the previous years, moving from 4.9% in 1999 to 2.7% in 2006, grew again, especially in the last months, reaching 3.2% halfway through 2009.

In the first part of the decade, the substandard loans items/loans ratio, which is structurally elevated for BCC-CR, showed signs of containment, to then recover a growth trend during 2009. Regarding capitalisation, through the years, intense financing activity caused a progressive decrease of the solvency coefficient of BCC-CRs, going from 21.1% in 1999 to 15% in 2009. The coefficient, however, is maintained notably higher than the banking industry average (11% in June 2009) and significantly exceeds regulatory limits. In June 2009, Tier 1 was at 14.3%, against the 7.4% industry average. The BCC-CR share equity was close to Euro 18.5 billion halfway through 2009, with an increase over the three years of 28.5%.

Finally, regarding income, in the decade a progressive containment of margins in comparison to brokered volumes was seen, and which was common to the entire banking industry. The growing competition and start-up of the third phase of the Economic and Monetary Union, with the consequential convergence of rates towards European levels led to a sensible contraction of the interest margin, a primary source of income formation, especially for local and smaller banks.

To contrast margin reduction, the banking industry undertook strategies aimed at differentiating revenues and, especially, cost reduction. For BCC-CR, characterised by smaller sizes and a defined range of services offered, it was not easy to diversify income sources and, therefore, traditional credit intermediation remained the specific core business.

The strong expansion in volumes, although not fully compensating for the applied spread reduction, allowed banks in the category to increase the weight of income margins produced in relation to the banking industry as a whole. The share of BCC-CR in the industry in terms of net profit almost doubled in the decade, despite the growth of operating costs that was more than that of the banking industry. The rationalisation policies proposed with the goal of valorising the network organisation and stimulating the use of outsourcing for instrumental activities during the years caused a tendency of containment of some administrative expenses in relation to the volumes intermediated. Despite this, cost problems continue to require the maximum attention from the "BCC-CR industry". In fact, for the near future, the macroeconomic scenario indicates a context of weak economic growth, low interest rates, and growing competition in the retail sector: Cost management is therefore strategic for the maintenance of adequate income and competition levels.

Research of efficiency in instrumental activities is a line of action which should be part of this strategy, as data processing costs show, whose effect on operating costs and assets today is less for BCC-CR than for the average of the banking industry.

In the first semester of 2009, preliminary information indicates a notable reduction of income margins for BCC-CR, in line with what is reported in the industry average. In particular, a growing dynamic of operating costs is indicated, which seems to be significant, especially in the component regarding "other administrative expenses". Concerning personnel expenses, more attention is being paid to the strong staff expansion which characterised the BCC-CR, and the cost increase which could derive from second level contracting.

The commitment of Cooperative Credit toward "industry" projects is concentrated in three different areas. Specifically:

1) the continuation of credit commitment in favour of small companies;
2) accompaniment in extraordinary financial transactions;
3) assistance in globalisation processes.

The first activity area has already been discussed. Also in the moments of general tight credit, the BCC-CR made themselves "networks" of credit access for many companies. Along with this active policy, the network structures signed specific agreements. In particular, in March of this year, Federcasse signed a Memorandum of Understanding with all of the organisations that represent the world of handicrafts, aimed at increasing the flexibility of the bank-company relationship, introducing moratorium measures after recoveries of agreements promoted by the Banking Association and, together with the Gruppo Bancario

Iccrea, BCC-CR's access to funds made available by the Cassa Depositi e Prestiti [Deposits and Loans Fund] was made easier and simplified in the area of the convention with the Italian Bankers' Association aimed at facilitating credit for small and medium-sized companies. The Euro 450 million credit limit reserved to Cooperative Credit, equal to 15% of the comprehensive first tranche made available, has already been entirely subscribed and is in the issuing phase.

Thanks to the support of industry entrepreneurial structures, in particular to the Gruppo Bancario Iccrea, the position of Cooperative Banks has also been strengthened in new sectors that were only slightly covered in the past, like extraordinary financial transactions and the support of companies abroad.

The results obtained demonstrate that the operating spaces exist and should be taken advantage of. In fact, an increase has been recorded for both credit flows to exports which are issued by BCC-CR to export companies, and for the market share of the industry on the total export loans. In this area are also the conventions and agreements of collaboration with Italian organisations responsible for globalisation of companies (Sace, Simest and Assocamerestero) and other specific projects. In summary, the opening toward "real" international markets no longer represents an exception for Cooperative Credit, rather a policy and a choice. Another challenging objective regards reinforcing our "network system". During the three years from 2007 to 2009, it was opened in the "Spirito di Parma", that is, with the conviction that the coherence within a network is a fundamental aim for efficiency, stability, and external recognition of Cooperative Credit.

During these years, commitment was directed towards promoting and carrying out fundamental elements on which the functioning of the network is based, that is, the "principle of solidarity" between the BCC-CR and the "subsidiarity" between BCC-CR and central bodies. In the first area, the constitution of the Fondo di Garanzia Istituzionale (FGI) is particularly noted--a network of internal security within an institutional scheme consistent with the Basel 2 Directive. The FGI will allow for better monitoring of risks assumed, also with a focus on crisis prevention, more efficient "industry" finance, a higher rating for second-level structures, and a consequent lower cost for procurement on external markets. In the moment in which the FGI is recognised by the Bank of Italy, this initiative will represent one of the most important aims reached by the Industry. While maintaining the autonomy of the individual banks firmly respected, this will allow for a notable reinforcement of "internal cooperation" together with notable advantages for all interest bearers.

3. Business performance and trends in the main aggregates of the Balance sheet statement and the income statement

The financial statement of Iccrea Banca S.p.A. at 31st December 2009 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 no. 1606/2002 of the European Parliament and Council of 19th July 2002 - and pursuant to the instructions of Circular no. 262 of the Bank of Italy of 22nd December 2005 "The Bank Financial Statement: statements and compilation rules" with updates of 18 November 2009. 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"). On an interpretive level, other than the cited instructions, documents issued by the Italian Organisation for Accounting (OIC) and the Italian Bankers' Association (ABI) were 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 for the adoption of certain optional valuation criteria, are explained in detail in the Explanatory Notes, 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 the 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 means and the underlying significance of the aggregates and indices, are illustrated.

Financial position

To enable a more immediate reading of the amounts of assets and liabilities, a summary balance sheet statement has been prepared.

At 31 December 2009, the balance of total assets and liabilities was Euro 10,195.8 million, compared with Euro 8,972.2 million in December 2008. On the asset side, growth was mainly concentrated in loans to banks with an increase of 19.1 percent (+1,245.6 million) and loans to ordinary customers which grew by 32.4 percent (+256.4 million). On the liability side, instead, the increase was due to growth of 12.8 percent in amounts due to banks (+835.6 million) and 89.6 percent in financial liabilities (+472.3 million).

ASSETS AND LIABILITIES (in millions of Euro)

AGGREGATE	DEC 2009	DEC 2008	DELTA	DELTA %
ASSETS				
Loans to Banks	7,774.9	6,529.3	1,245.6	19.1%
Loans to customers	1,049.0	792.6	256.4	32.4%
Financial assets held for trading	461.7	615.1	-153.4	-24,9%
Financial assets designated at *fair value* through profit or loss	29.3	29.5	-0.2	-0.6%
Financial assets available for sale	662.9	803.9	-141.0	-17.5%
Total interest bearing assets	**9,977.9**	**8,770.3**	**1,207.6**	**13.8%**
Other non-interest bearing assets	217.5	201.9	15.6	7.7%
TOTAL ASSETS	**10,195.4**	**8,972.2**	**1,223.2**	**13.6%**

ASSETS AND LIABILITIES (in millions of Euro)

AGGREGATE	DEC 2009	DEC 2008	DELTA	DELTA %
Due to banks	7,386.8	6,551.2	835.6	12.8%
Due to customers	1,211.8	1,392.7	-180.9	-13.0%
Securities and financial liabilities	999.7	527.4	472.3	89.6%
Total interest-bearing liabilities	**9,598.3**	**8,471.2**	**1,127.1**	**13.3%**
Other non-interest bearing liabilities	218.3	176.3	42.0	23.8%
Equity and risk reserves	348.9	315.4	33.5	10.6%
Profit for the period	29.9	9.3	20.6	221.7%
TOTAL LIABILITIES	**10,195.4**	**8,972.2**	**1,223.2**	**13.6%**

The trends in the main aggregates of the assets and liabilities in the Balance Sheet Statement are shown below.

Assets

The total of interest-bearing assets increased from 8,770.3 million in 2008 to 9,978.0 million in 2009 (+13.8 percent). The increase involved both Due from Banks for 1,245.7 million (+19.1 percent) and Due from Ordinary Customers for 256.4 million (+32.4 percent). Within the aggregate of amounts due from banks, those due from Cooperative and Rural Banks grew by 9.0% (from 1,076.9 million to 1.174.2 million), compared with growth of 21.1% in receivables from other credit institutions (from 5,452.4 million to 6,600.7 million).

DUE FROM BANKS (€/000)	DEC 2009	DEC 2008	DELTA	DELTA %
CBs-RBs	1,174,210	1,076,874	97,336	9.0%
Other credit institutions	6,600,739	5,452,388	1,148,351	21.1%
TOTAL	**7,774,949**	**6,529,262**	**1,245,687**	**19.1%**

BREAKDOWN OF DUE FROM BANKS (€/000)	DEC 2009	DEC 2008	DELTA	DELTA %
Due from Central Banks	**1,357,564**	**438,207**	**919,357**	**209.8%**
Obligatory reserve	1,357,564	438,207	919,357	209.8%
Due from Banks	**6,417,385**	**6,091,055**	**326,330**	**5.4%**
Current accounts and demand deposits	688,905	1,156,562	-467,657	-40.4%
Time deposits	2,499,518	3,519,598	-1,020,080	-29.0%
Other	702,358	1,032,846	-330,488	-32.0%
Debt securities	2,526,604	382,049	2,144,555	561.3%
Total Due from Banks	**7,774,949**	**6,529,262**	**1,245,687**	**19.1%**

Loans to ordinary customers increased by 32.4 percent, from 792.6 million in 2008 to 1049.0 million in December 2009. Impaired assets, amounting to 26.9 million, decreased by 1.4 percent compared to 2008 (27.2 million).

BREAKDOWN OF LOANS TO CUSTOMERS (€/000)	Dec 2009	Dec 2008	DELTA	DELTA %
Current accounts	219,485	186,023	33,462	18.0%
Mortgage loans	547,052	412,552	134,500	32.6%
Other transactions	109,260	87,412	21,848	25.0%
Debt securities	146,378	79,399	66,979	84.4%
Impaired assets	26,868	27,251	-383	-1.4%
TOTAL LOANS TO CUSTOMERS	**1,049,043**	**792,637**	**256,406**	**32.4%**

The portfolio of financial assets held for trading decreased by 153.4 million (from 615.1 million to 461.7 million), a drop of 24.9 percent compared with the previous year after the sale of certain debt securities.

BREAKDOWN OF FINANCIAL ASSETS HELD FOR TRADING (€/000)	Dec 2009	Dec 2008	DELTA	DELTA %
Debt securities	60,479	197,002	-136,523	-69.3%
Equity securities	114	196	-82	-41.8%
UCITS units	3,153	2,189	964	44.0%
TOTAL CASH ASSETS	**63,746**	**199,387**	**-135,641**	**-68.0%**
Derivative instruments	397,976	415,709	-17,733	-4.3%
Total derivative instruments	**397,976**	**415,709**	**-17,733**	**-4.3%**
Total Financial Assets	**461,722**	**615,096**	**-153,374**	**-24.9%**

In December 2009, the portfolio of financial assets available for sale had changed to 662.9 million from 803.9 million in December 2008.

Further details are provided in Part B, sections 2 to 4, of the Explanatory Notes.

Liabilities

Interest-bearing deposits amounted to a total of 9,598.3 million, an increase of 13.3 percent on an annual basis (+1,127.1 million).

The balance of interbank deposits is 7,386.8 million, with an increase of 12.8 percent on December 2008 (+835.6 million). Within this aggregate, BCC-CR deposits increased by 3.9% (from 5,706.0 million to 5,928.7 million) with 72.5% growth in Due to other banks (from 845.2 million to 1,458.1 million).

DUE TO BANKS (€/000)	DEC 2009	DEC 2008	DELTA	DELTA %
CBs-RBs	5,928,698	5,705,969	222,729	3.9%
Other credit institutions	1,458,077	845,219	612,858	72.5%
TOTAL	**7,386,774**	**6,551,188**	**835,586**	**12.8%**

BREAKDOWN OF DUE TO BANKS (€/000)	DEC 2009	DEC 2008	DELTA	DELTA %
Due to central banks	215,335	25,739	189,596	736.6%
Current accounts and demand deposits	4,389,687	4,185,552	204,135	4.9%
Time deposits	2,582,264	2,254,601	327,663	14.5%
Loans	190,272	85,296	104,976	123.1%
Other payables	9,216	0	9,216	
TOTAL DUE TO BANKS	**7,386,774**	**6,551,188**	**835,586**	**12.8%**

Funding from ordinary customers decreased slightly (1,211.8 million in December 2009 against 1,392.7 million in 2008) with a shift towards current accounts and demand deposits and a simultaneous reduction in time deposits.

BREAKDOWN OF DUE TO CUSTOMERS (€/000)	DEC 2009	DEC 2008	DELTA	DELTA %
Current accounts and demand deposits	847,025	707,934	139,091	19.6%
Time deposits	1,752	261,073	-259,321	**-99.3%**
Loans	0	7,871	-7,871	**-100.0%**
Other payables	362,982	415,780	-52,798	**-12.7%**
TOTAL DUE TO CUSTOMERS	**1,211,759**	**1,392,658**	**-180,899**	**-13.0%**

Funding in the form of securities carried at amortised cost grew (from 146.2 million in December 2008 to 287.2 million in December 2009). From the aforementioned aggregate, hedging of the *fair value* from interest rate risk was carried out for 35.7 million.

Financial liabilities classified in the trading book increased from 351.0 million in December 2008 to 392.4 million at 30 December 2009.

Shareholders' equity (net of the profit for the period) amounted to 337.4 million compared with 308.4 million at the end of financial year 2008, an increase of 29.0 million (9.4 percent). This increase mainly involved the valuation reserves in relation to positive values generated following measurements of securities classifies as available-for-sale (AFS) financial assets.

The Regulatory Capital rose from 293.6 million at the end of FY 2008 to 332.1 million in December 2009, an increase of 38.5 million (+ 13.1 percent).

Income statement

In order to facilitate a more immediate reading of income performance in the period, as usual a summary reclassified income statement was prepared. The data for comparison between the two periods are uniform and not affected by changes in the consolidation scope.

INCOME STATEMENT AGGREGATES (in euro thousands)

	Dec 2009	Dec 2008	DELTA	DELTA %
Interest and similar income	192,268	392,057	-199,789	-51.0%
Interest and similar expense	-119,834	-334,465	214,631	-64.2%
Net interest income	**72,434**	**57,592**	**14,842**	**25.8%**
Fee and commission income	275,316	232,743	42,573	18.3%
Fee and commission expense	-160,743	-123,515	-37,228	30.1%
Net fees and commission income (expense)	**114,573**	**109,228**	**5,345**	**4.9%**
Dividends and similar income	4,928	5,845	-917	-15.7%
Net gain (loss) on trading activities	23,452	-12,507	35,959	-287.5%
Net gain (loss) on the hedging activities	504	-65	569	-878.4%
Gains/(losses) on disposals	1,028	1,826	-798	-43.7%
Net gains/(losses) on financial assets and liabilities carried at *fair value*	390	-23	413	-1778.9%
Other operating income/expenses	12,088	10,174	1,914	18.8%
Total revenue	**229,397**	**172,071**	**57,326**	**33.3%**
Administrative expenses	-147,973	-131,656	-16,318	12.4%
Net adjustments of property and equipment	-3,176	-3,488	311	-8.9%
Net adjustments of intangible assets	-2,688	-2,333	-355	15.2%
Operating expenses	**-153,838**	**-137,477**	**-16,362**	**11.9%**
Gross operating profit/(loss)	**75,559**	**34,594**	**40,965**	**118.4%**
Net provisions for risks and charges	-1,271	-158	-1,113	706.4%
Net losses/recoveries on impairment	-23,588	-15,832	-7,756	49.0%
Writedowns of goodwill				
Total provisions and adjustments for impairment	**-24,859**	**-15,990**	**-8,869**	**55.5%**
Net operating profit/(loss)	**50,700**	**18,605**	**32,096**	**172.5%**
Profits (losses) on equity investments				
Profit before tax	**50,700**	**18,605**	**32,096**	**172.5%**
Income tax expense from from continuing operations	-20,779	-9,263	-11,516	124.3%
Profit for the period	**29,921**	**9,341**	**20,580**	**220.3%**

Net interest income

The interest margin at 31st December 2009 was approximately 72.4 million, representing an increase of 25.8 percent on 31 December 2008 (57.6 million) mainly sustained by the contribution of the treasury, finance, and credit activity management.

In ratio to total revenues, the proportion increased from 33.5 percent in December 2008 to 31.6 percent in December 2009.

Fees

Commissions net of services, at 31st December 2009, amounted to 114.6 million, with an increase of 4.9 compared to 2008 (109.2 million). The growth in fees was mainly sustained by payment services.

Gains and losses on financial transactions

In 2009 gains on financial transactions amounted to 25.4 million, an increase of 36.1 million (+ 335.6 percent) compared with the
-12.5 million of December 2008.

Total revenue

The Bank's total 2009 revenue of 229.4 million represented an increase of 33.3 percent compared to the result achieved in December 2008 (172.1 million).

Operating expenses

Operating expenses incurred in 2009 increased by 11.9 percent. The total amounted to 153.8 million (137.5 million in December 2008), including personnel expenses, administrative expenses, indirect taxes and net adjustment of tangible and intangible assets.

Personnel expenses

In 2009 personnel costs were 69.8 million. In increase compared with 2008, net of the variable component linked to positive results achieved in the financial year, is equal to about 6%.

Other administrative expenses

At the end of December 2009 other administrative expenses came out at 78.2 million, an increase of 5.7 percent over the previous period (74.0 million). The increase is mainly due to the increase in expenses for data processing, ordinary services, procurement, electronic links, and maintenance; on the other hand, a significant decrease of expenses related to image and consulting as well as for correspondence, insurance, and telephony has been highlighted.

CATEGORIES OF OTHER ADMINISTRATIVE EXPENSES (in euro units)	2009	2008	DELTA	DELTA %
Advertising	1,119,161	1,930,577	-811.416	-42,0%
Advisory services and fees	2,547,476	3,153,213	-605.737	-19,2%
Correspondence and postal expenses	7,308,715	7,735,100	-426.385	-5,5%
Insurances	683,645	748,795	-65.150	-8,7%
Telephony	557,826	619,969	-62.143	-10,0%
Transport expenses	379,041	398,292	-19.251	-4,8%
Corporate bodies	129,023	101,477	27.546	27,1%
Membership fees	1,440,983	1,391,357	49.626	3,6%
Services/ outsourcing	7,635,167	7,466,172	168.995	2,3%
Buildings and furniture maintenance	1,400,933	1,198,036	202.897	16,9%
Electronic links	6,528,454	6,187,211	341,243	5.5%
Supplies	2,347,988	1,740,444	607,544	34.9%
Indirect taxes	9,260,278	8,641,478	618,800	7.16%
Sundry	966,300	71,794	894,506	1245.9%
Ordinary services	12,173,212	10,995,363	1,177,849	10.7%
Data processing, program maintenance	23,715,920	21,622,016	2,093,904	9.7%
TOTAL	**78,194,123**	**74,001,294**	**4,192,829**	**5.7%**

Net adjustments of tangible and intangible assets

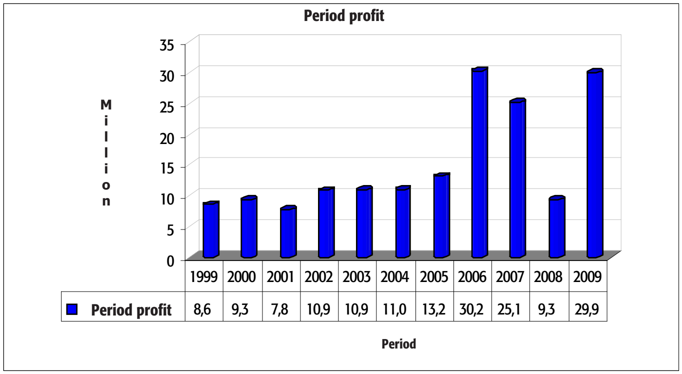
Net adjustments of tangible and intangible assets remained substantially the same, at 5.9 million in 2009 against 5.8 million in 2008.

Gross operating profit

As a result of the performance described, the gross profit on ordinary operations rose to 75.6 million, an increase of 118.4 percent compared with December 2008 (34.6 million).

Profit for the period

The profit for the period on ordinary current and non-current assets, net of the change in direct taxes for the period, was 29.9 million, compared with 9.3 million in 2008, an increase of 220.3 percent.



income ratio decreased from 79.9 percent in December 2008 to 67.1 percent in December 2009.

4. Bank activities

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

Finance and Credit

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

The Asset & Liability Management (ALM) Service has the task of analysing the client Banks' assets and liabilities and proposing actions and/or financial instruments which could optimise the management of the risk/income profile and equity absorption. It provides the CBs with consultancy related to advanced financial management, including assessment of the economic value of financial instruments, also complex ones, as well as the linked risk profiles.

In the context of ICAAP, the Bank has to provide for identifying all risks to which it could be exposed or risks that could damage its operating, pursuit of strategies, and reaching corporate objectives. In this context, the offering of the Bank's ALM service, because of its institutional nature, is directed at Federations and BCC-CR so as to reinforce the capacity to efficiently govern and balance the risks associated with the management of industrial assets, contributing in this way to improving the total financial results through the correlation and management of costs, risks, value, and performance.

For local Federations, activity was oriented toward sustaining activities of direction and control of the balances of their associates; instead, for BCC-CR, as support to Management in the area of policies of equity placement compared with risk.

The offering system of the ALM Service will tend to be concentrated mostly on CAM solutions and not on basic ALM, in consideration of more requests by the market for analysis systems which have an outlook on equity, financial, economic, and risk balances.

Money markets

The Money Markets Service has the task of operating on money, exchange, and precious metals markets in order to ensure the efficient management of orders received by the CBs and the competent Iccrea departments, guaranteeing the coverage of needs for short-term funding/loans and short-term liquidity and exchange risk management on the individual and consolidated level. It takes care of the development of treasury processes related to regulatory systems (Target, CLS...)

In 2009, the Bank's activity on the money market was characterised by management focused on the elevated volumes of collections coming from BCC-CR, also sustained by the adopted remuneration policy. In the first quarter of 2009, in fact, increasing volumes of liquidity converged onto the CRG, and remained at elevated levels for almost the entire year. The cash flow was favoured by the remuneration policy adopted by the Bank regarding BCC-CR deposits which were proportional to the ECB rate until 8 April 2009, a rate which was significantly and stably placed above the interbank market rates. Also after that date, the remuneration criteria of the BCC-CR deposits on CRG accounts were modified so as to be favourable for the BCC-CR, adopting the EONIA rate, rounding off to the tenth for excess (a remuneration that is, in fact, higher than the rates exchanged on the overnight interbank market). Although this choice caused a penalty on the interest margin, it was carried out in the awareness of providing a "service" activity for BCC-CR, offering them "protection" from external investment choices with brokers that in a time of strong liquidity tension would have exposed the BCC-CR to a series of counterparty risks, as well as to ensure the funding volumes necessary to support the needs of the Gruppo Bancario Iccrea centralised finance.

The operations with BCC-CR on CRG consequently led to a transfer of value of about Euro 9.6 million, and the traditionally positive contribution margin on demand deposits that came out of this was essentially brought to zero. It follows from this that the contribution to the interest margin was carried out exclusively with market activities with banking counterparties different from the BCC-CR, in compliance with the stringent effective authorities in this regard.

The deposits from ordinary customers, all under the management responsibility of the Money Markets BU, gave a negative contribution in order to identify uniformity terms in the treatment of conditions recognised to the various “contributors” of funds and, in a parallel fashion, align them to the conditions expressed by the money market. Also in this case, as in that of the interbank funding remuneration, appropriate revisions of ratings were adopted, index-linked to the EONIA parameter in place of the ECB rate. So, specific categories of ordinary customers were identified with whom adequate spreads were associated, so as to contain the variations and relative financial costs within defined limits.

The Aureo funds progressively reduced volumes in 2009 and at the moment they proceed with the simple roll-over of coverages.

Concerning the BCC-CR service activity, what should be highlighted for 2009 is the revision of the treasury lines offering in order to support their Liquidity Policy and so ensure their trust in treasury activity, avoiding flight toward other market operators for investment transactions, searching for higher profitability, which, as highlighted, could be potentially very risky.

Asset Management

The MA.S. Management Service has the task of proposing and providing to CBs and to institutional customers the management of real estate investment portfolios. Furthermore, it provides investment consulting services to CBs and other client Banks.

Throughout 2009, the MA.S. service was concentrated on three main operating lines:

1. management of portfolios owned by the BCC-CR;
2. consulting to BCC-CR about financial investments for the component linked to the owned portfolio in coordinated manner with the ALM department;
3. BCC Vita portfolio management.

From the analysis of the main results achieved in the area of delegated management of BCC-CR equity, it is highlighted that 2009 posted a positive trend (ongoing since 2006).

The strong orientation assumed by the MA.S. Service towards developing relationships, the numerous visits carried out to the BCC-CR, and the efficient assistance provided by Iccrea locations in the region also allows for more widespread consulting than in 2008, representing for the department an element of further visibility and reference at some important Cooperative Credit entities.

The totally managed assets (sum of the delegated and consulted operations) were more than Euro 3.7 billion, an amount that is more than the maximum previously reached in December of 2005, of Euro 3.1 billion.

Proprietary and Trading Finance

Proprietary Finance and Trading Service has the task of managing activities connected with the Trading Book and identifying funding needs at the individual and consolidated level, monitoring the interest-rate, exchange-rate, and liquidity risks of the Banking Book. It manages interest-rate and liquidity risks in the medium to long term. It performs the roles of Market Maker on multilateral trading systems, Specialist and Primary Dealer, as well as the structuring and own-account trading of OTC financial derivatives. It works in accordance with the policies defined and the guidelines set for the management of the portfolios within the risk limits and with a view to the yield targets.

From an organisational and departmental point of view, this business unit was the subject of a large revision during 2009, the objective of which was to bring back into the responsibilities of the new structure all activities linked to the Bank's properties, while transferring all other activities (including trading) on over the counter derivative financial instruments to another organisational structure appointed to manage relationships with Bank clients (Customer Desk).

The following tasks were given to the new Service:

- market making on the multilateral trading system managed by the company Hi-Mtf Sim S.p.A;
- management of the portfolio owned by the Bank, also through unlisted derivative financial instruments;
- trading of government securities on regulated markets, multilateral trading systems and/or external to the market;
- activities which help to identify the Bank's financial needs and those of the companies which belong to GBI and to formulate possible proposals for management of risks related to interest rates, exchanges, and liquidity, or possible investment proposals for the proprietary portfolio.

Customer Desk

The Customer Desk Service has the task of ensuring CBs and client Banks, Gruppo Bancario Iccrea, Cooperative Credit bodies, and departments within the Bank (hereinafter, "Customers") the issue, without taking on positions, of the following financial investment services: execution of orders on behalf of customers, collection and transmission of orders, placement.

In the regulatory context of acknowledging the MiFID regulation, with reference to the distribution to retail customers of financial products from which it is significantly difficult to disinvest, the Bank has actively participated in the MiFID category project, which contains the dual goal of increasing awareness of the BCC-CR upper management and category bodies about important innovations regarding the bank-customer relationship, and facilitating the process of adaptation with the definition of a reference regulatory and methodological framework and also in reference to the guidelines regarding the distribution of illiquid financial products validated by CONSOB on 5 August 2009, which make up a first interesting example of "regulatory concertation" (with the advantage for banks of application certainty and for the regulators for the maximum interpretational consistency among the various financial intermediaries). Perhaps the most important information in this regard has to do with the broker's broadening of solutions to ensure security liquidity. In particular, the Bank's business processes and policies will be set up, and are already planned, to allow for carrying out valuations regarding financial needs that the offered products should satisfy, as well as orienting the construction of incentive mechanisms for the corporate structure according to criteria consistent with the pursuit of the client's best interests.

Concerning trading and bond order collection, the traditional aversion to risk in the retail sector found a further confirmation in the performance of trading volumes in defensive instruments, in particular, Italian government securities (24 billion in 2009). A shift in BCC-CR trading activities on proprietary portfolios is posted from the MTS retail market to the more liquid and flexible electronic bond and government securities market. The positive trend that involved the fixed income sector is confirmed in the data regarding channelled volumes on the HI-MTF market, where a significant increase in activity on Euro Bond securities was recorded (Euro 828 million transmitted in 2009, with an increase of 71% compared with 2008). The start-up of operations for the Best Execution Dynamic on multi-listed bond securities made it possible for the flows of order collections on Italian government securities to be achievable indifferently on the electronic bond and government securities market and HI-MTF markets, through the application called S.O.R. (*Smart Order Router*).

The collection of OTC bond orders caused a significant increase in trading volumes (+28% compared with 2008), against the collection of shares. The activity in OTC derivatives carried out by the Bank with its own reference customers indicated a significant transformation over the past few years of the demand coming from our reference customers who saw a progressive concentration of interest rate risk hedging by way of Plain Vanilla instruments (Interest rate swap, Cap). In the context of trading activities, trading operations with Hi-Mtf S.p.A. should be particularly noted, which, as is known, organises and manages multilateral trading facilities: a market for trading financial instruments, which guarantees transparency, liquidity, and efficiency. The partners in this initiative are: Centrosim, Istituto Centrale delle Banche Popolari Italiane, ICCREA Banca, Banca Aletti & C.- Gruppo Banco Popolare - and Banca Sella Holding, each with 20% of the share capital. Hi-Mtf is a multi-contribution quote-driven market where Direct Adherents transmit orders received from their own customers on the market, applying Market Makers proposals. The main characteristics are: elevated number of listed securities; considerable and diversified cash flow; automated execution of customer orders at certain prices in line with the best market prices; elevated standards of transparency and absence of conflicts of interest; updated and free informational reports on the involved financial instruments.

Furthermore, there is an order-driven segment where financial instruments are listed that are spread throughout the public in a relevant way, as defined in article 2-*bis* of the CONSOB regulation no. 11971/1999. The order-driven segment identifies as the institutional trading figure the Direct Adherents who transmit the orders received from their own customers onto the market. To manage the market, a flexible operating model was examined which leverages a staff made up of high-quality and professional people; the services are issued also with the contribution of specialised outsourcers who are able to offer specific competence and variable and competitive costs.

Securitisations

Developing in coordination with the Bank's other operating units, securitisation initiatives for CBs and GBI's companies, taking care of the execution of the related up-front and ongoing activities.

The market remains especially concentrated in securitisation transactions aimed at refinancing at the ECB; the average spread has progressively reduced, during the course of 2009, from about 400 bp to about 160 bp for RMBS (Residential Mortgage Backed Securities) AAA securities. The spreads on Italian covered bonds have also significantly reduced. For issues with durations of 3-5 years, they have reduced from maximum points of about 130 bps to the current levels around 40 bps.

The tranching levels assigned by the rating agencies, for all types of securitisation transactions, became worse because of the important increase of substandard loans and doubtful loans and, in general due to the systemic crisis situation.

During 2009, the most important competitors, like our Bank, structured eligible securitisations and/or covered bonds, taking advantage of very advantageous refinancing rates put into practice by the ECB.

GBI's structured securitisations of the Credico Finance type are currently all performing. As all transactions of this type, an increase has been recorded in delayed and/or doubtful loans positions.

The AAA securities of Credico Funding transactions were downgraded by Moody's from AAA to AA2, while S&P positioned all of the tranches in negative rating watch.

The current market share represents about 2% of the total issued on the Italian market.

Loans and receivables

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, ICCREA employees) and for special loans, and all activities connected with the same (development, pricing, management and monitoring). It carries out granting activities for the mandate for the issue of Bank A/C and for granting operating maximums of counterparties.

For what regards the Institutional sector, during 2009 activities continued which were aimed at ensuring financing operations directed toward BCC-CR and to Group companies and, to a lesser extent, to retain customers made up of the banking group's employees or by employees or clients presented by the BCC-CR and some companies classifiable as large corporate, for transactions of conspicuous amounts and in any case related to further developing payment services through our Bank, allowing to reach and/or gain the trust of very important economic counterparties.

During 2009, the Bank, also in compliance with the "New Prudential Supervisory Instructions for Banks" about liquidity risk management, provided for remodelling its catalogue of offerings in treasury lines in favour of BCC-CR, making available to them a range of instruments suitable for covering all of the BCC-CR necessities regarding liquidity risk.

In the section of special loans, there was an intensification of requests specifically in the primary sector, in which the Bank became a point of reference for the BCC-CR.

It is highlighted that the development realised thanks to a convention with Fondosvilupo caused the recording of an appealing transaction growth defined in pool with the BCC-CR in favour of cooperatives adherent to Confcooperative.

Subsidised Loans

The Subsidised Loans Department has the task of promoting CBs' customers ability to take advantage of subsidised financial instruments that work in favour of companies, including the so-called negotiated programme.

This Service's activity is strongly conditioned by evolutions inherent to the process of reordering the subsidised system, taking into account that this will need to indicate a point of discontinuity with the policies carried out up to now, and which also includes the definitive conclusion of a series of interventions, begun in the 1990's, whose goal was to reinforce the productive base and which, therefore, did not contribute to modifying the structure of the productive system. The Conventions that Iccrea Banca signed with the Ministry of Economic Development for the management of demands (former law 488/92) and for the management of Territorial Pacts impose, however, the continuation of contribution management in favour of companies that obtained benefits before subsidised instruments were abandoned. The management period lasts for years and continues to commit the bank's departments dedicated to this activity, with characteristics of particular complexity and delicacy. The global financial crisis and governments' necessity to adopt anti-recession measures in 2009 offered opportunities in the incentives sector which were accepted (management of the Deposits and Loans Fund credit limit directed at Banks as long as they finance small and medium sized companies).

Currently, this Service carries out the role of Agent Bank and Agent Subject related to current transactions on "Territorial Pact" funds and the law 488/92, it moreover carries out the role of Agent Subject for National institute for Workplace Accident Insurance (INAIL) and the Deposits and Loans Fund in managing financing issued to small and medium-sized companies (PMI) by BCC-CR. Starting from December 2009, the Service manages requests for access to the "Guarantee Fund for PMI", against pool financing granted by the Institutional and Credit Service together with BCC-CR and counts on soon extending this service to the entire Cooperative Credit Banking Industry.

Foreign business

Foreign business Services has the task of promoting the activity of correspondent banking, responsible for the connection of operating needs with all other internal departments. It ensures the management of documentary credit and trade finance.

The effects of the international financial crisis penalised the performance of international commerce which underwent notable contractions on a global level. Despite the above, BCC-CR, also thanks to their connection to their regions, were able to take advantage of new market opportunities, covering niches that were not yet or not adequately covered by the competition. In particular, we refer to the support given to small and medium-sized companies, the typical customer of Cooperative Banks. Other than the broadness of products and services available, it is retained that a small or medium sized company needs to be "assisted" in its daily operations, especially when it needs to make decisions on the acceptability of specific contractual clauses regarding financial regulations of its exports. The awareness is added that an element of differentiation for a bank is the integration of the offering of products and services with a technical and also cultural consulting component that allows for filling a formational void, especially in departments that are not completely developed in small and medium-sized companies.

In this context of internationalisation, Iccrea is concentrated on developing the range of services offered, both qualitatively and quantitatively. Dedicating much attention to the development of the technical competencies of our foreign specialists so that the already elevated quality of service given to customers can soon reach levels of excellence. Regarding the distribution network, a plan of formative/informative operations has just been implemented, aimed at various figures in the Branch. The programme was personalised based on the specific activities carried out by the colleagues involved. This formative programme came to life from the awareness of the necessity to communicate to our customers in a "systematic and more efficient manner" about our offering, also of foreign products and services. Under the operating profile, we especially aimed at an operating and decision-making "chain" that is very short so as to allow for us to operate with particularly short execution times and so be able to satisfy the requirements of the most demanding customers. Through a direct channel with the Head Office, the possibility was also given, both to colleagues in the distribution network and to the clients, to be able to obtain practically in "real time" qualified operating assistance and elevated consulting support especially regarding all of the most complex transactions. Furthermore, broad consulting was supplied on all aspects related to the interexchange with foreign countries which could range from disinvestment of credits to exportation to information on how to access SACE services to ensure loans against political risks (default of the foreign debtor country) and/or commercial risks (default of the foreign debtor). In perspective, the objective to which to tend is to arrive at assisting companies to better set up their international activities and, in this context, Iccrea proposes to offer the entire range of services typical of activity with foreign countries, supplying complete commercial and financial assistance in the management of operations and complex transactions.

During the last financial year, the Foreign Business Service carried out a series of activities which can be summarised as follows:

- enlargement of its own catalogue of products/services, which currently is able to cover almost all of the main needs of export companies and/or companies that generally operate with foreign countries;
- in collaboration with S&F Consulting and Iccrea Holding, the completion of a series of training paths dedicated to "Foreign Specialists", the benefits of which have already begun for BCC-CR personnel;
- production of newly acquired procedures and the implementation of those already utilised for the management of new products (medium-/long-term financing also in pools, multiple effect discounts, transactions guaranteed by SACE).
- renewal, with SACE, of the "Framework Convention" (Credit Enhancement) for internationalisation transactions of small and medium-sized companies that are BCC-CR clients; signing, also with SACE, of two other "Conventions" to insure financing carried out on credit limits made available by the Deposits and Loans Fund and advances made against credits held regarding the Public Administration. It is noted that for these types of transactions, the Bank will operate only as an operational bank and therefore only to allow for BCC-CR and their customers to take advantage of insurance coverage;
- in collaboration with BCC Multimedia and Banca Agrileasing, the preparation of a "Foreign Gateway" to which the BCC-CR can refer to find useful information on products, documents, markets, news, and in general on everything regarding the "foreign" world.

Payment systems

The factors which distinguish the evolution of payment systems industry in the European context are characterised by a progressive replacement of cash money and stricter anti-money laundering laws which offer notable opportunities in the context of micro-payments and the market of payments through new products of e-money services and innovative payment instruments. Furthermore, the equity markets crisis fuelled an increasing demand by users (Companies, PA, Retail) for payment instruments which integrate financial components (for example, integrated electronic invoicing, factoring, prepaid cards, etc). Finally, banks need to confront important operations of adapting to new requirements imposed by the PSD, which will have a strong impact on the reduction of marginality of traditional payment services, for new ways introduced and the competition of new non-banking operators.

