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*Interim
financial
statements*



***June 30,
2011***

Iccrea  **Banca**

*Interim financial statements
at June 30, 2011
Iccrea Banca S.p.A.*

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Registered office: Via Lucrezia Romana 41/47 - 00178 Rome
Company Register and Tax ID no. 04774801007 - R.E.A. of Rome no. 801787
Member of the Iccrea Banking Group
Entered in the register of banking groups
Share capital: €216,913,200 fully paid up

CONTENTS

INTERIM REPORT ON OPERATIONS	7
FINANCIAL STATEMENTS	31
BALANCE SHEET	33
INCOME STATEMENT	34
STATEMENT OF COMPREHENSIVE INCOME	35
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	36
STATEMENT OF CASH FLOWS: INDIRECT METHOD	39
NOTES TO THE FINANCIAL STATEMENTS	41
PART A – ACCOUNTING POLICIES	47
PART B – INFORMATION ON THE BALANCE SHEET	67
PART C – INFORMATION ON THE INCOME STATEMENT	97
PART D – COMPREHENSIVE INCOME	113
PART E – INFORMATION ON RISKS AND RISK MANAGEMENT POLICIES	117
PART F – INFORMATION ON CAPITAL	137
PART G – BUSINESS COMBINATIONS	143
PART H – INFORMATION ON RELATED PARTIES	147
PART I – SHARE-BASED PAYMENTS	153
PART L – OPERATING SEGMENTS	157
AUDITORS' REPORT	161

Interim Report on Operations

AT JUNE 30, 2011



CONTENTS

INTERIM FINANCIAL STATEMENTS

Introduction	11
1. Main results	14
2 Macroeconomic conditions, ECB monetary policy and the performance of the euro-area banking system	17
3. Developments in operations and the main balance sheet and income statement items	19
4. Other information on operations	24
5. Subsequent events	27
6. Transactions with related parties	28
7. Outlook	29

INTRODUCTION

In the first half of this year, the sovereign debt crisis in a number of major EU countries, including Italy, generated considerable turbulence in the financial markets and had an impact on the outlook for economic growth.

The spread between Italian treasury bonds (BTPs) and German bund increased in the first half of the year, exceeding 380 basis points in August. This is the first time this has occurred since the single currency was introduced and demonstrates that the soundness of sovereign states is no longer taken as a given, but must instead be built upon sustainable growth, which is only possible if the public finances are in order. Achieving stability in the public finances and a balanced budget are therefore crucial goals.

In such challenging conditions, the Italian banking system has displayed resilience and unity, thereby positioning itself to support the economy, absorbing sizable losses on loans without placing any burden on government accounts (unlike other countries).

Within this environment, the mutual banks have contributed to the development of their local economies, even more so than in the past, precisely because of steadily deteriorating circumstances and despite the considerable erosion in profit margins that have inevitability occurred.

Support for enterprises – particularly small and medium-sized companies, the drivers of the Italian economy – and households, including the use of extraordinary measures, is in the DNA of the mutual banks' approach to banking.

The mutual banks have always worked alongside their customers, providing support and confidence. They have benefited from their strong local roots, which have rewarded them with essentially stable funding and sustained their credit ratings. They have been able to draw upon a corporate culture that has never been impetuous and have acted quickly to consolidate the capitalization requirements under the new Basel rules.

Building upon this, the mutual banks have been developing serious plans to improve profitability, efficiency and service quality.

On the business side, the Iccrea Banking Group has kept its focus on the needs of this

market, continuing to develop targeted solutions to support the mutual banks, their shareholders and their customers.

This policy has found expression in numerous initiatives and projects that have been reflected in the 12% growth in commissions paid to mutual banks, which reached €226 million in 2010.

Looking ahead, relationships with the mutual banks will be further strengthened by working with them as a true partner, not merely providing them with market-appropriate products and services but also and above all assisting them in their market approach strategies. Given the severe pressures faced by businesses in their finances and the disposable income of households, the Iccrea Banking Group increasingly finds itself serving as a partner in supporting the mutual banks in their role as a key to sustainable local growth.

In order to continue the project for rationalizing and strategically repositioning the Iccrea Banking Group in order to provide more targeted support to the mutual banks in their customer relationships, the Parent Company approved the new 2011-2013 Business Plan, providing the related guidelines to its subsidiaries. The 2011-2013 Business Plan is Iccrea Banking Group's response to the crisis in the real economy and the financial markets, calling for a careful assessment of the effectiveness of the actions undertaken and focusing on a number of priority initiatives.

The initiatives required to implement the 2011-2013 Business Plan concern: containing liquidity and credit risks; maintaining adequate level of capital; containing costs;¹ completing the revision of the service model and organizational structure of the Group in order to increase effectiveness and efficiency and improve governance.

The revision of the business model and product offering in order to enhance the competitiveness of the mutual banks calls for a range of initiatives: commercial alliances and industrial partnerships; framework agreements and strategic equity investments; development of the product range; rationalization of service models and the organization of the branch network.

Bearing this in mind, the 2011-2013 Business Plan was prepared by focusing the Bank's planning on the following elements: establishing the business objectives given expected changes in the market; rationalizing costs; containing risks; and determining financial and capital requirements.

The reorganization of Iccrea Banca's structure was based on the Parent Company's repositioning policies, leading to:

- concentrating Group Finance operations within Iccrea Banca;
- concentrating Group IT operations within Iccrea Banca;
- transferring the international, special lending and facilitated credit businesses to Banca Agrileasing;
- analyzing the positioning of depository services and securities administration;
- focusing correspondent banking activities.

Some of these initiatives, such as the transfer of the credit business area, took effect as from January 1, 2011.

During the first half of the year, the Bank began an analysis aimed at defining and designing a new service model to respond appropriately to the changing needs of the mutual banks and enable them to provide competitive support to customers in their markets. The strategic goal is to further emphasize the central role of the relationship with the mutual banks by paying closer attention to their needs, offering a range of complex solutions that make the Bank's service function more effective and easier to use. In short, the Bank will adapt its service approach to move from being a "product developer" to being an active partner of the mutual banks.

¹ Unlike traditional banking and financial intermediaries, the Iccrea Banking Group operates on the basis of a "reference market" rationale. This means that the objectives cannot be reduced to just return on invested capital or growth, but must instead focus on the support given to the mutual banks, i.e. providing them with the products and services they need to remain as competitive as possible in their local areas. Thus:

- the return on invested capital is not represented solely by dividends distributed, but by all the benefits made available to the banking system, whether quantifiable (dividends, commissions, lower costs) or not quantifiable, i.e. those that generate intangible gains (interaction with domestic and international markets, know-how, operational support);
- to the greatest extent possible, the growth of the Iccrea Banking Group must be achieved by increasing the market shares of the mutual banks and the penetration of the Group in the banking system as a whole.

After the discussion of the significant events and the management developments that characterized the Bank's activities in the first half of 2011, the following section provides an overview of performance and developments in the main financial aggregates. The accounting policies and detailed comments on the financial statements are provided in the notes to the financial statements. In addition, a discussion of macroeconomic conditions and the situation in the financial services sector offers context for a more complete understanding of the Bank's results.

1. MAIN RESULTS

Reclassified balance sheet – Assets (thousands of euros)			
	Jun-11	Dec-10	% change
Cash and cash equivalents	67,065	79,509	-15.7%
Loans and receivables:			
a) Loans to customers	858,833	833,742	3.0%
b) Due from banks	9,489,762	7,873,929	20.5%
Negotiable financial assets			
20	356,001	438,256	-18.8%
30	348,913	21,350	1,534.3%
40	1,142,876	750,270	52.3%
Equity investments	51,057	1,057	4,730.4%
Property and equipment and intangible assets			
110	18,710	18,771	-0.3%
120	3,227	3,181	1.4%
130 Tax assets	24,996	31,614	-20.9%
Other assets			
80	3,277	0	
140	0	498,180	-100.0%
150	123,799	104,751	18.2%
Total assets	12,488,516	10,654,611	17.2%

Reclassified balance sheet - Liabilities (thousands of euros)			
Item	Jun-11	Dec-10	% change
Payables:			
a) Due to customers and securities issued			
20	2,195,167	2,610,635	-15.9%
30	1,468,757	830,271	76.9%
50	642,382	300,365	113.9%
b) Due to banks	7,336,925	5,559,083	32.0%
Financial liabilities held for trading	273,090	369,387	-26.1%
Specific provisions			
110	14,020	14,676	-4.5%
120	11,690	13,185	-11.3%
Other liabilities			
60	16,224	17,432	-6.9%
80	5,143	6,965	-26.2%
90	0	448,180	-100.0%
100	182,086	145,836	24.9%
Shareholders' equity			
a) Valuation reserves	33,493	30,291	10.6%
d) Reserves	71,931	71,138	1.1%
f) Share capital	216,913	216,913	0.0%
h) Net profit (loss) for the period	20,696	20,256	2.2%
Total liabilities and shareholders' equity	12,488,516	10,654,611	17.2%

Reclassified income statement (thousands of euros)				
	Jun-11	Jun-10	% change	Items pursuant to format in Bank of Italy Circular no. 262 of 22/12/2005
Net interest income	25,985	24,219	7.3%	10-20
Gains (losses) on assets/liabilities measured at fair value	16,255	12,562	29.4%	80-90-100-110
Dividends	4,621	1,379		70
Net fee and commission income	58,313	57,975	0.6%	40-50
Other operating income and expense	6,493	5,296	22.6%	190
Total revenues	111,667	101,430	10.1%	
Personnel expenses	-31,243	-29,349	6.5%	150a
Other administrative expenses	-42,086	-40,740	3.3%	150b
Net adjustments of property and equipment and intangible assets	-1,980	-2,127	-6.9%	170-180
Total operating expenses	-75,309	-72,217	4.3%	
Gross operating profit	36,358	29,214	24.5%	
Net provisions for risks and charges	-3,544	-27	13,014.3%	160
Net losses on impairment of loans and other financial activities	698	-135	-615.2%	130
Total provision and losses	-2,847	-162	1,652.1%	
Net operating profit	33,511	29,051	15.4%	
Profit (loss) before tax	33,511	29,051	15.4%	
Income tax expense from continuing operations	-12,815	-9,748	31.5%	260
Net profit (loss) for the period	20,696	19,303	7.2%	

Summary statement of results at 30/06/2011

PERFORMANCE, FINANCIAL POSITION AND KEY OPERATING INDICATORS

Performance (thousand of euros)	Jun-11	Jun-10	Change	% Change	Items pursuant to format in Bank of Italy Circular no. 262 of 22/12/2005
Gross income (Total revenues)	111,667	101,430	10,237	10.1%	120-190 IS
Gross operating profit	36,358	29,214	7,144	24.5%	120-190-150-170-180 IS
Profit before tax	33,511	29,051	4,460	15.4%	250 IS
Net profit for the period	20,696	19,303	1,393	7.2%	290 IS
Financial position (thousands of euros)	Jun-11	Dec-10	Change	% Change	
Total assets and liabilities	12,488,516	10,654,611	1,833,905	17.2%	
Funding from credit institutions	7,336,925	5,559,083	1,777,842	32.0%	10 BS-L
Lending to credit institutions	9,489,762	7,873,929	1,615,833	20.5%	60 BS-A
Total interest-bearing assets	12,196,384	10,415,727	1,780,657	17.1%	20-30-40-60-70 BS-A
Total interest-bearing liabilities	11,932,545	10,135,352	1,797,193	17.7%	10-20-30-40-50-60 BS-L
Total shareholders' equity	343,033	338,598	4,435	1.3%	
Credit quality ratios (%)	Jun-11	Dec-10	Change	% Change	
Net bad debts/Loans to customers	4.5%	4.4%	0.1%		
Profitability ratios (%)	Jun-11	Dec-10	Change	% Change	
Cost-to-income ratio	67.4%	76.2%	-8.8%	-11.5%	
ROE (on share capital)	9.5%	9.3%	0.2%	2.2%	
ROI (gross operating profit / total average assets)	0.3%	0.4%	-0.1%	-30.4%	
Capital ratios (%)	Jun-11	Dec-10	Change	% Change	
Regulatory capital	313,441	325,221	-11,780	-3.6%	
Tier 1 capital	273,225	279,792	-6,567	-2.3%	
Operating structure	Jun-11	Dec-10	Change	% Change	
Total no. of employees - end-period figure	687	734	-47	-6.4%	
Number of branches	13	13	0	0.0%	

2 MACROECONOMIC CONDITIONS, ECB MONETARY POLICY AND THE PERFORMANCE OF THE EURO-AREA BANKING SYSTEM

The interim financial statements reflect a market environment colored by two main factors: on the one hand, there were signs of a slowdown in the international economy, especially in the United States; and on the other, and more importantly, there was a new wave of financial attacks on the integrity of the European economic and monetary union, this time directly involving Italy.