The main business implications of the new scenario are, on one hand, as negative factors, the reduction of income and the increase in costs, because of adapting to the PSD; on the other hand, as positive elements, the innovation of products, connected to the possibility of intercepting low value retail payments, through the development of new technologies (contactless, mobile payments, biometric payments) and opportunities of widening the offering of services toward new target segments: money transfer services abroad (payment market), electronic money transfer services between people (mobile, prepaid cards); as well as integrating the offering of services to companies along the Financial Value Chain.

In this evolutional context, operations in the various sectors of payment systems have been carried out.

Collections and payments

The Collections and Payments Service has the task of managing products and services that the Bank offers on the market of domestic and international payment systems, except for documented transactions related to the import/export of goods. It manages current account relationships with ordinary resident customers, with Companies and Bodies of the Movement, with the Postal Administration, and with employees. It carries out custody and management of cash, securities, and owned or administered valuables. It takes care of fulfilments related to the presentation and withdrawal of deliveries in the clearing house.

In the traditional payments sector, operations of the Collections and Payments Service are aimed at improving the quality of the services offered by the Cooperative Banks, with the intent of operating to satisfy the needs of the same and to contribute toward favouring their increased market penetration.

In particular, the adaptation to new international regulations responsible for introducing the PSD (Payment Services Directive) was carried out, aiming at minimising the impact of said rules on CBs. In this sense, the necessary organisational and application modifications were readied for the exchange of direct payments.

The exploitation of the information systems was readied with a focus on decentralising to external services some of the activities that were previously managed in house; although the entire chain of control was maintained within the Service itself.

Moreover, the valorisation of nature and the role of the Cooperative Credit Industry Circuit was worked towards, both in terms of commissions (no commissions applied against these transactions), and with the objective of further speeding up exchanges and the related regulations.

Premises were also placed for starting up an electronic invoicing project.

Despite the position assumed by the Antitrust, which is gradually reducing or clearing interbank commissions, an increase was generated in income from commissions: from the increase in intermediated volumes and from the acquisition of new flows transmitted by corporate customers served directly by central Bank departments.

In the context of the defined market, payments is another element that deserves particular attention. In 2007 the payment market was assessed at a bit less than USD 320 billion, equal to 0.7% of the global GDP. From this volume, Euro 6.5 billion per year is the estimation of payments transmitted in Italy by official channels in 2007. The distribution of the Italian money transfer department sees the banking industry cover only 7% of the national market, behind the post offices and other commercial locations (exchange offices, internet points, phone centres, etc.). This is decisively a countertendency compared with the rest of the world. In this context, the objectives being pursued to support the BCC-CR Industry are:

- helping banks to intercept a population of customers in strong growth (financial and demographic);
- facilitate current clients of the involved banks who currently use other methods to use their own current accounts for money transfers;
- create opportunities of cross-selling financial products and develop new products dedicated to segment needs;
- possibility of generating additional income with highly profitable products.

The Applications Centre

The Standardised Interbank Applications Centre Service has the task of promoting and developing areas regarding areas typical of the "Applications Centre", taking care of the planning/implementation/management of correlated systems (RNI, SWIFT...) and services It ensures the development of applications concerning the activity of "Intermediary Bank".

Because of important structural changes in the competitive scenario of the "Italy system" in the context of control and transmittal services for information regarding payment systems, the functionality of the Applications Centre is gradually coming closer to the functionality of the European range which supposes a consolidation of those synergies pursued in the years that have just finished. In light of this scenario, in the period just completed, Iccrea Banca continued to pursue this objective, realising the SEPA Direct Debt (SDD) control and transmittal application, in collaboration with ICBPI and in compliance with what was already consolidated for the SEPA Credit Transfer. Also with the awareness of the little success that the initiative would have had at issuing companies both at the national and international level for the effect of the

European regulation, the realisation of the aforesaid procedure allowed for client banks to be able to offer the service in full competition with other competitive entities.

E-Banking

The E-Banking Service has the task of promoting and developing areas regarding domestic and international payment systems and the related services offered to customers, regarding innovative products. The Service particularly takes care of innovation, understood as research, experimentation, verification of validity, and applicability of new technical and management products. The E-Banking Service has the responsibility of proposing, carrying out, or contributing to the realisation of adequate products/services which, in line with the Central Management development plan, respond to the needs of customers, and where possible, anticipate them. The Service pursues its operations collaborating externally with institutional subjects (ABI, CIPA, etc.) and subjects from its industry, acting within the Bank in strict accord with the Commercial Service.

For a few years, e-money services have lived through a phase of significant evolution which has brought them to hold even more prominent positions in the banking scenario, both domestically and internationally. The needs of the banking and finance sector today especially regard the integration of systems, internationalisation, insourcing, safety, and conflicts with and management of fraud. Some notable impacts on the regulatory, procedural, and technological level have been determined by bodies and initiatives known as SEPA (Single Euro Payment Area), EAPS (Euro Alliance of Payment Schemes), and PSD (Payment Services Directive), aimed at unifying, regulating, and rationalising business, without leaving behind customer protection in terms of information and conditions transparency, to adapt systems to each local market. To satisfy the new requirements, related to the issuing of affiliation cards, important implementations are made necessary on all e-money services products, from authorisations to issuing, which require a differentiated parameter system as well as a specific management of the new safety/authentication components. Furthermore, the emergence of further opportunities related to retail and new channels (mobile, Internet) should not be forgotten, in that they claim their own space in the world of electronic payments. Sharing these principles and accepting these indications, Iccrea is aligned with regulatory and market evolutions, also taking advantage of specific collaborations in the realisation of systems and applications. Combining experience and innovation, Iccrea demonstrated role of excellent partner in a context where it has been a main figure for many years, beside BCC-CRs. In fact, 2009 confirmed the positive trends posted in 2008 both in the issuing sector and in the acquiring sector, thanks to the launch of new products and services, the reinforcement of the operating chain, and the constant flow generated by migration of the previous magnetic strip cards toward the chip (named “Ottomila” [Eight-thousand]). This initiative, identifying in Iccrea Banca S.p.A. a single Issuer and Acquirer subject for the entire BCC-CR industry, simplifies and rationalises the operating chain of e-money services, reinforces the quality and security of the catalogue products/services, guaranteeing a combined and centralised management of relationships with institutions, suppliers, and business partners.

Regarding the Issuing sector, all three components (debit, prepaid, and credit) recorded an appreciable increase that can be summarised as follows at the end of 2009:

- debt cards issued with chip technology, thanks to the pursuit of migrating from the old magnetic strip card, reached a threshold of 1,292,575 (+150% compared with the 601,293 cards at the end of 2008);
- the prepaid cards issued, for which there was also the launch of the Carta Tasca Mastercard with chip in the third quarter of 2009, increased from 382,184 at the end of 2008 to 492,121 at the end of 2009 (+29%);
- also the stock of credit cards posted a sustained increase of 10%, moving from 1,092,167 at the end of 2008 to 1,203,171 at the end of 2009.

It is also satisfying to note the growth of the Acquiring sector, whose brokered volumes increased by 25% compared with 2008 (Euro 2.7 billion reached).

The process of adapting the ATM and POS terminals to microcircuit technology also progressed at sustained rhythms with 49,614 POSs and 3,594 ATMs migrated at the end of 2009.

By the end of the 2010 period, based on the activities and planning already defined, the migration projected by SEPA with reference to cards, POSs, and ATMs will be completed.

The 2009 start-up of a series of initiatives of important strategic value, both for the development of new products and with the objective of strengthening the structure of the operating chain to the service of CBs and their clients, will contribute to realising a progressive consolidation of the scenario described above, further glorifying the role of Iccrea Banca as the only actor in the area of the Cooperative Credit Movement regarding supplying of e-money services and products.

Securities Services

Securities Services includes the Securities Administration and Custodian Bank organisations.
The Securities Administration Service has the task of carrying out transactions related to the administration of the Bank's and third party financial instruments and maintaining administrative relationships with financial instruments regulatory and custodian bodies.
The Custodian Bank Service has the task of fulfilling the obligations linked to the Department of the Custodian Bank, in particular: it evaluates that the transactions arranged by the management companies are compliant with the law, the regulation, and the ordinances of the Supervisory Authority; it ascertains the suitability of share value calculation procedures, the exactness of the relative publications, the responsiveness of legal indications and statements; it is responsible for the correct fulfilment of tasks of fund equity custody, evaluating over time the adequacy of the indicated administrative processes; it undertakes operating relationships with management companies, placement networks, and other competent Bodies.

In the area of Securities Services, Iccrea continued to be responsible for the development and market offering of products/services regarding three specific areas of activity: Custody (Post trading, Settlement, Custody); Securities Back Office Outsourcing; Custodian Bank.

Iccrea's offering in Securities Services is focused on proposing to customers a single depositary, as a partner able to satisfy the entire value chain of administrative and regulatory services for securities; it also provides elevated flexibility in issuing able to manage even non-standardised models, personalising the offered products/services to the needs of customers.

Iccrea's activity in Securities Services, then, continues to be for CBs and clients an affordable and efficient opportunity compared with internal process management and direct adhesion to Central Regulatory and Guarantee Systems.

Iccrea's offering is, in fact, integrated on the entire value chain and allows customers to interface with a single counterparty, and so benefiting from significant synergies and economies of scale, obtaining savings on market access; technological investments; management, maintenance, and development of applications; and processing and operating activities.

The Bank's Global Custody service was set up so as to ensure a complete and integrated service to satisfy the entire range of needs for administrative and regulatory services for securities, providing in this way an adequate response to the needs of BCC-CR.

At the end of 2009, the managed volume reached Euro 87 billion.

In the role of Custodian Bank, Iccrea ensured, especially regarding Aureo Gestioni, services of custody, administration, and equity control, taking care of compliance with the law, the fund regulation, and the ordinances of the Supervisory Bodies.

Attention was also given to Pension Funds and Real Estate Investment Funds.

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 740 employees, with an increase of 6 compared to 31st December 2008. During 2009, there was a turnover of 44 persons, in addition to the 54 involved in the modifications to the company structures.

BREAKDOWN OF PERSONNEL ACCORDING TO POSITION (present values)		
	2009	**2008**
Managers	17	16
Middle managers	277	262
Others	446	456
TOTAL	**740**	**734**

% BREAKDOWN OF PERSONNEL ACCORDING TO POSITION (present values in %)		
	2009	**2008**
Managers	2.3	2.2
Middle managers	37.4	35.7
Others	60.3	62.1
TOTAL	**100**	**100**

In 2009, 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 45,516 hours in the year.

Particularly important was the realisation of training activity regarding the majority of personnel, aimed at updating regarding regulatory fulfilments about Anti-money laundering, Privacy, Administrative Responsibilities of Bodies/Code of Ethics, Workplace Safety Legislative Decree 81/08, and Information Security and moreover, numerous operations aimed at developing managerial and/or behavioural capacities.

Strategic planning

In order to create value for the shareholders and other stakeholders, the Bank's strategic and operating guidelines are aimed at optimising the composition of its asset portfolio. This objective is pursued through the process of placing equity in different business lines in relation to the specific risk profiles. The development of the Bank's trading operating focused on creating value requires a resource and equity placement and management process that is regulated in the various phases by the planning and control process. The Bank dynamically manages equity, monitoring the Regulatory capital ratios, anticipating opportune operations necessary to reach objectives and optimising the composition of assets and equity. Planning and monitoring refer to, on one hand, Shareholders' equity, and on the other hand to the composition of Regulatory capital.

On a monthly basis, information is provided on the results of the Bank's business units, which provide information for the segment reporting according to the international IAS/IFRS accounting standards, with particular reference to IFRS 8 “Operating Segments”. The accounting standard indicated above is applicable starting from 1 January 2009 as a replacement of IAS 14 “Segment Reporting”. On this point, please see the specific section of the Explanatory Notes for the relative detailed information, also regarding the results achieved.

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 organisation operations carried out in 2009 allowed for:

- further proceeding with the revision of the Department of Finance structure, with the aim of minimising conflicts of interests (separation of trading and distribution operations), rationalising the Department structures, and reinforcing the controls system (revision of the Controls Service and Technical Finance Office);
- operationally starting up Group Finance, with the constitution in the sphere of Property and Trading Finance of a specific ALMO Office and the extension of the Service's mission with the responsibility of managing activities related to the individual and consolidated Banking Books, monitoring the related rate, exchange, and liquidity risks, and identifying the funding needs, as well as rate and liquidity risk management in the medium and long term. The Debt Capital Service was also constituted with the task of taking care of funding transactions through issuing bond loans and syndicated loans, whose trade operation has not yet started up;
- implementing the revision of the Credit sector, through the preparation of a new process for granting subsidised loans, including activity abroad, and the definitive inclusion of credit risk mitigation methodologies. The CRM methodology has already seen the issuing in the Bank's regulatory regulation complex, while the formalisation of the new credit process is evidently conditioned by the disposal of the corporate credit unit, including foreign credits, to Banca Agrileasing in the context of the so-called TANGRAM project.
- reinforcing the coverage relative to assets needed for compliance with anti-money laundering ordinances, through the attribution of specific responsibilities to various involved organisational units and the concurrent realisation/activation of specific reporting procedures that are useful for the required control activities (Safewatch);
- improving the survey/overseeing of customers (general master records) through the revision of tasks and responsibilities of the various organisational units involved in beginning new relationships or in the management of the related services, providing also for adequate interventions on applications dedicated to e-money products and services (debit, credit, and prepaid cards);
- reinforcing the control coverage of banking counterparties with which the Bank works through the constitution of a Manager assisted by a specific Departmental Role (Manager of Banking Counterparty Oversight) and with the support of an ad hoc Committee (Committee of Banking Counterparty Risks).
- revising the planning and control management and procurement departments for a better definition of their responsibilities regarding acquisitions and coordination with BCC Solutions;
- regulating the methods and responsibilities for managing guarantees given/received against trade operations in derivatives (credit support annex);
- formalising relevant processes in the IT area, which help to achieve the necessary information systems certifications (BS 25999 and ISO 27001).

Information Systems

In the IT sector, coherently with the banking sector as a whole, Iccrea Banca has confirmed its own pursuit of continuous 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 were related to a wide spectrum of categories which run from the reinforcement of electronic security and the infrastructures for business continuity, to the increase in the productivity of data processing infrastructures through a prudent performance management policy. 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.

Concerning the adaptation to new anti-money laundering regulations, the third anti-terrorism directive, and the obligations of "adequate verification" on transactions arranged by banks that work in the Republic of San Marino, all electronic procedures were adapted throughout the year.

Iccrea's attention to service quality was recognised with the obtaining of the recognition of compliance of management processes with the best practices of security of collected information by the ISO 27001 and BS 25999 standard.

During the year, the activity of analysis and necessary adaptations was started up to comply with the payment systems directive (PSD) promoted by the European Commission to indicate in a single regulatory framework the entire topic of single market payments.

AUDIT DEPARTMENTS

In 2009, 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.

Particularly relevant were the verifications for Anti-money laundering to confront the particular context assumed by trading operations with Brokers from San Marino, for which many operations were carried out to verify the adequacy of operating, organisational, and technical coverage adopted by the Bank for this trading.

The Finance area pursued the cycle including the review and reorganisation of the operating and administrative systems due to the radical change in the legislation of reference (MiFID) 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 with significant changes that occurred in the period and brought about the formulation of an overall assessment expressed together with the Conformity Department.

In this area and in the Credit area, a first cycle of Long distance Controls started up, as indicated in the 2009 Plan, which allowed for focusing on some cases or phenomena and for testing their effectiveness.

Furthermore, also in the Finance area, the technical-organisational requirements of ALM (Asset Liability Management) were verified with the appropriate assessment, and were issued to the Federations and to the BCC-CR.

Particular attention was paid to the evolution of e-money services, both regarding the management of anti-money laundering and privacy obligations, and regarding the evolution of more innovative products (Carta Tasca, ABI 8000). In this sphere, suggestions were formulated also in the organisational and administrative context of products and the Service which manages them (e-banking).

For what concerns payment services, the evolution toward the PSD was followed with attention and, in general, the evolution of SEPA key products with some targeted audit operations, also including follow-up on the outcome of the first verifications on this new regulatory-operative context.

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.

On the other side, also in IT, an operation aimed at verifying the adequacy of the IT Planning Process began in the development of applications that can be used for administrative and operating activities, formulating in this regard some suggestions for the improvement of the related processes.

Finally, the usual support activity was carried out (Project Summit, Bank Performance Control, preparation of assessments, regulatory valuation, etc.) also with the direct participation of work or project groups as well as ensuring the oversight of initiatives implemented by the Compliance Department regarding the subjects it is responsible for.

Compliance

Throughout 2009, other than ordinary control activities, including those directed regarding Body Administrative Responsability, the Compliance Office was involved in activities aimed at implementing the control system for anti-money laundering and anti-terrorism, in particular concerning the brokerage trading operations with the San Marino banks.

The internal Privacy regulation was also adapted to the Garantor Privacy provision regarding System Administrators, in support of the Bank structures responsible for initiatives of implementing the said Provision.

Regarding investment services, a report was prepared for the CONSOB on the organisational structure adopted by the Bank to provide said services.

Furthermore, activity was conducted to support the Bank structures that were directly involved in starting up activities of analysis and adaptation necessary to comply with the Payment Systems Directive (PSD), which establishes a series of innovative dispositions on the methods of managing payment services by banks and by qualified intermediaries.

Finally, also during the period, the Compliance Department placed a notable importance placed on training, carrying out specific training activities involving all of the Bank's personnel in the various subjects under the Department's control, with particular reference to the area of anti-money laundering.

Risk management

In 2009, 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 spheres.

Regarding credit risk, the portfolio performance monitoring process was consolidated through the realisation of a monthly reporting system articulated with regard to the main counterparty types: Banks and ordinary customers The path of adaptation of organisational procedures was completed regarding Credit Risk Mitigation Techniques (CRM). Also implemented was the electronic information procedure used to monitor loans indicated in the "Central Risk Bureau", updating the relative functionality and allowing the user structures to consult the Group Central Risks Bureau data. The development of a comprehensive banking counterparty risk profile systematic monitoring system was supported, guaranteeing updating of the ratings calculated through the internal system that the structure utilises. The method of assessing the risk parameters used in collective write-downs was revised, providing adequate accounting on the relative results to the Board of Statutory Auditors and to the Board of Directors.

Regarding operational risks, the collection of operating loss data was continued. Self assessment 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.

Regarding financial risks, during 2009 the instruments that support the management and monitoring of these risks were further reinforced.

Regarding market risks, an important activity was the continuous maintenance of the application procedure (so-called RiskSuite) used in the processes for assessment and for producing monitoring reports on the risk position. This activity allowed for guaranteeing a punctual and daily monitoring of the trading portfolio and the Bank's functioning.

In the sphere of ALM activities, monitoring of the Bank's assets and liabilities portfolio profiles continued. Regarding liquidity risk, adaptation operations necessary to bring into line the indicators aimed at monitoring the liquidity position for "at 1 day" and "up to 1 month" were completed.

With reference to the various risk types, activities were furthermore carried out that were necessary to prepare the informational report for Rating Agencies for their annual revision of the Bank's rating, and for the Supervisory Authority for the regulatory obligations required on a consolidated level regarding Pillar II and Pillar III.

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

It is represented that the Security Programmatic Document, pursuant to art. 34, paragraph 1, letter *g*, of the Lgs. Decree 30 June 2003 no. 196 "Personal Data Protection Code" was prepared and updated in the methods indicated by Rule 19 of the Technical Order, appendix B, of the same Decree.

5. Related party transactions

In the performance of its business it is a consolidated praxis of Iccrea Banca to observe constantly the criteria of transparency and substantial and procedural caution in transactions concluded with related parties, as identified by CONSOB, with reference to the international accounting standard "IAS 24", in line with the provisions of the laws and regulations.

This said, in the first half of the 2009 financial year, operations with related parties were performed with methods and according to criteria in line with those found in the normal development of banking relationships maintained with banking and corporate customers. The transactions were carried out on arms-length terms or at least on the basis of assessments of specific economic advantage.

In particular, in the period no transactions of an "atypical or unusual" nature were performed, such as for their significance and importance would have given rise to doubts as to the protection of the corporate assets.

It should also be noted that in the first half of 2009 intra-group transactions were carried out on the basis of assessments of mutual economic advantage and the terms to be applied were defined observing substantial correctness considering the common objective of creating value for the entire group.

6. Other business information

(Chapter 2, Paragraph 7, Bank of Italy circular no. 262 of 22/12/2005)

Dear Shareholders,

Pursuant to the Bank of Italy's Instructions on the Financial Statements of Credit Institutions (circular no. 262/95 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 Explanatory Notes to the Bank's Financial Statement, on:

- o the corporate aims and policies regarding the assumption, management and hedging of financial risks (Part E "Comments on risks and related hedging policies");
- o fees paid to directors and managers (Part H - Section 1);
- o transactions with allied parties (which refer to the subjects indicated in the accounting standard IAS NO. 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 related parties transaction.

In 2009, for the purposes of providing complete information regarding the consequences of the international financial crisis, two events should be indicated:

1. the debt securities under letter A point 1.2, Item 20 of the Notes "Financial assets held for trading" include CCT for a nominal value of Euro 10 million (IT0004321813) and CCT for a nominal value of Euro 4.5 million (IT0003438212), the latter to reach maturity on 1 February 2010, 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*). These securities, together with the expired coupons and interest, shall be returned/repaid during the 2010 period. The relative agreement is still being defined with Lehman Brothers Directors.
2. included among the due from banks under letter A, point 6.1, Item 60 of the Notes, "Other loans - Others" are impaired assets for the Kaupthing Bank hf. for Euro 1.034 million for matured deposit rates. Regarding what is due from Icelandic banks, the comprehensive position is summarised below:0

- Landsbanki Island hf. Euro 14.935 million due, entirely impaired;
- Kaupthing Bank hf. Euro 3,039 thousand due, impaired for Euro 2.005 million.

Following information received from our legal advisors, these positions were reclassified as "outstanding" in March 2010.

During 2009, with regard to the Rating Agencies:
- Standard & Poor's confirmed the "A" and "A1" rating for respectively the long and short term, with a negative outlook for the long term;
- Fitch confirmed the "A" and "F1" rating for respectively the long and short term, with a stable outlook for the long term;

7. Important events after closure of the financial year

In relation to what is indicated in the regulation, we inform you that after the closure of the financial year, there were no events important enough to influence the financial and equity position presented in the financial statements.

8. Outlook for the future

(Chapter 2, Paragraph 7, Bank of Italy circular no. 262 of 22/12/2005)

With reference to the foreseeable evolution of the Bank's management, the Parent Company, in order to pursue the development of a project aimed at completing the strategic rationalisation and repositioning plan of GBI, with the objective of more incisively supporting BCC-CR in the activity of service and relations with its customers, decided to implement the new 2010-2012 Industrial Plan, providing the relative guidelines, approved by its Board of Directors in the 22 October 2009 meeting. The 2010-2012 Plan constitutes GBI's response to the evolution of the crisis scenario both for the equity markets and for the real economy.

The 2010-2012 Plan is developed in continuity with the 2009-2011 Plan, including items regarding: revision of service and organisational structure models and coverage of the reference market; characterisation of the offering consistent with the needs expressed and not expressed by the Industry; safeguarding and valorising material resources (for example, funding and equity), and intangible resources (cohesion within the same network); risk control; cost containment. The Plan's key objectives are:

- integrated Group finance management to optimise cost and improve the deposit capacity, broadening technical forms (current accounts, deposits, loans, bonds, etc.);
- 2010 cost containment in compliance with the projections in 2009-2011 Plan and, at the same time, an increase in the capacity of selection and evaluation of risks, containing the level assumed;
- the search for strategic alliances for processes and/or products and consolidation of those in existence.On the basis of the general guidelines, the Bank has directed its own three-year 2010-2012 Plan in order to respond, in an increasingly more efficient and pro-active manner, to the Institutional market, developing operations with the BCC-CR and with the GBI companies. The three-year 2010-2012 Industrial Plan was created focusing on the Bank's planning activity on: definition of business objectives per single BU in relation to the changed market context; cost rationalisation; risk containment; determination of financial and equity needs.

The Bank's lines of development:

- confirm the Bank's mission of sustaining Cooperative Banks in their functioning as subjects active in the development of local economies, through providing products and service necessary for fully carrying out their activities, taking advantage of economies of scale and of scope;
- assume as basic objectives the pursuit and consolidation of the size growth realised in the last few years with a focus on valorising potentialities to increase its productivity and profitability, fundamental suppositions for self-financing of development, maintaining current good equity and risk containment levels, the capacity of value creation for the Cooperating Banking Industry.

Regarding the expectations of company results, also in an external context characterised by a contained profile because of the economic situation and the equity markets tensions, in which elements of uncertain outlooks and comprehensive risks persist, the current year is expected to have a financial-equity trend in line with what was projected in the second year of the 2009-2011 Company Plan.

9. Principal risks and uncertainties

The information on the risks and uncertainties to which the Bank is exposed is outlined in a detailed manner in this Management report and in the Explanatory Notes.

In particular, the risks related to the global economic performance, the equity markets, and the choices that the supranational bodies and governments will want to make to combat the crisis are indicated in the introduction to the Management report: in the chapter on the macroeconomic scenario and in the chapter on the foreseeable evolution of management, the assumptions are indicated on which the assessments and the forecasts are based.

For risks connected to equity stability and business continuity, these were considered in the introduction to the Management report, while a broader outline is contained in Part F of the Explanatory Notes.

The information on financial risks and on operating risks is outlined in detail in part E of the Explanatory Notes.

Dear Shareholders,

This year the Board completed its three-year term. Three years of intense work have finished, which were associated with the Bank reaching excellent results. The operations defined in the Industrial Plan were completed successfully and often ahead of the projections. The model of a bank at the service of its customers has definitively begun to be part of our way of being, and represents a tangible reality, appreciated by customers, and recognised by the financial community. Also in the year we have just finished, the improvement in capacity to satisfy the needs of Cooperative Banks was confirmed as the key factor for consolidating growth objectives. The rating confirmation from Standard & Poor's is a further recognition of the results that the Bank obtained in terms of capacity to produce income, generate profits, and create value. The Bank is presented with a clear, solid, and competitive cultural identity related to the important challenges that the market offers. The determination is strong to confront these challenges with the same commitment and the same pride which have encouraged the re-launching and change process.

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. To you all, therefore, and to the Cooperative Banks we express warm thanks for the trust and preference which you have reserved for the Bank.

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 in this fragile phase of the company's life. We also recognise the Board of Auditors' work performed with particular commitment and professionalism.

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

(Chapter 2, Paragraph 7, letter e, Bank of Italy circular no. 262 of 22/12/2005)

Dear Shareholders,

We invite you to approve the Financial Statements for the year ending on 31.12.2009, accompanied by the Management Report, 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 Euro 29,921,117:

Unavailable reserve in accordance with article 6 Lgs. Decree 38/2005	Euro 1,649,823
Remuneration of the shareholders' equity, of Euro 67.15 per share	Euro 28,203,000
Available for the Board of Directors	Euro 68,294

With reference to the aforementioned proposal, it is informed that the Unavailable Reserve in accordance with Lgs. Decree no. 38 of 28 February 2005 is equal to the amount of the unrealised capital gains registered in the statement of income, net of the related fiscal charge, deriving from the application of the *fair value* criteria on financial instruments (structured securities) not operationally hedged by derivative contracts, and to those on financial instruments that are operationally hedged for the part that exceeds the related capital losses.

Rome, 19th March 2010
THE BOARD OF DIRECTORS

Board of Auditors' Report

Financial year
1st January - 31st December 2009

Dear Shareholders,

during the financial year 2009, we have as always supervised 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 the Executive Committee, which were carried out in compliance with the legislative, statutory, and regulatory provisions which regulate its operations.

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 based on size and characteristics, in particular on the structures of the payment systems sector which constitutes one of the bank's core businesses, as well as on the bank's operational responses to issues of updating the "anti-money laundering" regulation and 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 with particular regard for the already mentioned anti-money laundering sector and the new regulations in the aforesaid sector, especially regarding the Republic of San Marino and the Bank's trading operations with said legal-economic entity, also in light of the so-called monetary "shield" dispositions.

We have followed the auditing activity performed by the Group's Company Audit Departments - and the inspection activity (assigned to the same Audit Department starting from 1 January 2006), commissioning from that department the necessary further information for the purpose of evaluating the adequacy of the anti-money laundering system run by the compliance department, as well as the operations of systemising the previous operational difficulties found in the outcome of the Bank of Italy's verification completed at the end December 2008 and whose results (inspection minutes and related dispositions) occurred during the financial year to which this report refers (March 2009).

We point out that the internal audits, the results of which (including partial and provisional results) were reported to us by the Audit Department by means of periodic communications, conserved in the deeds of this Board of Auditors, regarded among other things payment systems, the credit area and the "tasca" card in particular, Support Services Central Management, IT, ALM, SEPA areas for direct debit payment, the state of implementing the MIFID Directive and, lastly, but not least, the entire anti-money laundering area.

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 organisational directives for the various company sectors, in particular those related to the credit cards and payment systems sector, sectors in which important organisational changes occurred during the last financial year.

In particular, the specific Bank of Italy provision (contained in the letter accompanying the inspection minutes on anti-money laundering delivered during the Board of Directors' 2 March 2009 meeting), led to the planning and implementation of a credit transfer system with the financial institutions from the Republic of San Marino, which was contracted during the 2009 financial year with the aforesaid institutions in order to continue as much as possible the financial relationships undertaken with said institutions despite the classification of the San Marino State among those that are not "collaborative".

In this sense, it is specified that the Board carried out an incisive action on the audit and compliance departments, so that each activity with foreign countries and in particular with San Marino, would be carried out within the strict limits of observance of the regulation pursuant to Italian Legislative Decree 231/07.

In this sense, the Board of Statutory Auditors indicated to the Board of Directors to suspend activity of issue and placement of credit cards in San Marino while waiting for the issue of an authorisation, requested through the Parent Company on 9 February 2009, and which, contrary to the expectations retained founded by the exponents of the administrative body, was not solidified for reasons not regarding the organisation of our company, but for "external" reasons related to the non-collaborative choice carried out by the San Marino State, and the lack of inclusion of the same country in the so-called White list which contains the countries for which particular formalities are not required to carry out financial and banking activities.

The Board considers it opportune to highlight the necessity, even for the future, to continue in the formal definition of processes, of audit activities aimed especially at the anti-money laundering system, and on payment operations (after the closure of the financial year, and before the approval of the financial statements to which this report refers, the PSD became effective, which will in the near future determine a serious impact in terms of organisation and capacity of adaptation to the external liberalisation situation of sectors that were historically under banking responsibility which, today, vice versa, will be a prerogative also of different economic realities with possible competitive impacts that were before unthinkable) and the execution of monitoring of the same. Areas which should be continued to work in are finance and general accounting and payment services, as well as in the credit cards sector, which will also be revised in light of the new corporate alliances of the "Group".

Regarding the latter, the Board indicates how the process of defining manuals and the Bank's accounting procedures was completed and that the problem that arose during the Bank of Italy's 2004 inspection, regarding in particular the so-called "Creditors and different debtors" accounts was resized with the reduction of the number of the same to almost 50% of those existent at the time, with a further positive element that the same are under strict accounting control in virtue also of the last project in that sector constituted by the so-called control dashboard for the single offices which, therefore, can and will have to use it during the coming 2010 financial year, in complete use of the automatic reporting and control system of those accounts and of the trading operations of the single offices.

Furthermore, the plan of auditing activities for the year 2010 was defined and shared by the Audit Department with the Board of Auditors, as approved by the Board of Directors on 19 March last.

Moreover, we have assessed and supervised the adequacy of the accounts administrative system and its reliability to represent management facts concretely, and we have found no particular problems of which you are not already aware. Actually, with the organisation of the anti-money laundering audit sector by the Compliance Department with the external assistance of the company OASI, also the investigation of accounting and AUI (Archivio Unico Informatico) entries has notably increased with the external supplier of these services (ISIDE), improving in this sense every relationship in that sector.

The directors presented to us, within the terms of law, the draft financial statement at 31/12/2009 and their management report, as approved at the Board of Directors' meeting held on 19/3/2010. The summary data is listed below:

BALANCE SHEET:

Assets	€ 10,195,406,778
Liabilities	€ 9,828,117,825

SHAREHOLDERS' EQUITY

Share Capital:	€ 216,913,200
Reserve	€ 120,454,636
Profit for the period	€ 29,921,117
	€ 367,288,953

INCOME STATEMENT

Revenue of the period	€ 509,973,860
Management costs	€ 459,273,796
Profit before tax	€ 50,700,064
Period taxes	€ 20,778,947
Profit for the period	€ 29,921,117

Not being required to carry out any analytical control or assessment of the merits of the financial statements, we agreed with the Administration and with the Auditing Firm, during some Board meetings in the months of January and February 2010, 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 statements correspond 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 31/12/2009 has been drawn up this year in compliance with the IAS/IFRS accounting standards, validated by the European Commission based on circular no. 262 of 22 December 2005 issued by the Bank of Italy.

As you already know, the said principles brought about a better definition of the methods of representation in the financial statements of financial results and assets and liabilities, with reflection on the classification of the assets and liabilities and financial items and on valuation criteria.

It is reaffirmed that, for this reason, the most relevant innovative aspects of the new financial statement format compared with the past, regard:

a) the application of the general standard of prevalence of economic substance over legal form;
b) the registration of financial instruments at their *fair value*, increased by costs and revenues directly connected to the purchase or issue of financial assets or liabilities;
c) the classification of financial instruments based on the ends for which the Bank holds them and no longer based on their type. (The "assets held to maturity", the "loans and receivables" and the "other financial liabilities" are carried at depreciated cost; while "assets held for trading", "liabilities carried at *fair value*", and the "assets available for sale" were carried at *fair value*);
d) the valuation of what is due from clients taking into account the necessary times for collecting the amounts held recoverable (discounting).

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 Explanatory Notes, pursuant to art. 2426 of the Italian civil code.

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

Still, the Board indicates that during the financial year after the extraordinary disposal operation of the corporate branch of the business and retail customers to the company Banca Agrileasing S.p.A., during the 2007 financial year, the same disposal generated a capital gain, due to goodwill, recognised incongruous by the Financial Administration, which provided for an adjustment, both of the goodwill amount and the economic processing for the purposes of registration tax of the disposal itself; moreover, we indicate that as far as the Board of Auditors knows, the company began a dispute against these adjustments in the appropriate locations, aimed at contrasting the imposed pretence of the Administration, retained unfounded and illegitimate, obviously also due to the assessments of professionals who are experts in the tax field.

In carrying out our activity, moreover, we found the necessity for further information of organisational and substantial issues regarding what is assumable as normal; these activities, of an extraordinary nature, but however made necessary by related needs to be considered, however, stable for the future, highlighted the opportunity that the Board can carry out its activity more frequently and with more of a presence at the company headquarters, which is also due to the increased trading operations of the company against new regulations, which during 2009 and the beginning of 2010, radically changed the organisation and institutional structure of responsibilities for company bodies (MIFID, anti-money laundering, institution of the code of ethics, and adoption of the behaviour and risk evaluation model - l. 231/00, PSD).

Also, we acknowledge that the management report, prepared by the Board of Directors, indicates in an adequately satisfactory way the Bank's position and the 2009 results from operations, as well as its evolution after the period close at 31 December 2009; indicating that, after that date, there were no elements worth being noted; with the specification, which obviously does not impact the financial statements, that during the period 2010 regarding the Bank of Italy verification on anti-money laundering, the Supervisory Authority retained to impose on the members of the Administrative and Audit Bodies (Board of Directors and Board of Statutory Auditors) as well as on the General Management, administrative sanctions for a comprehensive total of Euro 145,000.00 (one hundred and forty-five thousand Euros), essentially in line with the minimum sanctions indicated; both the Board of Directors and the Board of Auditors retained to not propose a refusal of the aforesaid sanction provisions for important reasons of relationship opportunities.

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

A sample of the intra-group relationships was also examined by the Board, and these relationships prove to be regulated under market conditions.

We lastly mention the results of the activity carried out by the auditing firm, the company Reconta, Ernst 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 statements; 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 19/3/2010, 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 31/12/2009, 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.

Lastly, the Board, upon the expiry of its term, thanks the shareholders for the trust given to them, and all those who collaborated to help it best carrying out its function.

Rome, 7th April 2010

THE BOARD OF STATUTORY AUDITORS

The Company's Financial Statement Schedules

BALANCE SHEET

	ASSETS	31/12/2009		31/12/2008	
10.	Cash and cash equivalents		73,318,450		68,166,881
20.	Financial assets held for trading		461,722,383		615,095,553
30.	Financial assets designated at *fair value* through profit or loss		29,320,173		29,478,525
40.	Financial assets available for sale		662,895,338		803,864,638
60.	Due from banks		7,774,949,458		6,529,261,608
70.	Loans to customers		1,049,042,814		792,637,485
80.	Hedging derivatives		1,030,939		587,720
100.	Equity Investments		1,057,067		1,057,067
110.	Property and equipment		17,995,059		20,042,472
120.	Intangible assets		3,308,132		2,967,134
130.	Tax assets		19,043,945		25,999,384
	a) current	4,830,732		4,441,157	
	b) deferred	14,213,213		21,558,227	
150.	Other assets		101,723,020		83,087,630
TOTAL ASSETS			**10,195,406,778**		**8,972,246,097**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2009		31/12/2008	
10.	Due to banks		7,386,774,472		6,551,187,849
20.	Due to customers		1,211,759,329		1,392,658,185
30.	Securities issued		287,157,594		146,167,943
40.	Financial liabilities held for trading		392,446,879		351,000,801
50.	Financial liabilities designated at *fair value* through profit or loss		311,797,417		13,441,480
60.	Hedging derivatives		8,316,325		16,744,095
80.	Tax liabilities		9,684,125		11,285,332
	a) current	7,247,780		5,945,812	
	b) deferred	2,436,345		5,339,520	
100.	Other liabilities		193,128,335		149,673,272
110.	Employee termination benefits		15,514,975		15,371,613
120.	Provisions for risks and charges:		11,538,374		6,943,966
	b) other provisions	11,538,374		6,943,966	
130.	Valuation reserves		50,966,679		24,832,319
160.	Reserves		69,487,957		66,684,957
180.	Share capital		216,913,200		216,913,200
200.	Net Profit (Loss) for the period (+/-)		29,921,117		9,341,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**10,195,406,778**		**8,972,246,097**

INCOME STATEMENT

	ITEM	31/12/2009		31/12/2008	
10.	Interest and similar income		192,268,413		392,057,250
20.	Interest and similar expense		(119,834,003)		(334,464,837)
30.	**Net interest income**		**72,434,410**		**57,592,413**
40.	Fee and commission income		275,316,153		232,743,109
50.	Fee and commission expense		(160,743,075)		(123,514,730)
60.	**Net fees and commission income (expense)**		**114,573,078**		**109,228,379**
70.	Dividends and similar income		4,927,837		5,845,292
80.	Net gain (loss) on trading activities		23,451,909		(12,507,169)
90.	Net gain (loss) on the hedging activities		504,014		(64,751)
100.	Net gain (loss) on the disposal or repurchase of:		1,028,030		1,826,083
	a) loans	244,877		7,908	
	b) financial assets available for sale	767,915		1,812,580	
	c) financial assets held to maturity	-		-	
	d) financial liabilities	15,238		5,595	
110.	Net gain (loss) on financial assets and liabilities designated at *fair value* through profit or loss		389,925		(23,225)
120.	**Gross income**		**217,309,203**		**161,897,022**
130.	Net losses/recoveries on impairment:		(23,588,170)		(15,832,147)
	a) loans	(15,938,555)		(15,100,702)	
	b) financial assets available for sale	(5,654,708)		(638,664)	
	d) other financial activities	(1,994,907)		(92,781)	
140.	**Net income (loss) from financial operations**		**193,721,033**		**146,064,875**
150.	Administrative expenses:		(147,973,467)		(131,655,583)
	a) personnel expenses	(69,779,344)		(57,654,289)	
	b) other administrative expenses	(78,194,123)		(74,001,294)	
160.	Net provisions for risks and charges		(1,270,509)		(157,549)
170.	Net adjustments of property and equipment		(3,176,396)		(3,487,876)
180.	Net adjustments of intangible assets		(2,688,176)		(2,333,042)
190.	Other operating income/expenses		12,087,579		10,173,683
200.	**Operating expenses**		**(143,020,969)**		**(127,460,367)**
250.	**Profit (Loss) before tax on continuing operations**		**50,700,064**		**18,604,508**
260.	Income tax expense from continuing operations		(20,778,947)		(9,263,423)
270.	**Profit (Loss) after tax on continuing operations**		**29,921,117**		**9,341,085**
290.	**Net Profit (Loss) for the period**		**29,921,117**		**9,341,085**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2009	31/12/2008
10.	**Net Profit (Loss) for the period**	**29,921,117**	**9,341,085**
	Other comprehensive income net of taxes		
20.	Financial assets available for sale	26,134,360	(29,077,815)
110.	**Total other comprehensive income net of taxes**	**26,134,360**	**(29,077,815)**
120	**Comprehensive income (Items 10+110)**	**56,055,477**	**(19,736,730)**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 2009

	AS AT 31/12/2008	CHANGE IN OPENING BALANCE	AS AT 1/1/2009	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Share premium reserve	-		-	-	
Reserves					
a) earnings	64,841,957	-	64,841,957	2,803,000	
b) others	1,843,000	-	1,843,000	-	
Valuation reserves	24,832,319	-	24,832,319		
Equity instruments	-		-		
Treasury shares	-		-		
Net profit (loss) for the year	**9,341,085**	**-**	**9,341,085**	**(2,803,000)**	**(6,538,085)**
Total shareholders' equity	**317,771,561**		**317,771,561**		**(6,538,085)**

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

	CHANGES IN THE PERIOD								
		EQUITY TRANSACTIONS							
	CHANGE IN RESERVES	**ISSUE OF NEW SHARES**	**PURCHASE OF TREASURY SHARES**	**EXTRAORDINARY DIVIDENDS**	**CHANGES IN EQUITY INSTRUMENTS**	**DERIVATIVES ON TREASURY SHARES**	**STOCK OPTIONS**	**COMPREHENSIVE INCOME FOR 2009**	**SHAREHOLDERS' EQUITY AS AT 31/12/2009**
		-	-						216,913,200
		-	-						-
		-							-
	-	-	-	-					67,644,957
	-	-		-		-	-		1,843,000
								26,134,360	50,996,679
					-				-
		-	-						-
								29,921,117	**29,921,117**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**56,055,477**	**367,288,953**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 2008

	AS AT 31/12/2007	CHANGE IN OPENING BALANCE	AS AT 1/1/2008	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Share premium reserve	-		-	-	
Reserves:					
a) earnings	57,091,957	-	57,091,957	7,750,000	
b) others	1,843,000	-	1,843,000	-	
Valuation reserves	53,910,134	-	53,910,134		
Equity instruments	-		-		
Treasury shares	-		-		
Net profit (loss) for the year	**25,149,491**	**-**	**25,149,491**	**(7,750,000)**	**(17,399,491)**
Total 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 INTHE PERIOD								
		EQUITY TRANSACTIONS							
	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME FOR 2008	SHAREHOLDERS' EQUITY AS AT 31/12/2008
		-	-						216,913,200
		-	-						-
		-							-
	-	-	-	-					64,841,957
	-	-		-		-	-		1,843,000
	-							(29,077,815)	24,832,319
					-				-
		-	-						-
								9,341,085	**9,341,085**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(19,736,730)**	**317,771,561**

STATEMENT OF CASH FLOWS: INDIRECT METHOD

A. OPERATING ACTIVITIES	31/12/2009	31/12/2008
1. Operations	**75,356,603**	**(5,174,780)**
- net profit (loss) for the period (+/-)	29,921,117	9,341,085
- gains (losses) on financial assets held for trading and on financial assets/liabilities designated at *fair value* through profit or loss (+/-)	36,649,010	23,578,623
- gains/losses on hedging activities (+/-)	(504,014)	64,751
- net losses/recoveries on impairment (+/-)	(23,588,170)	16,563,592
- net adjustment of property and equipment and intangible assets (+/-)	5,850,888	5,820,918
- net provisions for risks and charges and other costs/revenues (+/-)	6,859,978	1,649,725
- taxes and duties (+) to be settled	20,778,947	9,263,423
- net adjustments of disposal groups held for sale net of tax effects (+/-)	-	-
- other adjustments(+/-)	(611,153)	(71,456,897)
2. Net cash flows from/used in financial assets	**(1,208,869,884)**	**586,309,265**
- financial assets held for trading	116,741,390	757,186,896
- financial assets designated at *fair value* through profit or loss	1,866,532	804,045
- financial assets available for sale	170,653,228	(604,008,242)
- due from banks: repayable on demand	-	162,858,544
- due from banks: other	(1,241,520,028)	452,147,821
- loans to customers	(237,898,232)	(182,553,381)
- other assets	(18,712,774)	(126,418)
3, Net Cash flows from/used in financial liabilities	**1,149,347,408**	**(550,388,885)**
- due to banks: repayable on demand	-	(650,594,690)
- due to banks: other	833,088,249	103,918,808
- due to customers	(182,823,537)	(6,163,214)
- securities issue	139,905,183	19,396,180
- financial liabilities held for trading	41,446,074	78,999,174
- financial liabilities designated at *fair value* through profit or loss(+/-)	295,473,355	(81,251,683)
- other liabilities	22,258,084	(14,693,460)
Net cash flows from/used in operating activities (A)	**15,834,127**	**30,745,600**

B. INVESTING ACTIVITIES		
1. Cash flow from	**15,769**	**389,182**
- sales of equity investments	-	383,520
- dividends collected on equity investments	-	-
- sales of financial assets held to maturity	-	-
- sales of property and equipment	15,769	5,662
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
2, Cash flow used in	**(4,160,242)**	**(3,414,291)**
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of property and equipment	(1,131,069)	(1,666,746)
- purchases of intangible assets	(3,029,173)	(1,747,545)
- purchases of subsidiaries and business units	-	-
Net Cash flow from/used in investing activities (B)	**(4,144,473)**	**(3,025,109)**
C. FINANCING ACTIVITIES		
- issue/purchases of treasury shares	-	-
- issue/purchases of equity instruments	-	-
- dividend distribution and other	(6,538,085)	(17,399,491)
Net Cash flow from/used in financing activities C (+/-)	**(6,538,085)**	**(17,399,491)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**5,151,569**	**10,321,000**

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2009	31/12/2008
Cash and cash equivalents at beginning period (E)	68,166,881	57,845,881
Net (D) increase/decrease in cash and cash equivalents	5,151,569	10,321,000
Cash and cash equivalents: net foreign exchange difference (F)	-	-
Cash and cash equivalents at end of period (G)=E+/-D+/-F	73,318,450	68,166,881

Explanatory Notes

CONTENTS

PART A
Accounting Policies

PART A - ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

The accounting standards adopted for preparation of the financial statements at 31st December 2009 are given in this chapter. The accounting standards, which are shared by the whole Group, are set out under the headings of classification, recognition, measurement and derecognition of the various asset and liability items. Where relevant, a description of their financial effects is provided for each of the aforesaid stages.

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

In application of Legislative Decree no. 38 of 28th February 2005, the financial statements of Iccrea Banca have been prepared in accordance with the provisions of the Accounting Standards issued by the International Accounting Standards Board (IASB) and with the related interpretations by the International Financial Reporting Interpretation Committee (IFRIC), endorsed by the European Commission, as established by Community Regulation No. 1606 of 19th July 2002 and successive amendments and additions.

The financial statements at 31st December 2009 have been drawn up on the basis of Circular No. 262 of 22nd December 2005 "Financial statements of banks: presentation formats and rules" issued by the Bank of Italy.

The accounting standards adopted during the present financial year by Iccrea Banca are the same as those of the previous year with the exception of a number of changes made by the IASB and endorsed by the European Commission.

All the amendments to and interpretations of the accounting standards that came into force in the present financial year (including those with optional early adoption in the year in question) are described below. A distinction is made between those that were actually applied in the annual financial statements of Iccrea Banca and those that, instead, had no effect.

Amendments that had an effect on the present Financial Statements:

IAS 1 Presentation of Financial Statements: with Regulation (EC) N° 1274/2008 of 17 December 2008, the European Commission endorsed the complete revision of IAS 1 starting from the beginning of the first financial year after 31 December 2008. It should be noted on this point that this revision introduced the concept of so-called *"comprehensive income"*, reiterated by the Bank of Italy with the 1st update of 18 November 2009 of Circ. N° 262 "Banking Financial Statements: presentation formats and rules" through the "Statement of Comprehensive Income" which, as well as the profit for the period, presents the other comprehensive income not recognized in the income statement (this is, essentially, changes in net equity valuation reserves).

The "Statement of Comprehensive Income" is therefore included among the financial statement formats of Iccrea Banca and, consequently, the statement of changes in net equity was modified and the amounts of the comparative balances of the statements of previous periods were restated.

IFRS 7 Financial instruments: Disclosures, additional information: with Regulation (EC) N° 1165/2009 of 27 November 2009 the European Commission approved the IASB amendment to IFRS 7, which came into force on 1st January 2009, requiring additional information relating to measurement at *fair value* and liquidity risk.

In the case of *fair value* measurements additional information must be presented on the sources of the *inputs* using a *fair value* hierarchy based on three levels, for each class of financial instruments. The question is discussed in detail in Part A2 "The main accounting items", in Part A.3 "*Fair value disclosure*" and in the other specific Sections of the Notes to the Statements.

Moreover, the amendments make explicit a number of requests on the subject of disclosure on liquidity risk with reference to derivatives and to financial assets used for the management of foreign liquidity. These changes are also discussed in the specific Sections of the Notes to the Statements.

IFRS 8 Operating Segments: on 21 November 2007, with Regulation (EC) N° 1358/2007, the European Commission approved IFRS 8, which was intended to be applicable from financial year 2009. The new accounting standard, which replaced IAS 14 Segment Reporting, requires companies to base the information provided in segment reporting on elements that the *management* uses to arrive at its operating decisions: operating segments must therefore be identified on the basis of internal reporting, which is regularly reviewed by the *management* for the purposes of allocation of resources to the different segments and in the analysis of *performance*. Adoption of this standard has no effect from the point of view of accounting estimates.

Amendments that had no effect on the present Financial Statements:

IFRS 2 Share-based Payment (Revised): with Regulation (EC) N° 1261/2008 of 16 December 2008 the European Commission endorsed an IASB amendment to IFRS 2 which came into force on 1st January 2009, clarifying the definition of vesting conditions and prescribing the accounting treatment in the case of a bonus effectively cancelled following non-fulfilment of a non-vesting condition.

IFRS 1 First-time Adoption of International Financing Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: with Regulation (EC) N° 69/2009 of 23 January 2009 the European Commission endorsed the amendments to IFRS 1 and to IAS 27, which came into force on 1 January 2009.

The revised IFRS 1 states that in the case of first-time adoption of the IFRSs it is possible, in the separate financial statements and in addition to the existing criteria, to present investments in subsidiaries, jointly-controlled entities and associates, at a *deemed cost* of either the *fair value* at the date of transition of the separate financial statements to IAS/IFRS or the carrying amount under previous accounting practice (IT GAAP).

The amendment to IAS 27 regards in particular the methods of accounting for dividends and equity investments in separate financial statements.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Revised): with Regulations (EC) N° 494/2009 and 495/2009 of 3 June 2009 the European Commission endorsed the IASB amendments, respectively, to IAS 27 and IFRS 3.

The main changes made to IFRS 3 regard elimination of the obligation to measure the single assets and liabilities of the controlled entity at *fair value* in every subsequent acquisition, in the case of step acquisitions of subsidiaries. The revised version of the standard also states that all costs associated with the business combination must be expensed in the income statement, and liabilities for contingent consideration recognized at the date of acquisition.

For IAS 27, in the case of a change in the ownership structure of a subsidiary (without loss of control), the operation must be accounted for as between shareholders in their capacity as shareholders. Such transactions, therefore, no longer generate goodwill, or gains and losses. The amended standard also introduces changes in accounting for losses recorded by subsidiaries and for loss of control over subsidiaries.

The changes introduced by IFRS 3 and IAS 27 regard future acquisitions or losses of control over subsidiaries and transactions with minorities; these amendments provide for an option of early adoption 1 January 2009.

IAS 23 Borrowing Costs (Revised): with Regulation (EC) No. 1260/2008 of 10 December 2008 the European Commission approved the complete revision of IAS 23 with affect from 1 January 2009. The revised IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, construction or production of an asset that justifies capitalization. The new version of the standard removed the option to recognize immediately in the income statement borrowing costs incurred against assets for which a certain period of time normally passes to make the assets ready for use or sale.

Amendment to IAS 32 and IAs 1: Putable instruments and obbligations arising on liquidation: Regulation (EC) N° 53/2009 adopted on 21 January 2009 by the European Commission with effect from 1 January 2009, endorsed an IASB amendment enabling an exception, for a limited range of financial instruments and in accordance with certain criteria, for classification among equity items. In particular, companies are required to classify as *equity* instruments all *puttable* financial instruments and financial instruments that impose on the company an obligation to deliver to a third party an equity interest in assets of the company.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items: with Regulation (EC) N° 839/2009 of 15 September 2009 the European Commission approved an amendment to IAS 39 which clarifies that entities are allowed to designate a portion of the *fair value* changes or cash flows of a financial instrument as a hedged element. The designation of inflation as a hedged risk or as a portion of risk in specific situations is also envisaged. The amendment provides for early adoption at 1 January 2009.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments - Recognition and Measurement: on 30 November 2009 the European Commission adopted Regulation (EC) N° 1171/2009 which introduced changes into IFRIC 9 and IAS 39.

The change in IFRIC 9 requires companies to assess whether embedded derivatives have to be separated from the host contract when the entity reclassifies a hybrid instrument out of the *fair value* through profit or loss category. This assessment must be carried out on the basis of the circumstances existing at the moment in which it first becomes a party to the contract; subsequent reassessment is possible only if there is a change in the terms of the contract that significantly modifies the cash flows provided for in the contract.

IAS 39 states that if an embedded derivative cannot be measured reliably, the entire hybrid instrument must be designated at fair value through profit or loss..

IFRIC 13 Customer Loyalty Programmes: Regulation (EC) N° 1262/2008 approved on 16 December 2008 by the European Commission, with effect from 1 January 2009, made a number of changes to IFRIC 13. In particular award credits granted to customers, as part of a loyalty programme, must be accounted for as a separate component of the sales in which they assigned. Part of the *fair value* of the proceeds of the sale must be allocated to the loyalty points and deferred. This will subsequently be recognized as revenue in the period in which the points are redeemed.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation: with Regulation (EC) N° 460/2009 of 4 June 2009, the European Commission approved a change in IFRIC 16 with effect from 1 July 2009. IFRIC 16 lays down guidelines on accounting for a hedge in a net investment. The interpretation provides indications on the identification of exchange rate risks crucial for the application of *hedge accounting* in the case of hedging of a net investment in a foreign operation. It also provides indications on which entities, within a group, can hold instruments for the hedging of a net investment and establishes the method of quantifying - considering both the net investment and the hedging instrument - the gain or loss on foreign exchange that must be reclassified to profit or loss on disposal of the investment. For this amendment early adoption at 1 January 2009 is provided for.

Improvements to the IFRSs: in May 2008 and in April 2009 the IASB issued a series of improvements to several principles, with the main aims of eliminating inconsistencies and clarifying terminology. These improvements were endorsed with the adoption of Regulation (EC) N° 70/2009 by the European Commission on 23

January 2009. Each *standard* contains specific transition clauses.

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

Section 2: General accounting principles

The financial statements consist of the Balance Sheet Statement, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows and the Notes to the Financial Statements, accompanied by the Directors' Report on Operations, on Business Performance, and on the Equity and Financial Situation of Iccrea Banca. In accordance with the provisions of Art. 5 of Lgs. Dec. 38/2005, the financial statements have been drawn up with the Euro as the accounting currency.

The amounts in the statements are expressed in euro units, while those in the Notes to the Statements and the Report on Operations are expressed in thousands of Euro unless otherwise specified.

The financial statements have been drawn up by applying the general principles of IAS 1 and the specific Accounting Standards endorsed by the European Commission and described in Part A.2 of these Notes, and also in accordance with the general assumptions envisaged in the Framework for the Preparation and Presentation of Financial Statements issued by the IASB. No exception to application of the IASs/IFRSs was necessary.

The Financial Statements and Notes to the Statements give not only the amounts for to the period of reference but also the corresponding data at 31st December 2008 for comparison.

CONTENTS OF THE FINANCIAL STATEMENTS

STATEMENT OF BALANCE SHEET AND INCOME STATEMENT

The Balance Sheet Statement and the Income Statement are made up of items, sub-items, and further informative details (the "of which" lines of the items and sub-items). In compliance with the provisions of Circular N° 262 of 22nd December 2005 - 1st revision of 18 November 2009 - issued by the Bank of Italy, items with no corresponding amount for both the financial period of reference and the previous financial period have been omitted,. In the Income Statement and the relevant sections of the Notes to the Statements revenues are indicated with no sign, while costs are indicated in brackets.

Statement of Comprehensive Income

The Statement of Comprehensive Income is presented according to the format prescribed by Bank of Italy Circular 262/2005. This Statement presents the economic effects of income and expenses not recognized in the income statement but rather in equity as prescribed by IAS 1, endorsed with Regulation (EC) N° 1274/2008.

Statement of Changes in Shareholder's Equity

The Statement of Changes in Shareholder's Equity is presented according to the format prescribed by Bank of Italy Circular 262/2005 - 1st revision of 18 November 2009. The composition of and movements in the shareholders' equity accounts occurring in the period of reference and in the previous period are divided into share capital (ordinary shares and others), capital reserves, profit reserves and reserves from valuation of assets or liabilities in the balance sheet statement and the income statement.

Statement of Cash Flows

The statement of cash flows for the period of reference and the previous period have been drawn up using 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. Cash flows arising from operating activities, investing activities, and financing activities are indicated separately. Cash provided during the financial period is shown in the statement with no sign, while cash used is indicated in brackets.

Contents of the Notes to the Statements

The Notes to the Statements give the information as prescribed by Bank of Italy Circular no. 262/2005 - 1st revision of 18 November 2009 - and other information as prescribed by the International Accounting Standards. For the sake of full information with respect to the formats defined by the Bank of Italy, the titles of items with no amount in the period of reference and in the previous period are nevertheless included in the financial statements.

Section 3: Events subsequent to the reporting date

Events occurring after the end of period of the financial year which would affect the accounting results at 31st December 2009 are mentioned in the Report on Operations.

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

Section 4: Other aspects

Option for national tax consolidation

As from 2004, Iccrea Holding and all the companies of the Group including Iccrea Banca, have adopted the so-called "national tax consolidation" governed by Arts. 117-129 of the TUIR (Consolidated Act on Income Tax) introduced by Lgs. Dec. 344/2003. This is an optional system under which the total net income or tax loss of each subsidiary company included in the consolidation scope - together with taxes withheld, deductions, and tax credits - is transferred to the parent company, so that a single retainable 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).

On the basis of this option, each of the companies of the Group that have adhered to the "national tax consolidation" 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 ACCOUNTING ITEMS

The main accounting principles adopted for the most important accounting items are indicated in this chapter. These items are posted according to the classification, recognition, measurement, and derecognition stages of the same in the assets and liabilities. Where relevant, a description of their financial effects is provided for each of the aforesaid stages.

During the previous financial year, as envisaged in Regulation (EC) N° 1004/2008 approved by the European Commission on 15 October 2008 containing amendments to IAS 39 and to IFRS 7 on the reclassification of financial assets, Iccrea Banca availed itself of the option to reclassify to the "available-for-sale" category financial instruments initially recognized among "financial assets held for trading". The financial and economic effects on the current period, coming from the previous reclassification, are reported in the specific sections of the Notes to the Statements.

Moreover, as required by the changes made by the

IASB to IFRS 7 in March 2009, endorsed by the European Commission with Regulation (EC) N° 1165/2009 on 27 November 2009 and transposed by the Bank of Italy in Circ. N° 262/2005 with its 1st revision of 18th November 2009, for the purposes of correct *disclosure*, Iccrea Banca presents in its financial statements the level of quality of the *fair value* of financial instruments (the so-called *fair value* hierarchy). In particular the *fair value* must be divided into three hierarchical levels that reflect the significance of the *inputs* used:

- Level 1: *fair value* taken from active markets (*unadjusted* quoted prices);
- Level 2: *fair value* derived from valuation techniques the *inputs* of which are all parameters observable on the market, both directly and indirectly;
- Level 3: *fair value* derived from valuation techniques the *inputs* of which are not observable on the market.

In addition, a reconciliation between the opening balance and the closing balance of the *fair value* measurement is required for third level measurements, as also for measurements of significant transfers between different hierarchical levels.

Details of the division of financial instruments into *fair value* levels are provided in the specific sections of the Notes to the Statements.

1 - Financial assets held for trading

Classification criteria

This category includes financial assets held for short-term trading purposes, regardless of their technical form and also derivatives with positive values that are not part of effective hedging relationships, including those from the unbundling of embedded derivatives.

Recognition criteria

With regard to financial assets, debt and equity instruments are recognized on the settlement date, while derivatives are recognized on the trade date. Financial assets are initially recognized at *fair value*, which normally corresponds to the amount paid or collected. If the price is different from the *fair value*, the financial asset is recognized at its *fair value* and the difference between the price and the *fair value* is entered in the Income Statement.

Derivatives embedded in financial instruments or other contractual forms that present economic and risk characteristics not connected to the host instrument or which have elements such as to be considered derivative contracts themselves, are recognized separately in the category of financial assets held for trading, unless the compound instrument in which they are contained is valued at *fair value* through profit or loss. Following the separation of the embedded derivative, the host contract will be treated according to the accounting rules of its own classification category.

Measurement criteria

After initial recognition, financial assets held for trading are carried at *fair value*. For financial instruments quoted on active markets, determination of the *fair value* of financial assets or liabilities is based on official prices recognized on the reporting date. For financial instruments, including equity securities, not quoted on active markets, the *fair value* is determined using measurement techniques and data available on the market, such as active market quotations for similar instruments, discounted cash flow calculations, option price calculation models, or values recognized in recent comparable transactions.

If the *fair value* obtained from technical measurements cannot be reliably determined for equity securities and associated derivative instruments, the financial instruments are measured at cost and adjusted for any impairment losses.

Derecognition criteria

Financial assets held for trading are derecognized if the contractual rights to the cash flows have expired or if sale transactions have been made which transfer all the risks and benefits connected to ownership of the transferred asset to third parties. However, if most of the risks and rewards of financial assets sold are maintained, they will continue to be recognized, even if ownership of such assets has effectively been transferred.

If substantial transfer of the risks and rewards cannot be ascertained, financial assets are derecognized if no type of control is maintained over them. Otherwise, when such control is maintained, even partially, assets are recognized to the extent to which such control is maintained, measured in terms of exposure to change in the value of the assets sold and variations in the cash flows of the same.

Criteria for recognizing comprehensive income

The results of the measurement of financial assets held for trading are booked to the income statement. Dividends on an instrument held for trading representing equity are recognized in the income statement when the right to receive payment matures.

2 - Financial assets available for sale

Classification criteria

This category includes financial assets, other than derivatives, which have not been classified in the following items of the balance sheet statement: “Financial assets held for trading”, “Financial assets designated at *fair value* through profit or loss”, “Due from banks” and “Loans to customers”.

Specifically, this item includes: equity interest that do not represent control interests, , interests in joint ventures, and interests in associated companies and are not held for trading; units of listed or nonlisted mutual funds or funds with few movements; specific bond instruments, identified on a case-by-case basis according to the purposes for which they are purchased/held.

Recognition criteria

Available-for-sale financial assets are recognized on the settlement date. They are initially recognized at *fair value*, which normally corresponds to the amount paid or received. If the price is different from the *fair value*, the financial asset is recognized at its *fair value* and the difference between the price and the *fair value* is entered in the Income Statement. The value on initial recognition includes marginal expenses and income directly attributable to the transaction and quantifiable on the date of recognition, even if paid or received at a later date.

Measurement criteria

After initial recognition, available-for-sale financial assets are carried at *fair value*. In order to determine *fair value*, the criteria previously noted in the paragraph on financial assets held for trading are applied. For equity securities, if the *fair value* obtained by technical measurements cannot be reliably determined, these financial instruments are measured at cost and adjusted for any impairment losses.

Derecognition criteria

Available-for-sale financial assets are derecognized if the contractual rights to the cash flows have expired or if sale transactions have been concluded which transfer to third parties all the risks and rewards associated with ownership of the transferred asset. However, if most of the risks and rewards of financial assets sold are maintained, these assets will continue to be recognized, even if their legal ownership has been transferred.

If substantial transfer of the risks and rewards cannot be ascertained, financial assets are derecognized if no type of control is maintained over them. Otherwise, when such control is maintained, even partially, assets are recognized to the extent to which such control is maintained, measured in terms of exposure to changes in the value of the assets sold and variations in their cash flows. Financial assets sold are derecognized if the contractual rights to receive the associated cash flows are maintained but with the commitment to pay such flows, and only those, to third parties.

Criteria for recognizing comprehensive income

Gains and losses deriving from changes in *fair value* are recognized in a special equity reserve, until the moment at which they are derecognized, while the value corresponding to the amortized cost of available-for-sale financial assets is recognized in the income statement.

Available-for-sale financial assets are subjected to an impairment test to check for the existence of objective evidence of a loss. If such evidence is found, the accumulated loss which has been recognized directly in equity is reversed and recognized in 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 impairment loss previously recorded in the income statement. If the reasons for the impairment loss no longer exist following an event occurring after recognition of the loss, the increase in the value of securities or debt instruments is booked to the Income Statement, that of equity instruments in Shareholders' Equity. The amount of the reversal cannot, however, exceed the amortized cost that the instrument would have had if the previous adjustments had not been applied.

Apart from recognizing any impairment loss, the gains or losses accumulated in the Shareholders' Equity reserve, as mentioned above, are recorded in the income statement under Item 100 ("net gain (loss) on the disposal or repurchase of financial assets available for sale") when the asset in question is sold. Dividends on an available-for-sale instrument representing equity are recognized in the Income Statement when the right to receive payment matures.

3 - Financial assets held to maturity

At the relevant reporting date there were no financial assets in this category.

4 - Loans and receivables

Classification criteria

Loans and receivables whether originated or acquired from third parties, not quoted on active markets, and which have fixed and determinable payments are classified under the items "Due from banks" and "Loans to customers", with the exception of those classified under the items: "Financial assets held for trading", "Financial assets designated at *fair value* through profit or loss" and "Financial assets available for sale". Among others, securities that have characteristics similar to loans are also included, as are operating loans and repurchase agreements.

Recognition criteria

Loans and receivables are recognized on the date of origination or, in the case of debt instruments, on the settlement date. They are initially recognized at the amount disbursed or at the subscription price, including marginal costs/revenues directly attributable to the transaction and determined on the recognition date, even if paid or received later. The initial recognition value does not include costs refunded by the borrower or normal internal administrative costs. Loans and receivables granted at other than normal market terms are initially recognized at the *fair value* of the receivable in question, determined by means of measurement techniques; the difference between *fair value* and the amount disbursed or the subscription price is recognized in the income statement.

Contangos and repurchase agreements with forward repurchase or resale of the obligation are recognized 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 recognized 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 non-liquid items regarding the deeds and documents received or sent, recognised as 'subject to collection' or registered after actual collection.

Measurement criteria

After initial recognition, receivables are entered at their amortized cost. The amortized cost of a financial asset is equal to the initial recognition value, net of any capital reimbursements, and increased or decreased by total amortization calculated by applying the effective interest rate method to any difference between the initial value and the value on maturity, and taking into account any deduction (directly or through an allocation) following an impairment loss or non-recoverability.

The amortized cost criterion is not applied to short-term receivables, technical instruments without a defined maturity date and revocable loans, for which the effects would not be significant. These accounts are carried at cost.

The receivables portfolio is subject to periodic measurement, but is in any case also examined when financial statements are closed in order to test for the existence of impairment losses. Non-performing loans, watch-list loans, restructured exposures and exposures past due or over the limit are considered impaired, as prescribed by the current Bank of Italy rules, in accordance with the IASs/IFRSs. After initial recognition of the receivable, impairment is only recorded, however, when there is objective evidence of the occurrence of events which determine impairment of the receivable such as to cause a change in cash flows which can be reliably estimated.

Receivables that are impaired due to objective evidence of loss are subject to analytical measurement. The amount of the loss is the difference between the initial recognition 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 measurement 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 became non-performing in the year, or the restructuring rate.

In the analytical measurement, cash flows for which recovery is expected in the short term are not discounted. The original effective interest 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 impairment losses are subject to collective measurement by the creation of groups of positions with a similar risk profile. They are then written down on the basis of the historical trend of losses for each specific group. In order to determine the historical series, positions subject to analytical measurement are not included in such groups. The consequent collective value adjustments are entered in the income statement. Impairment of unsecured loans is also subjected to collective measurement according to the same criteria.

Derecognition criteria

Receivables are derecognized when they reach maturity or are sold. Receivables sold are derecognized only when the sale has involved the substantial transfer of all the risks and rewards associated with them. However, if the risks and rewards of the receivable sold are maintained, it will continue to be recognized as an asset, even if ownership of the receivable has effectively been transferred.

If substantial transfer of the risks and rewards cannot be ascertained, receivables are derecognized when no type of control is maintained over them. Otherwise, when such control is maintained, even partially, the receivables are recognized to the extent of the remaining involvement, measured in terms of exposure to changes in the value of the receivables sold and variations in their cash flows. Receivables sold are derecognized if the contractual rights to receive the associated cash flows are maintained but with the commitment to pay such flows, and only those, to third parties.

Criteria for recognizing comprehensive income

After initial recognition, receivables are measured at their amortized cost, corresponding to the initial recognition value net of capital repayments, value adjustments and amortization - calculated with the effective interest rate method - applied to the difference between the amount disbursed and that repayable at maturity, normally equivalent to the costs/revenues directly connected to each receivable. The effective interest rate is the rate that makes the present value of the future flows of the receivable, for principal and interest, equal to the amount paid inclusive of costs/income attributable to the receivable. This financial accounting logic allows the financial effect of costs/revenues to be distributed over the expected residual life of the receivable.

The amortized cost method is not used for receivables of such brief duration that application of discounting would have a negligible effect. These receivables are recognized at their historical cost. The same measurement criterion is adopted for receivables with no definite maturity or which are revocable.

Impairment losses, as defined in the previous paragraph on the measurement of receivables, are recognized in the income statement. If the reasons for the impairment loss no longer exist, following an event occurring after recognition of the reduction in value, writebacks are booked to the income statement. The reversals may never determine a higher carrying amount than the amortized cost value that the receivable would have had if the impairment loss had never been recognized. Reinstatements 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 reduction in value, are recognized as reversals of impairment losses.

5 - Financial assets designated at *fair value* through profit or loss

Classification criteria

The item "Financial assets designated at *fair value* through profit or loss" includes financial assets that have been designated at *fair value* right from their initial recognition, in accordance with the requirements for the classification of that item, regardless of their technical form.

Recognition criteria

Financial assets designated at *fair value* through profit or loss are initially recognized on the settlement date for debt and equity instruments. Initial recognition of financial assets is at *fair value*, which normally corresponds to the price paid. If the price is different from the *fair value*, the financial asset is recognized at its *fair value* and the difference between the price and the *fair value* is entered in the Income Statement.

Measurement criteria

After initial recognition, financial assets included under this item are carried 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 designated at *fair value* through profit or loss are derecognized if the contractual rights to the cash flows have expired or if all the risks and benefits connected to ownership have been transferred to third parties. However, if most of the risks and rewards of financial assets sold are maintained, they will continue to be recognized, even if ownership of such assets has effectively been transferred.

If substantial transfer of the risks and rewards cannot be ascertained, financial assets are derecognized if no type of control is maintained over them. Otherwise, when such control is maintained, even partially, assets are recognized to the extent to which such control is maintained, measured in terms of exposure to change in the value of the assets sold and variations in the cash flows of the same. They are derecognized from the financial statements if the contractual rights to receive the related cash flows are maintained but with the commitment to pay such flows, and only the same, to third parties.

Criteria for recognizing comprehensive income

The result of the measurement is recognized in the Income Statement. On the basis of the provisions of Art. 6 of Lgs. D. 38 of 28 February 2005, the part of the profit for the period, corresponding to the capital gains recognized in the Income Statement, net of the associated tax expense, which originates from application of the *fair value* criterion, is allocated to an unavailable reserve which is reduced by an amount corresponding to the capital gains realized. The amount allocated to the unavailable reserve refers to capital gains relating to financial instruments among assets and liabilities, not operationally hedged by derivative instruments, and to those on operationally hedged financial instruments for the part exceeding the associated capital losses.

6 - Hedging activities

Classification criteria

Derivative contracts for hedging purposes are used to protect against different types of risk (interest rate risk, exchange rate risk, price risk, credit risk, etc.). Specifically, *fair value* is hedged in order to cover exposure to changes in *fair value*; cash flows are hedged to cover exposure to changes in cash flows. “Hedging derivatives” among assets and liabilities in the Balance Sheet Statement include the positive and negative value of derivatives used in effective hedging relationships.

Recognition criteria

Hedging derivates and effectively hedged financial assets and liabilities are recognized in accordance with the accounting criteria for hedging transactions. Transactions classified as hedges, with formal documentation of the relation between the instrument hedged and the hedging instrument, are considered effective if initially and for the entire duration of the hedge the changes in *fair value* or cash flows of the instrument hedged are almost completely offset by changes in the *fair value* and cash flows of the derivative hedging instrument.

At each reporting date, effectiveness must be tested using prospective and retrospective tests, and the hedging relationship is considered effective if the ratio between the changes in value does not exceed the established limits of 80-125 percent.

Measurement and recognition criteria for comprehensive income

Derivatives classified under “Hedging derivatives” in the assets and liabilities are carried at *fair value*. In the case of *fair value* hedging, changes in value are recorded in the Income Statement. For cash flow hedges also, for the effective part of the hedge, changes in the *fair value* of the derivative are recognized in shareholders' equity, and entered in the income statement only when, with reference to the item hedged, there is a change in the cash flows to be offset.

In the case of *fair value* hedging, the change in *fair value* attributable to the hedged risk of the hedged asset or liability is recognized in the income statement. In the case of micro-hedging, the hedged asset or liability, recognized according to the appropriate classification, is written down or up for the amount of the change in *fair value* attributable to the risk hedged.

Derecognition criteria

If the tests carried out do not confirm the effectiveness of the hedge, the accounting of the hedging transactions is discontinued according to the criteria in this paragraph, the accounting principles envisaged for the category to which the derivative belongs are applied, and the derivative is reclassified as a trading instrument; subsequent changes in *fair value* are recognized in the income statement. For cash flow hedges, if the transaction hedged is no longer expected to be carried out, the accumulated gain 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 subsidiaries, associates and jointly-controlled companies. Companies in 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 in which the power to determine financial and management policies is exercised, are considered 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 are considered terminated when definition of the financial and management policies of the subsidiary/joint/associated company can no longer be influenced by the administrative organ and is attributed to a single governing body or a court, and in similar situations. Equity investments in these cases will be accounted for in accordance with IAS 39 as prescribed for financial instruments.

In determining the equity relationship, only elements (percentage interest, effective and potential voting rights, significant influence) that exist at the level of individual financial statements are considered. Equity interests in subsidiaries, jointly-controlled and associated companies held for sale are recognized separately as disposal groups, and measured at the lower of the carrying amount and the *fair value*, net of the divestment costs.

Recognition criteria

Equity investments are initially recognized at cost on the settlement date, inclusive of costs or income directly related to the transaction.

Measurement criteria

Equity investments in subsidiary, associated and jointly-controlled companies are carried at cost. If there is evidence that the value of any interest may have suffered a reduction, the recoverable value of the investment is estimated taking into account the market value or the present value of future cash flows. If the recoverable value is lower than the carrying amount, the difference is booked to the Income Statement as an impairment loss.

Derecognition criteria

Equity investments are derecognized when the contractual rights to the cash flows from them either expire or are sold with substantial transfer of all associated risks and benefits.

Criteria for recognizing comprehensive income

Dividends on equity investments carried at cost are recognized in the Income Statement when the right to receive payment matures. Impairment losses on equity investments in subsidiary, associated, or jointly-controlled companies carried at cost are recognized in the Income Statement. If the reasons for the impairment loss are removed following an event occurring after the recognition of the adjustment, the reversal is booked to the Income Statement.

8 - Property and equipment

This item comprises property and equipment for operating purposes and held for investment.

PROPERTY AND EQUIPMENT FOR OPERATING PURPOSES

Classification criteria

Property and equipment items include land, buildings for business purposes, technical systems, furniture and fittings and equipment of all kinds. 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

Property and equipment items are initially recognized at cost, which includes not only the purchase price but also any ancillary charges directly ensuing from the purchase and costs involved in commissioning the asset. Extraordinary maintenance costs which involve an increase in future economic benefits are recognized as an increase in the value of the asset, whereas ordinary maintenance costs are booked to the Income Statement.