The latest data confirm that the recovery has slowed, especially in the advanced economies. The US data for the first quarter came in below analysts' expectations, with annualized quarterly growth in GDP of 1.8%. This figure is well below those reported in the third (3.1%) and fourth (2.6%) quarters of 2010. The decline appears to be connected with temporary factors, such as the increase in the prices of raw materials. Other factors include the problems linked to employment and high public debt. In fact, S&P's reduced the credit rating of the United States from AAA to AA+ in August.

With regard to the other advanced countries, the recovery in the euro area was very weak in 2010. After contracting by 4.1% in 2009, GDP in the euro area expanded by just 1.7% last year. However, the first quarter of this year registered particularly robust growth (an annualized 3.4% for the quarter). Once again, this acceleration was due to Germany (+6%), although France and the Netherlands also showed some buoyancy (+3.9% and *3.4%). Growth remained weak in Italy (+0.5%) and Greece (+0.7%), while the Portuguese economy contracted (-2.5%), making it even more difficult to manage the crisis.

Inflation is expected to remain under control at around 2.2% over the next few years.

Uncertainties about economic conditions and the continued volatility of the financial markets made it impossible for the central banks on both sides of the Atlantic to make significant changes to their monetary policies. It seems that the markets understand this situation well, expecting interest rates to remain low over the next three years.

In the euro area, the present conditions constraining monetary policy mark a break with

the past. First in April, then in July, the ECB gave signs that it did not want to deviate from its institutional mandate to safeguard price stability, but, as seems clear from the contraction in futures rates and the level of real interest rates, there are strong expectations that the ECB would only adjust interest rates with extreme caution and only in a scenario of satisfactory growth.

There currently appear to be four factors that are hindering a global recovery: rising oil prices; the Japanese earthquake; restrictive policies adopted by the emerging countries in order to contain inflation pressures and by the advanced economies to hasten fiscal adjustment; and financial instability in the euro area. For these reasons, the global economy is expected to expand by 4.1% in 2011.

However, this overall performance masks very developments among countries. The developing countries should continue to grow at significant rates, while the advanced countries will again have problems in achieving rapid growth.

Macroeconomic conditions in Italy

The Italian economy continued to post moderate growth, below the euro-area average. Nonetheless, after two quarters of decline, production picked up in the first quarter. Private consumption continues to represent an important component of output, although it is expected to rise by less than 1% in the next two years.

The recovery in international trade should drive up growth in trade to 3.8% in 2011. Despite an increase in exports, the trade balance is not expected to contribute significantly to growth, since the competitiveness of Italian products continues to erode.

No particular strains on prices are expected domestically. Consumer price inflation is expected to return to around 2% after rising in 2011 as a result of developments in oil prices. The unemployment rate is expected to decline slowly from 8.4% in 2010 to 7.8% by 2013.

As concerns the public finances, the Government has not yet released a new programming framework that takes account of recent measures. It will be released in September with the publication of the revised

Economy and Finance Document. Based on official calculations, the correction of the net borrowing requirement as a result of the measures of July and August will amount to 0.1 percentage point of GDP in 2011, 1.5 points in 2012, 2.9 points in 2013 and 3.2 points in 2014 (for these last three years, the impact of the measures in the August decree is put at 1.1, 1.5 and 0.4 points respectively). Applying the correction to current programs estimates, the deficit should fall to 1.3% of GDP in 2012 and there should be a surplus of 0.2% in 2013.

The ratio of the public debt to GDP should fall to 117.8% in 2012 from the 119.9% expected in 2011. The ratio should decline at a more rapid pace over the subsequent two years (-4.2 and -4.9 points of GDP in 2013 and 2014) thanks to achieving budget balance.²

Banking

Lending continued to recover in recent months. As of May, the annual growth rate for total lending to Italian residents amounted to 5.6%, more than 3 points higher a year earlier. Credit risk finally appears to be starting to decline: in the final quarter of 2010, the number of new bad debts amounted to 1.5% of total borrowers (seasonally adjusted and annualized), two tenths of a point lower than the figure for the preceding quarter.

In May, bank funding (excluding bank bond issues) grew at an annual rate of 1.9%, less than half the rate posted a year earlier. This decline is largely the result of a sharp contraction in the pace of the shortest-term components, while bond funding is just starting to show significant signs of recovery.

The weak performance of bank funding is the result of supply and demand factors. The supply side is affected by the significant scale of bank bond issues and the tensions in the European bond market.

On the demand side, an examination of the trend in the financial savings of Italian households over the last decade shows that, during the crisis, the flow of savings into bank instruments (deposits and bonds) was substantial in both absolute and relative terms: between March 2008 and September 2009, the

annual flow of bank instruments acquired by households exceeded total household savings, an unprecedented development. It is therefore possible that the subsequent low growth rate reflects a reversal of the excess precautionary saving that occurred during the crisis.

Despite the low profitability registered over the last three years, financial ratios continued to rise: in 2010, the Tier 1 capital ratio rose by four tenths of a point to 9.3%, while the Core Tier 1 ratio came to 8.3%, above the required minimum increased by the capital conservation buffer (which together total 7% of risk-adjusted assets).

The expected increase in interest rates, the easing of strains on bond funding and the structural growth capabilities of the banks in their reference market should lead to an improvement in net interest income. Over the next three years, traditional intermediation is expected to generate income of €5 billion, for an average increase of 4.4% per year. Other revenues should rise at a less impressive rate, on average by 3.9%, with most coming from trading and services.

Therefore, total banking system revenues should amount to a net flow of resources of almost €9.5 billion over the next three years, for an annual growth rate of 4.1%, higher than the expected growth rate for the economy.

² See Banca d'Italia, *Audizione preliminare sul decreto legge 13 agosto 2011, n. 138 (AS 2887)*

3. DEVELOPMENTS IN OPERATIONS AND THE MAIN BALANCE SHEET AND INCOME STATEMENT ITEMS

While the general picture for the economy and the financial markets was grim, as described above, during the first half of the year Iccrea Banca was able to achieve significant operating results by strengthening its presence and operations in the payment system sector and by carefully managing credit intermediation activities, selectively seeking out opportunities for trading in financial instruments and effectively controlling operating costs.

The balance sheet

To enable a more immediate reading of the asset and liability items, a summary balance sheet has been prepared.

As at June 30, 2011, total assets and liabilities stood at €12,488.5 million, compared with €10,654.6 million at December 31, 2010, an increase of 17.2%.

If the item "non-current assets and disposal groups held for sale", which relates to the transfer of the business unit to Banca Agrileasing, is excluded from the 2010 figures, the increase amounts to 23.0%.

BALANCE SHEET (thousands of euros)				
	Jun-11	Dec-10	Change	% Change
ASSETS				
Due from banks	9,489,762	7,873,929	1,615,833	20.5%
Loans to customers	858,833	833,742	25,091	3.0%
Financial assets held for trading	356,001	438,256	-82,255	-18.8%
Financial assets at fair value through profit or loss	348,913	21,350	327,562	1,534.2%
Financial assets available for sale	1,142,876	750,270	392,606	52.3%
Non-current assets and disposal groups held for sale	0	498,180	-498,180	-100.0%
Total interest-bearing assets	12,196,384	10,415,727	1,780,657	17.1%
Total non-interest-bearing assets	292,132	238,885	53,247	22.3%
TOTAL ASSETS	12,488,516	10,654,611	1,833,905	17.2%

BALANCE SHEET (thousand of euros)**LIABILITIES**

	Jun-11	Dec-10	Change	% Change
Due to banks	7,336,925	5,559,083	1,777,842	32.0%
Due to customers	2,195,167	2,610,635	-415,467	-15.9%
Securities and financial liabilities	2,400,453	1,517,454	882,999	58.2%
Liabilities associated with assets held for sale	0	448,180	-448,180	-100.0%
Total interest-bearing liabilities	11,932,545	10,135,352	1,797,193	17.7%
Other non-interest-bearing liabilities	201,248	167,477	33,772	20.2%
Equity and provisions	334,026	331,526	2,500	0.8%
Profit for the period	20,696	20,256	440	2.2%
TOTAL LIABILITIES	12,488,516	10,654,611	1,833,905	17.2%

Changes in the main asset and liability aggregates are discussed below.

Assets

Total interest-bearing assets increased from €10,415.7 million in December 2010 to €12,196.4 million in June 2011, an increase of €1,780.7 million (17.1%).

Amounts due from banks rose from €7,873.9 million in 2010 to €9,489.7 million in the first half of 2011 (+20.5%). Within that aggregate, amounts due from the mutual banks grew by 8.1% (from €3,722.7 million in December 2010 to €4,025.5 million in June 2011), compared with a 31.6% increase in amounts due from other credit institutions (from €4,151.2 million in December 2010 to €5,464.3 million in June 2011).

The total increase in interbank loans to banks other than the mutual banks is mainly due to the securities classified under loans & receivables

issued by Banca Agrileasing and purchased by the Bank in its role in the Group's Finance operations, namely providing financial support to all the Iccrea Banking Group companies.

Moreover, activities were designed to optimize liquidity management, with preference given to short-term loans.

Due from banks (thousand of euros)	Jun-11	Dec-10	Change	% Change
Mutual banks	4,025,462	3,722,719	302,743	8.1%
Other credit institutions	5,464,300	4,151,210	1,313,090	31.6%
Total	9,489,762	7,873,929	1,615,833	20.5%

BREAKDOWN OF AMOUNTS DUE FROM BANKS

(thousands of euros)	Jun-11	Dec-10	Change	% Change
Due from central banks	419,483	473,008	-53,525	-11.3%
Reserve requirement	419,483	473,008	-53,525	-11.3%
Due from banks	9,070,279	7,400,921	1,669,358	22.6%
Current accounts and demand deposits	1,256,706	601,484	655,222	108.9%
Fixed-term deposits	343,474	722,601	-379,127	-52.5%
Other	3,540,501	2,818,550	721,951	25.6%
Debt securities	3,929,598	3,258,286	671,312	20.6%
Total due from banks	9,489,762	7,873,929	1,615,833	20.5%

Loans to ordinary customers rose by 3%, from €833.7 million in December 2010 to €858.8 million in June 2011.