Measurement criteria

Property and equipment items, including real estate investments, are carried at cost after deducting any depreciation and impairment losses. Depreciation is systematically determined on the basis of 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 deemed insignificant. Depreciation rates are determined according to the remaining possibility of use of the asset, taking into consideration their deterioration and wear, which in the case of buildings entails a rate of 3%.

The useful lifetime of property and equipment is reviewed at the end 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

Property and equipment items are removed from the balance sheet when they are disposed of or when no further financial benefits are expected from their use or sale.

Criteria for recognizing comprehensive income

Depreciation is recognized in the of Income Statement. If there are indications pointing to a potential impairment loss of a property and equipment item, a comparison is made between the carrying amount and the recoverable amount, the latter being the greater of the value in use, understood as the present value of future cash flows originating from the asset, and the *fair value* net of divestment costs, any negative difference between the carrying amount and the recoverable amount is recognized in the Income Statement. If the reasons that led to the value adjustment no longer apply, the value is written back in the Income Statement. However, the reversal may not result in a value greater than that which the asset would have had, net of depreciation calculated in the absence of previous impairment losses.

Real estate investments

Real estate investments are properties owned for the purposes of receiving rental income and/or for the appreciation of the invested capital. The same criteria for initial recognition, measurement, and derecognition used for buildings held for operating purposes are applied to real estate investments.

9 - Intangible assets

Classification criteria

Intangible assets are recognized as such if they can be identified and if they arise from legal or contractual rights. They also include application software.

Recognition criteria

Intangible assets are recognized in the Balance Sheet Statement at cost, adjusted for any ancillary expenses, 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 asset is recognized in the Income Statement in the year in which the expenditure is effectively incurred.

Measurement criteria

Intangible assets recognised at cost are subject to amortization on a straight-line basis, in accordance with the estimated residual life of the asset.

Derecognition criteria

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

Criteria for recognizing comprehensive income

Amortization is recognized in the Income Statement. Where there are indications that suggest impairment of an intangible asset, a test is carried out to ascertain the impairment loss. Any difference between the carrying amount and the recoverable amount is recorded in the Income Statement. If the reasons that led to the value adjustment are no longer valid, the value is written back in the Income Statement. However, the write-back may not result in a value greater than that which the asset would have had, net of amortization calculated in the absence of previous impairment losses.

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

Recognition and classification criteria

This item includes non-current assets destined for sale, and assets and liabilities associated with disposal groups for which sale is expected within twelve months from the classification date, such as any equity investments in subsidiaries, associates, or jointly-controlled companies, and tangible or intangible fixed assets or assets and liabilities associated with business units held for sale.

Measurement and recognition criteria for comprehensive income

The assets and liabilities included in this item are carried at the lower of the carrying amount and the *fair value* net of sales costs. The related income and expenses are shown in the Income Statement under a separate item, net of any tax effect.

11 - Current and deferred taxes

Classification criteria

Prepaid and deferred taxes are recognized in the Balance Sheet Statement with open balances and with no offsets, the former under "Tax assets" and the latter under "Tax liabilities".

Recognition criteria

Prepaid taxes are entered as assets when their recovery is deemed probable. Deferred taxes are recognized in all cases when the associated liability is deemed probable.

Measurement criteria

When the results of transactions are recognized directly in Shareholders' Equity, current taxes, deferred tax assets and deferred tax liabilities are also booked to Shareholders' Equity.

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

Criteria for recognizing comprehensive income

Income taxes are recognized in the Income Statement, except those relating to items debited or credited directly to Shareholders' Equity. Current income taxes are calculated on the basis of the taxable profit for the period. Current tax debits and credits are recognized at the value that is expected to be paid/received to/from the tax authorities applying the 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 recognized in the financial statements and the corresponding amounts recognised for tax purposes.

12 - Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

Recognition and classification criteria

Provisions for risks and charges are recognized in the Income Statement and recorded as liabilities in Shareholders' Equity if there is an existing, legal, or implied 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 required to settle the obligation, or to transfer it to third parties, at the reporting date.

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 to the present at the market rates in force on the reporting date.

Measurement and recognition criteria for comprehensive income

These provisions are reviewed at the end of each financial period and are adjusted to reflect updated estimates of expenses necessary to fulfil the obligations existing at the reporting date. The effect of the passing of time and of fluctuations in interest rates are recorded in the Income Statement under net provisions for the period.

Derecognition criteria

The provisions are only used for the liabilities against which they were originally recorded. If it is deemed no longer probable that fulfilment of the obligation will require the use of resources, the provision is reversed by re-allocation to the Income Statement.

13 - Debt instruments and securities issue

Classification criteria

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

Recognition criteria

Initial recognition is on the basis of the *fair value* of the liability, normally the amount paid or the issue price, increased/decreased by any costs or revenues directly attributable to the transaction and not refunded by the creditor counterparty, and excluding internal administrative costs. Financial liabilities issued at other than prevailing market terms are recognized 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 booked to the Income Statement.

Measurement and recognition criteria for comprehensive income

After initial recognition, these items are carried at their amortized cost, calculated using the effective interest rate method, except for short term liabilities which, if the conditions are fulfilled according to the general criteria of significance and relevance, are recorded at the value collected. The criteria for calculating the amortized cost are those indicated in the previous paragraph on loans and receivables.

Derecognition criteria

Financial liabilities recognized under the present items are derecognized not only after extinction or maturity, but also in the case of repurchase of securities issue previously. In this case, the difference between the carrying amount of a liability and the amount paid for purchase is recorded in the Income Statement. The re-placing 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 not for hedging and the negative value of derivatives embedded in compound contracts. Liabilities deriving from technical overdrafts generated by security trading activities are recognized under “Financial liabilities held for trading”.

Recognition criteria

Financial liabilities relating to debt and equity instruments are initially recognized on the settlement date, while derivatives are recorded on the trade date. Initial recognition of financial liabilities held for trading is at *fair value*, which normally corresponds to the price received. If the price is different from the *fair value*, the financial liability is recognized at its *fair value* and the difference between the price and the *fair value* is booked to the Income Statement.

Derivative contracts embedded in financial instruments or other contractual forms that present economic and risk characteristics not correlated with the host instrument or which have features making them classifiable as derivatives themselves, are recognized separately, in the category of financial liabilities held for trading if they have a negative value, unless the compound instrument which contains them is valued at *fair value* through profit and loss.

Measurement criteria

After initial recognition financial liabilities held for trading are carried at *fair value*. In order to determine *fair value*, the criteria previously described in the paragraph on financial assets held for trading are applied.

Derecognition criteria

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

Criteria for recognizing comprehensive income

The results of the measurement of financial liabilities held for trading are booked to the Income Statement.

15 - Financial liabilities designated at fair value through profit or loss

Classification criteria

The item "Financial liabilities" includes financial liabilities designated at fair value through profit or loss on initial recognition, in accordance with the requirements for the classification of that item, regardless of their technical form.

Recognition criteria

In the case of debt and equity instruments, financial liabilities designated at fair value through profit or loss are first recognized on the settlement date. Initial recognition of these financial liabilities is at fair value, which normally corresponds to the price paid. If the price is different from the fair value, the financial liability is recognized at its fair value and the difference between the price and the fair value is booked to the Income Statement.

Measurement criteria

After initial recognition, financial liabilities included under this item are carried at fair value. For the criteria used to determine fair value see the paragraph on the measurement of financial liabilities held for trading.

Derecognition criteria

Financial liabilities designated at fair value through profit or loss are derecognized from the Balance Sheet Statement if the contractual rights to the cash flows have expired or if all the risks and benefits associated with ownership have been transferred to third parties.

Criteria for recognizing comprehensive income

The result of the measurement is recognized in the Income Statement.

16 - Currency transactions

Recognition criteria

Foreign currency transactions are initially recognized in the accounting currency, applying to the amount in foreign currency the exchange rate in force at the moment of the transaction.

Measurement criteria

At the reporting date, foreign currency entries are measured as follows:

- cash items are converted at the exchange rate quoted on the reporting date;
- non-monetary items carried at historical cost are converted at the exchange rate quoted on the transaction date; non-monetary items carried at fair value are converted at the exchange rate quoted on the reporting date.

Criteria for recognizing comprehensive income

Exchange differences relating to cash and non-cash items carried at fair value are recognized in the Income Statement under Item 80 “Net gains/losses on trading activities”; if the asset is classified as available for sale, exchange differences are allocated to the valuation reserves.

17 - Other information

EMPLOYEE TERMINATION BENEFITS

The complementary pension reform introduced in Lgs. Decree 255 of 5 December 2005, changed the methods of recognizing termination benefits. Severance indemnity units matured at 31 December 2006 are classified as “defined benefit” schemes, since the company must pay the employee, in the cases prescribed by law, the amount determined under 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 envisaged in 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 ISTAT inflation index) and not that estimated by the company. Consequently the provisions, as from 31st December 2006, must be valued on a new model which no longer takes into account any variable such as the average annual rate of salary increase, the remuneration framework, seniority, or percentage salary increases on promotion.

However, severance indemnity units 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 units that have fallen due.

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

- continues to fulfil its obligation for units which have matured up to 31st December 2006 pursuant to the rules of the defined benefit schemes; this means that it has to assess the obligation for benefits accrued by employees through the use of actuarial techniques and determine the total amount of actuarial gains and losses, as well as the part of these which must be then accounted for according to the “corridor method” used previously;
- fulfils its obligation for units maturing from 1st January 2007 onwards payable to the complementary pension schemes or the INPS treasury fund, on the basis of the contributions due in each financial period, since these are “defined contribution” schemes.

RECOGNITION OF REVENUES

Revenues are recognized when they are received, or at least, in the case of sales of goods or products, when future benefits are likely to be received, and when such future benefits can be reliably quantified. In the case of services rendered, revenues are recognized when the service is actually performed.

In particular:

- interest is recognized on an accruals basis according to the contractual interest rate or the effective rate in the case of application of the amortized cost;
- default interest, if contractually provided for, is recognized in the Income Statement only when it is effectively collected;
- dividends are recognized in the Income Statement when their distribution is approved;
- fees for revenues from services are recognized in the period in which the services are performed;
- revenues from the placing of financial instruments, calculated as the difference between the price of the transaction and the fair value of the instrument, are recognized in the Income Statement when the transaction is recorded if the fair value can be determined according to recently observed parameters or transactions on the same market in which the

instrument is traded. If such values are difficult to obtain or if they present reduced liquidity, the financial instrument is recognized at the transaction price, after deduction of the mark up; the difference between this and fair value is recognized in the Income Statement for the entire period of the transaction, with gradual reduction, in the measurement model, of the corrective factor linked to the reduced liquidity of the instrument;

- revenues from the sale of non-financial assets are recognized at the moment of conclusion of the sale, unless the bank has maintained most of the risks and benefits associated with the asset.

EXPENDITURE FOR IMPROVEMENTS TO THIRD-PARTY PROPERTIES

Expenses for refurbishing buildings belonging to third parties, without an independent function or use, are normally classified in the financial statements under other assets, pursuant to Bank of Italy Circular 262 - 1st revision of 18 November 2009; the associated depreciation, applied for a period which does not exceed the rental contract, is recognized under other operating costs.

A.3 - FAIR VALUE DISCLOSURE

A.3.1 TRANSFERS BETWEEN PORTFOLIOS

A.3.1.1 Reclassification of financial assets: Book value, fair value, and effects on comprehensive income

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL PORTFOLIO	DESTINATION PORTFOLIO	BOOK VALUE AS AT 31 DEC. 2009	FAIR VALUE AS AT 31 DEC. 2009	COMPREHENSIVE INCOME IN ABSENCE OF THE TRANSFER (PRE-TAX)		COMPREHENSIVE INCOME POSTED DURING THE PERIOD (PRE-TAX)	
					ASSESS-MENTS	OTHERS	ASSESS-MENTS	OTHERS
Debt securities	Assets held for trading	Assets available for sale	112,442	112,442	4,741	4,234	4,501	4,669

A.3.1.2 Reclassification of financial assets: effects on comprehensive income before any transfer

The table has not been compiled since there were no balances for this item at the date of these financial statements, in that no financial assets were transferred during the period.

A.3.1.3 transfer of Financial assets held for trading

Disclosure not provided because during the period there was no transfer of financial assets..

A.3.1.4 effective interest rate and cash flows expected from reclassified assets

ISIN CODE	DESCRIPTION OF SECURITY	INTERNAL RATE OF RETURN AT 31/12/2009	EXPECTED FUTURE FLOWS AT 31/12/2009
IT0004224041	CCT 1.3.2014	0,889647	BOT 6 months + 0.15
IT0003658009	CCT 1.5.2011	1,034991	BOT 6 months + 0.15
XS0247770224	ITALY 22.3.2018	0,215866	The lower of (2.25 x European inflation rate) and (Euribor 6 months + 0.60)
IT0003858856	CCT 1.3.2012	1,046094	BOT 6 months + 0.15
IT0003746366	CCT 1.11.2011	1,063363	BOT 6 months + 0.15

A.3.2 FAIR VALUE HIERARCHY

A.3.2.1 ACCOUNTING PORTFOLIOS: DIVISION BY FAIR VALUE LEVELS

INANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31/12/2009			31/12/2008		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	42,797	418,837	88	198,978	416,062	56
2. Financial assets designated at *fair value* through profit or loss	-	22,373	6,947	-	29,479	-
3. Financial assets available for sale	547,583	75,982	39,330	692,910	72,542	38,413
4. Hedging derivatives	-	1,031	-	-	588	-
Total	**590,380**	**518,223**	**46,365**	**891,888**	**518,671**	**38,469**
1. Financial liabilities held for trading	1,014	391,433	-	383	350,618	-
2. Financial liabilities designated at *fair value* through profit or loss	297,938	13,859	-	-	13,441	-
3. Hedging derivatives	-	8,316	-	-	16,744	-
Total	**298,952**	**413,608**	**-**	**383**	**380,803**	**-**

Key: L1= Level 1 / L2= Level 2 / L3= Level 3

As required by IFRS 7 paragraph 27, for the purposes of correct disclosure, the Institute indicates financial instruments in the Table, dividing them into the three hierarchical levels classified based on the characteristics and significance of the inputs utilised in the assessment process. In particular, it is indicated that, as regulated by par. 27 A of IFRS 7, the levels are classified as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for financial assets or liabilities being assessed;
- **Level 2**: inputs different from the quoted prices considered in Level 1 which are directly or indirectly observable on the market;
- **Level 3:** inputs that are not observable on the market,

It is furthermore highlighted that the valuation techniques utilised to determine fair value are constantly calibrated and validated, using market observables, in order to ensure an adequate representation of market conditions.

Paragraph 27B of IFRS 7 requires that, other than indicating the fair value hierarchical level, information is provided regarding significant transfers from Level 1 and Level 2, indicating the reasons; in this sense, it is indicated that there were no movements of financial instruments between the two said levels.

A.3.2.2 ANNUAL VARIATIONS OF FINANCIAL ASSETS ASSESSED AT FAIR VALUE (LEVEL 3)

	FINANCIAL ASSETS			
	HELD FOR TRADING	HELD FOR TRADING	AVAILABLE FOR SALE	HEDGING
1. Opening balance	**56**	**-**	**38,413**	**-**
2. Increases	**32**	**6,947**	**982**	**-**
2.1 Purchases	-	5,465	-	-
2.2 Profits connected to:	32	1,482	978	-
2.2.1 Income Statement	32	1,482	-	-
- of which capital gains	32	1,482	-	-
2.2.2 Shareholders' equity	X	X	978	-
2.3 Transfers from other levels	-	-	-	-
2.4 Other increase variations	-	-	4	-
3. Decreases	**-**	**-**	**65**	**-**
3.1 Sales	-	-	50	-
3.2 Refunds	-	-	-	-
3.3 Losses connected to:	-	-	15	-
3.3.1 Income Statement	-	-	-	-
- of which capital losses	-	-	-	-
3.3.2 Shareholders' equity	X	X	15	-
3.4 Transfers to other levels	-	-	-	-
3.5 Other decrease variations	-	-	-	-
4. Closing balance	**88**	**6,947**	**39,330**	**-**

Regarding paragraph 27B of IFRS 7, the Table represents the following information, only related to Level 3 fair value assessments and for each category of financial instruments:

- reconciliation of the opening and closing balances, with a separate indication of variations which occurred during the period and connected to purchases, sales, and gains/losses, making a distinction in this last case if they were reported directly in the income statement or in the comprehensive income statement.

It is furthermore noted that there were no variations during the period of one or more inputs relative to reasonably possible alternative assumptions which could significantly change the fair value.

A.3.2. Annual variations of financial liabilities assessed at fair value (level 3)

The table has not been compiled since there were no balances for this item at the reporting date.

A.3.3 Disclosure on the so-called day one profit/loss

In accordance with paragraph 28 of IFRS, during the period there were no differences between the fair value at the first reporting and the amount recalculated at the same date using valuation techniques, according to what is regulated in IAS 39, paragraphs from AG 74 to AG 79, and in IFRS 7 paragraph IG 14.

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 demand deposits with the Bank of Italy.

1.1 Cash and cash equivalents: breakdown

ITEMS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
a) Cash	73,318	68,167
b) Demand deposits at Central Banks	-	-
Total	**73,318**	**68,167**

The sub-item “cash” includes foreign currency for a counter value of Euro 7,392 thousand.

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

This item lists all financial assets (debt securities, equity securities, derivative instruments) held in the trading book.

2.1 Financial assets held for trading: breakdown by type

ITEMS/AMOUNTS	TOTAL AT 31/12/2009			TOTAL AT 31/12/2008		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A Cash assets						
1. Debt securities	**39,262**	**21,217**	**-**	**196,371**	**631**	**-**
1.1 Structured securities	2,548	170	-	4,265	-	-
1.2 Other debt securities	36,714	21,047	-	192,106	631	-
2. Equity Securities	**26**	**-**	**88**	**140**	**-**	**56**
3. UCITS Units	**3,153**	**-**	**-**	**2,189**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
TOTAL A	**42,441**	**21,217**	**88**	**198,700**	**631**	**56**
B Derivative instruments						
1. Financial derivatives	**356**	**397,620**	**-**	**278**	**415,295**	**-**
1.1 trading	356	396,218	-	278	414,431	-
1.2 linked to fair value option	-	1,402	-	-	864	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**136**	**-**
2.1 trading	-	-	-	-	136	-
2.2 linked to fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
TOTAL B	**356**	**397,620**	**-**	**278**	**415,431**	**-**
TOTAL (A+B)	**42,797**	**418,837**	**88**	**198,978**	**416,062**	**56**

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), the latter to reach maturity on 1 February 2010, 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*). These securities, together with the expired coupons and interest, shall be returned/repaid during the 2010 period. The relative agreement is still being defined with Lehman Brothers Directors.

The amount under letter B point 1.2 refers to derivative contracts linked to the use of the *fair value option*, operationally connected to a debenture bond issued by the bank. The associated accounting item is classified under financial liabilities designated at fair value through profit or loss.

2.2 Financial assets held for trading: breakdown by debtors/issuers

ITEMS/AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Cash assets		
1. Debt securities	**60,479**	**197,002**
a) Governments and Central Banks	34,470	186,875
b) Other public bodies	-	28
c) Banks	25,003	7,802
d) Other issuers	1,006	2,297
2. Equity securities	**114**	**196**
a) Banks	2	2
b) Other issuers:	112	194
- insurance companies	12	13
- financial companies	13	12
- non-financial companies	87	169
- others	-	-
3. UCITS units	**3,153**	**2,189**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL A	**63,746**	**199,387**
B. Derivative instruments		
a) Banks	**389,470**	**390,054**
- fair value	389,470	390,054
b) Customers	**8,506**	**25,655**
- fair value	8,506	25,655
TOTAL B	**397,976**	**415,709**
TOTAL (A+B)	**461,722**	**615,096**

These financial assets have been divided according to business sector 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 equity funds.

2.3 ON-BALANCE-SHEET FINANCIAL ASSETS HELD FOR TRADING: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2009
A. Opening balance	**197,002**	**196**	**2,189**	**-**	**199,387**
B. Increases	**47,933,841**	**81,558**	**2,486**	**-**	**48,017,885**
B1. Purchases	47,916,116	81,450	1,228	-	47,998,794
B2. Positive changes in fair value	528	38	958	-	1,524
B3. Other changes	17,197	70	300	-	17,567
C. Decreases	**48,070,364**	**81,640**	**1,522**	**-**	**48,153,526**
C1. Sales	48,067,450	81,585	1,519	-	48,150,554
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	231	4	-	-	235
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other changes	2,683	51	3	-	2,737
D. Closing balance	**60,479**	**114**	**3,153**	**-**	**63,746**

SECTION 3 - FINANCIAL ASSETS DESIGNATED AT *FAIR VALUE* THROUGH PROFIT OR LOSS - ITEM 30

This item includes financial assets designated at fair value through profit or loss with the results of measurement recognized in the income statement, on the basis of the *fair value option* given to companies pursuant to IAS 39. Debt instruments with embedded derivates are classified in this category.

3.1 Financial assets designated at *fair value* through profit or loss: breakdown by type

ITEMS/AMOUNTS	TOTAL AT 31/12/2009			TOTAL AT 31/12/2008		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**22,373**	**6,947**	**-**	**29,479**	**-**
1.1 Structured securities	-	22,373	6,947	-	29,479	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. UCITS units	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
TOTAL	**-**	**22,373**	**6,947**	**-**	**29,479**	**-**
Cost	**-**	**19,906**	**5,465**	**-**	**28,298**	**-**

The amounts indicated alongside "cost" refer to the purchase cost of the financial assets remaining on the reporting date. 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 designating such instruments at amortized cost and derivatives at *fair value* through profit and loss, thus creating a natural hedge;
- three structured debenture loans in order to avoid the unbundling of the embedded derivative.

3.2 Financial assets designated at *fair value* through profit or loss: breakdown by debtors/issuers

ITEMS/AMOUNTS	TOTAL 31/12/2009	TOTAL 31/12/2008
1. Debt securities	**29,320**	**29,479**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	14,403	29,479
d) Other issuers	14,917	-
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- others	-	-
3. UCITS units	**-**	**-**
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**29,320**	**29,479**

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

3.3 Financial assets designated at *fair value* through profit or loss: annual change

	Debt securities	Equity securities	UCITS units	Loans	Total at 31/12/2009
A. Opening balance	**29,479**	**-**	**-**	**-**	**29,479**
B. Increases	**21,812**	**-**	**-**	**-**	**21,812**
B1. Purchases	17,890	-	-	-	17,890
B2. Positive changes in fair value	3,069	-	-	-	3,069
B3. Other changes	853	-	-	-	853
C. Decreases	**21,971**	**-**	**-**	**-**	**21,971**
C1. Sales	-	-	-	-	-
C2. Redemptions	19,760	-	-	-	19,760
C3. Negative changes in fair value	-	-	-	-	-
C4. Other variations	2,211	-	-	-	2,211
D. Closing balance	**29,320**	**-**	**-**	**-**	**29,320**

SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

This item includes all financial assets (debt securities, equity securities, etc.) classified in the “available for sale” portfolio. The equity securities are mainly equity investments 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 31/12/2009			Total 31/12/2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**492,788**	**75,982**	**-**	**636,567**	**72,542**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	492,788	75,982	-	636,567	72,542	-
2. Equity securities	**276**	**-**	**22,691**	**180**	**-**	**21,774**
2.1 Carried at fair value	276	-	19,567	180	-	18,604
2.2 Carried at cost	-	-	3,124	-	-	3,170
3. UCITS units	**54,519**	**-**	**16,639**	**56,163**	**-**	**16,639**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**547,583**	**75,982**	**39,330**	**692,910**	**72,542**	**38,413**

4.2 Financial assets available for sale: breakdown by debtors/issuers

ITEMS/AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Debt securities	**568,770**	**709,109**
a) Governments and Central Banks	568,770	709,109
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity securities	**22,967**	**21,954**
a) Banks	-	-
b) Other issuers:	22,967	21,954
- insurance companies	-	-
- financial companies	20,418	19,374
- non-financial companies	2,549	2,580
- others	-	-
3. UCITS units	**71,158**	**72,802**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**662,895**	**803,865**

These financial assets have been divided according to business sector 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 with micro-hedging

ASSET/ TYPE OF HEDGING	HEDGED ASSETS			
	TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
	FAIR VALUE	CASH FLOWS	*FAIR VALUE*	CASH FLOWS
1. Debt securities	20,524	-	-	-
2. Equity securities	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
TOTAL	**20,524**	**-**	**-**	**-**

The amounts refer to fixed rate Government securities, in the specific treasury bond, hedged through asset swaps in order to protect them from the rate risk.

4.4 Financial assets available for sale: annual change

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2009
A. Opening balance	**709,109**	**21,954**	**72,802**	**-**	**803,865**
B. Increases	**80,082**	**1,078**	**4,021**	**-**	**85,181**
B1. Purchases	43,955	-	694	-	44,649
B2. Positive changes in fair value	26,903	1,074	-	-	27,977
B3. Writebacks	-	-	-	-	-
- booked to the statement of income	-	X	-	-	-
- booked to the shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other changes	9,224	4	3,327	-	12,555
C. Decreases	**220,421**	**65**	**5,665**	**-**	**226,151**
C1. Sales	212,649	50	10	-	212,709
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	66	15	-	-	81
C4. Impairment losses	-	-	5,655	-	5,655
- booked to the statement of income	-	-	5,655	-	5,655
- booked to shareholders' equity	-	-	-	-	-
C5. Transfer to other portfolios	-	-	-	-	-
C6. Other changes	7,706	-	-	-	7,706
D. Closing balance	**568,770**	**22,967**	**71,158**	**-**	**662,895**

The sub-items "Other changes - Debt Securities", both in increases and decreases include securities underlying reverse repurchase agreements. In the "Other changes - increase - UCITS units" are the negative changes in fair value at 31 December 2008 subsequently booked to the statement of income after impairment.

With reference to the interest in listed equity securities classified in the category of instruments available for sale, it is indicated that, as required by IAS 39 paragraph 61, and in compliance with what is indicated also in Document no. 4 of 3 March 2010 issued by the Bank of Italy, CONSOB, and Isvap, the conditions were verified for any impairment with an effect in the statement of income of the securities. In order to identify the evidence for *impairment*, the Bank interpreted the feature of "significant" reduction as a contraction of more than 30% in the initial book value, while "prolonged" reduction of value was taken to mean a constant reduction in the value for over 18 months. Considering that during the period, regarding the Securfondo interest, a listed equity instrument belonging to the Closed-end Real estate fund category, the criteria about "prolonged drop in prices" was verified, since the loss in value went over 18 months, a write-down for impairment booked to the statement of income for Euro 5,655 thousand, including the set-off of the negative valuation reserve existent at 31 December 2008 for Euro 3,327 thousand.

Regarding the shares held in the Melograno closed-end real estate investment fund, the amount of shares has been confirmed as equal to that of the last period. In fact, the shares shall be disposed at the abovementioned amount, based on a put option, to the National Pension Fund for the BCC/CRA personnel already exercised in the month of June 2009; the relative regulation shall be executed by 31 May 2010, under mutual agreement.

Regarding "Equity securities", it is noted that on 25 February 2010 an upon the Parent Company's indication, the Board of Directors resolved to dispose to the Istituto Centrale delle Banche Popolari Italiane (ICBPI) [Central Institute of Italian Banks] the investment held in Key-Client S.p.A. This disposal will generate a capital gain compared with the initial registration cost.

SECTION 5 - FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

At the reporting date in question, 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, demand and time deposits, guarantee deposits, debt securities, etc.) classified in the receivables portfolio pursuant to IAS 39.

6.1 DUE FROM BANKS: BREAKDOWN BY TYPE

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Due from Central Banks	**1,357,564**	**438,207**
1. Time deposits	-	-
2. Obligatory reserve	1,357,564	438,207
3. Repurchase agreements	-	-
4. Others	-	-
B. Due from banks	**6,417,385**	**6,091,055**
1. Current accounts and demand deposits	688,905	1,156,562
2. Time deposits	2,499,518	3,519,598
3. Other loans:	702,358	1,032,846
3.1 Repurchase agreements	366,744	102,828
3.2 Financial leasing	-	-
3.3 Others	335,614	930,018
4. Debt securities	2,526,604	382,049
4.1 Structured securities	121,232	28,983
4.2 Other debt securities	2,405,372	353,066
Total (book value)	**7,774,949**	**6,529,262**
Total (fair value)	**7,775,910**	**6,609,193**

Amounts due from banks are entered net of impairment losses. The *fair value* was obtained by present value calculation techniques: discounted cash flow analysis.

The sub-item “obligatory reserve” includes the reserve managed on behalf of the Cooperative and Rural Banks. The sub-item “current accounts and demand deposits” includes the deposit relating to the funds of the former Central Guarantee Fund, of Euro 1,311 thousand.

Among that due from banks “Other loans - Others” includes impaired assets for the Kaupthing Bank hf. for Euro 1,034 thousand (net balance) for matured deposit rates. Regarding what is due from Icelandic banks, the comprehensive position is summarised below:

- Landsbanki Island hf. Euro 14,935 thousand due, entirely impaired;
- Kaupthing Bank hf. Euro 3,039 thousand due, impaired for Euro 2,005 thousand.

Following information received from our legal advisors, these positions were reclassified as “outstanding” in March 2010.

Starting from this period, following the start-up of the Bank Group’s organisational model review, the Parent Company started the “Group financial management” project. With a resolution on 16 January 2009, the bank’s Board, acknowledging the direction received, started the new activity, gradually transferring to the Bank all funding and market risk management trading operations of G.B.I.

In particular, already in this period, against the financial need of Banca Agrileasing, the following securities were subscribed and classified in the sub-item “Due from banks - Debt securities- Others”:The indicated nominal value is expressed in euro units.

ISIN	NOMINAL	ISSUANCE	EXPIRY
IT0004563372	400,000,000	30/12/2009	30/12/2014
IT0004511561	180,000,000	01/07/2009	01/07/2014
IT0004511512	720,000,000	01/07/2009	01/07/2014
IT0004493067	81,000,000	15/05/2009	01/04/2014
IT0004494719	666,000,000	15/05/2009	01/04/2014
IT0004494859	99,000,000	15/05/2009	01/04/2014
IT0004494842	54,000,000	15/05/2009	01/04/2014
Total	**2.200.000.000**		

The indicated nominal value is expressed in euro units.

6.2 Due from banks: micro-hedged assets

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Receivables with micro-hedging of fair value:	**328,033**	**762,178**
a) interest rate risk	328,033	762,178
b) exchange risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Receivables with micro-hedging of cash flows:	**-**	**-**
a) interest rate	-	-
b) exchange rate	-	-
c) other	-	-
TOTAL	**328,033**	**762,178**

This item consists of fixed-rate interbank deposits hedged by derivative instruments, specifically *Overnight Indexed Swap*s (OISs) of 2 fixed rate securities, issued by Banca Agrileasing, and hedged by derivative instruments such as *Interest Rate Swap*s (IRSs) (see section 6.2 of the Liabilities below).

6.3 Financial Leasing

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 7 - LOANS TO CUSTOMERS - ITEM 70

This item comprises financial instruments, including unlisted debt securities loans to customers, which IAS 39 classifies as “loans and receivables”.

7.1 Loans to customers: breakdown by type

Transaction type/ amounts	Total at 31/12/2009		Total at 31/12/2008	
	Performing	Impaired	Performing	Impaired
1. Current accounts	219,485	2,663	186,023	2,949
2. Repurchase agreements	-	-	-	-
3. Mortgages	547,052	11,996	412,552	19,139
4. Credit cards, personal loans and salary-backed loans	-	476	-	542
5. Financial leasing	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	109,260	10,882	87,412	4,621
8. Debt securities	146,378	851	79,399	-
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	146,378	851	79,399	-
Total (book value)	**1,022,175**	**26,868**	**765,386**	**27,251**
Total (fair value)	**1,066,817**	**26,868**	**796,209**	**27,251**

Loans to customers are shown net of impairment losses. The *fair value* was obtained by present value calculation techniques: discounted cash flow analysis.

The sub-item “Mortgages” includes a receivable of Euro 1,033 thousand sold by Campania Federation of Cooperative Banks in relation to the former San Marcellino CB on completion of the rescue operation carried out at the time. Any subsequent credit valuation will not effect the Bank’s statement of income.

7.2 LOANS TO CUSTOMERS: BREAKDOWN BY DEBTORS/ISSUERS

TYPE OF TRANSACTION/ AMOUNTS	TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Debt securities:	**146,378**	**851**	**79,399**	**-**
a) Governments	-	-	-	-
b) Other public bodies	-	-	-	-
c) Other issuers	146,378	851	79,399	-
- non-financial companies	102	-	-	-
- financial companies	146,276	851	79,399	-
- insurance	-	-	-	-
- others	-	-	-	-
2. Loans to:	**875,797**	**26,017**	**685,987**	**27,251**
a) Governments	-	-	-	-
b) Other public bodies	3,979	-	4,745	-
c) Other subjects	871,818	26,017	681,242	27,251
- non-financial companies	556,682	16,934	373,310	18,372
- financial companies	177,327	2,897	166,242	2,839
- insurance	2	-	784	-
- others	137,807	6,186	140,906	6,040
Total	**1,022,175**	**26,868**	**765,386**	**27,251**

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

7.3 LOANS TO CUSTOMERS: MICRO-HEDGED ASSETS

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Receivables with micro-hedging of fair value:	**32,013**	**32,721**
a) interest rate risk	32,013	32,721
b) exchange risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Receivables with micro-hedging of cash flows:	**-**	**-**
a) interest rate risk	-	-
b) exchange risk	-	-
c) other	-	-
Total	**32,013**	**32,721**

Receivables with micro-hedging of *fair value* are recognised at cost adjusted for the *fair value* changes for the hedged risk accrued up to the reporting date. The amount, in particular, refers to a fixed rate loan - stipulated with BCC Solutions for Euro 29,896 thousand (the remaining debt at 31st December 2009) - hedged against the interest rate risk.

7.4 Financial Leasing

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 8 - HEDGING DERIVATIVES - ITEM 80

This item includes financial hedging derivatives, which presented a positive fair value at the reporting date.

8.1 Hedging derivatives: breakdown by type of hedging and by level

	FV AT 31/12/2009			NV AL 31/12/2009	FV AT 31/12/2008			NV AL 31/12/2008
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**1,031**	**-**	**35,000**	**-**	**588**	**-**	**35,000**
1) Fair value	-	1,031	-	35,000	-	588	-	35,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**1,031**	**-**	**35,000**	**-**	**588**	**-**	**35,000**

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						FINANCIAL FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	RATE RISK	EXCHANGE RISK	CREDIT RISK	PRICE RISKS	MORE THAN ONE RISK				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Receivables	-	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
TOTAL ASSETS AT 31/12/2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	1,031	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2009	**1,031**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

The amount refers to 2 fixed-rate bond loans issued by the Bank and subject to “interest rate” hedging through Interest Rate Swap (IRS) derivative contracts.

SECTION 9 - VALUE ADJUSTMENTS OF MACRO-HEDGED FINANCIAL ASSETS - ITEM 90

At the reporting date in question, 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	REGISTERED 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 Ventures			
C. Companies subject to significant influence			
1. Hi-Mtf S.p.A.	Milan	20.00	20.00

10.2 Equity investments in subsidiaries, joint ventures and companies subject to significant influence: accounting information

COMPANY	TOTAL ASSETS	TOTAL REVENUES	PROFIT (LOSS)	TOTAL SHAREHOLDERS' EQUITY	BOOK VALUE	*FAIR VALUE*
A. Wholly-owned subsidiaries						
1. Credico Finance s.r.l.	73	85	-	57	48	X
2. Bcc Securis s.r.l.	36	119	-	11	9	X
B. Joint Ventures						
C. Companies subject to significant influence						
1. Hi-Mtf	4,347	2,126	121	3,967	1,000	-
TOTAL AT 31/12/2009	**4,456**	**2,330**	**121**	**4,035**	**1,057**	**-**

Considering the strategic nature and start-up status of the Hi-Mtf company, it is retained that the assumptions do not exist to proceed with any impairment. The data are those of the financial statement at 31st December 2009.

Availing itself of the option provided by IAS/IFRS 27, 10 par. d) and under the terms of Lgs. Dec. 87/92, the Bank does not prepare consolidated financial statements since the parent company Iccrea Holding presents consolidated financial STATEMENTS for public use in compliance with the International Financial Reporting Standards.

10.3 Equity investments: annual change

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Opening balance	**1,057**	**1,533**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	**-**	**476**
C.1 Sales	-	384
C.2 Adjustments	-	92
C.3 Other changes	-	-
D. Closing balance	**1,057**	**1,057**
E. Total revaluations	**-**	**-**
F. Total adjustments	**-**	**-**

10.4 Commitments relating to equity investments in subsidiaries

The table has not been compiled since there were no balances for this item at the reporting date.

10.5 Commitments relating to equity investment in Joint Venture

The table has not been compiled since there were no balances for this item at the reporting date.

10.6 Commitments relating equity investments in companies subject to significant influence

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 11 - PROPERTY AND EQUIPMENT - ITEM 110

This item comprises property and equipment used in operations (properties, furniture, plant, machinery and tangible assets) and governed by IAS 16 and investment property pursuant to IAS 40.

11.1 Property and equipment: breakdown of assets carried at cost

ASSETS/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Operating assets		
1.1 Company owned	**4,594**	**20,042**
a) land	-	-
b) buildings	-	13,918
c) furniture	437	529
d) electronic systems	3,518	4,772
e) others	639	823
1.2 purchased in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) others	-	-
TOTAL A	**4,594**	**20,042**
B. Assets held for investment		
2.1 Company owned	**13,401**	**-**
a) land	-	-
b) buildings	13,401	-
2.2 purchased in financial leasing	-	-
a) land	-	-
b) buildings	-	-
TOTAL B	**13,401**	**-**
TOTAL (A+B)	**17,995**	**20,042**

Following the stipulation of a rental contract for one of the two buildings located in Mostacciano and the fact that the other is no longer used, during the period all buildings owned that are no longer directly used were reclassified from "operating assets" to "assets held for investment". This category is carried at the "cost model", in compliance with paragraph 56 of IAS 40.

11.2 Property and equipment: breakdown of assets carried at fair value or revalued

The table has not been compiled since there were no balances for this item at the reporting date.

11.3 Property and equipment for operating purposes: annual change

	LAND	BUILDINGS	FURNITURE	ELECTRONIC SYSTEMS	OTHERS	TOTAL AT 31/12/2009
A. Gross opening balance	**-**	**13,918**	**529**	**4,772**	**823**	**20,042**
A.1 Total net value adjustments	-	-	-	-	-	-
A.2 Net opening balance	**-**	**13,918**	**529**	**4,772**	**823**	**20,042**
B. Increases:	**-**	**-**	**9**	**905**	**217**	**1,131**
B.1 Purchases	-	-	9	905	217	1,131
B.2 Expenses for capitalised improvements	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Positive changes in fair value booked to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) statement of income	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer of real estate held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**13,918**	**101**	**2,159**	**401**	**16,579**
C.1 Sales	-	-	1	-	-	1
C.2 Depreciation	-	-	86	2,159	401	2,646
C.3 Depreciation adjustments booked to	-	-	14	-	-	14
a) shareholders' equity	-	-	14	-	-	14
b) statement of income	-	-	-	-	-	-
C.4 Negative changes in fair value booked to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) statement of income	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	13,918	-	-	-	13,918
a) assets held for investment	-	13,918	-	-	-	13,918
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**437**	**3,518**	**639**	**4,594**
D.1 Adjustment of total net amounts	-	-	-	-	-	-
D.2 Gross closing balance	-	-	437	3,518	639	4,594
E. Measurement at cost	**-**	**-**	**437**	**3,518**	**639**	**4,594**

11.4 PROPERTY AND EQUIPMENT HELD FOR INVESTMENTS: ANNUAL CHANGE

	TOTAL AT 31/12/2009	
	LAND	BUILDINGS
A. Opening balance	**-**	**-**
B. Increases	**-**	**13,918**
B.1 Purchases	-	-
B.2 Expenses for capitalised improvements	-	-
B.3 Positive changes in fair value	-	-
B.4 Writebacks	-	-
B.5 Positive exchange differences	-	-
B.6 Transfer from real estate to operating assets	-	13,918
B.7 Other changes	-	-
C. Decreases	**-**	**517**
C.1 Sales	-	-
C.2 Depreciation	-	517
C.3 Negative changes in fair value	-	-
C.4 Adjustments for impairment	-	-
C.5 Negative exchange differences	-	-
C.6 Transfer of assets to other portfolios	-	-
a) operating assets	-	-
b) non-current assets held for sale	-	-
C.7 Other changes	-	-
D. Closing balance	**-**	**13,401**
E. Measurement at fair value	**-**	**-**

11.5 COMMITMENTS FOR THE PURCHASE OF PROPERTY AND EQUIPMENT

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 12 - INTANGIBLE ASSETS - ITEM 120

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

12.1 Intangible assets: breakdown by type of asset

ASSET/ AMOUNTS	TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
	DEFINED DURATION	UNDEFINED DURATION	DEFINED DURATION	UNDEFINED DURATION
A.1 Goodwill	X	**-**	X	
A.2 Other intangible assets	**3,308**	**-**	**2,967**	**-**
A.2.1 Assets carried at cost:	3,308	-	2,967	-
a) Intangible assets generated internally	-	-	-	
b) Other assets	3,308	-	2,967	-
A.2.2 Assets carried at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
TOTAL	**3,308**	**-**	**2,967**	**-**

In accordance with IAS 38, *software* is classified entirely under intangible assets with a limited life; the relevant amortisation is calculated on a straight-line basis over a three year period.

12.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: others		Total at 31/12/2009
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**-**	**-**	**-**	**2,967**	**-**	**2,967**
A.1 Total net value adjustments	-	-	-	-	-	-
A.2 Net opening balance	**-**	**-**	**-**	**2,967**	**-**	**2,967**
B. Increases	**-**	**-**	**-**	**3,029**	**-**	**3,029**
B.1 Purchases	-	-	-	3,029	-	3,029
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Positive changes in fair value:		-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the statement of income	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**2,688**	**-**	**2,688**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	-	-	2,688	-	2,688
- Amortisation	X	-	-	2,688	-	2,688
- Impairments:	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ statement of income	-	-	-	-	-	-
C.3 Negative changes to fair value:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- statement of income	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**-**	**3,308**	**-**	**3,308**
D.1 Total net adjustments	-	-	-	-	-	-
E. Gross closing balance	**-**	**-**	**-**	**3,308**	**-**	**3,308**
F. Measured at cost	**-**	**-**	**-**	**3,308**	**-**	**3,308**

Key Def: definite duration

12.3 OTHER INFORMATION

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

- there are no revalued intangible assets; consequently, there are 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 though 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 comprises 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 DEFERRED TAX ASSETS: BREAKDOWN

ITEMS/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Receivables	8,520	4,920
Other financial instruments	2,512	15,168
Goodwill	24	84
Long term charges	-	-
Property and equipment	60	46
Provisions for risks and charges	1,525	1,183
Agency costs	12	22
Personnel costs	1,560	135
Tax losses	-	-
Non-deductible tax credit	-	-
Others	-	-
Total	**14,213**	**21,558**

13.2 DEFERRED TAX LIABILITIES: BREAKDOWN

ITEMS/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Capital gains to be spread over several periods	1,222	2,072
Goodwill	-	-
Property and equipment	-	-
Financial instruments	1,044	3,105
Personnel costs	-	-
Others	170	163
TOTAL	**2,436**	**5,340**

Current tax assets and liabilities for Corporate Income Tax which are subject to tax consolidation have been reclassified under “Other assets” and “Other liabilities” in subitem “Due from/to Parent Company for tax consolidation”.

DEFERRED TAXES NOT RECOGNIZED

The extent and variation of taxable temporary differences (and their components) for which the conditions for recognizing 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 342 of 22/11/2000, on which substitution taxes (Euro 11,227 thousand) have already been paid. Since distribution of the said reserve to shareholders is not planned, the associated deferred taxes, of approximately Euro 11.4 million, have not been allocated.

13.3 Changes in prepaid taxes (offset in the income statement)

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Opening balance	**8,006**	**9,257**
2. Increases	**6,402**	**4,090**
2.1 Prepaid taxes arising in the year	6,402	4,090
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) writebacks	-	-
d) others	6,402	4,090
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**1,886**	**5,341**
3.1 Prepaid taxes cancelled in the period	1,886	5,327
a) reversals	1,886	5,327
b) writeoffs for uncollectability	-	-
c) due to change in accounting standards	-	-
d) others	-	-
3.2 Reductions in tax rates	-	14
3.3 Other decreases	-	-
4. Closing balance	**12,522**	**8,006**

13.4 Changes in deferred taxes (offset in the income statement)

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Opening balance	**4,514**	**17,187**
2. Increases	**7**	**128**
2.1 Deferred taxes recognized in the year	7	128
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	7	128
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3,128**	**12,801**
3.1 Deferred taxes cancelled in the period	3,128	12,764
a) reversals	3,128	12,764
b) due to changes in accounting standards	-	-
c) others	-	-
3.2 Reduction of tax rates	-	37
3.3 Other decreases	-	-
4. Closing balance	**1,393**	**4,514**

The entry into force of Decree Law 185 of 29/11/2008 introduced an option to realign tax values to the civil law values subsequent to the adoption of the IAS/IFRS international accounting standards. Realignment allows for the application of a substitute tax in lieu of the ordinary rates: the Bank has availed itself of this option obtaining a positive economic effect of about Euro 335 thousand.

13.5 Changes in prepaid taxes (offset in shareholders' equity)

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Opening balance	**13,552**	**-**
2. Increases	**-**	**13,552**
2.1 Prepaid taxes arising in the year	-	13,552
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	-	13,552
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**11,861**	**-**
3.1 Prepaid taxes cancelled in the period	11,861	-
a) reversals	11,861	-
b) writeoffs for uncollectibility	-	-
c) due to changes in accounting standards	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,691**	**13,552**

13.6 Changes in deferred taxes (offset in shareholders' equity)

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Opening balance	**826**	**1,687**
2. Increases	**218**	**145**
2.1 Deferred taxes arising in the period	218	145
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	218	145
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**1,006**
3.1 Deferred taxes cancelled in the period	-	1,001
a) reversals	-	1,001
b) due to changes in accounting standards	-	-
c) others	-	-
3.2 Reduction of tax rates	-	5
3.3 Other decreases	-	-
4. Closing balance	**1,044**	**826**

13.7 Other information

With regard to the Bank's tax position:

- for financial years 2005, 2006, 2007 and 2008 (for which the assessment period has not expired), no formal notice of assessment has yet been received;
- in relation to financial year 2004 the Finance Police, Lazio Tax Police Regional Unit drew up an inspection report. On 26 May 2009 the Tax Authority Lazio Regional

Headquarters sent us a questionnaire, as provided for by Art. 37 bis, paragraph 4, Pres. Dec. 600 of 29 September 1973, subsequently replaced by and supplemented with another questionnaire on 9 July 2009 to which we replied quickly (24 July 2009) with our observations and objections. On 1 October 2009, the Tax Authority Lazio Regional Headquarters - Large Contributors Office served us with a notice of assessment for IRAP (Regional Business Tax) purposes for Euro 119,700 for taxes and Euro 119,700 for sanctions. On 31 December 2009, the Tax Authority - Rome 1 Office served the Parent Company Iccrea Holding, as the declarant the presentation of the Tax Consolidation, notice of assessment for corporate income tax purposes for Euro 752,400 for taxes. On 4 January 2010, the Tax Authority - Rome 1 Office served us with a notice of imposition of sanctions for Euro 752,400 following the assessment served to the Parent Company Iccrea Holding as the consolidator. On 27 November 2009, in order to evaluate a possible closure to the assessment, the Tax Authority Lazio Regional Headquarters - Large Contributors Office was presented with a petition of assessment with assent. Satisfying solutions did not come out of meetings held with the Manager of the Large Contributors Office. On 26 February 2010, recourses unfavourable to the abovementioned assessment notices were presented in order to oppose the Financial Administration's pretences.

- For the 2007 period on 1 February 2010, the Tax Authority Lazio Regional Headquarters - Large Contributors Office requested news, clarifications, and documentation regarding both some corporate transactions (disposal of a branch of the business to Banca Agrileasing, Sia-Ssb merger, Borsa Italiana-London Stock Exchange share swap) and the increases and decreases carried out for the purposes of determining the income tax. On 23 February 2010 all requested documentation was regularly delivered within the terms.
- the Bank received a demand for payment of registry tax for the sale of the *corporate* business unit to Banca Agrileasing. The payment was made in January, and an appeal was simultaneously lodged 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 Bank received from the Provincial Office of the Territory of Treviso a notice of payment of the mortgage tax on the registration of the current account credit line, transferred with the Corporate business unit, carried out in a pool with Centromarca Banca di Credito Cooperativo. In May an appeal was lodged with 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. On 6 April 2009 the Provincial Tax Commission of Treviso issued a judgement in our favour. We are awaiting the expiry of the term for the judgement to become final.

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

At the reporting date in question, there were no financial assets in this category.

SECTION 15 - OTHER ASSETS - ITEM 150

This item comprises assets not classifiable under other assets in the Balance Sheet Statement.

15.1 Other assets: breakdown

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Items being processed	7,219	12,297
Receivables for future premiums	12,021	5,287
Commissions	13,159	6,021
Receivables due from parent company for tax consolidation	12,930	9,611
Definitive items not related to other items	40,074	14,823
Tax receivables due from Inland Revenue and other tax bodies	16,320	35,049
TOTAL	**101,723**	**83,088**

The sub-item "Definitive items not related to other items" includes transactions which were reclassified at the beginning of 2010.

LIABILITIES

SECTION 1 - DUE TO BANKS - ITEM 10

This item comprises amounts due to banks, of all kinds, other than those recognized under items 30, 40 and 50.

1. Due to banks: breakdown by type

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Due to central banks	**215,335**	**25,739**
2. Due to banks	**7,171,439**	**6,525,449**
2.1 Current accounts and demand deposits	4,389,687	4,185,552
2.2 Time deposits	2,582,264	2,254,601
2.3 Loans	190,272	85,296
2.3.1 Reverse repurchase agreements	1,995	40,489
2.3.2 Others	188,277	44,807
2.4 Payables to repurchase own equity instruments	-	-
2.5 Other payables	9,216	-
Total	**7,386,774**	**6,551,188**
Fair value	**7,391,750**	**6,523,693**

The sub-item "Time deposits" also includes deposits received from other banks for Euro 1,272,709 thousand regarding the indirect discharge of obligatory reserve liabilities. The *fair value* was obtained by present value calculation techniques: discounted cash flow analysis.

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

On 18 December 2009, the Parent company Iccrea Holding transferred to the Bank a subordinate loan for Euro 150,000 thousand stipulated with DZ Bank on 23 December 2008, maturing on 23 December 2013 at the Euribor 12M rate + 225 bp. As communicated by the Parent company and in compliance with indications obtained from the Bank of Italy, the loan shall not be calculated in the Regulatory capital.

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

The table has not been compiled since there were no balances for this item at the reporting date.

1.4 PAYABLES SUBJECT TO MICRO HEDGING

The table has not been compiled since there were no balances for this item at the reporting date.

1.5 DUE FOR FINANCIAL LEASING

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 2 - DUE TO CUSTOMERS - ITEM 20

This item comprises amounts due to customers of all kinds (deposits, current accounts, loan), other than those recognized under items 30, 40 and 50.

2.1 DUE TO CUSTOMERS: BREAKDOWN BY TYPE

TRANSACTION TYPE/AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Current accounts and demand deposits	847,025	707,934
2. Time deposits	1,752	261,073
3. Loans	-	7,871
3.1 Reverse repurchase agreements	-	3,964
3.2 Others	-	3,907
4. Payables to repurchase own equity instruments	-	-
5. Other payables	362,982	415,780
Total	**1,211,759**	**1,392,658**
Fair value	**1,212,278**	**1,386,834**

The sub-item "other payables" includes bank drafts 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 "DUE TO CUSTOMERS": SUBORDINATE PAYABLES

The table has not been compiled since there were no balances for this item at the reporting date.

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

The table has not been compiled since there were no balances for this item at the reporting date.

2.4 DUE TO CUSTOMERS SUBJECT TO MICRO HEDGING

The table has not been compiled since there were no balances for this item at the reporting date.

2.5 Due for financial leasing

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 3 - SECURITIES ISSUED - ITEM 30

This item includes securities issued measured at their amortized cost. The amount is net of securities bought back.

3.1 Securities issued: breakdown by type

TYPE OF SECURITIES/ AMOUNTS	TOTAL AT 31/12/2009				TOTAL AT 31/12/2008			
	BOOK VALUE	*FAIR VALUE*			BOOK VALUE	*FAIR VALUE*		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	287,158	-	291,663	-	146,168	-	146,271	-
1.1 structured	167,013	-	167,134	-	-	-	-	-
1.2 others	120,145	-	124,529	-	146,168	-	146,271	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	**287,158**	**-**	**291,663**	**-**	**146,168**	**-**	**146,271**	**-**

This item includes both debenture bonds issued by the Bank hedged against interest rate risk by means of derivative contracts, the amount of which is adjusted for the change in the hedged risk matured at the reporting date (see table 3.3 below) and unhedged bond loans issued and accounted for at their amortized cost. The *fair value* of debt securities issued is calculated by discounting back the future cash flows, using the interest rate swap curve at the reporting date in question.

3.2 Breakdown of item 30 “securities issued”: subordinated securities

The table has not been compiled since there were no balances for this item at the reporting date.

3.3 Securities issued subject to micro hedging

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Securities with micro hedging of fair value:	**35,690**	**96,013**
a) interest rate risk	35,690	96,013
b) exchange risk	-	-
c) more than one risk	-	-
2. Securities with micro hedging of cash flow:	**-**	**-**
a) interest rate risk	-	-
b) exchange risk	-	-
c) other	-	-

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

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

This item comprises derivative financial instruments held for trading.

4.1 Financial liabilities held for trading: breakdown by type

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2009					TOTAL AT 31/12/2008				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Due to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 Others	-	-	-	-	X	-	-	-	-	X
Total A	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives		**1,011**	**391,433**	**-**			**383**	**350,482**	**-**	
1.1 For trading	X	1,011	388,635	-	X	X	383	350,134	-	X
1.2 Linked to the fair value option	X	-	2,798	-	X	X	-	348	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		**-**	**-**	**-**			**-**	**136**	**-**	
2.1 For trading	X	-	-	-	X	X	-	136	-	X
2.2 Linked to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**1,011**	**391,433**	**-**	**X**	**X**	**383**	**350,618**	**-**	**X**
Total (A+B)	**X**	**1,014**	**391,433**	**-**	**X**	**X**	**383**	**350,618**	**-**	**X**

Key - FV = *fair value* / FV* = *fair value* calculated excluding value changes due to variation in issuer's credit rating compared to the date of issue. / NV = nominal or notional value / L1= Level 1 / L2= Level 2 / L3= Level 3

Part A of the table shows "technical overdrafts" on debt securities (classified under Due to banks or customers depending on the issuer). Financial liabilities held for trading included under letter B line 1.2 of the table represent the negative value of derivative instruments, to which the *fair value option* is applicable as they are operationally linked to the assets (natural hedging), in accordance with IAS 39. Specifically, the derivative contracts are linked to 2 asset securities (see Section 3.1 of Assets) and to a debenture loan issued by the Bank (see Section 5.1 of Liabilities).

4.2 Breakdown of item 40 "financial liabilities held for trading": subordinated debt

The table has not been compiled since there were no balances for this item at the reporting date.

4.3 Breakdown of item 40 "financial liabilities held for trading": structured debts

The table has not been compiled since there were no balances for this item at the reporting date.

4.4 Financial liabilities held for trading in cash (excluding "uncovered short position"): derivatives annual change

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 5 - FINANCIAL LIABILITIES DESIGNATED AT *FAIR VALUE* THROUGH PROFIT OR LOSS - ITEM 50

This item comprises financial liabilities, carried at *fair value* through profit or loss, on the basis of the *fair value option* given to companies by IAS 39.

5.1 Financial liabilities designated at *fair value* through profit or loss: breakdown by type

TRANSACTION TYPE / AMOUNTS	TOTAL AT 31/12/2009					TOTAL AT 31/12/2008				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Others	-	-	-	-	X	-	-	-	-	X
2. Due to customers	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Others	-	-	-	-	X	-	-	-	-	X
3. Debt securities	**312,153**	**297,938**	**13,859**	**-**	**297,252**	**12,608**	**-**	**13,441**	**-**	
3.1 Structured	299,575	297,938	-	-	X	-	-	-	-	X
3.2 Others	12,578	-	13,859	-	X	12,608	-	13,441	-	X
Total	**312,153**	**297,938**	**13,859**	**-**	**297,252**	**12,608**	**-**	**13,441**	**-**	

Key: FV = *Fair Value* / FV* = *Fair Value* calculated excluding value changes due to variation in issuer's credit rating compared to that on issue date
VN= nominal value / L1= Level 1 / L2= Level 2 / L3= Level 3

The “Financial liabilities designated at fair value through profit or loss(+/-)” refer to 2 debenture loans issued by the Bank which are operationally linked derivative instruments to allow for the so-called natural hedging.

5.2 Breakdown of financial liabilities designated at *fair value* through profit or loss: subordinated debt

The table has not been compiled since there were no balances for this item at the reporting date.

5.3 Financial liabilities designated at *fair value* through profit or loss: annual change

	DUE TO BANKS	DUE TO CUSTOMERS	DEBT SECURITIES ISSUED	TOTAL AT 31/12/2009
A. Opening balance	**-**	**-**	**13,441**	**13,441**
B. Increases	**-**	**-**	**319,431**	**319,431**
B1. Issuances	-	-	297,600	297,600
B2. Sales	-	-	20,709	20,709
B3. Positive changes in fair value	-	-	482	482
B4. Other changes	-	-	640	640
C. Decreases	**-**	**-**	**21,075**	**21,075**
C1. Purchases	-	-	21,042	21,042
C2. Redemptions	-	-	-	-
C3. Negative changes in fair value	-	-	-	-
C4. Other changes	-	-	33	33
D. Closing balance	**-**	**-**	**311,797**	**311,797**

SECTION 6 - HEDGING DERIVATIVES - ITEM 60

This item comprises financial derivatives for hedging, which at the reporting date presented a negative fair value.

6.1 Hedging derivatives: breakdown by type of hedging and by level

	FAIR VALUE AT 31/12/2009			NV AT 31/12/2009	*FAIR VALUE* AT 31/12/2008			NV AT 31/12/2008
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**8,316**	**-**	**370,518**	**-**	**16,744**	**-**	**891,022**
1) *Fair value*	-	8,316	-	370,518	-	16,744	-	891,022
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) *Fair value*	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**8,316**	**-**	**370,518**	**-**	**16,744**	**-**	**891,022**

NV= Notional value / L1= Level 1 / L2= Level 2 / L3= Level 3

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 “financial assets available for sale” and “receivables” portfolio, as detailed in the following table.

6.2 Hedging derivatives: breakdown by portfolios hedged and type of hedging

TRANSACTIONS/ TYPE OF HEDGING	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	RATE RISK	EXCHANGE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	422	-	-	-	-	X	-	X	X
2. Receivables	7,894	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets at 31/12/2009	**8,316**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities at 31/12/2009	**-**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	-	-

The “receivables” hedged against “interest rate risk” refer to a fixed-rate loan contract entered into with BCC Solutions hedged by *Interest Rate Swap* (IRS) derivative contracts and to the designation of hedging relationships on fixed-rate interbank deposits, implemented by means of *Overnight Indexed Swap* (OIS) and *Interest Rate Swap* (IRS) derivative contracts, and to 2 fixed-rate securities in the portfolio issued by Banca Agrileasing and hedged by means of *Interest Rate Swap* (IRS) derivative contracts.

The amounts in “financial assets held for sale” refer to hedging that the Bank implemented by means of asset swap derivative instruments, in order to immunise the interest rate risk linked to listed debt securities, in this case, treasury bonds. In essence, this type of derivative instrument allows for briefly replicating a floating rate security.

SECTION 7 - VALUE ADJUSTMENTS OF MACRO-HEDGED FINANCIAL LIABILITIES - ITEM 70

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 8 - TAX LIABILITIES - ITEM 80

See Section 13 of the Assets.

SECTION 9 - LIABILITIES ASSOCIATED WITH GROUPS OF 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 in the Balance Sheet Statement.

10.1 Other liabilities: breakdown

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Due to national insurance institutions	6,412	8,023
Amounts at the disposal of customers	69,797	82,200
Former Central Guarantee Fund reserve	2,341	2,334
Items being processed	5,631	3,041
Definitive items not classifiable under other items	14,660	13,036
Payables for future premiums	6,342	3,918
Due to the parent company for tax consolidation	21,861	15,520
Due to inland Revenue and other tax bodies	7,061	6,473
Invoices to be paid not yet received	17,161	14,854
Failed purchasing operations	26,716	274
Illiquid portfolio items	13,151	-
Impairment of issued financial guarantees	1,995	-
TOTAL	**193,128**	**149,673**

The sub-item "Definitive items not classifiable under other items" includes transactions which have been classified in the first days of 2010. The item "Former Central Guarantee Fund Reserve" refers to the residual balance of the net operating assets of the former fund created in 1979 in order to safeguard the image of the CBs and RBs. After the constitution of the new Investor Guarantee Fund, all the time deposits of the participating CBs have been gradually reimbursed.

The assets and liabilities of this item at 31st December 2009 are the following:

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Assets		
Deposits with banks	1.311	2.355
Loans	1.033	-
Total assets	**2.344**	**2.355**
Liabilities		
Taxes payable	3	21
Payables to CGF reserve	2.341	2.334
Total liabilities	**2.344**	**2.355**

Management of the fund has no economic effects on the Bank's financial statements.

SECTION 11 - EMPLOYEE TERMINATION BENEFITS - ITEM 110

This item refers to the provision for employee termination benefits, estimating the amount to be paid to each employee, considering when they are due to leave the company. Valuation is carried out on an actuarial basis considering the future date on which the expenditure will effectively be incurred.

11.1 Employee termination benefits: annual change

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Opening balance	**15,372**	**15,467**
B. Increases	**703**	**621**
B.1 Provision for the period	703	621
B.2 Other changes	-	-
C. Decreases	**560**	**716**
C.1 Benefits paid	560	716
C.2 Other changes	-	-
D. Closing balance	**15,515**	**15,372**
TOTAL	**15,515**	**15,372**

11.2 Other information

The provision for employee termination benefits 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 totalled Euro 17,722 thousand (Euro 17,900 thousand at 31 December 2008).

The actuarial assumptions used by an independent actuary to determine the liabilities at the reporting date, are as follows:

- **Demographic factors:** mortality rates for the Italian population, divided by age and sex, as recorded by ISTAT in 2000, were collected and reduced by 25%; probabilities of stopping work owing to total permanent disability and of leaving the company subsequent to becoming disabled were taken from official disability statistics and those currently in use for insurance practice, divided by age and sex; the estimated employee leaving rate is set at 2.39 % per year;
- **Financial factors:** the estimates were made on the basis of an interest rate of 4%;
- **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 is used only for factoring in seniority of service.

SECTION 12 - PROVISIONS FOR RISKS AND CHARGES - ITEM 120

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

12.1 Provisions for risks and charges: breakdown

ITEMS/ AMOUNTS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1 Provisions for retirement benefits	**-**	**-**
2. Other provisions for risks and changes	**11,538**	**6,944**
2.1 litigation	5,711	4,494
2.2 personnel expenses	5,827	2,450
TOTAL	**11,538**	**6,944**

The sub-item Legal disputes includes Euro 3,705 thousand for Revocatory actions and Euro 2,006 thousand for Litigation and Lawsuits. Personnel costs are for unused holiday time and incentives.

12.2 Provisions for risks and charges: annual change

	RETIREMENT BENEFITS	OTHER PROVISIONS	TOTAL AT 31/12/2009
A. Opening balance	**-**	**6,944**	**6,944**
B. Increases	**-**	**6,601**	**6,601**
B.1 Provisions for the period	-	6,394	6,394
B.2 Variations due to the passing of time	-	114	114
B.3 Variations due to changes in the discount rate	-	77	77
B.4 Other changes	-	16	16
C. Decreases	**-**	**2,007**	**2,007**
C.1 Profit for the period	-	2,007	2,007
C.2 Variations due to changes in the discount rate	-	-	-
C.3 Other changes	-	-	-
D. Closing balance	**-**	**11,538**	**11,538**

12.3 Company retirement provisions as defined benefits

The table has not been compiled since there were no balances for this item at the reporting date.

12.4 Provisions for risks and charges - other provisions

TYPE	OPENING BALANCE	PROFITS	PROVISIONS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Provision for revocatory actions	2,332	-	1,373	3,705	2,332
Reserve for legal actions and disputes	2,162	399	243	2,006	2,162
Reserve for future charges	2,450	1,608	4,985	5,827	2,450
Closing balance	**6,944**	**2,007**	**6,601**	**11,538**	**6,944**

SECTION 13 - REDEEMABLE SHARES - ITEM 140

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 14 - COMPANY SHAREHOLDERS' EQUITY - ITEMS 130, 150, 160, 170, 180, 190 AND 200

14.1 "Share Capital" and "treasury shares": breakdown

At the reporting date, the share 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., and by the Lombardy Federation of Cooperative Banks - for a total value of Euro 216,913,200 fully paid-up. On the reporting date there were no treasury shares held by the Bank itself.

14.2 Share capital - number of shares: annual change

ITEMS/ TYPES	ORDINARY	OTHERS
A. Shares at the start of the period	**420,000**	**-**
- fully paid up	420,000	-
- not fully paid up	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening balance	**420,000**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- on payment:	-	-
- business combinations	-	-
- bond conversion	-	-
- warrant exercise	-	-
- others	-	-
- free:	-	-
- for employees	-	-
- for directors	-	-
- others	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Annulled	-	-
C.2 Purchase of treasury shares	-	-
C.3 Corporate sale transactions	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**420,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the period	420,000	-
- fully paid up	420,000	-
- not fully paid up	-	-

14.3 Share capital: other information

There is no other information, since the share capital has remained unchanged over the period.

14.4 Earning reserves: other information

These reserves amount to Euro 69,488 thousand and include: the legal reserve (48,201 thousand), the statutory reserve (205 thousand), the extraordinary reserve (3,861 thousand), a reserve (1,843 thousand) generated following the sale of the *corporate* business unit to Banca Agrileasing, as well as the effect generated by transition to the international accounting standards (15,378 thousand). According to statutory provisions at least three tenths of profit must be allocated to the legal reserve up to a limit of one fifth of the share capital; the remaining seven tenths are available for distribution to shareholders, and for allocation of a portion of them by the Board of Directors to charity and advertising expenditure. The Legal reserve reached one-fifth of the share capital.

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 shareholders' equity is shown below, with indication of the source, level of availability, and the possibility of distribution of the various items.

ITEM	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	48,201	B	48,201		
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 *(first time adoption)*	15,378	A - B - C	15,378		
Valuation reserves:					
a) available for sale	3,101		3,101		
Revaluation reserves:					
(Law n. 342 of 22/11/2000)	47,866	A - B - C (**)	47,866		
Profit for the period	29,921				
TOTAL	**367,289**				

(*) 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, earnings cannot be distributed until the reserve is re-established or decreased by a corresponding amount. Reduction must be approved by a resolution of the extraordinary shareholders meeting, in compliance with the provisions of paragraphs 2 and 3 of Article 2445 of the 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.

14.5 Equity instruments: breakdown and annual variation

The table has not been compiled since there were no balances for this item at the reporting date.

OTHER INFORMATION

1. Guarantees granted and commitments

TRANSACTIONS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1) Guarantees granted of a financial nature	**283,722**	**90,673**
a) Banks	270,793	82,116
b) Customers	12,929	8,557
2) Guarantees granted of a commercial nature	**114,062**	**64,626**
a) Banks	48,866	64,040
b) Customers	65,196	586
3) Irrevocable payment commitments	**1,084,915**	**387,858**
a) Banks	807,097	327,702
i) with certain use	396,835	327,402
ii) with uncertain use	410,262	300
b) Customers	277,818	60,156
i) with certain use	145,741	42,382
ii) with uncertain use	132,077	17,774
4) Commitments underlying credit derivatives: protection sales	**10,000**	**31,760**
5) Assets pledged to guarantee third-party obligations	**-**	**-**
6) Other commitments	**50,690**	**-**
TOTAL	**1,543,389**	**574,917**

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 disburse funds are indicated on the basis of the commitment assumed net of sums already paid out and of any value adjustments,

“Irrevocable commitments to disburse funds”, the use of which on the part of the applicant is certain and predefined, also include, in particular, purchases (spot and forward) of securities not yet settled and deposits and loans to be disbursed at a later date,

The amount of “commitments underlying credit derivatives: protection sales” refers to the notional value net of sums disbursed and any value adjustments,

2. Assets pledged as collateral for own liabilities and commitments

Portfolios	Total at 31/12/2009	Total at 31/12/2008
1. Financial assets held for trading	20,908	96,397
2. Financial assets designated at *fair value* through profit or loss	-	-
3. Financial assets available for sale	376,812	321,140
4. Financial assets held to maturity	-	-
5. Due from banks	-	9,812
6. Loans to customers	-	-
7. Property and equipment	-	-

Among the financial assets held for trading are securities for a nominal Euro 14,500 thousand in guarantee to Lehman Brothers International, of which 4,500 will reach maturity on 1 February 2010. The items also include sums deposited with the Bank of Italy, and specifically Euro 85,071 thousand to guarantee banker's cheques, Euro 133,828 thousand to guarantee payment of securities and derivatives, Euro 4,352 thousand for repurchase agreements, Euro 124,598 for trading on the MIC (Collaterized Interbank Market), and finally Euro 49,871 thousand for marginal refinancing operations with the European Central Bank.

3. Information on operating leases

The table has not been compiled 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 services	Total at 31/12/2009
1. Executing orders on behalf of customers	**72,544,382**
a) Purchases	36,677,497
1. regulated	36,530,383
2. unregulated	147,114
b) Sales	35,866,885
1. regulated	35,482,306
2. unregulated	384,579
2. Portfolio management	**2,202,758**
a) individual	2,202,758
b) collective	-
3. Custody and administration of securities	**173,350,883**
a) third-party securities on deposit: associated with the role of custodian bank (excluding portfolio management)	2,306,273
1. securities issued by the reporting bank	-
2. other securities	2,306,273
b) third-party securities on deposit (excluding portfolio management): others	83,432,986
1. securities issued by the reporting bank	775,702
2. other securities	82,657,284
c) third-party securities on deposit with third parties	84,158,490
d) own securities on deposit with third parties	3,453,134
4. Other transactions	**-**

Securities deposited with third parties include Euro 2,500 thousand given in guarantee to the company Lehman Brothers International Europe for *futures* trading on listed markets and pending return.

PART - C

Information on the Income Statement

PART C - INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

This item comprises interest income and expense, similar income and expenses related, respectively, to cash and cash equivalents, financial assets held for trading, financial assets designated at fair value through profit or loss, financial assets available for sale, financial assets held to maturity, loans and receivables (items 10, 20, 30, 40, 50, 60 and 70 of the assets) and payables, debt securities issued, financial liabilities held for trading, financial liabilities designated at fair value through profit or loss (items 10, 20, 30, 40 and 50 of the liabilities) and any other interest accrued in the period.

In addition, interest income and expense also includes spreads or margins, both positive and negative, accrued up to the reporting date and matured or closed within the reporting date, in relation to hedging derivatives connected with the fair value option.

1.1 Interest and similar income: breakdown

	Item/ Technical type	Debt securities	Loans	Other transactions	Total at 31/12/2009	Total at 31/12/2008
1	Financial assets held for trading	1,900	-	652	**2,552**	**20,789**
2	Financial assets available for sale	14,174	-	-	**14,174**	**20,775**
3	Financial assets held to maturity	-	-	-	**-**	**-**
4	Due from banks	26,607	115,604	-	**142,211**	**312,909**
5	Loans to customers	4,671	27,927	31	**32,629**	**32,802**
6	Financial assets designated at *fair value* through profit or loss	702	-	-	**702**	**4,782**
7	Hedging derivatives	X	X	-	**-**	**-**
8	Other assets	X	X	-	**-**	**-**
TOTAL		**48,054**	**143,531**	**683**	**192,268**	**392,057**

1.2 Interest and similar income: spreads on hedging transactions

The table has not been compiled since there were no balances for this item at the reporting date.

1.3 Interest and similar income: other information

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

1.3.1 Interest and similar income on financial assets in foreign currency

	ITEMS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1.	Debt securities	10	32
2.	Due from Banks	4,574	26,748
3.	Due from CBs and RBs	3,726	4,279
4.	Loans to Customers	-	6
TOTAL		**8,310**	**31,059**

1.3.2 Interest and similar income on leasing operations

The table has not been compiled since there were no balances for this item at the reporting date.

1.4 Interest and similar expense: breakdown

	ITEM/ TECHNICAL TYPE	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1.	Due to central banks	(1,700)	X	-	**(1,700)**	**(1,420)**
2.	Due to banks	(83,837)	X	-	**(83,837)**	**(290,292)**
3.	Due to customers	(9,341)	X	-	**(9,341)**	**(28,316)**
4.	Securities issued	X	(5,286)	-	**(5,286)**	**(5,017)**
5.	Financial liabilities held for trading	-	-	-	**-**	**-**
6.	Financial liabilities designated at *fair value* through profit or loss	-	(1,181)	-	**(1,181)**	**(6,122)**
7.	Other liabilities and provisions	X	X	-	**-**	**(18)**
8.	Hedging derivatives	X	X	(18,489)	**(18,489)**	**(3,280)**
TOTAL		**(94,878)**	**(6,467)**	**(18,489)**	**(119,834)**	**(334,465)**

1.5 Interest and similar expense: spreads on hedging transactions

ITEMS	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Positive spreads on hedging transactions:	4,293	2,137
B. Negative spreads on hedging transactions:	(22,782)	(5,417)
C. Balance (A-B)	**(18,489)**	**(3,280)**

1.6 Interest and similar expense: 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		TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1.	Due to Banks	(2,927)	(11,586)
2.	Due to CBs and RBs	(3,864)	(7,937)
3.	Due to Customers	-	(579)
TOTAL		**(6,791)**	**(20,102)**

1.6.2 Interest and similar expense on liabilities of leasing operations

The table has not been compiled since there were no balances for this item at the reporting date.

SECTION 2 - FEES AND COMMISSION - ITEMS 40 AND 50

This item includes income and expenses relating, respectively, to services rendered and services received by the Bank

2.1 Fee and commission income: breakdown

TYPE OF SERVICE/ AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
a) guarantees given	**742**	**664**
b) credit derivatives	**-**	**-**
c) management, broking, and consulting services:	**29,307**	**27,021**
1. financial instrument trading	7,445	5,210
2. currency trading	341	357
3. portfolio management	2,175	1,910
3.1. individual	2,175	1,910
3.2. collective	-	-
4. custody and administration of securities	6,719	5,844
5. custodian bank	4,242	4,603
6. placing of securities	4,700	5,567
7. receiving and sending orders	1,357	1,749
8. consulting	2,328	1,781
8.1. about investments	147	16
8.2. about financial structure	2,181	1,765
9. distribution of third-party services	-	-
9.1. portfolio management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	-	-
d) collection and payment services	**60,543**	**60,848**
e) servicing of securitisation transactions	**260**	**210**
f) factoring transaction services	**-**	**-**
g) management of rate- and tax- collection agencies	**-**	**-**
h) management of multilateral trading systems	**-**	**-**
i) holding and managing current accounts	**307**	**433**
j) other services	**184,157**	**143,567**
TOTAL	**275,316**	**232,743**

2.2 FEE AND COMMISSION INCOME: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

CHANNEL/ AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
a) through own branches:	**6,875**	**7,477**
1. portfolio management	2,175	1,910
2. placing of securities	4,700	5,567
3. third-party products and services	-	-
b) offered externally:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party products and services	-	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party products and services	-	-

2.3 FEE AND COMMISSION EXPENSE: BREAKDOWN

SERVICE/ AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
a) guarantees received	**(202)**	**(121)**
b) credit derivatives	**-**	**-**
c) management and broking services:	**(8,894)**	**(9,435)**
1. financial instrument trading	(1,161)	(1,242)
2. currency trading	(8)	(40)
3. portfolio management:	-	(2)
3.1 own	-	-
3.2 third-party	-	(2)
4. custody and administration of securities	(3,177)	(3,174)
5. placing of financial instruments	(4,548)	(4,977)
6. financial instruments, products, and services offered externally	-	-
d) collection and payment services	**(11,362)**	**(9,757)**
e) other services	**(140,285)**	**(104,202)**
TOTAL	**(160,743)**	**(123,515)**

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

This item represents the dividends on shares or stakes held in the portfolio other than those measured with the net equity method, also including dividends and other income from units of UCITS (Undertakings for Collective Investment in Transferable Securities).