BREAKDOWN OF LOANS TO CUSTOMERS (thousands of euros)	Jun-11	Dec-10	Change	% Change
Current accounts	511,029	282,936	228,093	80.6%
Medium/long-term loans	188,105	244,615	-56,510	-23.1%
Repurchase agreements		26,675	-26,675	-100.0%
Other transactions	78,111	88,738	-10,627	-12.0%
Debt securities	42,894	150,994	-108,100	-71.6%
Impaired assets	38,694	39,784	-1090	-2.7%
Total loans to customers	858,833	833,742	25,091	3.0%

The portfolio of financial assets held for trading decreased by 18.8%, from €438.3 million in December 2010 to €356.0 million in June 2011.

BREAKDOWN OF FINANCIAL ASSETS HELD FOR TRADING (thousands of euros)	Jun-11	Dec-10	Change	% Change
Debt securities	68,698	56,877	11,821	20.8%
Equity securities	488	89	399	448.3%
Units in collective investment undertakings	3,330	1,932	1398	72.4%
Total on-balance- sheet assets	72,516	58,898	13,618	23.1%
Derivative instruments	283,485	379,358	-95,873	-25.3%
Total derivative instruments	283,485	379,358	-95,873	-25.3%
Total financial assets	356,001	438,256	-82,255	-18.8%

At the end of June 2011, the portfolio of financial assets available for sale amounted to

€1,142.8 million, compared with €750.3 million in December 2010, an increase of 52.3%.

For further details, please see Part B, sections 2 to 4 of the notes to the financial statements.

Liabilities

Interest-bearing deposits totaled €11,932.5 million, an increase of 17.7% over December 2010 (€10,135.4 million, including liabilities associated with assets held for sale).

Interbank deposits amounted to €7,336.9 million at June 2011, compared with €5,559.1 million at December 2010, up €1,777.8 million (+32%). Within the aggregate, funding from mutual banks rose from €4,512.9 million to €5,081.7 million (12.6%). Amounts due to other credit institutions also rose, from €1,046.2 million at December 2010 to €2,255.2 million at June 2011 (115.6%).

As previously explained, the increase in bank funding is attributable to transactions with Banca Agrileasing relating to Group Finance arrangements.

Due to banks (thousand of euros)	Jun-11	Dec-10	Change	% Change
Mutual banks	5,081,714	4,512,858	568,856	12.6%
Other credit institutions	2,255,211	1,046,225	1,208,986	115.6%
Total	7,336,925	5,559,083	1,777,842	32.0%

BREAKDOWN OF AMOUNTS DUE TO BANKS				
(thousands of euros)	Jun-11	Dec-10	Change	% Change
Due to central banks	400,000	0	400,000	
Current accounts and demand deposits	4,367,343	3,091,517	1,275,826	41.3%
Fixed-term deposits	2,529,247	2,417,456	111,791	4.6%
Loans	35,432	47,348	-11,916	-25.2%
Other payables	4,903	2,762	2,141	77.5%
Total amounts due to banks	7,336,925	5,559,083	1,777,842	32.0%

Funding from ordinary customers decreased, from €2,610.6 million at December 2010 to €2,195.2 million at June 2011.

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS				
(thousands of euros)	Jun-11	Dec-10	Change	% Change
Current accounts and demand deposits	498,985	630,964	-131,979	-20.9%
Fixed-term deposits	7,071	79,381	-72,310	-91.1%
Loans	1,280,278	1,507,158	-226,880	-15.1%
Other payables	408,833	393,132	15,701	4.0%
Total amounts due to customers	2,195,167	2,610,635	-415,468	-15.9%

Funding in the form of securities rose from €830.3 million at December 2010 to €1,468.8 million at June 2011.

The income statement

In order to facilitate a more immediate understanding of performance for the period, a condensed reclassified income statement has been prepared. The comparative figures

are not uniform and reflect differences in the scope of consolidation. Although market conditions remained unfavorable, the results achieved in the first half of 2011 underscore the Bank's capacity for sound, sustainable performance.

INCOME STATEMENT AGGREGATES (thousand of euros)				
	Jun-11	Jun-10	Change	% Change
Interest and similar income	100,215	60,177	40,038	66.5%
Interest and similar expense	-74,231	-35,958	-38,273	106.4%
Net interest income	25,985	24,219	1,766	7.3%
Fee and commission income	158,017	145,495	12,522	8.6%
Fee and commission expense	-99,704	-87,520	-12,184	13.9%
Net fees and commission income (expense)	58,313	57,975	338	0.6%
Dividends and similar income	4,621	1,379	3,242	235.1%
Net gain (loss) on trading activities	9,190	3,176	6,014	189.4%
Net gain (loss) on hedging activities	363	19	344	1,810.5%
Gain (loss) on disposals	2,181	4,392	-2,211	-50.4%
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	4,521	4,976	-455	-9.1%
Other operating income/expense	6,493	5,296	1,197	22.6%
Total revenues	111,667	101,430	10,237	10.1%
Administrative expenses	-73,329	-70,089	-3,240	4.6%
Net adjustments of property and equipment	-1,199	-1,273	74	-5.8%
Net adjustments of intangible assets	-782	-854	72	-8.5%
Operating expenses	-75,309	-72,217	-3,092	4.3%
Gross operating profit/(loss)	36,358	29,214	7,144	24.5%
Net provisions for risks and charges	-3,544	-27	-3,517	13,027.5%
Net losses/recoveries on impairment	698	-135	833	-616.9%
Net adjustments of goodwill				
Total provisions and adjustments for impairment	-2,847	-162	-2,685	1,657.1%
Net operating profit/(loss)	33,511	29,051	4,460	15.4%
Gain (loss) on equity investments				
Profit (loss) before tax	33,511	29,051	4,460	15.4%
Income tax expense from continuing operations	-12,815	-9,748	-3,067	31.5%
Net profit (loss) for the period	20,696	19,303	1,393	7.2%

Net interest income

Net interest income at June 30, 2011 amounted to €26 million, up 7.3% over June 30, 2010 (€24.2 million).

Net interest income corresponded to 23.3% of total revenues at June 30, 2011 (23.9% at June 2010).

Fees and commissions

Net fee and commission income from services came to €58.3 million at June 30, 2011, a 0.6% increase over June 2010 (€58 million). This is mainly due to fee and commission income on payment services.

Gains and losses on financial transactions

In the first half of 2011, gains from financial transactions came to €16.3 million, a €3.7 million (+29.4%) increase over the €12.6 million reported at 2010.

Total revenues

Total revenues at June 2011 amounted to €111.7 million, up 10.1% over the result reported at June 2010, due mainly to the net gain on trading and net interest income.

Operating expenses

Operating expenses incurred in the first half of 2011 rose by 4.3%. They totaled €75.3 million (€72.2 million at June 2010) and include personnel expenses, administrative costs, indirect taxes and net adjustments of property and equipment and intangible assets.

Personnel expenses

In the first half of 2011, personnel expenses amounted to €31.2 million, compared with €29.3 million for the same period of 2010, an increase of 6.5%. The increase is attributable to early retirement incentives and contractual charges.

Other administrative expenses

At the end of June 2011, other administrative expenses totaled €42.1 million, up 3.3% over the same period of last year (€40.7 million). The increase is mainly due to higher costs relating to property, plant and equipment, consultancy fees, advertising costs and membership fees. By contrast, there was a significant decrease in postal expenses and expenses for other services.

Net adjustments of property and equipment and intangible assets

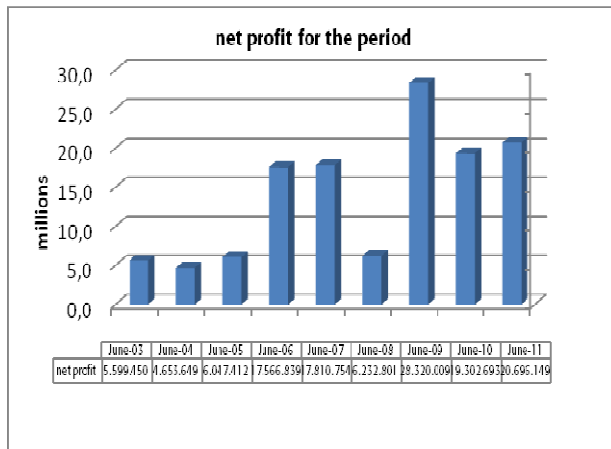
Net adjustments of property and equipment and intangible assets fell by 6.9%, totaling around €2 million, compared with €2.1 million at June 2010.

Gross operating profit

As a result of the foregoing, the gross profit from ordinary operations came to €36.4 million, up €7.1 million from June 2010 (€29.2 million).

Net profit for the period

Net profit, consisting of profit from continuing and discontinuing operations, net of the change in direct taxes for the period, amounted to €20.7 million, compared with €19.3 million in the first half of 2010, for an increase of €1.4 million (7.2%).



The cost-to-income ratio fell from 71.2% in the first half of 2010 to 67.4% in the first half of 2011.

4. OTHER INFORMATION ON OPERATIONS

With effect from January 1, 2011 and as envisaged under Iccrea Banking Group's business plan, the process of rationalizing and optimizing the productive organization of the subsidiaries was completed. This process involved the transfer of the special lending, facilitated credit and international business areas from the Parent Company to Banca Agrileasing. Essentially the project completes the transfer of corporate lending activities from Iccrea Banca to Banca Agrileasing, begun on July 1, 2007. More specifically, the business unit was transferred, with effect as from January 1, 2011, in its entirety. This operation was followed by the transfer of the unit's assets, human and financial resources and legal relationships to Banca Agrileasing, including the following assets and liabilities:

- property and equipment and intangible assets;
- loans and receivables;
- all the unit's liabilities, including payables due to customers, banks and financial liabilities.

The operation also involved the transfer of 42 employees to Banca Agrileasing, representing the staff directly employed by Iccrea Banca in the business unit at December 31, 2010.

After considering the various opinions received and in light of further study of the matter, the technical form of transfer used was as follows:

- the operation took the form of a transfer of a business unit. This solution was selected by the Parent Company as the best method from a corporate and accounting standpoint;
- Banca Agrileasing carried out a capital increase (approved by the Extraordinary Shareholders' Meeting of Banca Agrileasing of December 22, 2010) to

finance the purchase of the unit from Iccrea Banca, through the issue of 756,970 new ordinary shares, with dividend rights as from January 1, 2011, having a par value of €1.65 each, and a share premium of €14.40, reserved to Iccrea Banca, for a total price of €50 million, of which €39,097,500.50 representing the par value and €10,902,499.50 representing the share premium.

The transfer was approved on the basis of the financial position at June 30, 2010, prepared in accordance with and for the purposes of Art. 2343-ter of the Italian Civil Code. The transaction was approved by the supervisory authorities pursuant to Art. 57 of Legislative Decree 385 of September 1, 1993 (the Consolidated Banking Act) on December 13, 2010.

The transfer of the business unit and the related share exchange ratio for Banca Agrileasing was determined on the basis of the theoretical fair value, as calculated under Art. 2343-ter, paragraph 2, by an independent expert, KPMG, selected in agreement with the Parent Company. The expert's appraisal, delivered to Iccrea Banca on September 15, 2010, affirms that the unit's economic capital amounted to €50 million. The value was calculated using the excess capital variation of the dividend discount model, which yielded a range of between €48.0 million and €52.5 million.

From an accounting perspective, Banca Agrileasing received all the assets and liabilities of the unit based upon the balance sheet at June 30, 2010. Banca Agrileasing also assumed all the related legal and contractual obligations.

The unit was transferred on December 31, 2010 (with effect from January 1, 2011) and therefore incorporates the effects of changes in operations after June 30, 2010.

5. SUBSEQUENT EVENTS

At the end of August 2011 the Bank's standing with rating agencies was as follows:

- Fitch changed its ratings to "A-" and "F2", respectively, for the long and short-term, maintaining a stable long-term outlook.
- Standard & Poor's maintained its "A-" and "A-2" ratings, respectively, for long and short-term, with a negative long-term outlook.

Under the Group's Project Tangram, specifically as it relates to IT initiatives, the Parent Company has identified important opportunities for improvement in the technology area and approved the centralization within Iccrea Banca of all the IT resources (hardware, basic software,

technological infrastructures, etc.) used by the various Group companies.

This is to be undertaken in two steps:

- the first step aims to gradually integrate the structures;
- the second seeks to guarantee centralized management of services and the related development plans, thereby achieving the expected synergies.

The first step got under way on February 1, 2011 with the formation, within Iccrea Banca, of a Specialized Technologies Unit (STU).

On August 1, the second step was taken with the transfer of 11 Banca Agrileasing and 3 BCC Solutions employees to the new STU at Iccrea Banca, thereby achieving the rationalization aims of Project Tangram.

6. TRANSACTIONS WITH RELATED PARTIES

Iccrea Banca has long conducted its operations in compliance with the principles of transparency and of substantive and procedural propriety in its transactions with related parties, as defined by CONSOB, with reference to IAS 24, in line with legislative and regulatory provisions.

Therefore, in the first half of 2011, transactions with related parties were conducted in a manner and following standards in line with those applied in normal banking transactions with bank and corporate customers. Such transactions were settled on market terms and conditions and on the basis of their financial benefit to the Bank.

More specifically, the Bank did not engage in any atypical or unusual transactions during the period, nor in any transactions that, due to their significance or size, might have raised concerns about the integrity of the company's financial position.

In addition, in the first half of 2011, the Bank engaged in intercompany transactions that were deemed mutually financially beneficial and arrived at the applicable terms and conditions in accordance with the principles of substantive fairness inherent in the common goal of creating value for the entire Group.

7. OUTLOOK

Although the Bank expects the macroeconomic and financial environment to remain challenging for the banking sector in the second half of 2011, due to the weak recovery in the real economy, the uncertainty surrounding the financial and credit markets and, most recently, the heightened concern about sovereign risks, we nevertheless plan to pursue our market penetration and profitability maintenance strategies by continuing the multiple initiatives to strengthen and rationalize operations undertaken in the preceding months.

The Bank will pay particularly careful attention to strengthening its capital and liquidity position.

The funding strategy, based on balanced recourse to institutional markets, will continue, provided that the conditions in the financial markets remain favorable, with new issues under the EMTN program.

From an operational standpoint, the Bank will focus on further reinforcing the support given the mutual banks in the finance market and in the payment services segment.

As to operating costs, general expenses will be further rationalized and personnel costs kept under control, helped by actions taken to optimize the organizational structure, which should enable the Bank to consolidate efforts to improve operational effectiveness and efficiency.

Overall, the actions undertaken should permit the Bank to achieve satisfactory returns in line with the targets set in the 2011–2013 Business Plan.

These interim financial statements were prepared and approved on September 8, 2011 by the Board of Directors, which authorized their release as no further modification will be possible.

Rome, September 8, 2011

THE BOARD OF DIRECTORS

Proprietà Contabile

Financial statements



BALANCE SHEET

ASSETS		30/06/2011	31/12/2010
10.	Cash and cash equivalents	67,065,247	79,509,376
20.	Financial assets held for trading	356,000,892	438,256,201
30.	Financial assets at fair value through profit or loss	348,912,619	21,350,362
40.	Financial assets available for sale	1,142,875,742	750,269,651
60.	Due from banks	9,489,761,543	7,873,928,746
70.	Loans to customers	858,833,278	833,741,791
80.	Hedging derivatives	3,277,290	-
100.	Equity investments	51,057,067	1,057,067
110.	Property and equipment	18,710,152	18,770,787
120.	Intangible assets	3,227,002	3,181,424
130.	Tax assets	24,996,494	31,614,463
	a) current	1,941,414	6,745,085
	b) deferred	23,055,080	24,869,378
140.	Non-current assets and disposal groups held for sale	-	498,179,997
150.	Other assets	123,798,630	104,751,427
	Total assets	12,488,515,956	10,654,611,292

LIABILITIES AND SHAREHOLDERS' EQUITY		30/06/2011	31/12/2010
10.	Due to banks	7,336,925,065	5,559,083,368
20.	Due to customers	2,195,167,218	2,610,634,713
30.	Securities issued	1,468,756,945	830,271,041
40.	Financial liabilities held for trading	273,089,738	369,386,572
50.	Financial liabilities at fair value through profit or loss	642,381,594	300,364,612
60.	Hedging derivatives	16,224,470	17,431,759
80.	Tax liabilities	5,143,084	6,964,988
	a) current	4,253,569	5,645,432
	b) deferred	889,515	1,319,556
90.	Liabilities associated with assets held for sale	-	448,179,997
100.	Other liabilities	182,085,701	145,835,918
110.	Employee termination benefits	14,019,667	14,675,982
120.	Provisions for risks and charges:	11,689,511	13,184,644
	b) other provisions	11,689,511	13,184,644
130.	Valuation reserves	33,492,991	30,290,771
160.	Reserves	71,930,623	71,137,780
180.	Share capital	216,913,200	216,913,200
200.	Net profit (loss) for the period	20,696,149	20,255,947
	Total liabilities and shareholders' equity	12,488,515,956	10,654,611,292

INCOME STATEMENT

	30/06/2011	30/06/2010
10. Interest and similar income	100,215,152	60,177,363
20. Interest and similar expense	(74,230,565)	(35,958,280)
30. Net interest income	25,984,587	24,219,083
40. Fee and commission income	158,017,023	145,494,988
50. Fee and commission expense	(99,703,743)	(87,519,898)
60. Net fee and commission income (expense)	58,313,280	57,975,090
70. Dividends and similar income	4,620,835	1,378,657
80. Net gain (loss) on trading activities	9,190,011	3,175,512
90. Net gain (loss) on hedging activities	363,453	18,502
100. Net gain (loss) on the disposal or repurchase of:	2,180,608	4,391,726
a) loans	1,300,504	(104,122)
b) financial assets available for sale	843,737	3,990,546
d) financial liabilities	36,367	505,302
110. Net gain (loss) on financial assets and liabilities at fair value through profit or loss	4,520,840	4,975,884
120. Gross income	105,173,614	96,134,454
130. Net losses/recoveries on impairment:	697,838	(135,439)
a) loans	697,838	140,014
b) financial assets available for sale		(275,453)
140. Net income (loss) from financial operations	105,871,452	95,999,015
150. Administrative expenses:	(73,328,876)	(70,089,481)
a) personnel expenses	(31,242,676)	(29,349,167)
b) other administrative expenses	(42,086,200)	(40,740,314)
160. Net provisions for risks and charges	(3,544,412)	(27,027)
170. Net adjustments of property and equipment	(1,198,694)	(1,273,070)
180. Net adjustments of intangible assets	(781,606)	(853,953)
190. Other operating expenses/income	6,493,470	5,295,685
200. Operating expenses	(72,360,118)	(66,947,846)
250. Profit (loss) before tax on continuing operations	33,511,334	29,051,169
260. Income tax expense from continuing operations	(12,815,185)	(9,748,476)
270. Profit (loss) after tax on continuing operations	20,696,149	19,302,693
290. Net profit (loss) for the period	20,696,149	19,302,693

STATEMENT OF COMPREHENSIVE INCOME

	30/06/2011	30/06/2010
10. Net profit (loss) for the period	20,696,149	19,302,693
Other comprehensive income net of taxes		
20. Financial assets available for sale	2,976,390	(13,454,598)
60. Cash flow hedges	225,829	-
110. Total other comprehensive income net of taxes	3,202,219	(13,454,598)
120 Comprehensive income (Item 10+110)	23,898,368	5,848,095

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT JUNE 30, 2011

	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 1/1/2011	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD						SHAREHOLDERS' EQUITY AS AT 30/06/2011
						RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	EQUITY TRANSACTIONS				
				CHANGE IN RESERVES	ISSUE OF NEW SHARES			PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	
Share capital:												
a) ordinary shares	216,913,200		216,913,200	-	-	-	-	-	-	-	-	216,913,200
b) other shares	-		-	-	-	-	-	-	-	-	-	-
Share premium reserve	-		-	-	-	-	-	-	-	-	-	-
Reserves:												
a) earnings	69,294,780	-	69,294,780	792,843	-	-	-	-	-	-	-	70,087,623
b) other	1,843,000	-	1,843,000	-	-	-	-	-	-	-	-	1,843,000
Valuation reserves	30,290,771	-	30,290,771	-	-	-	-	-	-	3,202,219	-	33,492,991
Equity instruments	-		-	-	-	-	-	-	-	-	-	-
Treasury shares	-		-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the year	20,255,947	-	20,255,947	(792,843)	(19,463,104)	-	-	-	-	-	20,696,149	20,696,149
Total shareholders' equity	338,597,698		338,597,698		(19,463,104)	-	-	-	-	-	23,898,368	343,032,963

"Reserves: other" reports the goodwill in the transfer of the Corporate business area (2007).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010

	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD						SHAREHOLDERS' EQUITY AS AT 31/12/2010
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	EQUITY TRANSACTIONS				COMPREHENSIVE INCOME FOR 2010	
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS		
Share capital:												
a) ordinary shares	216,913,200		216,913,200	-		-	-					216,913,200
b) other shares	-		-	-		-	-					-
Share premium reserve	-		-	-		-						-
Reserves:												
a) earnings	67,644,957	-	67,644,957	1,649,823		-	-	-	-			69,294,780
b) other	1,843,000	-	1,843,000	-		-	-	-	-	-		1,843,000
Valuation reserves	50,966,679	-	50,966,679			-				(20,675,907)		30,290,771
Equity instruments	-		-						-			-
Treasury shares	-		-			-	-					-
Net profit (loss) for the year	29,921,117	-	29,921,117	(1,649,823)	(28,271,294)					20,255,947		20,255,947
Total shareholders' equity	367,288,953		367,288,953		(28,271,294)					(419,960)		338,597,698

"Reserves: other" reports the goodwill in the transfer of the Corporate business area (2007).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT JUNE 30, 2010

	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD						SHAREHOLDERS' EQUITY AS AT 30/06/2010	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	EQUITY TRANSACTIONS						COMPREHENSIVE INCOME FOR FIRST HALF OF 2010
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES		
Share capital:													
a) ordinary shares	216,913,200		216,913,200	-		-	-	-	-	-	-	216,913,200	
b) other shares	-		-	-		-	-	-	-	-	-	-	
Share premium reserve	-		-	-		-	-	-	-	-	-	-	
Reserves:													
a) earnings	67,644,957	-	67,644,957	1,649,823		-	-	-	-	-	-	69,294,780	
b) other	1,843,000	-	1,843,000	-		-	-	-	-	-	-	1,843,000	
Valuation reserves	50,966,679	-	50,966,679			-	-	-	-	(13,454,598)	-	37,512,081	
Equity instruments	-		-			-	-	-	-	-	-	-	
Treasury shares	-		-			-	-	-	-	-	-	-	
Net profit (loss) for the year	29,921,117	-	29,921,117	(1,649,823)	(28,271,294)						19,302,693	19,302,693	
Total shareholders' equity	367,288,953		367,288,953		(28,271,294)						5,848,095	344,865,754	

"Reserves: other" reports the goodwill in the transfer of the Corporate business area (2007).