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN

ITEM/ INCOME		TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
		DIVIDENDS	INCOME FROM UCITS UNITS	DIVIDENDS	INCOME FROM UCITS UNITS
A.	Financial assets held for trading	1	-	19	9
B.	Financial assets available for sale	693	4,234	2,027	3,790
C.	Financial assets designated at *fair value* through profit or loss	-	-	-	-
D.	Equity investments	-	X	-	X
TOTAL		**694**	**4,234**	**2,046**	**3,799**

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

This item includes as the "total imbalance":

a) the balance between gains and losses on transactions classified under "financial assets held for trading" and "financial liabilities held for trading", including gains on the measurement of such transactions; gains and losses on derivative contracts connected to the *fair value option* are excluded, being partly recognized as interest under items 10 and 20, and partly in "net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss", under item 110 on the income statement;
b) the balance between gains and losses on financial transactions other than those designated at *fair value* and those for hedging, in foreign currency, including gains on the measurement of such transactions.

4.1 Net gain (loss) on trading activities: breakdown

TRANSACTION/ COMPREHENSIVE INCOME	CAPITAL GAINS (A)	TRADING EARNINGS (B)	CAPITAL LOSSES (C)	TRADING LOSSES (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets held for trading	**1,517**	**17,251**	**(235)**	**(371)**	**18,162**
1.1 Debt securities	521	16,882	(232)	(317)	16,854
1.2 Equity securities	38	70	(3)	(51)	54
1.3 UCITS units	958	299	-	(3)	1,254
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**2,477**
4. Derivative instruments	**127,193**	**425,483**	**(165,578)**	**(384,126)**	**2,813**
4.1 Financial derivatives:	127,193	425,483	(165,578)	(384,126)	2,972
- On debt securities and interest rates	111,569	418,112	(149,423)	(374,279)	5,979
- On equity securities and share indices	5,088	7,371	(5,009)	(9,847)	(2,397)
- On currencies and gold	X	X	X	X	(159)
- Others	10,536	-	(11,146)	-	(610)
4.2 Credit derivatives	-	-	-	-	-
TOTAL	**128,710**	**442,734**	**(165,813)**	**(384,497)**	**23,452**

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

The following are included in this item, as the total "imbalance":
a) gains/losses on fair value hedging transactions;
b) gains/losses on measurement of financial assets and liabilities subject to fair value hedging;
c) positive and negative spreads and margins on hedging derivatives other than those classified as interest.

5.1 NET GAIN (LOSS) ON THE HEDGING ACTIVITIES: BREAKDOWN

		TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A.	**Income relating to:**		
A.1	Fair value hedging derivatives	11,118	1,631
A.2	Hedged financial assets *(fair value)*	3,699	14,316
A.3	Hedged financial liabilities *(fair value)*	168	-
A.4	Cash flow hedging derivatives	-	-
A.5	Financial assets and liabilities in foreign currencies	-	-
	Total income from hedging activities (A)	**14,985**	**15,947**
B.	**Expenses relating to:**		
B.1	Fair value hedging derivatives	(3,705)	(13,087)
B.2	Hedged financial assets *(fair value)*	(10,601)	(105)
B.3	Hedged financial liabilities *(fair value)*	(175)	(2,820)
B.4	Cash flow hedging derivatives	-	-
B.5	Financial assets and liabilities in foreign currencies	-	-
	Total expenses from hedging activities (B)	**(14.481)**	**(16,012)**
C.	**Net result of hedging activities (A - B)**	**504**	**(65)**

The larger amounts are for hedging relating to fixed-rate interbank deposits carried out by means of Overnight Indexed Swap (OIS) derivative instruments, hedging on debt securities in portfolio issued by Banca Agrileasing and hedged with Interest Rate Swap (IRS) derivative contracts, and the hedging of the loan issued to BCC Solutions was also carried out by means of an Interest Rate Swap (IRS) derivative contract.

SECTION 6 - NET GAIN (LOSS) ON THE DISPOSAL OR REPURCHASE - ITEM 100

This item presents the positive or negative balances between gains 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 NET GAIN (LOSS) ON THE DISPOSAL OR REPURCHASE: BREAKDOWN

ITEM/ COMPREHENSIVE INCOME	TOTAL AT 31/12/2009			TOTAL AT 31/12/2008		
	PROFITS	LOSSES	NET RESULT	PROFITS	LOSSES	NET RESULT
Financial assets						
1. Due from banks	5	(4)	1	-	(8)	(8)
2. Loans to customers	244	-	244	16	-	16
3. Financial assets available for sale	770	(2)	768	2,167	(355)	1,812
3.1 Debt securities	766	(1)	765	37	(37)	-
3.2 Equity securities	4	-	4	2,130	(317)	1,813
3.3 UCITS units	-	(1)	(1)	-	(1)	(1)
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	**1,019**	**(6)**	**1,013**	**2,183**	**(363)**	**1,820**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	15	-	15	6	-	6
Total liabilities	**15**	**-**	**15**	**6**	**-**	**6**

SECTION 7 - NET GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT *FAIR VALUE* THROUGH PROFIT OR LOSS - ITEM 110

This section represents the positive or negative balances between gains and losses on financial assets/liabilities carried at *fair value* and the instruments operationally linked to the same for which the *fair value option* has been exercised, including the results of measurement of such instruments at *fair value*.

7.1 Net gain (loss) on financial assets and liabilities designated at *fair value* through profit or loss: breakdown

	CAPITAL GAINS (A)	GAINS ON SALE (B)	CAPITAL LOSSES (C)	LOSSES ON SALE (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets	**3,069**	**-**	**-**	**-**	**3,069**
1.1 Debt securities	3,069	-	-	-	3,069
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**16**	**(482)**	**-**	**(466)**
2.1 Debt securities	-	16	(482)	-	(466)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**870**	**-**	**(3,083)**	**-**	**(2,213)**
Total at 31/12/2009	**3,939**	**16**	**(3,565)**	**-**	**390**

SECTION 8 - NET LOSSES/RECOVERIES ON IMPAIRMENT - ITEM 130

This item presents the balances of writedowns and writebacks related to the impairment of receivables loans to customers and banks, of financial assets available for sale, of financial assets held to maturity and of other financial activities.

8.1 Net losses/recoveries on impairment of receivables: breakdown

TRANSACTION/ COMPREHENSIVE INCOME	WRITEDOWNS (1)			WRITEBACKS (2)				TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
	SPECIFIC		FROM PORTFOLIO	SPECIFIC		FROM PORTFOLIO			
	WRITE- OFFS	OTHERS		A	B	A	B		
A. Due from banks	**-**	**(9,473)**	**-**	**190**	**80**	**-**	**-**	**(9,203)**	**(7,737)**
- loans	-	(9,473)	-	190	80	-	-	(9,203)	(7,737)
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(70)**	**(7,255)**	**(1,743)**	**1,782**	**551**	**-**	**-**	**(6,735)**	**(7,364)**
- loans	(70)	(7,255)	(1,743)	1,782	551	-	-	(6,735)	(7,364)
- debt securities	-	-	-	-	-	-	-	-	-
C. TOTAL	**(70)**	**(16,728)**	**(1,743)**	**1,972**	**631**	**-**	**-**	**(15,938)**	**(15,101)**

key: A = from interest / B = other reversals

"Writebacks from interest" consist of writebacks associated with the passing of time, corresponding to interest accrued in the period on the basis of the original effective interest rate previously used to calculate the writedowns.

8.2 Net losses/recoveries on impairment of financial assets available for sale: breakdown

TRANSACTION/ COMPREHENSIVE INCOME	WRITEDOWNS (1)		WRITEBACKS (2)		TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
	SPECIFIC		SPECIFIC			
	WRITE-OFFS	OTHERS	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	X	X	-	(639)
C. UCITS units	-	(5,655)	X	-	(5,655)	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. TOTAL	**-**	**(5,655)**	**-**	**-**	**(5,655)**	**(639)**

key: A = from interest / B = other reversals

Impairment adjustments refer to the shares held in the Securfondo closed-end real estate investment fund, following a prolonged reduction in market value.

8.3 Net losses/recoveries on impairment of financial assets held to maturity: breakdown

The table has not been compiled since there were no balances for this item at the reporting date.

8.4 Net losses/recoveries on impairment of other financial activities: breakdown

TRANSACTION/ INCOME COMPONENETS	WRITEDOWNS (1)			WRITEBACKS (2)				TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
	SPECIFIC		FROM PORTFOLIO	SPECIFIC		FROM PORT-FOLIO			
	WRITE-OFFS	OTHERS		A	B	A	B		
A. Guarantees given	-	(1,995)	-	-	-	-	-	(1,995)	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	(93)
E. Total	**-**	**(1,995)**	**-**	**-**	**-**	**-**	**-**	**(1,995)**	**(93)**

key: A = from interest / B = other reversals

Impairment adjustments refer to a potential liability regarding a guarantee given.

SECTION 9 - ADMINISTRATIVE EXPENSES - ITEM 150

Personnel expenses include not only expenditure relating to employees but also:
- costs for Bank employees seconded to other companies and the related refunds of expenses;
- expenses related to atypical employment contracts;
- refunds of expenses for employees of other companies seconded to the Bank;
- directors' and statutory auditors' fees;
- productivity premiums for this period, but to be paid in the next period.

9.1 Personnel expenses: breakdown

TYPE OF EXPENSE/ AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1) Employees	**(69,095)**	**(56,947)**
a) salaries and wages	(48,356)	(38,687)
b) social security contributions	(12,754)	(10,467)
c) termination benefits	(2,856)	(2,589)
d) other pension schemes	-	-
e) employee termination benefits	(711)	(695)
f) provision for retirement and similar benefits:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) payments to complementary external pension funds:	(1,746)	(1,648)
- defined contribution	(1,746)	(1,648)
- defined benefits	-	-
h) costs pursuant to payment agreements based on own equity instruments	-	-
i) other employee benefits	(2,672)	(2,861)
2) Other personnel at work	**(41)**	**(142)**
3) Directors and statutory auditors	**(653)**	**(610)**
4) Personnel on leave	**-**	**-**
5) Expense recovery for employees seconded to other companies	**129**	**72**
6) Expense recovery for employees seconded to the company	**(119)**	**(27)**
TOTAL	**(69,779)**	**(57,654)**

9.2 Average number of employees per category

	Total at 31/12/2009	Total at 31/12/2008
Employees:	**722**	**710**
a) managers	17	17
b) total middle managers	270	256
c) remaining employees	435	437
Other personnel	**1**	**2**

9. 3 Company retirement provisions as defined benefits: total costs

The table has not been compiled since there were no balances for this item at the reporting date.

9.4 Other employee benefits

The item "other employee benefits" includes mainly allowances such as vouchers, insurance policies and training courses.

9.5 Other administrative expenses: breakdown

Expense type/ amount	Total at 31/12/2009	Total at 31/12/2008
Electronic data processing	**(32,250)**	**(28,485)**
Buildings and furniture	**(9,137)**	**(8,455)**
Rental expenses	(8,056)	(7,219)
Cleaning of premises	(525)	(561)
Surveillance	(556)	(675)
Purchase of non-professional goods and services	**(14,563)**	**(15,100)**
Telephone and data transmission	(1,276)	(1,944)
Postal expenses	(6,352)	(6,784)
Work outsourced to third parties	(2,622)	(2,678)
Transportation and control of valuables	(308)	(287)
Electricity, heating, and water	(1,028)	(1,029)
Transport	(629)	(638)
Stationery and printed matter	(2,250)	(1,644)
Subscriptions, magazines, and newspapers	(98)	(96)
Purchase of professional goods and services	**(9,218)**	**(9,508)**
Professional fees	(2,454)	(3,221)
Legal fees, information, and reports	(85)	(125)
Insurance premiums	(684)	(749)
Services rendered by third parties	(5,995)	(5,413)
Advertising, promotion, marketing, and agency fees	**(1,104)**	**(1,933)**
Membership fees	**(2,099)**	**(1,634)**
Charity	**-**	**-**
Other expenses	**(563)**	**(247)**
Indirect duties and taxes	**(9,260)**	**(8,639)**
Stamp duty	(8,611)	(8,118)
Substitution tax Pres. Decree 601/73	(483)	(257)
Local property rates	(91)	(91)
Other indirect duties and taxes	(75)	(173)
TOTAL ADMINISTRATIVE EXPENSES	**(78,194)**	**(74,001)**

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

This item presents the positive or negative balance between provisions and reversals to the Income Statement of provisions considered in excess, in relation to provisions entered under the sub-item b) "Other provisions" of item 120 "Provisions for risks and charges", of the liabilities in the Balance Sheet Statement.

10.1 Net provisions for risks and charges: breakdown

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Net provisions for risks and charges	**(1.271)**	**(158)**

SECTION 11 - NET ADJUSTMENTS OF PROPERTY AND EQUIPMENT - ITEM 170

This section gives the balance between writedowns and writebacks of property and equipment.

11.1 Net adjustments of property and equipment: breakdown

ASSET/COMPREHENSIVE INCOME	DEPRECIATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Property and equipment				
A.1 Company owned	(3,162)	(14)	-	(3,176)
- For operating purposes	(2,646)	(14)	-	(2,660)
- For investment	(516)	-	-	(516)
A.2 Purchased in financial leasing	-	-	-	-
- For operating purposes	-	-	-	-
- For investment	-	-	-	-
TOTAL	**(3,162)**	**(14)**	**-**	**(3,176)**

SECTION 12 - NET ADJUSTMENTS OF INTANGIBLE ASSETS - ITEM 180

This section gives the balance between writedowns and writebacks of intangible assets.

12.1 Net adjustments of Intangible assets: breakdown

ITEM/COMPREHENSIVE INCOME	AMORTISATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (c)	NET RESULT (A + B - C)
A. Intangible assets				
A.1 Company owned	(2,688)	-	-	(2,688)
- Developed internally by the company	-	-	-	-
- Others	(2,688)	-	-	(2,688)
A.2 Purchased in financial leasing	-	-	-	-
Total	**(2,688)**	**-**	**-**	**(2,688)**

SECTION 13 - OTHER OPERATING EXPENSES AND INCOME - ITEM 190

This section gives the costs and revenues not categorizable in other items.

13.1 Other operating expenses: breakdown

COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Other expenses	(128)	(60)
TOTAL	**(128)**	**(60)**

13.2 Other operating income: breakdown

COMPREHENSIVE INCOME / AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Property rental income	12	7
Recovery:		
- Stamp duty	6,056	5,632
- Substitute tax	477	257
Income for Milano Finanza Web services	409	414
Income for subsidised financial services	130	104
Income for personnel administration services	385	269
Income from insourcing	1,951	1,409
Other revenues	2,795	2,141
TOTAL	**12,215**	**10,233**

SECTION 14 - GAINS/(LOSSES) ON EQUITY INVESTMENTS - ITEM 210

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 15 - NET GAIN (LOSS) ON MEASUREMENT AT FAIR VALUE OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS - ITEM 220

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 16 - WRITEDOWNS OF GOODWILL - ITEM 230

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 17 - GAINS (LOSSES) ON THE SALE OF EQUITY INVESTMENTS - ITEM 240

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 18 - INCOME TAX EXPENSE FROM CONTINUING OPERATIONS - ITEM 260

This item includes the tax burden - the balance of current and deferred taxes - on the profit for the period.

18.1 Income tax expense from continuing operations: breakdown

	COMPREHENSIVE INCOME / AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1.	Current taxes (-)	(28,932)	(21,242)
2.	Changes in current taxes of previous periods (+/-)	516	556
3.	Reductions in current taxes for the period (+)	-	-
4.	Changes in prepaid taxes (+/-)	4,516	(1,251)
5.	Changes in deferred taxes (+/-)	3,121	12,674
6.	**Taxes for the period (-) (-1+/-2+3+/-4+/-5)**	**(20,779)**	**(9,263)**

Income taxes for the period are calculated taking into account the entry into force of Decree Law 112 of 25/06/2008 which, in Art. 82, amending the Consolidated Tax Act, introduced a non-deductible fixed 4% on interest expense. The economic effects of this measure increased the tax burden by about Euro 1,525 thousand.

18.2 Reconciliation between theoretical tax burden and effective tax burden recognized

RECONCILIATION BETWEEN THE THEORETICAL TAX BURDEN AND EFFECTIVE TAX BURDEN RECOGNIZED	CORPORATE INCOME TAX		REGIONAL BUSINESS TAX	
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAX
Profit before tax	**50,700**	**-**		
Theoretical tax burden (27.5%)	**-**	**13,942**		
Difference between value and cost of production			**141,786**	
Theoretical tax burden (4.82%)				**6,834**
Temporary differences taxable in future periods	(25)	(7)	-	-
Temporary differences deductible in future periods	22,282	6,128	46	2
Reversal of temporary differences from preceding periods:				
Cancellation of deductible temporary differences	(943)	(259)	(219)	(10)
Cancellation of taxable temporary differences	2,627	722	2,627	127
Differences not transferable to future periods:				
Permanent negative changes in taxable income	(2,178)	(599)	(15,179)	(732)
Permanent positive changes in taxable income	7,032	1,934	10,863	524
Taxable income	**79,495**			
Current income taxes for the period		**21,861**		
Taxable income for Regional Business Tax			**139,924**	
Current Regional Business Tax for the period				**6,745**

SUMMARY:	
CORPORATE INCOME TAX	21,861
REGIONAL BUSINESS TAX	6,745
Substitute tax for realignment with fiscal values	328
Expenses recovered: 4% infragroup interest expense	(2)
Total current taxes	**28,932**

SECTION 19 - PROFIT/(LOSS) ON NON CURRENT ASSETS IN THE PROCESS OF BEING SOLD OFF - ITEM 280

The section has not been compiled since there were no balances for this item at the reporting date.

SECTION 20 - OTHER INFORMATION

It was considered unnecessary to add further information to that provided in the preceding tables.

SECTION 21 - EARNINGS PER SHARE

21.1 Average number of diluted capital ordinary shares

The section has not been compiled since there were no balances for this item at the reporting date.

21.2 Other information

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
Net period result	29,921,117	9,341,085
Attributable profit	28,203,000	6,510,000
Average number of ordinary shares outstanding	420,000	420,000
Profit per share	71.24	22.24
Attributable profit per share	67.15	15.50

The above amounts are in euro units.

Part - D

Statement of Comprehensive Income

PART D - STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	ITEMS	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10.	**Net Profit (Loss) for year**	**X**	**X**	**29,921,117**
	Other comprehensive income net of taxes			
20.	**Financial assets available for sale:**	**38,213,182**	**(12,078,822)**	**26,134,360**
	a) changes in fair value	25,717,806	(8,040,316)	17,677,489
	b) reversals to the statement of income	12,495,376	(4,038,505)	8,456,870
	- impairment adjustments	5,654,708	(1,827,602)	3,827,106
	- profits/losses on sale	6,840,668	(2,210,904)	4,629,764
	c) other changes	-	-	-
30	**Property and equipment**	**-**	**-**	**-**
40.	**Intangible assets**	**-**	**-**	**-**
50.	**Hedging of foreign investments:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
60.	**Cash flow hedges:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
70.	**Exchange differences:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
80.	**Non-current assets in the process of being sold off:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
90.	**Actuarial profits (losses) on defined benefits plans**	**-**	**-**	**-**
100.	**Share of the valuation provision of investments entered in the shareholders' equity:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	- impairment adjustments	-	-	-
	- profits/losses on sale	-	-	-
	c) other changes	-	-	-
110.	**Total other comprehensive income net of taxes**	**38,213,182**	**(12,078,822)**	**26,134,360**
120	**Comprehensive Income (items 10+110)**	**38,213,182**	**(12,078,822)**	**56,055,477**

Part - E

Information on Risks and Related Hedging Policies

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

The ICCREA 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

The Bank's activity in the lending department focused on:

- support to the CBs in the agricultural sector;
- relations with companies with a strong international vocation located in the areas covered by the CBs;
- the maintenance of a "centre of excellence" for subsidised loans, capable of supporting and collaborating with all the parties in the System involved in this sector;
- the *funding* needs of the CBs by granting overdrafts, ceilings and maximum operational limits.
- the development, with the cooperative community, of loans *pool*ed with the CBs to the members of Confcooperative;
- the expansion of business in the "large corporate" compartment, consistent with the development of relations between these companies, the CBs and the payment and electronic money services offered by the Bank.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANISATIONAL ASPECTS

Organizational structures involved

The organizational structure of Iccrea Banca SpA responsible for undertaking and managing 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 Bank) 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. bank drafts and for the granting of operational ceilings and credit lines to bank counterparties.

The Controls Service and Credit Technical Office ensures monitoring of the progress of credit positions, producing an independent report in this regard every quarter, and of the correctness/adequacy of administration processes carried out by the Loans Department. It also manages doubtful debts and the data entry of the positions assigned into the computerised system and control of the same.

The Credit Risk Service of the Risk Management Department has the task of promoting the adoption of procedures for accepting, managing and controlling 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 regulations governing credit risk with particular regard to operational mandates and limits.

During the period, the Bank instituted the new functional role of "Bank Counterparties Supervision Manager" who works together with the Counterparty Risk Committee to coordinate risk governance and control regarding lending to bank counterparties. In particular, the goal is to reinforce and accentuate risk management for the aforementioned counterparts in terms of direction on methods and levels of risk assumption, supervision of the evolution of third-party counterparts and the related positions as well as governance over any adjustments that may become necessary.

Inspections are carried out by the Group's Audit Department.

Credit exposure segmentation criteria

For the purpose of managing credit risk, credit exposure is segmented into portfolios on the basis of the type of credit line/ceiling and type of counterparty (CBs, 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 overdrafts, loans, etc.) and duration (short, medium and long-term).

Creditworthiness assessment process

The counterparty'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 determining operating economic indices, and evaluating the qualitative information on the management's *standing* together with forecasts for medium/long-term transactions.

The instruments used in the inquiry stage differ according to the type of counterparty 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 banking counterparties is assessed, for the purpose of granting credit and setting limits, on the basis of the accounting and statistical indicators, the bank's internal and external ratings, if any, and performance data.

2.2 Management, assessment and audit systems

Criteria have been established to determine credit risk positions, the value of which is used to decide credit lines and/or ceilings.

The risk is assessed using a position weighting factor, with reference to the nominal value of the amounts disbursed in loans and deposits, the nominal value of securities, the notional value of treasury and foreign 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 performance anomalies monthly, allocating the positions in different classes of anomaly. The discovery of anomalies activates the process of systematic supervision and operational assessment of loans to customers.

The reporting of risk positions subject to a ceiling is carried out daily, by means of a special IT procedure.

Within the Group, bearing in mind the specific experience and specializations of the main subsidiaries, work has continued on developing internal rating systems applicable to banking counterparties and ordinary customers.

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 credit risk.

In particular, the Bank has assigned the various duties to the Institutional and Special Credit Service, in order to diversify these duties between initiators and performers of transactions, assigning the different tasks to the members of different sectors, improving the effectiveness of the operating process.

The guarantees available for mitigation of 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.

Re-examination has begun of mortgage guarantees already acquired by the Bank covering existing real estate loans, and an electronic database containing their details is being prepared in order to allow for systematic monitoring of their value. A similar task is being carried out on all lien guarantees already acquired by the Bank.

Iccrea Banca uses the "close out netting" mechanism, activated with Cooperative Banks, involving the specific right to close pending relationships immediately with offsetting of the reciprocal positions and payment of the net balance in the event of the counterparty's insolvency or bankruptcy. This mechanism is used in contracts aimed at regulating trading in unlisted financial instruments (OTC).

In order to mitigate the credit risk associated with trading in financial derivative instruments with bank counterparties (counterparty risk), an initiative has been launched aimed at completing the *Credit Support Annex* (CSA) with the main finance counterparties. At 31 December 2009 lending exposure related to trading in derivative contracts are hedged by guarantees received in the area of CSA contracts for about 60 percent. The CSA is a financial guarantee contract pursuant to which two counterparties, within the sphere of derivative instrument trading, swap guarantees which, for the type chose by the Bank, are in cash, which the debtor undertakes to pay to the creditor in order to limit the risks linked to the debtor's possible insolvency. If the net market value of the positions is higher than the minimum amount established contractually, the value of the guarantees to be swapped must correspond to this net market value.

2.4 Impaired financial assets

Procedure for classifying assets according to debtor quality

The Bank is organized with regulatory/IT structures and procedures for credit management, classification and control.

In line with the provisions of the IASs/IFRSs, at every reporting date the presence of objective evidence of *impairment* is assessed for every instrument or group of financial instruments.

Objective evidence of the impairment of a financial asset or group of financial assets consists of observable data regarding the following events:

- significant financial difficulties of the debtor;
- breach of contractual agreements, such as default or failure to pay interest or principal;
- for economic or legal reasons linked to the beneficiary's financial difficulties, the lender grants the debtor a concession which the lender would not otherwise have taken into consideration;
- high probability of the debtor's bankruptcy or other financial reorganization;
- disappearance of an active market for the financial asset following the debtor's financial difficulties (case not relevant for the current types of amounts due from banks/customers);

- existence of evidence indicating a quantifiable decrease of estimated future cash flows for a group of *asset*s, after initial recognition, even though this reduction cannot yet be ascribed to the individual position:
  - reduction of the debtor's ability to pay with regard to the group of *asset*s held by the same;
  - national or local conditions that could generate *default* for a group of receivables.

The above-mentioned test is carried out with the support of special IT *screening* procedures on the basis of information from internal and external sources.

Within the scope of the test for the existence of objective evidence of impairment, non-*performing* loans are classified in the following categories:

- bad loans: 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 loss formulated by the company;
- watchlist loans: loans showing a temporary situation of objective difficulty, the removal of which can be foreseen within a reasonable period of time;
- restructured loans: loans for which, owing to deterioration in the financial and economic conditions of the debtor, a *pool* of banks (or a single bank) allows for modifications to the original contractual conditions giving rise to a loss;
- for expired credits and overdue payments, the Bank applies what is indicated in the current Provisions of Supervision.

<u>Factors which allow for reclassification from impaired loans to performing loans:</u>

Impaired loans may become performing loans again with the borrower's return to a state of full solvency, in particular:

- reduction to zero of the entire exposure or repayment of the past-due debt;
- resolution of the risk position.

<u>Procedure for assessment of the adequacy of value adjustments:</u>

Loans and receivables are recognized at their estimated realizable value. This value is calculated by deducting from the total amount disbursed all specific and flat rate writedowns of principal and interest, net of any repayments.

Calculation of the expected loss is based on analytical and statistical methodologies; the latter used for the category of non-performing 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 assessments of any collateral guaranteeing repayment.

In particular, impaired exposures are analytically evaluated on the basis of:

- expectation of future recovery of the credit - with the exclusion of future losses not yet manifest - using different procedures according to the type of loan:

  - the recovery forecast for non-performing personal loans is determined using a statistical method based on stratification according to age bracket, considering sums collected and losses on past cases from which, with appropriate calculations, an estimated loss percentage can be deduced to apply to the entire existing portfolio;
  - 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 realizing any collateral, complete with the estimated collection/liquidation expenses which must be incorporated into the expected future cash flows.

The amount of the loss, recognized in the Income Statement, is the difference between the initial book value of the asset and the present value of the estimated recoverable cash flows, discounted at the original effective interest rate of the financial asset at the moment of classification as non-performing.

The original value of the receivable is written back again in subsequent years if the reasons for the write-down no longer apply.

Quantitative information

A. CREDIT QUALITY

A.1 Impaired and performing credit exposure: amounts, value adjustments, trends, economic and geographical distribution

A.1.1 Distribution of Credit Exposure by Portfolio and by credit quality (Book Values)

PORTFOLIO/ QUALITY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	458,455	458,455
2. Financial assets available for sale	-	-	-	-	568,770	568,770
3. Financial assets held to maturity	-	-	-	-	-	-
4. Due from banks	-	1,034	-	-	7,773,915	7,774,949
5. Loans to customers	19,007	6,523	-	1,338	1,022,175	1,049,043
6. Financial assets designated at *fair value* through profit or loss	-	-	-	-	29,320	29,320
7. Financial assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	1,031	1,031
TOTAL AT 31/12/2009	**19,007**	**7,557**	**-**	**1,338**	**9,853,666**	**9,881,568**
TOTAL AT 31/12/2008	**18,169**	**22,099**	**-**	**116**	**8,633,403**	**8,673,787**

A.1.2 Distribution of Credit Exposure by Portfolio and by credit quality: gross and net amounts

PORTFOLIO/ QUALITY	IMPAIRED ASSETS			PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO WRITEDOWNS	NET EXPOSURE	
1. Financial assets held for trading	-	-	-	X	X	458,455	458,455
2. Financial assets available for sale	-	-	-	568,770	-	568,770	568,770
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	17,974	16,940	1,034	7,773,915	-	7,773,915	7,774,949
5. Loans to customers	59,663	32,795	26,868	1,025,341	3,166	1,022,175	1,049,043
6. Financial assets designated at *fair value* through profit or loss	-	-	-	X	X	29,320	29,320
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	1,031	1,031
TOTAL AT 31/12/2009	**77,637**	**49,735**	**27,902**	**9,368,026**	**3,166**	**9,853,666**	**9,881,568**
TOTAL AT 31/12/2008	**76,685**	**36,302**	**40,383**	**8,086,834**	**1,452**	**8,633,404**	**8,673,787**

A.1.3 On- and off-balance sheet exposure to banks: gross and net amounts

TYPE OF EXPOSURE/ AMOUNT	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. CASH EXPOSURE				
a) Bad loans	-	-	X	-
b) Sub-standard loans	17,974	16,940	X	1,034
c) Restructured loans	-	-	X	-
d) Past due loans	-	-	X	-
e) Other assets	7,813,323	X	-	7,813,323
TOTAL A at 31/12/2009	**7,831,297**	**16,940**	**-**	**7,814,357**
B. OFF-BALANCE EXPOSURE				
a) Impaired	-	-	X	-
b) Others	1,302,155	X	-	1,302,155
TOTAL B at 31/12/2009	**1,302,155**	**-**	**-**	**1,302,155**

A.1.4 On-balance-sheet exposures to banks: trend of gross impaired loans

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Gross opening exposure	**-**	**20,869**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**-**	**27**	**-**	**-**
B.1 inflows from performing loans	-	-	-	-
B.2 transfers from other impaired loans categories	-	-	-	-
B.3 other increases	-	27	-	-
C. Decreases	**-**	**2,922**	**-**	**-**
C.1 outflows to performing loans	-	2,581	-	-
C.2 write-offs	-	-	-	-
C.3 collections	-	-	-	-
C.4 disposals	-	-	-	-
C.5 transfers to other impaired loans categories	-	-	-	-
C.6 other decreases	-	341	-	-
D. Net closing exposure	**-**	**17,974**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-

A.1.5 On-balance-sheet exposures to banks: trend of total value adjustments

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Total initial writedowns	**-**	**7,737**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**-**	**9,473**	**-**	**-**
B.1 adjustments	-	9,473	-	-
B.2 transfers from other impaired loans categories	-	-	-	-
B.3 other increases	-	-	-	-
C. Decreases	**-**	**270**	**-**	**-**
C.1 writebacks from valuation	-	270	-	-
C. 2 writebacks for collection	-	-	-	-
C.3 writeoffs	-	-	-	-
C.4 transfers to other impaired loans categories	-	-	-	-
C.5 other decreases	-	-	-	-
D. Total final writedowns	**-**	**16,940**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-

A.1.6 On and off-balance sheet exposures to customers: gross and net amounts

TYPE OF EXPOSURE/ AMOUNT	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. CASH EXPOSURE				
a) Bad loans	50,389	31,382	X	19,007
b) Sub-standard loans	7,927	1,404	X	6,523
c) Restructured loans	-	-	X	-
d) Past due loans	1,347	9	X	1,338
e) Other assets	1,644,504	X	3,166	1,641,338
TOTAL A at 31/12/2009	**1,704,167**	**32,795**	**3,166**	**1,668,206**
B. OFF- BALANCE EXPOSURE				
a) Impaired	-	-	X	-
b) Others	567,250	X	-	567,250
TOTAL B at 31/12/2009	**567,250**	**-**	**-**	**567,250**

A.1.7 On-balance-sheet exposures to customers: trend of gross impaired loans

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUTURED LOANS	PAST DUE LOANS
A. Total initial writedowns	**46,183**	**9,546**	**-**	**115**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**7,417**	**3,118**	**-**	**1,337**
B.1 inflows from performing loans	3,830	3,048	-	1,337
B.2 transfers from other impaired loans categories	3,564	-	-	-
B.3 other increases	22	70	-	-
C. Decreases	**3,210**	**4,737**	**-**	**105**
C.1 outflows to performing loans	-	724	-	105
C.2 write-offs	972	-	-	-
C.3 collections	2,238	449	-	-
C.4 disposals	-	-	-	-
C.5 transfers to other impaired loans categories	-	3,564	-	-
C.6 other decreases	-	-	-	-
D. Total final writedowns	**50,389**	**7,927**	**-**	**1,347**
- of which: loans sold but not derecognised	-	-	-	-

A.1.8 On-balance-sheet exposures to customers: trend of total value adjustments

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Total initial writedowns	**28,015**	**577**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**6,445**	**1,376**	**-**	**9**
B.1 writedowns	5,896	1,376	-	9
B.2 transfers from other impaired loans categories	549	-	-	-
B.3 other increases	-	-	-	-
C. Decreases	**3,078**	**550**	**-**	**-**
C.1 writebacks from valuation	1,611	1	-	-
C. 2 writebacks for collection	495	-	-	-
C.3 write-offs	972	-	-	-
C.4 transfers to other impaired loans categories	-	548	-	-
C.5 other decreases	-	0	-	-
D. Total final writedowns	**31,382**	**1,404**	**-**	**9**
- of which: loans sold but not derecognised	-	-	-	-

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

EXPOSURES	EXTERNAL RATING CLASSES						NO RATING	TOTAL AT 31/12/2009
	AAA/AA-	A+/A-	BBB+/ BBB-	BB+/BB-	B+/B-	LESS THAN B-		
A. On-balance-sheet exposure	**1,705,491**	**4,532,270**	**15,981**	**43,602**	**133**	**-**	**3,185,086**	**9,482,563**
B. Derivatives	**201,015**	**76,359**	**-**	**8**	**-**	**-**	**65,190**	**342,572**
B.1 Financial derivatives	201,015	76,359	-	8	-	-	55,190	**332,572**
B.2 Credit derivatives	-	-	-	-	-	-	10,000	**10,000**
C. Guarantees given	**80**	**250,949**	**337**	**1,329**	**-**	**-**	**145,088**	**397,784**
D. Commitments to disburse funds	**55,612**	**154,318**	**572**	**15,263**	**274**	**-**	**903,010**	**1,129,049**
TOTAL	**1,962,198**	**5,013,896**	**16,890**	**60,202**	**407**	**-**	**4,298,375**	**11,351,968**

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 credit exposure to banks

		Collateral guaranty (1)			Personal guaranty (2)									
					Credit derivatives					Unsecured loans				
						Other derivatives								
	Net exposure amount	Property	Securities	Other collateral guaranties	CLN	Governments ad central banks	Other public bodies	Banks	Other subjects	Governments ad central banks	Other public bodies	Banks	Other subjects	Total at 31/12/2009(1)+(2)
1. Secured on-balance-sheet exposures:														
1.1 fully secured	76,599	6,562	69,237	-	-	-	-	-	-	-	-	-	800	**76,599**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	22,834	-	13,513	-	-	-	-	-	-	-	-	-	1,500	**15,013**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1. Secured off-balance-sheet exposures:														
1.1 fully secured	12,339	-	12,339	-	-	-	-	-	-	-	-	-	-	**12,339**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	63,500	-	23,558	-	-	-	-	-	-	-	-	-	-	**23,558**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

A.3.2 SECURED CREDIT EXPOSURE TO BANKS

		COLLATERAL GUARANTY (1)			PERSONAL GUARANTY (2)								
					CREDIT DERIVATIVES					UNSECURED LOANS			
						OTHER DERIVATIVES							
	NET EXPOSURE AMOUNT	PROPERTY	SECURITIES	OTHER COLLATERAL GUARANTIES	CLN	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	OTHER SUBJECTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	OTHER SUBJECTS	TOTAL AT 31/12/2009 (1)+(2)
1. Secured on-balance-sheet exposures:														
2.1 fully secured	501,391	434,919	4,405	27,572	-	-	-	-	-	-	-	-	34,494	**501,390**
- of which impaired	20,738	16,180	-	482	-	-	-	-	-	-	-	-	4,076	**20,738**
2.2 partially secured	25,858	1,950	1,009	102	-	-	-	-	-	-	-	-	3,164	**6,225**
- of which impaired	58	2	-	-	-	-	-	-	-	-	-	-	26	**28**
2. Secured off-balance-sheet exposures:														
2.1 fully secured	4,712	-	-	106	-	-	-	-	-	-	-	-	4,606	**4,712**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially secured	2,155	-	-	750	-	-	-	-	-	-	-	-	328	**1,078**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

B. CREDIT EXPOSURE DISTRIBUTION AND CONCENTRATION

B.1 Distribution of cash and "off-balance sheet" loans to customers according to sector (Book value)

EXPOSURE/ COUNTERPARTY	GOVERNMENTS			OTHER PUBLIC BODIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	ESPOSIZIONE NETTA	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS
A. On-balance-sheet exposure									
A.1 Bad loans	-	-	X	-	-	X	3,748	6,199	X
A.2 Sub-standard loans	-	-	X	-	-	X	-	-	X
A.3 Restructured loans	-	-	X	-	-	X	-	-	X
A.4 Past due loans	-	-	X	-	-	X	-	-	X
A.5 Other exposure	603,233	X	-	3,979	X	1	331,557	X	207
TOTAL A	**603,233**	**-**	**-**	**3,979**	**-**	**1**	**335,305**	**6,199**	**207**
B. Off-balance-sheet exposures									
B.1 Bad loans	-	-	X	-	-	X	-	-	X
B.2 Sub-standard loans	-	-	X	-	-	X	-	-	X
B.3 Other impaired assets	-	-	X	-	-	X	-	-	X
B.4 Other exposures	287,546	X	-	898	X	-	228,997	X	-
TOTAL B	**287,546**	**-**	**-**	**898**	**-**	**-**	**228,997**	**-**	**-**
TOTAL (A+B) AT 31/12/2009	**890,779**	**-**	**-**	**4,877**	**-**	**1**	**564,302**	**6,199**	**207**
TOTAL (A+B) AT 31/12/2008	**1,395,453**	**-**	**-**	**5,667**	**-**	**3**	**348,559**	**6,213**	**49**

	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER SUBJECTS		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS
	-	-	X	12,015	18,918	X	3,244	6,265	X
	-	-	X	4,880	1,392	X	1,643	12	X
	-	-	X	-	-	X	-	-	X
	-	-	X	39	-	X	1,299	9	X
	2	X	-	564,754	X	2,645	137,813	X	313
	2	**-**	**-**	**581,688**	**20,310**	**2,645**	**143,999**	**6,286**	**313**
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	1,168	X	-	46,786	X	-	1,855	X	-
	1,168	**-**	**-**	**46,786**	**-**	**-**	**1,855**	**-**	**-**
	1,170	**-**	**-**	**628,474**	**20,310**	**2,645**	**145,854**	**6,286**	**313**
	5,489	**-**	**-**	**467,024**	**15,946**	**1,142**	**172,144**	**6,406**	**258**

B.2 Territorial distribution of cash and "off-balance sheet" loans to customers (book value)

EXPOSURE/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. On-balance-sheet exposures										
A.1 Bad loans	15,830	25,269	1,031	496	2,146	5,617	-	-	-	-
A.2 Sub-standard loans	6,522	1,404	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	1,338	9	-	-	-	-	-	-	-	-
A.5 Other exposures	1,620,276	3,152	19,620	14	1,442	-	-	-	-	-
TOTAL A	**1,643,966**	**29,834**	**20,651**	**510**	**3,588**	**5,617**	**-**	**-**	**-**	**-**
B. Off-balance-sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Sub-standard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	509,885	-	56,709	-	588	-	-	-	68	-
TOTAL B	**509,885**	**-**	**56,709**	**-**	**588**	**-**	**-**	**-**	**68**	**-**
TOTAL (A+B) AT 31/12/2009	**2,153,851**	**29,834**	**77,360**	**510**	**4,176**	**5,617**	**-**	**-**	**68**	**-**
TOTAL (A+B) AT 31/12/2008	**2,336,276**	**23,887**	**54,659**	**474**	**2,664**	**5,656**	**10**	**-**	**727**	**-**

B.3 Territorial distribution of cash and "off-balance sheet" bank loans (book value)

EXPOSURE/ GEOGRAPHICAL AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Sub-standard loans	-	-	1,034	16,940	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	7,006,242	-	698,161	-	97,160	-	6,486	-	5,274	-
TOTAL A	**7,006,242**	**-**	**699,195**	**16,940**	**97,160**	**-**	**6,486**	**-**	**5,274**	**-**
B. Off-balance-sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Sub-standard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	1,066,869	-	231,116	-	498	-	671	-	3,000	-
TOTAL B	**1,066,869**	**-**	**231,116**	**-**	**498**	**-**	**671**	**-**	**3,000**	**-**
TOTAL (A+B) AT 31/12/2009	**8,073,111**	**-**	**930,311**	**16,940**	**97,658**	**-**	**7,157**	**-**	**8,274**	**-**
TOTAL (A+B) AT 31/12/2008	**4,858,842**	**-**	**2,232,142**	**7,737**	**29,516**	**-**	**5,154**	**-**	**1,550**	**-**

B.4 Major risks

a) Amount	**355,090**
b) Number	**6**

The legislation in force defines as "major risks" those amounting to a total of more than 10% of the regulatory capital.