STATEMENT OF CASH FLOWS: INDIRECT METHOD

	30/06/2011	31/12/2010	30/06/2010
A. OPERATING ACTIVITIES			
1. Operations	28,950,556	34,527,648	49,602,892
- net profit (loss) for the period (+/-)	20,696,149	20,255,947	19,302,693
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-)	(5,509,357)	(5,197,623)	6,205,290
- gains (losses) on hedging activities (+/-)	(363,453)	(313,616)	(18,502)
- net losses/recoveries on impairment (+/-)	(264,466)	8,285,582	135,439
- net adjustments of property and equipment and intangible assets (+/-)	1,980,300	4,716,789	2,127,023
- net provisions for risks and charges and other costs/revenues (+/-)	784,155	6,436,995	332,281
- taxes and duties to be settled (+)	12,556,711	12,202,313	9,748,476
- net adjustments of non-current assets held for sale			
net of tax effects (+/-)	-	-	-
- other adjustments (+/-)	(929,483)	(11,858,740)	11,770,192
2. Net cash flows from/used in financial assets	(2,281,683,070)	(448,839,461)	383,540,959
- financial assets held for trading	82,153,253	25,988,576	(186,103,581)
- financial assets at fair value through profit or loss	(322,844,938)	12,389,211	9,172,117
- financial assets available for sale	(380,093,687)	(107,409,178)	(20,102,258)
- due from banks: repayable on demand	(492,610,386)	971,975,993	-
- due from banks: other	(1,119,441,795)	(1,063,765,249)	755,591,881
- loans to customers	(28,983,706)	210,117,562	(178,657,897)
- other assets	(19,861,810)	(498,136,375)	3,640,697
3. Net cash flows from/used in financial liabilities	2,261,716,732	454,139,842	(418,070,049)
- due to banks: repayable on demand	140,648,339	(1,298,167,531)	-
- due to banks: other	1,638,648,667	(531,647,822)	(472,181,975)
- due to customers	(413,850,221)	1,398,633,111	21,090,359
- securities issued	633,376,529	543,243,716	(84,954,034)
- financial liabilities held for trading	(96,283,275)	(23,060,303)	136,493,022
- financial liabilities at fair value through profit or loss	336,398,851	(11,264,520)	(7,457,882)
- other liabilities	22,777,843	376,403,191	(11,059,539)
Net cash flows from/used in operating activities (A)	8,984,218	39,828,029	15,073,802
B. INVESTING ACTIVITIES			
1. Cash flows from	50,000,000	44,748	4
- sales of equity investments	-	-	-
- dividends on equity investments	-	-	-
- sales of financial assets held to maturity	-	-	-
- sales of property and equipment	-	44,748	4
- sales of intangible assets	-	-	-
- sales of subsidiaries and business units	50,000,000	-	-
2. Cash flows used in	(51,965,243)	(5,410,557)	(1,316,743)
- purchases of equity investments	(50,000,000)	-	-
- purchases of financial assets held to maturity	-	-	-
- purchases of property and equipment	(1,138,058)	(3,455,500)	(352,157)
- purchases of intangible assets	(827,185)	(1,955,057)	(964,586)
- purchases of subsidiaries and business units	-	-	-
Net cash flows from/used in investing activities (B)	(1,965,243)	(5,365,809)	(1,316,739)
C. FINANCING ACTIVITIES			
- issues/purchases of own shares	-	-	-
- issues/purchases of equity instruments	-	-	-
- dividend distribution and other	(19,463,104)	(28,271,294)	(28,271,294)
Net cash flows from/used in financing activities C (+/-)	(19,463,104)	(28,271,294)	(28,271,294)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	(12,444,129)	6,190,926	(14,514,231)

RECONCILIATION

	30/06/2011	31/12/2010	30/06/2010
Cash and cash equivalents at beginning of period (E)	79,509,376	73,318,450	73,318,450
Net increase/decrease in cash and cash equivalents (D)	(12,444,129)	6,190,926	(14,514,231)
Cash and cash equivalents: net foreign exchange differences (F)	-	-	-
Cash and cash equivalents at end of period (G)=E+/-D+/-F	67,065,247	79,509,376	58,804,219

Note Illustrative

*Notes to the
financial
statements*



CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

47

A.1 – GENERAL INFORMATION

Section 1 – Declaration of conformity with the International Accounting Standards (IAS/IFRS)	49
Section 2 – General preparation principles	49
Section 3 – Events subsequent to the reporting date	50
Section 4 – Other information	50

A.2 –THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

1 – Financial assets held for trading	52
2 – Financial assets available for sale	53
3 – Financial assets held to maturity	54
4 – Loans and receivables	54
5 – Financial assets at fair value through profit or loss	56
6 – Hedging	57
7 – Equity investments	58
8 – Property and equipment	58
9 – Intangible assets	59
10 – Non-current assets and liabilities held for sale	60
11 – Current and deferred taxation	60
12 – Provisions for risks and charges	60
13 – Debt and securities issued	61
14 – Financial liabilities held for trading	61
15 – Financial liabilities at fair value through profit or loss	62
16 – Foreign currency transactions	62
17 – Other information	62

A.3 – Fair value disclosures

Transfers between categories	65
Fair value hierarchy	66

PART B – INFORMATION ON THE BALANCE SHEET

Assets

Section 1 – Cash and cash equivalents – item 10	69
Section 2 – Financial assets held for trading – item 20	69
Section 3 – Financial assets at fair value – item 30	70
Section 4 – Financial assets available for sale – item 40	71
Section 5 – Financial assets held to maturity – item 50	71
Section 6 – Due from banks – item 60	72

Section 7 – Loans to customers – item 70	74
Section 8 – Hedging derivatives – item 80	75
Section 9 – Value adjustments of financial assets hedged generically – item 90	76
Section 10 – Equity investments – item 100	76
Section 11 – Property and equipment – item 110	77
Section 12 – Intangible assets – item 120	78
Section 13 – Tax assets and tax liabilities – item 130 of assets and item 80 of liabilities	79
Section 14 – Non-current assets and disposal groups held for sale and associated liabilities – item 140 of assets and item 90 of liabilities	83
Section 15 – Other assets – item 150	84

Liabilities

Section 1 – Due to banks – item 10	85
Section 2 – Due to customers – item 20	85
Section 3 – Securities issued – item 30	86
Section 4 – Financial liabilities held for trading – item 40	87
Section 5 – Financial liabilities at fair value – item 50	88
Section 6 – Hedging derivatives – item 60	89
Section 7 – Value adjustments of generically hedged liabilities – item 70	90
Section 8 – Tax liabilities – item 80	90
Section 9 – Liabilities associated with assets held for sale – item 90	90
Section 10 – Other liabilities – item 100	91
Section 11 – Employee termination benefits – item 110	92
Section 12 – Provisions for risks and charges – item 120	93
Section 13 – Redeemable shares – item 140	94
Section 14 – Shareholders' equity – items 130, 150, 160, 170, 180, 190 and 200	94

Other information

Guarantees issued and commitments	96
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PART C – INFORMATION ON THE INCOME STATEMENT **97**

Section 1 - Interest – items 10 and 20	99
Section 2 – Fees and commissions – items 40 and 50	100
Section 3 – Dividends and similar revenues – item 70	101
Section 4 – Net gain (loss) on trading activities – item 80	102
Section 5 – Net gain (loss) on hedging activities – item 90	103
Section 6 – Gain (loss) on disposal or repurchase – item 100	104
Section 7 – Net adjustments of financial assets and liabilities at fair value – item 110	105
Section 8 – Net losses/recoveries on impairment – item 130	106
Section 9 – Administrative expenses – item 150	107
Section 10 – Net provisions for risks and charges – item 160	108
Section 11 – Net adjustments of property and equipment – item 170	109
Section 12 – Net adjustments of intangible assets – item 180	109
Section 13 – Other operating expenses/income – item 190	110
Section 14 – Gain (loss) from equity investments – item 210	110

Section 15 – Net adjustments to fair value of property and equipment and intangible assets – item 220	110
Section 16 – Value adjustments of goodwill – item 230	110
Section 17 – Gains (losses) on disposal of investments – item 240	110
Section 18 – Income tax for the period on continuing operations – item 260	111
Section 19 – Profit (loss) after taxes from disposal groups – item 280	111
Section 20 – Other information	111
PART D – COMPREHENSIVE INCOME	113
PART E – RISKS AND RISK MANAGEMENT POLICIES	117
Section 1 – Credit risk	119
Section 2 – Market risks	127
Section 3 – Liquidity risk	133
Section 4 – Operational risks	135
PART F – INFORMATION ON CAPITAL	137
Section 1- Company capital	139
Section 2- Regulatory capital and capital ratios	140
PART G – BUSINESS COMBINATIONS	143
PART H – INFORMATION ON RELATED PARTIES	147
Information on the remuneration of key management personnel	149
Information on transactions with related parties	149
PART I – SHARE-BASED PAYMENTS	153
PART L – OPERATING SEGMENTS	157
Primary reporting basis	159
Secondary reporting basis	160

PART - A

Accounting policies

Parte A – Politiche Contabili



PART A – ACCOUNTING POLICIES

A.1 – GENERAL INFORMATION

This section sets out the accounting policies adopted in preparing the interim financial statements at June 30, 2011. The presentation of the accounting policies – which are shared at the Group level - is broken down into the stages of classification, recognition, measurement and derecognition for the various asset and liability items. A description of the impact on profit or loss, where material, is provided for each stage.

Section 1 – Declaration of conformity with the International Accounting Standards (IAS/IFRS)

In compliance with the provisions of Legislative Decree 38 of February 28, 2005, the interim financial statements at June 30, 2011 of Iccrea Banca have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission as established by Regulation (EC) no. 1606 of July 19, 2002, as amended.

The interim financial statements have been prepared using the main tables set out in Circular no. 262 of December 22, 2005 on the format and rules for preparation of bank financial statements issued by the Bank of Italy as updated at November 18, 2009.