C. SECURITISATION AND ASSET SALE TRANSACTIONS

C.1 Securitisation transactions

Qualitative information

During 2004 and 2007, pursuant to Law 130 of 30th April 1999 on credit securitisation, Iccrea Bank carried out three sale transactions of securities issued by the Cooperative Banks. The transactions were carried out to meet the needs of the CBs to raise capital directly in the medium/long-term in order to:

- reduce the interest rate risk of the CBs by acting on the transformation of maturity dates;
- rebalance the assets and liabilities in the accounts;
- broaden the possibilities of use.

The first sale, on 5th July 2004, was for bonds with a nominal value of Euro 1,159,500 thousand, to Credico Funding 2 s.r.l., Milan. This is a special purpose entity founded pursuant to Law 130 of 30th April 1999, included on the general list held by the Italian Exchange Bureau pursuant to Art. 106 of Lgs. Decree 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 value. 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 under the terms 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 Bank and partly placed with the CBs.

At 31st December 2009, 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 51,200 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 special purpose entity founded pursuant to Law 130 of 30th April 1999, included on the general list held by the Italian Exchange Bureau pursuant to Art. 106 of Lgs. Decree 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 value. 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 under the terms 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 Bank and partly placed with CBs.

At 31st December 2009, 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 68,300 thousand.

Credico Funding 2 s.r.l and Credico Funding 3 s.r.l appointed ICCREA Banca S.p.A. to perform the related Servicing activities. In the name and on behalf of the Issuer, the *Servicer* provides for the administration, management and recovery of the underlying securities and monitors collection of the associated receivables, including collection of coupons and repayments of principal on the underlying securities. So far, all payments have been made punctually and there have been no cases of *default* for the CBs involved in the operation.

Organizational structure of the securitization transactions

The organizational profiles of the securitization process are governed by special internal regulations which involve various company line and auditing departments. In particular, the work of *origination* and coordination of the securitisation assets is centralized in a specific Securitisation Unit belonging to the Central Finance and Credit Office of Iccrea Bank.

Quantitative information

C.1.1 Exposure from securitisation transactions according to the quality of the underlying assets

TYPE OF UNDERLYING ASSET/ EXPOSURE	ON-BALANCE-SHEET EXPOSURES						GUARANTEES GIVEMN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.
A. With own underlying assets:	**96,418**	**96,418**	**18,959**	**18,959**	**30,899**	**30,899**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	96,418	96,418	18,959	18,959	30,899	30,899	-	-	-	-	-	-	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	ON-BALANCE SHEET EXPOSURE						GUARANTEES GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A. Assets completely derecognised from the balance sheet	**96,418**	**-**	**18,959**	**-**	**30,899**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Credico funding 2 s.r.l CBO2																		
- debt securities	33,622	-	17,294	-	17,763	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Credico funding 3 s.r.l. CBO3																		
- debt securities	62,796	-	1,665	-	13,136	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 securitisation name ..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Assets partially derecognised from the 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 derecognised from the 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 third-party main securitisation transactions according to the type of securitised asset and type of exposure

The table has not been compiled since there were no balances for this item at the reporting date.

C.1.4 Exposure for securitisation operations according to portfolio and type

Exposure/ Portfolio	Financial assets held for trading	Fair value option financial assets	Financial assets available for sale	Financial assets held to maturity	Receivables	Total at 31/12/2009	Total at 31/12/2008
1. On-balance-sheet exposures	**-**	**-**	**-**	**-**	**146,276**	**146,276**	**79,398**
- "senior"	-	-	-	-	96,418	96,418	32,538
- "mezzanine"	-	-	-	-	18,959	18,959	17,705
- "junior"	-	-	-	-	30,899	30,899	29,155
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- "senior"	-	-	-	-	-	-	-
- "mezzanine"	-	-	-	-	-	-	-
- "junior"	-	-	-	-	-	-	-

C.1.5 Total amount of securitised assets underlying junior securities or other credit forms

ASSET/ AMOUNT	TRADITIONAL SECURITISATION	SYNTHETIC SECURITISATION
A. Own underlying assets:	**898,950**	**-**
A.1 Completely derecognised from the balance sheet:	898,950	
1. Bad loans	-	X
2. Sub-standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	898,950	X
A.2 Partially derecognised	-	
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 derecognised	-	-
1. Bad loans	-	-
2. Sub-standard loans	-	-
3. Restructured loans	-	-
4. Past due loans	-	-
5. Other assets	-	-
B. Third-party underlying assets:	**-**	**-**
B1. Bad loans	-	-
B2. Sub-standard loans	-	-
B3. Restructured loans	-	-
B4. Past due loans	-	-
B5. Other assets	-	-

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 special purpose entities involved in operations CBO2 and CBO3 when the financial statements were drawn up. The Bank holds an investment in the special purpose entity 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		PERCENTAGE OF SECURITIES REDEEMED (END OF PERIOD)					
					SENIOR		MEZZANINE		JUNIOR	
	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	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 but not derecognized

TECHNICAL TYPE/ 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			LOANS TO CUSTOMERS			TOTAL AT	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2009	31/12/2008
A. On-balance-sheet assets	**2,958**	**-**	**-**	**-**	**-**	**-**	**1,395**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,353**	**31,043**
1. Debt securities	2,958	-	-	-	-	-	1,395	-	-	-	-	-	-	-	-	-	-	-	4,353	31,043
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	
3. UCITS	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
B. Derivative instruments	**-**	**-**	**-**	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	**-**	
TOTAL AT 31/12/2009	**2,958**	**-**	**-**	**-**	**-**	**-**	**1,395**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,353**	**-**
Of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31/12/2008	**14,628**	**-**	**-**	**-**	**-**	**-**	**6,603**	**-**	**-**	**-**	**-**	**-**	**9,812**	**-**	**-**	**-**	**-**	**-**	**-**	**31,043**
Of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key:
A = financial assets sold and recognized in full (book value)
B = financial assets sold and recognized in part (book value)
C = financial assets sold and recognized in part (full value)

C.2.2. Financial liabilities against financial assets sold but not derecognized

LIABILITY/ASSET 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	LOANS TO CUSTOMERS	TOTAL AT 31/12/2009
1. Due to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) against fully recognised assets	-	-	-	-	-	-	-
b) against partially recognised assets	-	-	-	-	-	-	-
2. Due to banks	**215,335**	**-**	**1,995**	**-**	**-**	**-**	**217,330**
a) against fully recognised assets	215,335	-	1,995	-	-	-	217,330
b) against partially recognised assets	-	-	-	-	-	-	-
TOTAL AT 31/12/2009	**215,335**	**-**	**1,995**	**-**	**-**	**-**	**217,330**
TOTAL A 31/12/2008	**34,662**	**-**	**-**	**-**	**9,971**	**-**	**44,633**

C.3 Covered bond transactions

The section has not been compiled since there were no balances for this item at the reporting date.

D. CREDIT RISK: MEASUREMENT MODELS

At the reporting date no internal models were used for measurement of credit risk.

SECTION 2 - MARKET RISKS

Intermediation for CBs is the main strategic aim of Iccrea Bank and is pursued by seeking management methods, in terms of size and content of the financial portfolios, in line with the needs of the CBs and with the evolution of the markets. Positioning activities are carried out using standard financial instruments as well as derivative contracts; management of the transformation of maturity dates both in the medium/long-term and in the context of treasury operations is always carried out in compliance with a financial risk containment policy.

The assumption and management of market risk is the responsibility of the Central Finance and Credit Office, which manages *assets* owned by the bank in accordance with the guidelines defined when the strategic plans are decided.

The main activities performed are:

- funding 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 both OTC markets and regulated markets, and of derivatives on regulated markets;
- structuring, creation and management of financial derivatives traded on non-regulated markets, mainly to satisfy specific needs of the Bank's clientele;
- the offer to the CBs of financial investment services, performing reception and transmission of trading orders for third parties and placing of financial instruments;
- management of 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 and price risk - regulatory trading book

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 mainly 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 powers, specific operating limits are defined for trading which generate exposure to interest rate risk. This risk is assumed on domestic government securities and *futures* contracts traded on official markets with offset and guarantee mechanisms, and derivative contracts on interest rates, mainly *plain vanilla* derivatives, for the purpose of hedging the risk of the CBs. Within the sphere of transactions in interest rate derivative products, interest rate *swap*s are also carried in support of the special purpose entities in the transformation of interest rate flows generated by the CB loan securitisation transactions.

The company's overall exposure to interest rate risk is concentrated in euro operations, and therefore the effects of correlation between trends in interest rate curves referring to different currency areas are marginal.

B. Interest rate and price risk management and measurement methods

The assumption and management of market risk is the responsibility of the Central Finance and Credit Office, which manages assets owned by the bank in accordance with guidelines formulated by the General Management.

Within the General Management, the management of market risk is attributed to the Finance Department, in accordance with the strategic objectives of the Bank defined together with the coordinating bodies established at the Group level. Within the Finance Department, risk positions are assumed and managed by the following Services:

- *Proprietary Finance and Trading Service, which has the task of managing activities connected with the Trading Book and identifying funding needs at the individual and consolidated level, monitoring the interest-rate, exchange-rate and liquidity risks of the Banking Book.* It manages interest-rate and liquidity risks in the medium to long term. It performs the roles of *Market Maker* on multilateral trading systems, *Specialist* and *Primary Dealer*, as well as the structuring and own-account trading of OTC financial derivatives. It works in accordance with the policies defined and the guidelines set for the management of the portfolios within the risk limits and with a view to the yield targets;
- *Money Markets Service , which operates through interest rate derivative instruments in order to manage the short-term interest rate risk profile arising from trading on the interbank money market.*

Monitoring the risk profiles deriving from trading book positions is carried out by the Controls Service and Finance Technical Office and by the Group Risk Management and ALM Unit, through the use of metrics in line with the *best practices* of the market: *sensitivity* analyses, estimates of *Value at Risk* and Stress Test. The process of monitoring the limits entails the measurement and the systematic auditing of exposures assumed in the contexts of different portfolios and verification of observance of the VaR limits and of other operating limits established by the current Delegated Powers.

The current operating limits are structured in keeping with the organizational/operational structure of the Finance Department and consist of:

- size limits on the portfolios;
- VaR limits on the trading book;
- limits on the average financial duration of the trading book and operation;
- position limits per counterparty/Group of counterparties and concentration limits (per rating class, sector, country, geographical area);
- size limits per type of financial instruments;
- VaR limits for trading in derivative contracts and linked securities;
- VaR limits for treasury and foreign exchange operations;
- maximum loss limits for trading in securities and derivative contracts, and treasury and foreign exchange operations;
- caution limits for losses on trading in securities and derivative contracts, and treasury and foreign exchange operations;

The Bank's own portfolio maintained a significant proportion of floating-rate government securities in the first half of 2009, held both for the purpose of liquidity and for guarantee and operating purposes.

Trading in interest rate derivative products with maturity at more than 12 months was carried on consistently with the *mission* of supporting the CBs, with volumes in line with those of the previous year. This business is subject to *sensitivity* limits in respect of interest rate and volatility factors (the scenario method).

Within the system of operating limits, interest-rate derivative contracts with a maturity of less than 12 months are considered within the context of the overall treasury position. Maximum loss and economic caution threshold limits are laid down.

Pursuant to specific activity aimed at migrating the positions into 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 market risk. This section, together with the Risk Management Department, monitors business and analysis market risk on the trading book on a daily basis.

The auditing work is aimed at verifying correct management of all financial assets in order to ensure respect for the operating limits of the various parts of the trading book, including the financial VaR limits measured with the parametric method (with a *holding period* of 10 days and confidence interval of 99%), and sensitivity analysis.

With regard to equities, trading involved plain vanilla options on high liquidity stock exchange indices (Eurostoxx50, Nikkei225, S&P-MIB) and nominative shares of leading listed companies on the Italian stock exchange linked mainly to the structuring of indexed bonds of the CBs and of the BCC Vita life assurance company. The options sold are also partly hedged with market counterparties and partly with the delta hedging technique.

Sensitivity techniques are used with assumptions of sudden price changes of up to 24% (with steps of 8%) together with sudden volatility changes of up to 25% (with steps of 8%).

Also in support of the CBs in terms of hedging their structured bond issues, options on unit trusts and cash fund units are bought and sold, in accordance with delta hedging management procedures.

The profiles of these operations are monitored on a daily basis by checking compliance with the net position limits for each underlying instrument.

Quantitative information

1. Regulatory trading book: distribution by residual duration (re-pricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

This table has not been compiled, since an analysis of interest rate risk sensitivity has been provided.

2. Regulatory trading book: distribution of exposure in equity securities and equity indices by main quotation market countries

This table has not been compiled, since an analysis of interest rate risk sensitivity has been provided.

3. Regulatory trading book: internal models and other methods for sensitivity analysis

With reference to the interest rate risk, the following table shows the results of the *sensitivity* analysis on value following a *shift* of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	Estimated impact on gross income		Impact on profit for the period		Estimated change in shareholders' equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	17.46	-14.76	11.82	-9.99	4.08	-3.44

Figures in €/mln at 31st December 2009

Regarding price risk, the results of the sensitivity analysis in assumptions of sudden prices changes of up to 24 percent (with steps of 8 percent) are indicated in the table below.

	Estimated impact on gross income		Impact on profit for the period		Estimated change in shareholders' equity	
	+ 24%	- 24%	+ 24%	- 24%	+ 24%	- 24%
Iccrea Banca	0.08	-0.04	0.05	-0.03	0.02	-0.01

Figures in €/mln at 31st December 2009

2.2 Interest rate and price risk - Banking book

Qualitative information

A. Interest rate and price risk: General aspects, management procedures and measurement methods

Financial operations are characterized by a clear predominance of short-term flows, in line with Banca Iccrea's statutory mission, which consists of making the work of the Cooperative Banks more effective, supporting them and expanding their business through the performance of functions of lending, technical intermediation and financial assistance.

In carrying out the new Group Finance model, during 2009 Iccrea Bank was made responsible for funding activities for the banking Group's Companies.

Iccrea Banca is the interface between the individual CBs and the Group Companies and the domestic and international monetary and financial markets. Specifically, the bank:

- performs treasury activities managing the liquidity conferred by the CBs;
- operates on Italian and foreign stock markets, also as a *primary dealer* on the electronic market for Government securities;
- ensures that the financial needs of the Group companies are fulfilled, through collection activities within the Cooperative credit system and on the financial markets;
- with the support of the Group Risk Management and ALM Unit, monitors and manages interest rate risk at the individual and consolidated level and observance of the limits set in the strategic planning stage.

Management of interest rate risk on the *banking book* is the responsibility of the Central Finance and Credit Department.

In the context of treasury operations a quantitative limit is adopted, for each currency, which combines the imbalance of loans and deposits with the related interest rate maturities. Funding and lending operations are mainly carried out on the interbank market; in particular funds raised by the CBs, chiefly through the use of the daily settlement account, are lent out on the interbank market with maximum terms of up to 12 months, in accordance with current delegated powers; interest-rate derivative contracts maturing within 12 months are operationally linked with such operations, and some of these were tested for effectiveness as envisaged by the hedge accounting rules.

With reference to support for funding operations by the CBs, the amount of bonds issued by the CBs and held by the Bank has remained substantially stable.

The "*Fair Value Option*" was used for two structured loans issued by the Bank which are operationally linked derivative instruments, so as to avoid accounting mismatching, fulfilling the so-called natural hedging, as well as for three structured debt securities, in order to avoid unbundling the embedded derivative.

The Risk Management Unit and the Controls Service and Finance Technical Office include, in their *reporting* systems, position and risk information on the banking book; treasury positions are subject to operating limits which are monitored daily.

A ceiling is adopted, on the basis of a summary indicator of the treasury's exposure to interest rate risk, which combines the imbalance of lending and funding with the related interest rate maturities, including securities positions of the treasury book, in terms of both countervalue in euro and for each currency.

The ALM system includes the banking book assets and liabilities, including loans and bond issues. Auditing is carried out monthly and regards exposure according to maturity, currency and sub-portfolios. *sensitivity* methods are used to analyse assumptions of sudden changes in the interest rate curves as well as assumptions of changes in the net interest income again in the light of *shift*s in the curve.

At 30th June 2009, there was a balance of Euro 71.1 million in units of two real estate funds (Securfondo and Melograno), as well as an overall balance of Euro 24 million regarding shareholdings and equity investments.

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 a prudential assumption of a sudden change of 8% in the current value of the balance is monitored by the Risk Management Unit.

B. Fair value hedging activities

Interest rate risk is micro-hedged in accordance with the IAS Fair Value Hedge criteria.

In particular, at 31 December 2009 the following are hedged:

- A fixed-rate mortgage issued to BCC Solutions whose remaining debt is currently Euro 29.8 million hedged by means of an Interest Rate Swap (IRS) derivative contract;
- 2 fixed-rate bond loans issued by the Bank and subject to hedging through *Interest Rate Swap* (IRS) derivative contracts for a nominal value of Euro 35 million.
- Fixed rate treasury bond government securities hedged by means of an asset swap transaction for a nominal amount of Euro 20 million;
- 2 fixed-rate portfolio securities issued by Banca Agrileasing and hedged by means of Interest Rate Swap (IRS) derivative contracts for a nominal value of Euro 261 million;
- fixed-rate interbank deposits hedged by Overnight Indexed Swap (OIS) derivative instruments.

The effectiveness tests were carried out using the *Dollar Offsetting* method for the retrospective profile and linear regression for the prospective profile.

C. Cash flow hedging activities

At the reporting date the Bank was not carrying out any cash flow hedging activities.

Quantitative information

1. Banking book: distribution by residual duration (by re-pricing date) of financial assets and liabilities

This table has not been compiled, since an analysis of interest rate and price risk sensitivity has been provided.

2. Banking book: internal models and other methods for sensitivity analysis

With reference to the Interest Rate Risk, the following table shows the results of the *sensitivity* analysis on value following a *shift* of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	ESTIMATED IMPACT ON NET INTEREST INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	-0.59	0.98	-0.40	0.66	-0.14	0.23

Figures in €/mln at 31st December 2009

Regarding Price Risk, the results of the *sensitivity* analysis in assumptions of sudden prices changes of up to 24 percent (with steps of 8 percent) are indicated in the table below.

	ESTIMATED IMPACT ON GROSS INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN SHAREHOLDERS' EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	22.74	-22.74	15.39	-15.39	5.31	-5.31

Figures in €/mln at 31st December 2009

2.3 Exchange rate risk

Qualitative information

A. Exchange rate risk: General aspects, management processes and measurement methods

The exchange rate 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 home currency operations of the CBs and other Group companies.

Operations are mainly concentrated on currencies of greater market importance. Use is made of a system of daily operating limits on the overall foreign exchange composition, as well as on the net foreign exchange positions of the individual currencies, in accordance with a scheme for the partial utilization of the above overall position limit, appropriately graduated on the basis of the importance of the currency itself.

B. Exchange rate risk Hedging activities

Trading in exchange rate derivatives is carried on through a careful policy of substantial balancing of the positions.

Quantitative information

1. Distribution by currency of denomination of assets, liabilities and derivatives

ITEM	CURRENCIES					
	USA DOLLARS	STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
A. Financial assets	**555,057**	**11,563**	**109,000**	**5,546**	**230,819**	**27,046**
A.1 Debt securities	280	-	-	-	-	-
A.2 Equity securities	692	276	-	-	1	-
A.3 Loans to banks	552,596	11,257	109,000	3,269	230,810	27,046
A.4 Loans to customers	1,489	30	-	2,277	8	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**2,893**	**1,380**	**212**	**711**	**1,242**	**955**
C. Financial liabilities	**460,347**	**29,564**	**70,748**	**9,646**	**97,638**	**26,182**
C.1 Due to banks	439,737	17,082	57,804	5,127	92,773	12,542
C.2 Due to customers	20,610	12,482	12,944	4,519	4,865	13,640
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**60**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**1,312,160**	**113,136**	**458,336**	**7,684**	**188,522**	**56,591**
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other derivatives	1,312,160	113,136	458,336	7,684	188,522	56,591
+ long positions	603,017	65,011	211,353	5,515	27,023	27,091
+ short positions	709,143	48,125	246,983	2,169	161,499	29,500
TOTAL ASSETS	**1,160,967**	**77,954**	**320,565**	**11,772**	**259,084**	**55,092**
TOTAL LIABILITIES	**1,169,550**	**77,689**	**317,731**	**11,815**	**259,137**	**55,682**
Differences (+/-)	**(8,583)**	**265**	**2,834**	**(43)**	**(53)**	**(590)**

2. Internal models and other methods for sensitivity analysis

There is no information apart from that already given above.

2.4 Derivative financial instruments

A. Financial derivatives

A.1 Regulatory trading book: notional values at end of period and averages

Underlying asset/ type of derivative	Total at 31/12/2009		Total at 31/12/2008	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**43,111,271**	**309,840**	**35,013,644**	**480,421**
a) Options	2,501,161	-	2,972,115	-
b) Swaps	38,001,521	-	32,041,122	-
c) Forwards	2,608,589	109,340	407	477,521
d) Futures	-	200,500	-	2,900
e) Others	-	-	-	-
2. Equity securities and share indices	**778,111**	**1,818**	**1,101,308**	**3,653**
a) Options	778,111	-	685,642	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	1,290
d) Futures	-	1,818	-	2,363
e) Others	-	-	415,666	-
3. Currencies and gold	**2,011,954**	**-**	**2,337,606**	**-**
a) Options	-	-	46,231	-
b) Swaps	-	-	-	-
c) Forwards	2,011,954	-	2,291,375	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**45,901,336**	**311,658**	**38,452,558**	**484,074**
Average values	**42,176,947**	**397,866**	**42,608,549**	**1,253,067**

A.2 BANKING BOOK: NOTIONAL VALUES AT END OF PERIOD AND AVERAGES

A.2.1 HEDGING

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
1. Debt securities and interest rates	**405,518**	**-**	**926,022**	**-**
a) Options	-	-	60,000	-
b) Swaps	405,518	-	866,022	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity securities and share indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**405,518**	**-**	**926,022**	**-**
Average value	**665,770**	**-**	**590,589**	**-**

A.2.2 Other derivatives

Underlying assets/ type of derivative	Total at 31/12/2009		Total at 31/12/2008	
	Over the counter	Central counter-parties	Over the counter	Central counter-parties
1. Debt securities and interest rates	**637,543**	**-**	**582,543**	**-**
a) Options	315,150	-	15,150	-
b) Swaps	322,393	-	567,393	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity securities and share indices	**14,486**	**-**	**14,486**	**-**
a) Options	7,243	-	7,243	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	7,243	-	7,243	-
3. Currencies and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**652,029**	**-**	**597,029**	**-**
Average values	**624,529**	**-**	**450,335**	**-**

A.3 FINANCIAL DERIVATIVES: POSITIVE GROSS FAIR VALUE - DIVISION BY PRODUCT

PORTFOLIOS/ TYPE OF DERIVATIVE	POSITIVE FAIR VALUE			
	TOTAL AT 31/12/2009		TOTAL AT 31/12/2008	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
A. Regulatory trading book	**399,087**	**303**	**435,339**	**278**
a) Options	24,581	-	-	-
b) Interest rate swap	362,084	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	12,422	13	-	-
f) Futures	-	290	-	-
g) Others	-	-	-	-
B. Banking book - hedging	**1,031**	**-**	**588**	**-**
a) Options	-	-	-	-
b) Interest rate swap	1,031	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**2,349**	**-**	**864**	**-**
a) Options	1,054	-	-	-
b) Interest rate swap	1,295	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**402,467**	**303**	**436,791**	**278**

A.4 Financial derivatives: negative gross fair value - division by product

Portfolio/ type of derivative	Negative fair value			
	Total at 31/12/2009		Total at 31/12/2008	
	Over the counter	Central counter-parties	Over the counter	Central counter-parties
A. Regulatory trading book	**388,982**	**662**	**371,147**	**383**
a) Options	23,241	-	-	-
b) Interest rate swap	352,821	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	12,920	209	-	-
f) Futures	-	453	-	-
B. Banking book - hedging	**8,316**	**-**	**16,744**	**-**
a) Options	-	-	-	-
b) Interest rate swap	8,316	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**2,798**	**-**	**348**	**-**
a) Options	-	-	-	-
b) Interest rate swap	2,798	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**400,096**	**662**	**388,239**	**383**

A.5 OTC financial derivatives - regulatory trading book: notional values, positive and negative gross fair value by counterparty - contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	7,976	11,830	26,010,232	245,095	207,874	-	54,786
- positive fair value	2	171	186,941	3,369	1,124	-	30
- negative fair value	-	-	272,318	12,566	17,290	-	1,253
- future exposure	-	88	57,398	730	732	-	11
2) Equity securities and share indices							
- notional value	-	-	299,178	34,500	259,443	-	-
- positive fair value	-	-	4,165	272	24	-	-
- negative fair value	-	-	1,465	3,077	8,855	-	-
- future exposure	-	-	10,079	810	353	-	-
3) Currencies and gold							
- notional value	-	-	715,625	693,264	-	3	418
- positive fair value	-	-	3,292	3,504	-	-	1
- negative fair value	-	-	5,447	5,122	-	-	1
- future exposure	-	-	27,980	6,955	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.6 OTC FINANCIAL DERIVATIVES - REGULATORY TRADING BOOK: NOTIONAL VALUES, POSITIVE AND NEGATIVE GROSS FAIR VALUE BY COUNTERPARTY - CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS

CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	16,573,477	-	-	-	-
- positive fair value	-	-	185,085	-	-	-	-
- negative fair value	-	-	60,246	-	-	-	-
2) Equity securities and share indices							
- notional value	-	-	184,990	-	-	-	-
- positive fair value	-	-	6,156	-	-	-	-
- negative fair value	-	-	58	-	-	-	-
3) Currencies and gold							
- notional value	-	-	602,644	-	-	-	-
- positive fair value	-	-	4,952	-	-	-	-
- negative fair value	-	-	1,283	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.7 OTC financial derivatives - banking book: notional values, positive and negative gross fair value by counterparty - contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	72,393	-	-	-	-
- positive fair value	-	-	861	-	-	-	-
- negative fair value	-	-	1,039	-	-	-	-
- future exposure	-	-	76	-	-	-	-
2) Equity securities and share indices							
- notional value	-	-	14,486	-	-	-	-
- positive fair value	-	-	947	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives - banking book: notional values, positive and negative gross fair value by counterparty - contracts classified under settlement agreements

CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	970,668	-	-	-	-
- positive fair value	-	-	1,572	-	-	-	-
- negative fair value	-	-	10,075	-	-	-	-
2) Equity securities and share indices							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 REMAINING LIFE OF OTC FINANCIAL DERIVATIVES: NOTIONAL VALUES

UNDERLYING ASSET/ REMAINING LIFE	UP TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	**28,460,167**	**13,934,198**	**3,506,971**	**45,901,336**
A.1 Financial derivatives on debt securities and interest rates	26,059,912	13,544,388	3,506,971	43,111,271
A.2 Financial derivatives on equity securities and share indices	388,301	389,810	-	778,111
A.3 Financial derivatives on exchange rates and gold	2,011,954	-	-	2,011,954
A.4 Financial derivatives on other valuables	-	-	-	-
B. Banking book	**132,854**	**881,825**	**42,868**	**1,057,547**
B.1 Financial derivatives on debt securities and interest rates	118,368	881,825	42,868	1,043,061
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 31/12/2009	**28,593,021**	**14,816,023**	**3,549,839**	**46,958,883**
TOTAL AT 31/12/2008	**22,358,875**	**15,048,306**	**2,568,428**	**39,975,609**

A.10 OTC FINANCIAL DERIVATIVES: COUNTERPARTY RISK/ FINANCIAL RISK - INTERNAL MODELS

At the date of these financial statements, internal models were not used to measure counterparty/financial risk.

B. Credit derivatives

B.1 Credit derivatives: notional values at end of period and averages

TYPE OF TRANSACTIONS	REGULATORY TRADING BOOK		BANKING BOOK	
	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)
1. Protection purchases				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	-	-
TOTAL AT 31/12/2009	**-**	**-**	**-**	**-**
Average value	**6,000**	**-**	**-**	**-**
TOTAL AT 31/12/2008	**12,000**	**-**	**-**	**-**
2. Protection sales				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	10,000	-
TOTAL AT 31/12/2009	**-**	**-**	**10,000**	**-**
Average value	**6,000**	**-**	**14,880**	**-**
TOTAL AT 31/12/2008	**12,000**	**-**	**19,760**	**-**

B.2 OTC Credit derivatives: positive gross fair value - division by product

Portfolio/ type of derivative	Positive fair value	
	Total at 31/12/2009	Total at 31/12/2008
A. Regulatory trading book	**-**	**136**
a) Credit default products	-	136
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
TOTAL	**-**	**136**

B.3 OTC Credit derivatives: negative gross fair value - division by product

The table has not been compiled since there were no balances for this item at the reporting date.

B.4 OTC Credit derivatives: notional values, positive and negative gross fair value by counterparty - contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
Regulatory trading							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive *fair value*	-	-	-	-	-	-	-
- negative *fair value*	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	-	-
- positive *fair value*	-	-	-	-	-	-	-
- negative *fair value*	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking book							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive *fair value*	-	-	-	-	-	-	-
- negative *fair value*	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	10,000	-
- positive *fair value*	-	-	-	-	-	-	-
- negative *fair value*	-	-	-	-	-	730	-

B.5 OTC credit derivatives: positive and negative gross fair value by counterparty - contracts not classified under settlement agreements

B.6 Residual life of credit derivatives: notional values

UNDERLYING ASSETS RESIDUAL LIFE	UP TO 1 YEAR	FROM MORE THAN 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	-	-	-	-
A.1 Credit derivatives with "qualified" reference obligation	-	-	-	-
A.2 Credit derivatives with non qualified reference obligation	-	-	-	-
B. Banking book	-	-	10,000	10,000
B.1 Credit derivatives with "qualified" reference obligation	-	-	-	-
B.2 Credit derivatives with non qualified reference obligation	-	-	10,000	10,000
TOTAL AT 31/12/2009	**-**	**-**	**10,000**	**10,000**
TOTAL AT 31/12/2008	**43,760**	**-**	**-**	**-**

B.7 Credit derivatives: counterparty risk / financial risk - internal models

At the date of these financial statements, internal models were not used to measure counterparty/financial risk.

C. Financial and credit derivatives

C.1 OTC financial and credit derivatives: net fair value and future exposure by counterparty

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Financial derivative bilateral agreements							
- positive fair value	-	-	134,559	-	-	-	-
- negative fair value	-	-	5,255	-	-	-	-
- future exposure	-	-	68,114	-	-	-	-
- net counterparty risk	-	-	87,414	-	-	-	-
2) Credit derivative bilateral agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3) "Cross product" agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-

SECTION 3 - LIQUIDITY RISK

Qualitative information

A. Liquidity risk: general aspects, management processes and measurement methods

Liquidity risk is managed by a special treasury unit of the Central Finance and Credit Department, which mainly lends on the interbank market in the form of time deposits. Owing to its role as an intermediary with the settlement systems on behalf of the CBs, the liquid funds of the Cooperative Banking system are concentrated in ICCREA Bank, which normally acts as a net lender of cash to the system. Financial operations therefore feature a marked predominance of on-demand or short term cash flows.

Lending operations are governed by the current Delegated Powers which define position limits for the various maturities.

From an operational viewpoint, the total volumes held by the treasury in Euro deposited by the CBs/Banks for which Iccrea Bank acts as the intermediary, have grown further in 2009. Amounts deposited in accounts and in time deposits have both increased.

The Bank's total balances, setting off liabilities against assets, are monitored through the ALM system at monthly intervals.

In the light also of new legislation, the use of *gap reporting* forms for the control and management of risks deriving from the *mismatching* of maturity dates between accounting assets and liabilities has continued. Since October 2008, the Group's liquidity position has also been reported specifically every week on a consolidated basis to the Bank of Italy.