The following table sets out the new international accounting standards and amendments to existing accounting standards, with the related endorsement regulations of the European Commission, that took effect as from the 2011 financial year. The changes did not have a material impact on the interim financial statements.

ENDORSEMENT REGULATION	TITLE
574/2010	Amendments to IFRS 1 and IFRS 7 – Disclosures about financial instruments
632/2010	Amendments to IAS 24 – Related party disclosures
633/2010	Amendments to IFRIC 14: Prepayments of a minimum funding requirement for a defined benefit plan
662/2010	IFRIC 19 – Extinguishing financial liabilities with equity instruments
149/2011	Amendments to IFRS 1, IFRS 7, IFRS 3, IAS 1, IAS 34, IAS 32, IAS 39, IAS 21, IAS 28, IAS 31, IAS 34, IFRIC 13

Iccrea Banca has elected the option to prepare its half-year financial report in a condensed version rather than in the full version envisaged for the annual financial statements.

The accounting policies described as follows were applied in preparing the financial statements for all the periods presented in the interim financial statements and are unchanged from those used to prepare the annual financial statements for 2010.

Section 2 – General preparation principles

The interim financial statements consist of 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 explanatory notes to the financial statements, along with the report on operations and the performance and financial position of Iccrea Banca. In compliance with Article 5 of Legislative Decree 38/2005, the financial statements use the euro as the reporting currency.

The financial statements are expressed in euros, while unless otherwise specified the figures in the notes to the financial statements and the report on operations are expressed in thousands of euros.

The financial statements were prepared by applying the general principles set out in IAS 1 and the specific accounting policies endorsed by the European Commission and described in Part A.2 of the notes to the financial statements, as well as the general Framework for the Preparation and Presentation of Financial Statements issued by the IASB. No exceptions have been made in applying the IASs/IFRSs.

The balance sheet and the accompanying notes set out the figures for the present period as well as comparative figures at December 31, 2010, while the income statement and its notes provide comparative figures for the same period of the previous year.

CONTENT OF THE FINANCIAL STATEMENTS

BALANCE SHEET AND INCOME STATEMENT

The balance sheet and the income statement contain items, sub-items and further information (the “of which” for items and sub-items). In accordance with Bank of Italy Circular no. 262 of 22 December 2005 – 1st update of November 18, 2009, items without values for the reference period and the previous period are not included. In the income statement and in the relevant sections of the notes to the financial statements, revenues are shown without indicating their sign, while cost figures are shown within parentheses.

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income is presented in accordance with the format prescribed by Bank of Italy Circular no. 262/2005 – 1st update of November 18, 2009. This statement presents the economic effects of income and expenses not recognized in the income statement but rather in equity as required by IAS 1, endorsed with Regulation (EC) no. 1274/2008.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity was prepared following the model provided by Bank of Italy Circular no. 262/2005 – 1st update of November 18, 2009. The statement of changes in equity shows the composition and movements of equity accounts during the reference period and the previous period, broken down by share capital (ordinary and other shares), capital reserves, earning reserves, valuation reserves for assets or liabilities and the net profit (loss) for the period.

STATEMENT OF CASH FLOWS

The statements of cash flows for the present and the previous period were prepared using the indirect method, under which cash flows from operating activities are represented by the profit (loss) for the period, adjusted for the impact of non-monetary transactions. Cash flows are broken down into cash flows

from/used in operating activities, investing activities and financing activities. Cash flows generated during the period are shown without a sign, while those used are shown within parentheses.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented in a condensed version rather than in the full version envisaged for the annual financial statements, include the information required by Bank of Italy Circular no. 262/2005 – 1st update of November 18, 2009 and other information required by international accounting standards. To provide as accurate a picture as possible, the titles of sections pertaining to items for which no figures have been reported for either the present period or the previous period are also included.

Section 3: Events subsequent to the reporting date

As required under IAS 10, we report that no event occurred subsequent to the reporting date that would have materially altered the figures reported in the financial statements.

For information on events that occurred subsequent to the end of the period, please see the report on operations.

Section 4 – Other information

CONSOLIDATED TAX MECHANISM OPTION

Starting in 2004, Iccrea Holding and all the Group companies adopted the “consolidated tax mechanism”, governed by Articles 117-129 of the Unified Income Tax Code (“TUIR”), introduced with Legislative Decree 344/2003. It consists of an optional tax regime under which total net income or the tax losses of each subsidiary taking part in the tax consolidation –along with withholdings, deductions and tax credits – are transferred to the parent company. Only one taxable income or tax loss that can be carried forward (the algebraic sum of the parent company’s and its participating subsidiaries’ income/losses resulting in a single tax payable/receivable) is

calculated and attributed to the parent company.

Under this option, the Group companies that participate in the consolidated tax mechanism calculate their tax liabilities and the corresponding taxable income, which is transferred to the parent company. If one or more subsidiaries reports negative taxable income, the tax losses are transferred to the parent company when there is consolidated income for the period or a high probability of future taxable income.

OTHER ISSUES

The interim financial statements have undergone a limited review by Reconta Ernst & Young S.p.A..

A.2 – THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

This section sets out the accounting policies adopted in preparing the financial statements. The presentation of these accounting policies is broken down into stages – classification, recognition, measurement and derecognition – for the various asset and liability items. A description of the impact on profit or loss, where material, is provided for each stage.

During 2008, as envisaged under Regulation (EC) no. 1004/2008 approved by the European Commission on October 15, 2008 containing amendments to IAS 39 and 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 impact on performance and the financial position for the current period of that previous reclassification are reported in the individual sections of the explanatory notes.

In addition, as required under the amendments of IFRS 7 issued by IASB in March 2009, endorsed by the European Commission with Regulation (EC) no. 1165/2009 on November 27, 2009 and incorporated by the Bank of Italy in Circular no. 262/2005 with the 1st amendment of November 18, 2009, to ensure proper disclosure Iccrea Banca reports the quality of the inputs used to determine the fair value of financial instruments (the “fair value hierarchy”). Specifically, the fair value is assigned to one of three levels that reflect the quality of the inputs:

- Level 1: fair value derived from active markets (unadjusted listed prices);
- Level 2: fair value derived from valuation techniques whose inputs are directly or indirectly observable market parameters;
- Level 3: fair value derived from valuation techniques whose inputs are not all observable on the market.

Furthermore, entities must provide a reconciliation of the initial and final balances of the fair value measurement for Level 3 measurements, as well as for material transfers between the different levels of the hierarchy.

Details on the breakdown of financial instruments by fair value levels are given in the individual sections of the notes to the financial statements.

1 – Financial assets held for trading

CLASSIFICATION

This category includes financial assets, regardless of their technical form, held for short-term trading purposes. It includes derivatives with a positive value, including those resulting from the separation of embedded derivatives, that are not deemed to be effective for hedging purposes.

RECOGNITION

Debt and equity securities are initially recognized at the settlement date, while derivative contracts are recognized at the trading date. Financial assets held for trading are initially recognized at fair value, which is usually the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss.

Derivative contracts embedded in other financial instruments or contracts that have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified independently as derivative contracts are recognized separately among financial assets held for trading, except in cases where the compound host instrument is measured at fair value through profit or loss. After separating the embedded derivative, the host contract is then treated in accordance with the accounting rules for its category.

MEASUREMENT

Financial assets held for trading are measured at fair value following initial recognition. For financial instruments listed on active markets, the fair value of financial assets or liabilities is determined on the basis of the official prices observed at the balance sheet date. For financial instruments, including equity securities, that are not listed on active markets, fair value is determined using valuation techniques and market information, such as the

price of listed instruments with similar features, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions.

For equity securities, units in collective investment undertakings and derivative instruments with equities as underlyings not listed on an active market, if the fair value obtained using such valuation techniques cannot be reliably determined, the financial instruments are measured at cost.

DERECOGNITION

Financial assets held for trading are derecognized when the contractual rights to the cash flows expire, or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

RECOGNITION OF INCOME COMPONENTS

The results of the measurement of financial assets held for trading are recognized through profit or loss. Dividends from equity instruments held for trading are recognized in the income statement when the right to receive payment accrues.

2 – Financial assets available for sale

CLASSIFICATION

This category includes financial assets, other than derivatives, that are not classified in the balance sheet as “financial assets held for trading”, “financial assets at fair value through profit or loss”, “financial assets held to maturity”, “due from banks” or “loans to customers”.

Specifically, the item includes: shareholdings not held for trading and not qualifying as a subsidiary, associate or joint venture, units in investment funds that are unlisted or listed but traded infrequently, specific bonds, identified on a case-by-case basis with respect to the purpose for which they are purchased/held.

RECOGNITION

Available-for-sale financial assets are initially recognized at the settlement date. Financial assets are initially recognized at fair value, which is generally the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss. The initial recognition value includes direct transaction costs or revenues determinable at the recognition date, even if settled at a later time.

MEASUREMENT

Following initial recognition, financial assets available for sale are measured at fair value. Fair value is determined using the criteria adopted for financial assets held for trading. Equity instruments for which the fair value cannot be reliably determined using valuation techniques are carried at cost and adjusted for any impairment losses.

DERECOGNITION

Available-for-sale financial assets are derecognized when the contractual rights to the cash flows expire or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value

of the assets transferred and to changes in the related cash flows. Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

RECOGNITION OF INCOME COMPONENTS

Gains and losses from changes in the fair value are recognized in a special equity reserve until the asset is derecognized. The value corresponding to the amortized cost of available-for-sale financial assets is recognized through profit or loss.

Available-for-sale financial assets are subject to impairment testing to determine whether there is objective evidence of impairment. Where impairment is found, the cumulative loss directly recognized in equity is reversed to the income statement. The amount of this loss is measured as the difference between the purchase cost (net of any amortization and repayments of principal) and the fair value, less any impairment loss previously recognized in the income statement. Where the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, writebacks are recognized in the income statement for loans or debt securities and in an equity reserve in the case of equity instruments. The value of the asset after the writeback shall not in any event exceed the amortized cost that the instrument would have had in the absence of the prior writedown.

In addition to the recognition of impairment losses, the cumulative gains or losses in the equity reserve are, as mentioned above, recognized in the income statement (under item 100 "Net gain (loss) on the disposal or repurchase of financial assets available for sale") at the time of the sale of the asset. Dividends in respect of equity instruments available for sale are recognized through profit or loss when the right to receive payment accrues.

3 – Financial assets held to maturity

The Bank does not currently have a portfolio of financial assets held to maturity.

4 – Loans and receivables

CLASSIFICATION

"Loans to banks" and "loans to customers" includes loans, whether disbursed directly or acquired from third parties, with fixed or determinable payments, that are not listed on an active market and that are not classified as: "Financial assets held for trading"; "Financial assets at fair value through profit or loss"; or "Financial assets available for sale". This category includes any securities with characteristics similar to loans and receivables. It also includes operating loans and repurchase transactions.

RECOGNITION

Loans and receivables are initially recognized in the balance sheet at the disbursement date or, in the case of debt securities, at the settlement date. The initial amount recognized is equal to the amount disbursed or subscription price, including costs and revenues directly attributable to the transaction and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs to be reimbursed by the debtor or that can be characterized as normal administrative overhead costs. The initial recognition amount of loans disbursed at non-market conditions is equal to the fair value of the loans, determined using valuation techniques. The difference between the fair value and the amount disbursed or the subscription price is recognized through profit or loss.

Securities repurchase transactions are recognized as funding or lending transactions. Transactions involving a spot sale and a forward repurchase are recognized as payables in the amount received spot, while those involving a spot purchase and a forward sale are recognized as receivables in the amount paid spot. Transactions with banks through correspondent accounts are recognized at the time of settlement and, therefore, these accounts are adjusted for all non-liquid items regarding bills and documents received or sent registered as 'subject to collection' or after actual collection.

MEASUREMENT

Following initial recognition, loans are measured at amortized cost. The amortized cost equals the amount at which a financial asset is measured at initial recognition decreased by principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction (directly or through the use of a provision) due to impairment or non-recoverability.

Amortized cost is not used for very-short-term loans, loans without a specified maturity or revocable loans, for which the impact of this method can be considered not material. These positions are measured at cost.

The loan portfolio undergoes testing for impairment periodically and in any event at the close of each reporting period. Impaired positions include bad debts, substandard loans, restructured loans or loans past due or overlimit, in accordance with the Bank of Italy's current rules, in line with the provisions of the IAS/IFRS. Impairment loss is recognized only when, subsequent to initial recognition, events have occurred that give rise to objective evidence of impairment such as to cause a change in the reliably estimated cash flows.

Loans for which there is objective evidence of impairment are measured individually. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows, calculated by applying the original effective interest rate.

Measurement takes account of the "maximum recoverable" amount, which corresponds to the greatest estimate of expected future cash flows in respect of principal and interest payments. Also taken into consideration is the realizable value of any guarantees excluding recovery costs, recovery times estimated based on contractual maturities, if any, and on reasonable estimates in the absence of contractual provisions, and the discount rate, which is the original effective interest rate. For impaired positions at the transition date, where determining this figure would be excessively burdensome, the Bank has adopted reasonable estimates, such as the average rate of loans for

the year in which the loan was first classified as a bad debt, or the restructuring rate.

In measuring loans individually, cash flows from loans for which short-term recovery is expected are not discounted. The original effective interest rate of each loan remains unchanged unless the position undergoes a restructuring that involves a change in the contractual interest rate, including when it becomes an interest-free loan.

Loans for which no objective evidence of impairment has been found undergo collective impairment testing, with the creation of groups of positions with uniform credit risk profiles. The writedown is determined based on historic loss rates for each group. In determining the time series, individually measured positions are removed from the group of loans being measured. Writedowns determined collectively are taken to the income statement. Guarantees also undergo impairment testing in a manner analogous to collective impairment testing. Any writedowns are recognized through profit or loss.

DERECOGNITION

Loans are derecognized when they fall due or are transferred. Loans transferred are derecognized only when substantially all the risks and rewards of ownership of the loans are transferred. If a significant portion of the risks and rewards of ownership of a transferred loan has been retained, the loan continues to be recognized even though legal title to the loan has been transferred.

Where it is not possible to determine whether substantially all the risks and rewards have been transferred, the loan is derecognized if no form of control over it is retained. Conversely, where even a portion of control is retained, the loan continues to be recognized to the extent of the continuing involvement in the asset, measured by the exposure to changes in value of the transferred loans and changes in their cash flows. Transferred loans are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

IFRS 1 established a specific exemption to the application of derecognition rules for

transfers of financial assets, including securitization operations, occurring prior to January 1, 2004. By virtue of this exemption, for securitizations carried out before that date, the company may elect to continue to apply the previous accounting rules or to adopt the provisions of IAS 39 retrospectively, starting from a date selected by the entity, provided that the information required to apply IAS 39 to assets previously derecognized was available at the time of initial recognition of the these operations. Therefore, the Bank, in compliance with the accounting policies of the Group, has decided to apply the current accounting rules for securitization operations carried out before January 1, 2004.

RECOGNITION OF INCOME COMPONENTS

Following initial recognition, loans are measured at amortized cost, which equals the amount at which the assets are measured at initial recognition decreased by principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount (usually attributable to costs and revenues directly attributable to the individual position) and plus or minus any writedowns/writebacks. The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the loan in respect of principal and interest to the amount disbursed including costs and revenues attributable to the loan. This accounting treatment makes it possible to distribute the economic impact of costs and revenues over the expected remaining life of the loan.

The amortized cost method is not used for short-term loans where the impact of discounting can be considered negligible. Short-term loans are valued at cost. The same approach is adopted for loans without a specified maturity or those subject to revocation.

Impairment losses, as defined in the preceding sub-section on measuring loans, are recognized in the income statement. If the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, a writeback is taken to the income statement. The value of the asset after the writeback shall not in any event exceed the amortized cost that the instrument would have had in the absence of the prior writedown.

Writebacks connected with the passage of time, corresponding to interest accrued during the period based on the original effective interest rate previously used to calculate impairment losses, are recognized among writebacks for impairment.

5 – Financial assets at fair value through profit or loss

CLASSIFICATION

The item "Financial assets at fair value through profit or loss" includes financial assets that have been designated as at fair value through profit or loss as from their initial recognition, in accordance with the requirements for the classification of that item, regardless of their technical form. No reclassifications to other categories of financial assets are permitted.

RECOGNITION

Financial assets at fair value through profit or loss are initially recognized at 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 recognized in the income statement.

MEASUREMENT

After initial recognition, financial assets reported under this item are measured at fair value through profit or loss. In order to determine fair value, the criteria previously noted in the section on financial assets held for trading are applied.

DERECOGNITION

Financial assets at fair value are derecognized when the contractual rights to the cash flows expire or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards

of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows. Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

RECOGNITION OF INCOME COMPONENTS

The result of the measurement is recognized in the income statement. On the basis of the provisions of Article 6 of Legislative Decree 38 of February 28, 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, originated by the application of the fair value criterion, is allocated to an unavailable reserve that 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

CLASSIFICATION

Derivatives contracts entered into for hedging purposes are used to protect against one or more types of risk (interest rate risk, exchange rate risk, price risk, credit risk, etc.). More specifically, fair value hedges are used to cover the exposure to changes in fair value, while cash flow hedges are used to cover the exposure to changes in cash flows. The items "hedging derivatives" among assets and liabilities include the positive and negative values of derivatives that are part of effective hedging relationships.

RECOGNITION

Hedging derivatives and the hedged financial assets and liabilities are reported in accordance with hedge accounting rules. Where there is formal documentation of the relationship between the hedged item and the hedging instrument, a hedge is considered effective if, at inception and throughout its life, the changes in the fair value of the hedged item or the related expected cash flows are almost entirely offset by those of the hedging instrument.

Effectiveness is measured at every reporting date through prospective and retrospective tests and the hedge is deemed effective when the changes in value are within the established interval of 80% to 125%.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Derivatives classified as "hedging derivatives" under assets and liabilities are measured at fair value. In the case of fair value hedges, changes in value are recognized through the income statement. For cash flow hedges, changes in the fair value of the derivative are recognized in equity in the amount of the effective portion and are reversed to profit or loss only when the change in cash flows from the hedge item to be offset occurs.

In the case of fair value hedges, the change in fair value attributable to the hedged risk of the hedged asset or liability is taken to the income statement. In the case of specific hedges, the hedged asset or liability, recognized in accordance with the rules governing its category, is written down or up in the amount of the change in fair value attributable to the hedged risk.

DERECOGNITION

If the tests carried out do not confirm the effectiveness of the hedge, hedge accounting is discontinued in accordance with the criteria set out in this section, the accounting policies 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 cumulative gain or loss recognized in the equity reserve is reversed to the income statement.

7 – Equity investments

CLASSIFICATION

The item includes equity investments in subsidiaries, associates and joint ventures. Subsidiaries are companies in which the Bank holds, either directly or indirectly, more than half of the voting rights unless it can be shown that possessing these rights does not constitute control. Control also exists where the Bank exercises the power to determine financial and operating policies. The consolidated financial statements are prepared by the parent company.

Joint ventures are companies in which control is shared with other parties by contract. Associates are companies in which the Bank holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which the Bank exercises a significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control. Control, joint control and significant influence cease in cases in which the power to determine financial and operating policies of the company is removed from the governance bodies of the company and transferred to a governmental body, a court and in similar cases. The equity investment in these cases is subject to the treatment of IAS 39, as provided for financial instruments.

Only factors that exist at the level of the separate financial statements (percentage of ownership, effective and potential voting rights, de facto situations of significant influence) are used in determining whether a holding is classified as an equity investment. Subsidiaries, joint ventures and associates held for sale are reported separately in the financial statements as a disposal group and are measured at the lower of the carrying amount and the fair value excluding disposal costs.

RECOGNITION

Equity investments are initially recognized at cost at the settlement date

including costs and revenues that are directly attributable to the transaction.

MEASUREMENT

Investments in subsidiaries, associates and joint ventures are measured at cost. Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking account of both its market value and the present value of future cash flows. If this value is lower than the carrying amount, the difference is recognized in the income statement as an impairment loss.

DERECOGNITION

Equity investments are derecognized when the contractual rights to the cash flows from the activities expire or when substantially all the risks and rewards connected with ownership of the equity investment are transferred.

RECOGNITION OF INCOME COMPONENTS

Dividends received from equity investments measured at cost are recognized in the income statement when the right to receive the payment accrues. Impairment losses on subsidiaries, associates and joint ventures valued at cost are recognized in the income statement. If the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, a writeback is taken to the income statement.

8 – Property and equipment

The item reports property and equipment used in operations and that held for investment purposes.

PROPERTY AND EQUIPMENT USED IN OPERATIONS

CLASSIFICATION

Property and equipment includes land, buildings used in operations, technical plant, furniture and equipment of all types. This item includes assets that are used in providing goods and services or used for administrative purposes for a period of more than one year.

RECOGNITION

Property and equipment is recognized at cost, which in addition to the purchase price includes incidental expenses and all costs directly attributable to placing the asset in service. Extraordinary maintenance expenses that increase the future economic benefits of such assets are allocated as an increase in the value of the assets, while ordinary maintenance costs are recognized in the income statement.

MEASUREMENT

Property and equipment, including investment property, is measured at cost less depreciation and impairment. Depreciation is determined systematically over the remaining useful life of the asset. The depreciable value is represented by the cost of the assets since the residual value at the end of the depreciation process is considered negligible. Depreciation rates are determined on the basis of the residual useful life of the assets in an amount considered to appropriately represent the deterioration and consumption of assets over time. Buildings are depreciated at a rate of 3% per year.

The useful life of property and equipment is reviewed at the end of every reporting period, and if it differs from previous estimates, the depreciation rate is adjusted for the current and subsequent financial periods. Land, whether purchased individually or incorporated into the value of a building, is not depreciated.

DERECOGNITION

Property and equipment is derecognized when disposed of or when no future benefits are expected from its use or disposal.

RECOGNITION OF INCOME COMPONENTS

Depreciation is recognized through profit or loss. If there is evidence of possible impairment of the asset, the asset's carrying amount is compared against its recoverable value, which is equal to the greater of the value in use of the asset, meaning the present value of future cash flows originated by the asset and its fair value, net of any disposal costs. Any negative difference between the carrying amount and the recoverable value is recognized in the income statement. If the reasons for the impairment

should cease to obtain, a writeback is recognized in the income statement. The carrying amount following the writeback shall not exceed the value that the asset would have had, net of depreciation, in the absence of the prior writedowns.