Quantitative information

1 Time distribution by residual contractual term of financial assets and liabilities Currency of denomination: euro

Item/ time bracket	On demand	From more than 1 to 7 days	From more than 7 to 15 days	From more than 15 days to 1 month	From more than 1 month to 3 months	From more than 3 month 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
Cash assets	**1,005,342**	**399,101**	**74,494**	**453,489**	**2,188,573**	**291,827**	**440,155**	**3,169,128**	**597,006**	**-**
A.1 Government securities	-	-	-	-	4,516	6,565	-	492,586	99,565	-
A.2 Other debt securities	342	-	4	5,033	42,994	62,731	47,954	2,448,995	119,956	-
A.3 UCITS units	74,311	-	-	-	-	-	-	-	-	-
A.4 Loans	930,689	399,101	74,490	448,456	2,141,063	222,531	392,201	227,547	377,485	-
- banks	701,339	398,962	74,455	447,416	2,115,517	180,159	362,010	31,893	2,581	-
- customers	229,350	139	35	1,040	25,546	42,372	30,191	195,654	374,904	-
Cash liabilities	**6,439,662**	**294,138**	**28,380**	**75,576**	**78,167**	**268,418**	**235,622**	**694,374**	**20,011**	**-**
B.1 Deposits and current accounts	6,436,218	294,138	23,272	75,117	76,927	220,486	37,606	1,001	-	-
- banks	5,658,251	293,387	23,272	75,117	76,927	220,486	36,605	1,001	-	-
- customers	777,967	751	-	-	-	-	1,001	-	-	-
B.2 Debt securities	-	-	-	-	-	35,424	-	543,254	20,011	-
B.3 Other liabilities	3,444	-	5,108	459	1,240	12,508	198,016	150,119	-	-
Off-balance-sheet transactions	**799,935**	**780,799**	**14,819**	**228,013**	**1,689,194**	**103,209**	**91,151**	**513,559**	**106,800**	**-**
C.1 Financial derivatives with principal exchange	5	778,286	14,819	228,013	1,688,654	51,506	21,357	236,673	81,366	-
- long positions	1	484,419	8,146	114,857	838,351	31,386	13,134	31,675	50,829	-
- short positions	4	293,867	6,673	113,156	850,303	20,120	8,223	204,998	30,537	-
C.2 Financial derivatives without principal exchange	773,980	2,513	-	-	540	2,047	5,236	35,803	4,957	-
- long positions	391,397	-	-	-	-	1,672	1,087	16,322	2,981	-
- short positions	382,583	2,513	-	-	540	375	4,149	19,481	1,976	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	49,001	49,001	-	20,000	-
- long positions	-	-	-	-	-	49,001	-	-	10,000	-
- short positions	-	-	-	-	-	-	49,001	-	10,000	-
C.5 Financial guarantees given	25,950	-	-	-	-	655	15,557	241,083	477	-

Currency of denomination: DOLLAR (USA)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH 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
Cash assets	**9,728**	**17,404**	**7,395**	**94,956**	**143,534**	**49,025**	**232,027**	**280**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	280	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	9,728	17,404	7,395	94,956	143,534	49,025	232,027	-	-	-
- banks	8,239	17,404	7,395	94,956	143,534	49,025	232,027	-	-	-
- customers	1,489	-	-	-	-	-	-	-	-	-
Cash liabilities	**116,407**	**84,830**	**66,282**	**70,228**	**93,021**	**21,892**	**7,687**	**-**	**-**	**-**
B.1 Deposits and current accounts	116,210	84,830	66,282	41,545	84,085	21,547	7,687	-	-	-
- banks	95,600	84,830	66,282	41,545	84,085	21,547	7,687	-	-	-
- customers	20,610	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	197	-	-	28,683	8,936	345	-	-	-	-
Off-balance-sheet transactions	**6,201**	**283,855**	**15,003**	**170,812**	**865,506**	**25,810**	**18,554**	**2**	**3**	**-**
C.1 Financial derivatives with principal exchange	-	217,389	15,003	170,812	865,506	25,810	18,506	2	3	-
- long positions	-	60,110	5,661	85,816	431,623	12,370	7,870	1	1	-
- short positions	-	157,279	9,342	84,996	433,883	13,440	10,636	1	2	-
C.2 Financial derivatives without principal exchange	6,201	-	-	-	-	-	48	-	-	-
- long positions	2,462	-	-	-	-	-	-	-	-	-
- short positions	3,739	-	-	-	-	-	48	-	-	-
C.3 Deposits and loans to be received	-	54,894	-	-	-	-	-	-	-	-
- long positions	-	27,447	-	-	-	-	-	-	-	-
- short positions	-	27,447	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	11,572	-	-	-	-	-	-	-	-
- long positions	-	5,786	-	-	-	-	-	-	-	-
- short positions	-	5,786	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: sterling (GPB)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH 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
Cash assets	**7,903**	**1,044**	**944**	**619**	**619**	**157**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	7,903	1,044	944	619	619	157	-	-	-	-
- banks	7,873	1,044	944	619	619	157	-	-	-	-
- customers	30	-	-	-	-	-	-	-	-	-
Cash liabilities	**21,660**	**1,117**	**1,264**	**801**	**2,709**	**113**	**1,900**	**-**	**-**	**-**
B.1 Deposits and current accounts	21,660	1,117	1,264	801	2,709	113	1,900	-	-	-
- banks	9,178	1,117	1,264	801	2,709	113	1,900	-	-	-
- customers	12,482	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**1,208**	**28,334**	**2,807**	**12,140**	**12,236**	**464**	**-**	**63,055**	**6**	**-**
C.1 Financial derivatives with principal exchange	-	23,258	2,807	12,140	12,236	464	-	63,055	6	-
- long positions	-	21,729	1,503	5,169	5,256	240	-	31,529	1	-
- short positions	-	1,529	1,304	6,971	6,980	224	-	31,526	5	-
C.2 Financial derivatives without principal exchange	1,208	-	-	-	-	-	-	-	-	-
- long positions	571	-	-	-	-	-	-	-	-	-
- short positions	637	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	3,574	-	-	-	-	-	-	-	-
- long positions	-	1,787	-	-	-	-	-	-	-	-
- short positions	-	1,787	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	1,502	-	-	-	-	-	-	-	-
- long positions	-	751	-	-	-	-	-	-	-	-
- short positions	-	751	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: YEN (JAPAN)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH 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
Cash assets	**2,245**	**27,390**	**22,384**	**31,384**	**20,080**	**3,725**	**1,792**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,245	27,390	22,384	31,384	20,080	3,725	1,792	-	-	-
- banks	2,245	27,390	22,384	31,384	20,080	3,725	1,792	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**17,125**	**14,502**	**482**	**15,964**	**22,675**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	17,125	14,502	482	15,964	22,675	-	-	-	-	-
- banks	4,181	14,502	482	15,964	22,675	-	-	-	-	-
- customers	12,944	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**2**	**128,713**	**600**	**42,172**	**349,977**	**5,771**	**3,783**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	56,033	600	42,172	349,977	5,771	3,783	-	-	-
- long positions	-	9,582	285	20,876	175,688	2,632	2,290	-	-	-
- short positions	-	46,451	315	21,296	174,289	3,139	1,493	-	-	-
C.2 Financial derivatives without principal exchange	2	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	2	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	24,092	-	-	-	-	-	-	-	-
- long positions	-	12,046	-	-	-	-	-	-	-	-
- short positions	-	12,046	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	48,588	-	-	-	-	-	-	-	-
- long positions	-	24,294	-	-	-	-	-	-	-	-
- short positions	-	24,294	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: CAD (Canada)

Item/ Time bracket	On demand	From more than 1 to 7 days	From more than 7 to 15 days	From more than 15 days to 1 month	From more than 1 month to 3 months	From more than 3 month 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
Cash assets	**5,404**	**5**	**-**	**138**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	5,404	5	-	138	-	-	-	-	-	-
- banks	3,127	5	-	138	-	-	-	-	-	-
- customers	2,277	-	-	-	-	-	-	-	-	-
Cash liabilities	**6,386**	**-**	**180**	**602**	**2,477**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	6,386	-	180	602	2,477	-	-	-	-	-
- banks	1,867	-	180	602	2,477	-	-	-	-	-
- customers	4,519	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**354**	**3,636**	**3,701**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	348	3,636	3,701	-	-	-	-	-	-
- long positions	-	30	3,636	1,850	-	-	-	-	-	-
- short positions	-	318	-	1,851	-	-	-	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	6	-	-	-	-	-	-	-	-
- long positions	-	3	-	-	-	-	-	-	-	-
- short positions	-	3	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: CHF (Switzerland)

Item/ Time bracket	On demand	From more than 1 to 7 days	From more than 7 to 15 days	From more than 15 days to 1 month	From more than 1 month to 3 months	From more than 3 month 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
Cash assets	**1,221**	**13,656**	**29,736**	**54,657**	**113,312**	**16,137**	**2,099**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,221	13,656	29,736	54,657	113,312	16,137	2,099	-	-	-
- banks	1,213	13,656	29,736	54,657	113,312	16,137	2,099	-	-	-
- customers	8	-	-	-	-	-	-	-	-	-
Cash liabilities	**9,918**	**-**	**14,969**	**25,364**	**33,776**	**79**	**13,532**	**-**	**-**	**-**
B.1 Deposits and current accounts	9,918	-	14,969	25,364	33,776	79	13,532	-	-	-
- banks	5,053	-	14,969	25,364	33,776	79	13,532	-	-	-
- customers	4,865	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**48**	**175,353**	**2**	**135**	**32,558**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	155,827	2	135	32,558	-	-	-	-	-
- long positions	-	10,418	1	135	16,469	-	-	-	-	-
- short positions	-	145,409	1	-	16,089	-	-	-	-	-
C.2 Financial derivatives without principal exchange	48	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	48	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	19,526	-	-	-	-	-	-	-	-
- long positions	-	9,763	-	-	-	-	-	-	-	-
- short positions	-	9,763	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Other currencies

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH 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
Cash assets	**25,144**	**504**	**720**	**319**	**146**	**211**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	25,144	504	720	319	146	211	-	-	-	-
- banks	25,144	504	720	319	146	211	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**20,207**	**3,737**	**1,483**	**330**	**329**	**85**	**10**	**-**	**-**	**-**
B.1 Deposits and current accounts	20,207	3,737	1,483	330	329	85	10	-	-	-
- banks	6,568	3,737	1,483	330	329	85	10	-	-	-
- customers	13,639	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**5,230**	**2,952**	**12,589**	**37,065**	**860**	**254**	**2**	**2**	**-**
C.1 Financial derivatives with principal exchange	-	4,444	2,952	12,589	37,065	860	254	2	2	-
- long positions	-	1,626	708	6,066	19,151	71	254	2	1	-
- short positions	-	2,818	2,244	6,523	17,914	789	-	-	1	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	732	-	-	-	-	-	-	-	-
- long positions	-	366	-	-	-	-	-	-	-	-
- short positions	-	366	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	54	-	-	-	-	-	-	-	-
- long positions	-	27	-	-	-	-	-	-	-	-
- short positions	-	27	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

SECTION 4 - OPERATIONAL RISKS

Qualitative information

A. Operational risk: General aspects, management processes and measurement methods

Within the framework of the initiatives defined at Group level in the Risk Management area, the Bank has launched an integrated operational risk management system which allows for assessment of exposure to operational risk for each business area. In particular, a self-assessment process of expected exposure to operational risks (Risk Self Assessment) has been defined and implemented. The results of the assessment are processed by means of a statistical model which allows for translating operational risk exposure estimates into economic capital values;

The approach adopted enables the following further specific objectives to be achieved:

- to give *risk owner*s greater awareness of the risks associated with their own operations;
- to assess the Bank's exposure to operational risk factors inherent in business processes;
- to give an overall *view*, for each period and perimeter of observation, of the Bank's operating issues;
- to supply the information necessary for improvements to the Internal Auditing System;
- to optimise operational risk mitigation actions, by means of a process which, starting with identification of the risks, their economic assessment, and identification of the underlying internal criticalities, allows for cost/ benefit analysis of the measures to be taken.

Quantitative information

In accordance with Bank of Italy Circular 263 of 27th December 2006 - New Prudential Supervisory Regulations for Banks - up to now the Bank has used the *Basic Indicator Approach* (BIA) for calculating Operational Risk for reporting purposes.

In the Basic Approach, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the company's turnover, thus identifying "Gross income".

In particular, the Bank's capital requirement, which is 15% of the average of the last three observations of "Gross income", with reference to the end of the period, was Euro 27,064 thousand.

Part - F

Information on the Capital

PART F - INFORMATION ON THE CAPITAL

SECTION 1 - CORPORATE EQUITY

A. Qualitative information

The company's Assets (capital, issue premiums, reserves, capital instruments, treasury shares, evaluation reserves, redeemable shares, profit/loss of the period) represents the sum of the bank's own means, i.e. all its financial means for the pursuit of its corporate purpose and to face the risks of the business itself.

The Assets therefore represent the main defence against the risks involved in the banking business and, as such, their worth must guarantee, on one hand, adequate margins of entrepreneurial independence in the bank's development and growth and, on the other, the capacity to constantly maintain the company's solidity and stability.

B. Quantitative information

B.1 Corporate equity: breadkown

ITEM/ AMOUNT	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
1. Share capital	**216,913**	**216,913**
2. Share premium reserve	**-**	**-**
3. Reserves	**69,488**	**66,685**
- profits	69,488	66,685
a) legal	48,201	45,398
b) statutory	205	205
c) treasury shares	-	-
d) others	21,082	21,082
- others	-	-
4. Equity Instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**50,967**	**24,832**
- Financial assets available for sale	3,101	(23,034)
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Hedging of cash flows	-	-
- Exchange differences	-	-
- Non-current assets held for sale	-	-
- Actuarial profits (losses) regarding defined benefits social security plans	-	-
- Share of the valuation reserve regarding subsidiaries entered in the shareholders' equity	-	-
- Special revaluation laws	47,866	47,866
7. Net Profit (Loss) for the period	**29,921**	**9,341**
TOTAL	**367,289**	**317,771**

B.2 Reserves from valuation of financial assets available for sale: breakdown

Assets/ Amount	Total at 31/12/2009		Total at 31/12/2008	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	322	(3,799)	-	(26,371)
2. Equity securities	5,469	-	4,494	(13)
3. UCITS units	1,109	-	1,109	(2,252)
4. Loans	-	-	-	-
Total	**6,900**	**(3,799)**	**5,603**	**(28,636)**

B.3 Reserves from valuation of financial assets available for sale: annual change

	Debt securities	Equity securities	UCITS units	Loans
1. Opening balance	**(26,371)**	**4,481**	**(1,143)**	**-**
2. Increases	**22,894**	**988**	**3,827**	**-**
2.1 Increases in fair value	18,265	988	-	-
2.2 Switched to the income statement, negative reserves:	4,629	-	3,827	-
- from impairment	-	-	3,827	-
- from sales	4,629	-	-	-
2.3 Other changes	-	-	-	-
3. Decreases	**-**	**-**	**1,575**	**-**
3.1 Reductions in fair value	-	-	1,575	-
3.2 Adjustments for impairment	-	-	-	-
3.3 Switched to the income statement, positive reserves: from sales	-	-	-	-
3.4 Other changes	-	-	-	-
4. Closing balance	**(3,477)**	**5,469**	**1,109**	**-**

SECTION 2 - CAPITAL AND CAPITAL RATIOS

2.1 Regulatory Capital

A. Quantitative information

Regulatory capital and capital ratios are calculated based on the equity indicators and the economic result determined by applying the international IAS/IFRS accounting standards and taking into account the Regulatory instructions issued by the Bank of Italy with the latest update of Circular no. 155/91 “Reporting instructions on the regulatory capital and prudential ratios”.

Regulatory capital is calculated as a sum of the positive and negative components, based on their equity quality. The positive components should be fully available to the bank, in order to be utilised in the calculation of equity absorptions.

Regulatory capital, equal to Euro 332,105,653, is made up of tier 1 capital and tier 2 capital, net of deductions provided by the regulatory provision; an analysis of the individual items is indicated below.

1. Tier 1 capital

Tier 1 capital is made up of positive elements (which increase its amount) and negative elements (which reduce its computability). At 31th December 2009 and before the application of prudential filters, Tier 1 capital amounts to Euro 284,742,848; applying prudential filters, represented by positive variations in the credit rating by Euro 685,511 and in the negative reserves on debt securities available for sale for Euro 3,477,742, the Tier 1 capital gross of elements to be deducted is equal to Euro 281,950,618. The elements to be deducted, made up of 50% of shareholdings in financial companies of more than 10% of the share capital of the invested body, amount to Euro 500,000 and bring the total of Tier 1 capital to Euro 281,450,618.

2. Tier 2 capital

Before applying prudential filters, Tier 2 capital amounts to Euro 54,444,420; applying prudential filters, represented by the incomputable share of positive reserves on securities available for sale (50%) equal to Euro 3,289,385, the Tier 2 capital gross of elements to be deducted comes out to be Euro 51,155,035. The elements to be deducted, made up of 50% of shareholdings in financial companies of more than 10% of the share capital of the invested body, amount to Euro 500,000 and bring the total of Tier 2 capital to Euro 50,655,035.

3. Tier 3 capital

In these financial statements, instruments to be computed in the Tier 3 capital are not registered.

B. Quantitative information

	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. Core tier 1 capital before application of prudential filters	**284,743**	**283,434**
B. Core tier 1 capital prudential filters:	(2,792)	(26,371)
B.1 Positive IAS/IFRS prudential filters(+)	686	-
B.2 Negative IAS/IFRS prudential filters (-)	(3,478)	(26,371)
C. Core tier 1 capital gross of elements to be deducted (A+B)	**281,951**	**257,063**
D. Elements to be deducted from Tier 1 equity	500	6,504
E. Total core tier 1 capital (TIER 1) (C-D)	**281,451**	**250,559**
F. Tier 2 capital before application of the prudential filters	**54,444**	**51,204**
G. Tier 2 capital prudential filters:	(3,289)	(1,669)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(3,289)	(1,669)
H. Tier 2 capital gross of elements to be deducted (F+G)	**51,155**	**49,535**
I. Elements to be deducted from the Tier 2 capital	500	6,504
L. Total Tier 2 capital (TIER 2) (H-I)	**50,655**	**43,031**
M. Elements to be deducted from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**332,106**	**293,590**
O. Tier 3 capital (TIER 3)	-	-
P. Regulatory capital inclusive of Tier 3 (N+O)	**332,106**	**293,590**

2.2 Capital adequacy

A. Qualitative information

B. Quantitative information

CATEGORY/ AMOUNT	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/ REQUIREMENTS	
	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008	TOTAL AT 31/12/2009	TOTAL AT 31/12/2008
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**14,168,344**	**14,434,127**	**2,463,900**	**2,400,371**
1. Standardised approach	13,914,462	14,387,267	1,878,308	2,032,394
2. Internal ratings based approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisation	253,882	46,860	585,592	367,977
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			**197,112**	**192,030**
B.2 MARKET RISKS			**58,408**	**28,003**
1. Standard approach			**58,408**	28,003
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATING RISK			**27,064**	**24,558**
1. Basic approach			**27,064**	24,558
2. Standardised approach			-	-
3. Advanced approach			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			-	-
B.5 OTHER CALCULATION ELEMENTS			-	-
B.6 TOTAL PRUDENTIAL REQUIREMENTS			**282,584**	**244,591**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**3,532,300**	**3,057,388**
C.2 Tier 1 capital/ Risk-weighted assets (Tier 1 capital ratio)			**7.97%**	**8.20%**
C.3 Regulatory capital including TIER 3/ Risk-weighted assets (Total capital ratio)			**9.40%**	**9.60%**

Part - G

Business Combination Related to Companies or Business Units

PART G - BUSINESS COMBINATIONS RELATED TO COMPANIES OR BUSINESS UNITS

At the reporting date, the Bank is not affected by business combinations involving companies or business units.

Part - H
Related Parties Transaction

PART H - RELATED PARTIES TRANSACTION

1. Information on compensation for managers with strategic responsibilities

The information 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 31/12/2009
Fees and remuneration (1)	1,995
Post-employment benefits (2)	75

(1) Inclusive of the salary of the General Manager and Deputy General Managers
(2) Represents the annual allocation to the employee termination benefits, in accordance with the provisions of current legal requirements

	TOTAL AT 31/12/2009
Board of Auditors' fees	150

Credit facilities and guarantees given:

	TOTAL AT 31/12/2009
Directors	392
Statutory Auditors	-

2. Information 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 information at 31st December 2008 (euro/1000)

BALANCE SHEET	TOTAL AT 31/12/2008
Assets	**891,494**
Liabilities	**305,191**
Share Capital	512,420
Legal reserve	19,661
Treasury share reserve	1,311
Statutory reserve	19,930
Other reserves	(2,002)
Revaluation reserves	22,397
Treasury shares	(1,311)
Profit for the period	13,897
Total shareholders' equity	**586,303**
INCOME STATEMENT	**TOTAL AT 31/12/2008**
Net interest income	(3,642)
Net fees and commission income (expense)	2,611
Gross income	36,741
Net income (loss) from financial operations	36,656
Operating expenses	(13,432)
Profit (loss) before tax on continuing operations	23,224
Profit for the period	**13,897**

The parent company carries out control and coordination activities.

3. The items of the balance sheet statement and the income statement regarding intra-group relationships are detailed below

ASSETS	A20 - FINANCIAL ASSETS HELD FOR TRADING	A60 DUE FROM BANKS	A70 LOANS TO CUSTOMERS	A150 OTHER ASSETS
Aureo Gestioni	-	-	-	281
Banca Agrileasing	51,537	2,599,379	-	7,103
Bcc Gestione Crediti	-	-	-	-
Bcc Solutions	-	-	31,356	1,550
Bcc Private Equity	-	-	-	-
Bcc Securis	-	-	-	-
Bcc Multimedia	-	-	-	3
Credico Finance	-	-	-	-
Iccrea Holding	-	-	86,267	13,486
Immicra	-	-	-	-
Bcc Lease	-	-	5,350	-
Sef Consulting	-	-	-	-
Bcc Factoring	-	-	61	1
Hi - Mtf	-	-	-	-
GRAND TOTAL	**51,537**	**2,599,379**	**123,034**	**22,424**

LIABILITIES	P10 DUE TO BANKS	P20 DUE TO CUSTOMERS	P40 FINANCIAL LIABILITIES HELD FOR TRADING	P100 OTHER LIABILITIES
Aureo Gestioni	-	6,176	-	-
Banca Agrileasing	5,074	-	10,619	287
Bcc Gestione Crediti	-	749	-	3
Bcc Solutions	-	3,113	-	2,045
Bcc Private Equity	-	1,386	-	3
Bcc Securis	-	9	-	-
Bcc Multimedia	-	497	-	482
Credico Finance	-	44	-	-
Iccrea Holding	-	-	-	24,442
Immicra	-	3	-	-
Bcc Lease	-	-	-	9
Sef Consulting	-	-	-	-
Bcc Factoring	-	6,485	-	-
Hi - Mtf	-	-	-	175
GRAND TOTAL	**5,074**	**18,460**	**10,619**	**27,446**

INCOME STATEMENT	E10 INTEREST AND SIMILAR INCOME	E20 INTEREST AND SIMILAR EXPENSE	E40 COMMISSION RECEIVABLE	E50 COMMISSION PAYABLE	E80 NET GAIN (LOSS) ON TRADING ACTIVITIES	E150 ADMINISTRA-TIVE EXPENSES	E190 OTHER OPERATING INCOME/ EXPENSES
Aureo Gestioni	-	82	11	-	-	-	396
Banca Agrileasing	36,369	69	441	-	13,347	118	498
Bcc Gestione Crediti	-	6	1	3	-	-	16
Bcc Solutions	1,389	18	3	-	-	10,723	-
Bcc Private Equity	-	11	6	-	-	-	5
Bcc Securis	-	-	7	-	-	-	20
Bcc Multimedia	-	5	1	-	-	1,268	69
Credico Finance	-	-	7	-	-	-	18
Iccrea Holding	3,374	9	1	-	-	2,570	503
Immicra	1	-	-	-	-	-	-
Bcc Lease	69	-	54	-	-	-	-
Sef Consulting	-	-	-	-	-	-	-
Bcc Factoring	1	-	7	-	-	-	13
Hi - Mtf	-	-	3	325	-	168	-
GRAND TOTAL	**41,203**	**200**	**542**	**328**	**13,347**	**14,847**	**1.538**

PARTE - I

Payment Agreements Based on Own Equity Instruments

PART I - 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.

Parte - L
Segment Reporting

PART L - SEGMENT REPORTING

In line with the provisions regarding segment reporting, the Bank's main economic and equity aggregates are illustrated below.

Primary disclosure

Iccrea Banca systematically draws up a management report, in accordance with a specific "data model", on the results obtained by the individual business segments into which the bank's activities are subdivided and which reflect the organizational structure These segments are:

- finance;
- loans and receivables;
- payment systems;

  in addition to which there are the central governance and support functions and the Agency Service grouped within "Securities Services".

This representation reflects the operating responsibilities sanctioned in the Bank's organizational structure; the business segments are made up of an aggregation of units and business lines which have similar characteristics regarding the type of products and services brokered and the reference regulatory context. The business segment results are periodically summarised in a statement at the highest decision-making level.

Income statement

The table below shows the main economic aggregates of the aforesaid Business Segments.

ITEM/BUSINESS SEGMENT	FINANCE		LOANS AND RECEIVABLES		PAYMENT SERVICES		SECURITIES SERVICES		TOTAL	
(figures in thousands of euro)	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08
Net interest income	59,193	31,421	17,467	6,578	-2,044	9,723	-2,182	9,871	72,434	57,592
Net income from services	41,208	-3,508	2,648	2,054	97,901	96,328	15,205	19,603	156,962	114,478
Total revenue	**100,402**	**27,913**	**20,115**	**8,632**	**95,857**	**106,051**	**13,024**	**29,474**	**229,397**	**172,071**
Administrative expenses	45,169	36,663	12,101	9,529	69,381	67,947	21,322	17,516	147,973	131,656
Operating profit	**55,232**	**-8,750**	**8,014**	**-897**	**26,476**	**38,104**	**-8,299**	**11,958**	**81,423**	**40,415**

* Connection with the items on the Statement of Income can be see 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 Business Segments, it should be noted that the statement of income 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 SEGMENT	FINANCE		LOANS AND RECEIVABLES		PAYMENT SERVICES		SECURITIES SERVICES		TOTAL	
(figures in millions of euro)	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08
Loans to customers	276	192	782	626	4	9	-	-	1,061	828
Due from banks	8,188	6,945	-	-	2	3	-	-	8,190	6,948
Financial assets and equity investments	686	961	-	-	-	-	258	236	944	1,197
Total loans	**9,150**	**8,098**	**782**	**626**	**6**	**12**	**258**	**236**	**10,195**	**8,972**
Due to customers	2	265	-	4	960	907	375	320	1,337	1,496
Due to banks	8,106	6,936	-	-	-	-	287	146	8,393	7,082
Other financial liabilities	-	-	-	-	-	-	465	394	465	394
Total deposits	**8,108**	**7,201**	**-**	**4**	**960**	**907**	**1,127**	**860**	**10,195**	**8,972**

Secondary disclosure

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 STATEMENT OF INCOME	
Aggregate	**Statement of Income item**
Net interest income	30
Net income from services	60;70;80;90;100;110;190
Total revenue	Net interest income + net income from services
Administrative expenses	150a;150b
Operating profit	Total revenues - Administrative expenses

Appendices

- BCC SECURIS
- CREDICO FINANCE
- HI-MTF
- SITUATION OF THE CENTRAL GUARANTEE FUND

BCC SECURIS THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2009		31/12/2008	
60.	Amounts due from banks		8,979		9,076
120.	Tax assets		9,148		9,718
	a) current	2,892		3,552	
	b) deferred	6,166		6,166	
140.	Other assets		17,645		17,231
TOTAL ASSETS			**35,682**		**36,025**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2009		31/12/2008	
70.	Tax liabilities		268		660
	a) current	268		660	
	b) deferred	-		-	
90.	Other liabilities		24,820		24,821
120.	Share capital		10,000		10,000
160.	Reserves		544		239
180.	Net Profit/(Loss) for the period		50		305
TOTAL LIABILITIES			**35,682**		**36,025**

INCOME STATEMENT

	ITEM	31/12/2009		31/12/2008	
10.	Interest and similar income		50		305
	Net interest income		**50**		**305**
40.	Fee and commission expense		(60)		(60)
	Net fees and commission income (expense)		**(60)**		**(60)**
	Gross income		**(10)**		**245**
120.	Administrative expenses:		(68,899)		(66,663)
	b) other administrative expenses	(68,899)		(66,663)	
180.	Other operating income (expenses)		68,985		68,281
	Profit (loss) from financial operations		**86**		**1.618**
	Profit (loss) before tax on continuing operations.		**76**		**1.863**
190.	Income tax expense from continuing operations		(26)		(1,558)
	Profit(loss) after tax on continuing operations		**50**		**305**
	Net Profit/(Loss) for the period		**50**		**305**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2009	31/12/2008
10.	Net Profit/(Loss) for the period	50	305
110.	Total other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	50	305

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

	AS AT 31.12.2008	CHANGE IN OPENING BALANCE	AS AT 1.1.2009	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31.12.2009
							EQUITY TRANSACTIONS							
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME FOR 2009	
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	**10,000**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	239	-	239	305	-	-	-	-	-	-	-	-	-	**544**
a) earnings	1,121	-	1,121	305	-	-	-	-	-	-	-	-	-	**1,426**
b) others	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	**(882)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit (Loss) for the year	**305**	**-**	**305**	**(305)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**50**
Total shareholders' equity	**10,544**		**10,544**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**10,594**

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD								
							EQUITY TRANSACTIONS							
	AS AT 31.12.2007	CHANGE IN OPENING BALANCE	AS AT 1.1.2008	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME FOR 2008	SHAREHOLDERS' EQUITY AS AT 31.12.2008
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	**10,000**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	239	-	239	-	-	-	-	-	-	-	-	-	-	**239**
a) earnings	1,121	-	1,121	-	-	-	-	-	-	-	-	-	-	**1,121**
b) others	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	**(882)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit (Loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**305**	**305**
Total shareholders' equity	**10,239**		**10,239**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**305**	**10,544**

–

Statement of Cash Flows

	31/12/2009	31/12/2008
OPERATING ASSETS		
1. Operations	**50**	**305**
- Interest income collected	50	305
- interest expense paid	-	-
- Dividends and similar income	-	-
- Net fees and commission income (expense)	(60)	(60)
- Personnel expenses	-	-
- other costs	(70,709)	(67,555)
- other income	70,795	69,173
- Dues and taxes	(26)	(1,558)
- costs/ revenue regarding groups of assets held for sale and net of any tax effect	-	-
2. Net cash flows from/used in financial assets	**245**	**2,008**
- Financial assets held for trading	-	-
- Financial assets designated at fair value through profit or loss	-	-
- Financial assets available for sale	-	-
- Due from banks	-	-
- due from financial bodies	-	-
- Loans to customers	-	-
- Other assets	245	2,008
3. Net Cash flows from/used in financial liabilities	**(392)**	**(2,225)**
- Due to banks	-	-
- due to financing bodies		
- Due to customers		
- Securities issue	-	-
- Financial liabilities held for trading	-	-
- *Financial liabilities designated at fair value through profit or loss*	-	-
- Other liabilities	(392)	(2,225)
Net cash flows from/used in operating activities	**(97)**	**88**
INVESTMENT ACTIVITIES		
Net Cash flow from/used in investing activities	**-**	**-**
FINANCING ACTIVITIES		
Net Cash flow from/used in financing activities	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**(97)**	**88**

Reconciliation

BALANCE SHEET ITEMS	31/12/2009	31/12/2008
Cash and cash equivalents at beginning period	9,076	8,988
Net increase/decrease in cash and cash equivalents	(97)	88
Cash and cash equivalents at end of period	8,979	9,076

CREDICO FINANCE THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2009		31/12/2008	
60.	Amounts due from banks		44,065		43,909
120	Tax assets		2,470		2,588
	a) current	2,470		2,588	
	b) deferred				
140.	Other assets		26,697		27,185
TOTAL ASSETS			**73,232**		**73,682**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2009		31/12/2008	
90.	Other liabilities		16,122		16,572
120.	Share capital		51,645		51,645
160.	RESERVES		5,465		4,264
180.	Net Profit/(Loss) for the period		-		1,201
TOTAL LIABILITIES			**73,232**		**73,682**

INCOME STATEMENT

	ITEM	31/12/2009		31/12/2008	
10.	Interest and similar income		397		1,656
	Net interest income		**397**		**1,656**
	Gross income		**397**		**1,656**
120.	Administrative expenses:		(84,833)		(75,349)
	a) personnel expenses	(8,736)		(9,755)	
	b) other administrative expenses	(76,097)		(65,594)	
160.	Other operating income/expenses		84,659		75,349
	Profit (loss) from financial operations		**(174)**		**-**
	Profit (loss) before tax on continuing operations		**223**		**1,656**
210.	Income tax expense from continuing operations		(223)		(455)
	Profit(loss) after tax on continuing operations		**-**		**1,201**
	Net Profit/(Loss) for the period		**-**		**1,201**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2009	31/12/2008
10.	Net Profit/(Loss) for the period	-	1,201
110.	Other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	-	1,201

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31.12.2008	CHANGE IN OPENING BALANCE	AS AT 1.1.2009	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2009	SHAREHOLDERS' EQUITY AS AT 31.12.2009
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	-	**51,645**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
a) earnings	5,759	-	5,759	(294)	-	-	-	-	-	-	-	-	**5,465**
b) others	(1,495)	-	(1,495)	1,495	-	-	-	-	-	-	-	-	**-**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit (Loss) for the year	**1,201**	**-**	**1,201**	**(1,201)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**57,110**		**57,110**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,110**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2008

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31.12.2007	CHANGE IN OPENING BALANCE	AS AT 1.1.2008	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPHREHENSIVE INCOME FOR 2008	SHAREHOLDERS' EQUITY AS AT 31.12.2008
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	-	**51,645**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
a) earnings	4,616	-	4,616	1,143	-	-	-	-	-	-	-	-	**5,759**
b) others	(1,495)	-	(1,495)	-	-	-	-	-	-	-	-	-	**(1,495)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit (Loss) for the year	**1,143**	**-**	**1,143**	**(1,143)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,201**	**1,201**
Total shareholders' equity	**55,909**		**55,909**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,201**	**57,110**

STATEMENT OF CASH FLOWS

	31/12/2009	31/12/2008
A. OPERATING ACTIVITIES		
1. Operations	**-**	**1,201**
- Interest income collected	397	1,656
- interest expense paid	-	-
- Dividends and similar income	-	-
- Net fees and commission income (expense)	-	-
- Personnel expenses	-	-
- other costs	(84,833)	(76,390)
- other income	84,659	75,835
- Dues and taxes	(223)	-
- costs/ revenue regarding groups of assets held for sale and net of any tax effect		
2. Net cash flows from/used in financial assets	**606**	**(1,991)**
- Financial assets held for trading	-	-
- Financial assets designated at fair value through profit or loss	-	-
- Financial assets available for sale	-	-
- Due from banks	-	-
- Due from financial bodies		
- Loans to customers		
- Other assets	606	(1,991)
3. Net Cash flows from/used in financial liabilities	**(450)**	**1,865**
- Due to banks	-	-
- Due from financial bodies		
- Due to customers		
- Securities issue	-	-
- Financial liabilities held for trading	-	-
- Financial liabilities designated at fair value through profit or loss	-	-
- Other liabilities	450	1,865
5. Cash flow used in redemption/repurchase of financial liabilities	**-**	**-**
- Payables	-	-
- Debt securities issued	-	-
- Financial liabilities held for trading	-	-
- Financial liabilities designated at *fair value* through profit or loss	-	-
- Other liabilities	-	-
Net cash flows from/used in operating activities (A)	**156**	**1,075**

	31/12/2009	31/12/2008
B. INVESTMENT ACTIVITIES		
1. Cash flow from:		
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales/ refunds of financial assets held to maturity	-	-
- sales of property and equipment		
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flow used in:		
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of property and equipment	-	-
- purchases of intangible assets	-	-
- purchases of business units	-	-
Net Cash flow from/used in investing activities (B)	**-**	**-**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- dividend distribution and other	-	-
Net Cash flow from/used in FINANCING ACTIVITIES (C)	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS(D)=A+/-B+/-C	**156**	**1,075**

Reconciliation

BALANCE SHEET ITEMS	31/12/2009	31/12/2008
Cash and cash equivalents at beginning period	43,909	42,834
Net increase/decrease in cash and cash equivalents	156	1,075
Cash and cash equivalents at end of period	44,065	43,909

HI-MTF THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2009		31/12/2008	
10.	Cash and cash equivalents		137		9
60.	Loans and receivables		3,507,173		3,507,544
100.	Property and equipment		49,596		57,172
110.	Intangible assets		20,000		68,631
120	Tax assets		38,086		10,894
	a) current	20,000		10,894	
	b) deferred	18,086		-	
140.	Other assets		732,322		538,175
TOTAL ASSETS			**4,347,314**		**4,182,425**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2009		31/12/2008	
70.	Tax liabilities		32,391		13,425
	a) current	32,391		13,425	
	b) deferred	-		-	
90.	Other liabilities		319,423		313,842
100.	employee termination benefits		28,358		8,684
120.	Share capital		5,000,000		5,000,000
160.	RESERVES		(1,153,526)		(599,347)
180.	Net profit/(Loss) for the period		120,668		(554,179)
TOTAL LIABILITIES			**4,347,314**		**4,182,425**

INCOME STATEMENT

	ITEM	31/12/2009		31/12/2008	
50.	Fee and commission income		2,051,842		1,192,637
60.	Fee and commission expense		(32,121)		(15,326)
70.	Interest and similar income		74,073		104,985
80.	Interest and similar expense		(347)		-
	Gross income		**2,093,447**		**1,282,296**
110.	Administrative expenses:		(1,884,893)		(1,763,642)
	a) personnel expenses	(788,140)		(776,631)	
	b) other administrative expenses	(1,096,753)		(987,011)	
120.	Net adjustments of property and equipment		(13,494)		(10,612)
130.	Net adjustments of intangible assets		(48,631)		(48,631)
160.	Other operating income/expenses		-		(165)
	Profit (loss) from financial operations		**146,429**		**(540,754)**
	Profit (loss) before tax on continuing operations		**146,429**		**(540,754)**
190.	Income tax expense from continuing operations		(20,761)		(13,425)
	Profit(loss) after tax on continuing operations		**120,668**		**(554,179)**
	Net Profit/(Loss) for the period		**120,668**		**(554,179)**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2009	31/12/2008
10.	Net Profit/(Loss) for the period	120,668	(554,179)
110.	Other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	120,668	(554,179)

CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

	AS AT 31.12.2008	CHANGE IN OPENING BALANCE	AS AT 1.1.2009	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							SHAREHOLDERS' EQUITY AS AT 31.12.2009
							EQUITY TRANSACTIONS						
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2009	
Share capital:	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	**5,000,000**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
a) earnings	(574,489)	-	(574,489)	(554,179)	-	-	-	-	-	-	-	-	**(1,128,668)**
b) others	(24,858)	-	(24,858)	-	-	-	-	-	-	-	-	-	**(24,858)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit (Loss) for the year	**(554,179)**	**-**	**(554,179)**	**554,179**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,668**	**120,668**
Total shareholders' equity	**3,846,474**	**-**	**3,846,474**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,668**	**3,967,142**

Statement of Cash Flows

	31/12/2009	31/12/2008
A. OPERATING ACTIVITIES		
1. Operations	**182,792**	**(494,936)**
- Interest income collected	74,073	104,985
- interest expense paid	(347)	-
- Net fees and commission income (expense)	2,019,721	1,177,312
- Personnel expenses	(788,140)	(776,631)
- other costs	(1,096,753)	(987,176)
- .	(25,761)	(13,425)
2. Net cash flows from/used in financial assets	**(221,339)**	**2,566,005**
- Financial assets available for sale	-	2,983,050
- Other assets	(221,339)	(417,045)
3. Net Cash flows from/used in financial liabilities	**44,222**	**(66,264)**
- Other assets	(44,222)	(66,264)
Net cash flows from/used in operating activities	**5,675**	**2,004,805**
INVESTING ACTIVITIES		
1. Cash flow from:	**-**	**-**
- sales of property and equipment	-	**-**
- sales of intangible assets	**-**	**-**
2. Cash flow used in:	**(5,919)**	**(67,612)**
- purchases of property and equipment	(5,919)	**(7,612)**
- purchases of intangible assets	-	**(60,000)**
Net Cash flow from/used in investing activities	**(5,919)**	**(67,612)**
FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-	**1,000,000**
- dividend distribution and other	-	**(24,519)**
Net Cash flow from/used in financing activities	**-**	**1,024,519**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS(D)=A+/-B+/-C	**(244)**	**2,961,712**

Reconciliation

	31/12/2009	31/12/2008
Cash and cash equivalents at beginning period	3,507,553	545,841
Net increase/decrease in cash and cash equivalents	(244)	2,961,712
Cash and cash equivalents at end of period	3,507,309	3,507,553

SITUATION OF THE FONDO CENTRALE DI GARANZIA AT 31ST DECEMBER 2009

BALANCE SHEET

	31/12/2009	31/12/2008
Assets		
Deposits with banks	1.310.736	2.355.435
Loans	1.032.914	
TOTAL ASSETS	**2.343.650**	**2.355.435**
Liabilities		
Taxes payable	3.005	21.082
Payables to CGF reserve	2.340.645	2.334.353
TOTAL LIABILITIES	**2.343.650**	**2.355.435**

INCOME STATEMENT

	31/12/2009	31/12/2008
Costs		
Fees and consultancy	-	-
Provisions for taxes	(3,005)	(21,082)
Allocation to the reserve	(6,292)	(44,148)
Total costs	**(9,297)**	**(65,230)**
Revenues		
Interests on bank deposits	9,297	65,230
Extraordinary income (interests receivable)	-	-
Total revenue	**9,297**	**65,230**

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;
- 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.

The sub-item “Loans” includes the purchase of a credit from the Federazione Campana of the CBs and RBs claimed regarding the liquidation of the San Marcellino CB.

Auditors' Report

ERNST & YOUNG

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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, 2009, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of 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 art. 9 of 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 issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). 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.

   With respect to the financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated April 8, 2009.

3. In our opinion, the financial statements of ICCREA Banca S.p.A. as of and for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations 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 law. For this purpose, we have performed the procedures required under Auditing Standard 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 and for the year ended December 31, 2009.

Rome, March 31, 2010

Reconta Ernst & Young S.p.A.
signed by: Francesco Natale, partner

Reconta Ernst & Young S.p.A.
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