INVESTMENT PROPERTY

Investment property is real estate 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 investment property.

9 - Intangible assets*CLASSIFICATION*

Intangible assets are recognized as such if they are identifiable and are based on legal or contractual rights. They include application software.

RECOGNITION

Intangible assets are recognized at cost, adjusted for any incidental expenses, only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible asset is recognized in the income statement in the period in which it is incurred.

MEASUREMENT

Intangible assets recognized at cost are amortized on a straight-line basis over the estimated remaining useful life of the asset.

DERECOGNITION

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to be generated by the use or disposal of the asset.

RECOGNITION OF INCOME COMPONENTS

Amortization is recognized through profit or loss. Where there is evidence of

possible impairment of the asset, an impairment test is conducted. Any difference between its carrying amount and recoverable value is recognized in the income statement. If the reasons for the impairment of intangible assets other than goodwill should cease to obtain, a writeback is recognized in the income statement. The value of the asset after the writeback shall not exceed the value that the asset would have had, net of amortization, in the absence of the prior writedowns for impairment.

10 – Non-current assets and liabilities held for sale

RECOGNITION AND CLASSIFICATION

This item includes non-current assets held for sale, and the 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 property and equipment or intangible assets or assets and liabilities associated with business units held for sale.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

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

11 – Current and deferred taxation

CLASSIFICATION

Deferred tax assets and liabilities are recognized separately without offsetting, under “Tax assets” and “Tax liabilities”, respectively.

RECOGNITION

Deferred tax assets are recognized when their recovery is deemed likely. Deferred tax liabilities are recognized in all cases in which it is likely that the relative payable will accrue.

MEASUREMENT

When the results of transactions directly affect shareholders’ equity, current taxes, deferred tax assets and deferred tax liabilities are also recognized in shareholders’ equity.

Deferred tax assets and liabilities are periodically measured to take account of any regulatory changes or changes in tax rates.

RECOGNITION OF INCOME COMPONENTS

Income taxes are recognized in the income statement with the exception of those debited or credited directly to equity. Current income taxes are calculated based on taxable income for the period. Current tax payables and receivables are recognized at the value that payment to or recovery from the tax authorities is expected by applying current tax rates and regulations. Deferred income tax assets and liabilities are calculated on the basis of timing differences between the value attributed to the assets and liabilities in the financial statements and the corresponding values recognized for tax purposes.

12 – Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

RECOGNITION AND CLASSIFICATION

Provisions for risks and charges are recognized in the income statement and reported under liabilities on the balance sheet in relation to a present legal or constructive obligation resulting from a past event for which performance of the obligation is likely to be onerous and the loss associated with the liability can be reliably estimated. The amount recognized is the best estimate of the amount required to discharge the obligation or to transfer it to third parties as of the close of the period.

When the financial impact of the passage of time is significant and the dates of payment of the obligation can be estimated reliably, the provision is discounted at market rates as of the reporting date.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

The amounts recognized are reviewed at every balance sheet date and are adjusted to reflect the best estimate of the expense required to fulfill the obligations existing at the close of the period. The impact of the passage of time and that of changes in interest rates are reported in the income statement under net provisions for the period.

DERECOGNITION

Provisions are only used when the charges for which they were originally established are incurred. When the use of resources to fulfill the obligation is no longer deemed to be probable, the provision is reversed through profit or loss.

13 – Debt and securities issued*CLASSIFICATION*

Debt and securities issued includes financial liabilities not held for trading in the short term, comprising all technical forms of interbank and customer funding and funding through certificates of deposit and outstanding bond issues, excluding any amounts repurchased.

RECOGNITION

The liabilities are initially recognized at fair value, which is normally equal to the amounts received or the issue price, plus or minus any additional costs or revenues directly attributable to the transaction that are not reimbursed by the creditor. Internal administrative costs are excluded. Financial liabilities issued on non-market terms are recognized at estimated fair value and the difference with respect to the amount paid or the issue price is taken to the income statement.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, these liabilities are measured at amortized cost using the effective interest rate method, excluding short-term liabilities, which are recognized in the amount received in keeping with the general principles of materiality and significance. Refer to

the section on loans and receivables for information on the criteria for determining amortized cost.

DERECOGNITION

In addition to cases of extinguishment and expiration, financial liabilities are derecognized when previously issued securities are repurchased. In this case, the difference between the carrying amount of the liability and the amount paid to repurchase it is recognized in the income statement. If the repurchased security is subsequently placed again on the market, this is treated as a new issue and is recognized at the new placement price, with no impact on the income statement.

14 – Financial liabilities held for trading*CLASSIFICATION*

The item reports the negative value of trading derivatives that are not part of hedging relationships as well as the negative value of derivatives embedded in compound contracts. Liabilities deriving from technical overdrafts generated by securities trading activities are recognized under “Financial liabilities held for trading”.

RECOGNITION

Debt and equity securities representing financial liabilities are initially recognized at the settlement date, while derivative contracts are recognized at the date they are signed. The financial liabilities are initially recognized at fair value, which generally equals the amount received. In cases in which the amount paid differs from the fair value, the financial liability is recognized at fair value, and the difference between the amount paid and the fair value is recognized through profit or loss.

Derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, are recognized separately among financial liabilities held for trading if their value is negative. This is not done in cases in which the compound

instrument containing the derivative is measured at fair value through profit or loss.

MEASUREMENT

Subsequent to initial recognition, the financial liabilities are recognized at fair value. Refer to the section on measuring financial assets held for trading for information on determining the fair value.

DERECOGNITION

Financial liabilities held for trading are eliminated upon being extinguished or upon maturity.

RECOGNITION OF INCOME COMPONENTS

Gains and losses from the measurement of financial liabilities held for trading are recognized through the income statement.

15 – Financial liabilities at fair value through profit or loss

CLASSIFICATION

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

RECOGNITION

Financial liabilities at fair value through profit or loss are initially recognized at the settlement date for debt and equity instruments. Initial recognition of 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 recognized in the income statement.

MEASUREMENT

After initial recognition, financial liabilities reported under this item are measured at fair value through profit or loss. In order to determine fair value, the criteria previously noted in the section on financial liabilities held for trading are applied.

DERECOGNITION

Financial liabilities at fair value are derecognized when the contractual rights to the cash flows expire or a disposal transfers all the risks and rewards connected with ownership to a third party.

RECOGNITION OF INCOME COMPONENTS

The result of the measurement is recognized in the income statement.

16 – Foreign currency transactions

RECOGNITION

Transactions in a foreign currency are initially recognized in the functional currency by translating the amount in the foreign currency into the functional currency at the exchange rate prevailing on the date of the transaction.

MEASUREMENT

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

- monetary items are translated at the exchange rate prevailing at the reporting date;
- - non-monetary items measured at historic cost are translated at the exchange rate prevailing at the transaction date; non-monetary items measured at fair value are translated using the exchange rate prevailing at the reporting date.

RECOGNIZING GAINS OR LOSSES

Exchange differences relating to monetary and non-monetary items designated as at fair value through profit or loss are recognized in the income statement under item 80 (“Net gain (loss) 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*

Following the reform of supplementary pension schemes introduced by Legislative Decree 252 of 5 December 2005, changes were

made to the way in which employee termination benefits are recognized. The portion of termination benefits accrued through December 31, 2006 is treated as a defined-benefit plan, since the company is required under law to pay the employee an amount determined pursuant to Article 2120 of the Italian Civil Code. The change with respect to the situation prior to December 31, 2006 relates to the actuarial assumptions of the model, which must incorporate the rate of salary increases provided for by Article 2120 of the Civil Code (application of a rate equal to 1.5% plus 75% of the change in the ISTAT inflation index) and not that estimated by the company. As a result, the termination benefit provision at December 31, 2006 was measured using the new model, which no longer takes account of a number of variables such as the average annual rate of salary increases, pay grades based on seniority, and the percentage increase in salary due to promotion.

The portion of termination benefits accrued from January 1, 2007 allocated to a supplementary pension scheme or to the treasury fund managed by INPS (Italy's National Social Security Institute) are treated as a defined-contribution plan since the company's obligation towards the employee ceases upon transfer of the portions accrued to the fund.

Therefore, starting January 1, 2007, the Bank:

- continues to recognize the obligation accrued at December 31, 2006 in accordance with the rules for defined-benefit plans. It shall measure the obligation for benefits accrued by employees using actuarial techniques and shall calculate the total amount of actuarial gains and losses and the portion of these to be recognized using the previously applied corridor method.
- recognizes the obligation for portions accrued starting January 1, 2007, payable to a supplementary pension scheme or to the treasury fund managed by INPS, on the basis of the contributions owed in each period, as a defined contribution plan.

RECOGNITION OF REVENUES

Revenues are recognized when realized or, in the case of the sale of goods or products, when it is probable that future benefits will be received and these future benefits can be reliably determined, and in the case of services, when the services are performed. Specifically:

- interest is recognized on an accruals basis using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- default interest, if any, is recognized in the income statement only upon receipt;
- dividends are recognized in the income statement when their distribution is authorized;
- commissions for revenues from services are recognized in the period in which the service is rendered;
- revenues from the placement of funding instruments, calculated on the basis of the difference between transaction price and the fair value of the financial instrument, are recognized in the income statement when the transaction is recognized if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded. If these amounts cannot be easily determined or the instrument is not highly liquid, the financial instrument is recognized in an amount equal to the transaction price, excluding the commercial margin. The difference between this amount and the fair value is taken to profit or loss over the duration of the transaction through the gradual reduction in the valuation model of the corrective factor reflecting the reduced liquidity of the instrument.
- revenues from the sale of non-financial assets are recognized upon completion of the sale, unless the Bank has retained most of the risks and rewards connected with the asset.

ACCRUALS AND DEFERRALS

Accruals and deferrals in respect of expense and income accruing in the period on assets and liabilities are recognized in the financial statements as an adjustment of the assets and liabilities to which they refer.

COSTS FOR LEASEHOLD IMPROVEMENTS

The costs of renovating leased buildings lacking autonomous function or use are conventionally classified among other assets, as provided by Bank of Italy Circular no. 262 – 1st update of November 18, 2009. The related depreciation, taken for a period not to exceed the duration of the lease, is reported under other operating expense.

A.3 – FAIR VALUE DISCLOSURES

A.3.1 TRANSFERS BETWEEN CATEGORIES

A.3.1.1 RECLASSIFIED FINANCIAL ASSETS: CARRYING AMOUNT, FAIR VALUE AND IMPACT ON COMPREHENSIVE INCOME

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL CLASSIFICATION	NEW CLASSIFICATION	CARRYING AMOUNT AT 30/06/2011	FAIR VALUE AT 30/06/2011	INCOME COMPONENTS WITHOUT TRANSFER (PRE TAX)		INCOME COMPONENTS RECOGNIZED IN THE PERIOD (PRE TAX)	
					VALUATION	OTHER	VALUATION	OTHER
Debt securities	Assets held for trading	Assets available for sale	105,614	105,614	839	793	720	912

The reclassifications were carried out in 2008.

A.3.1.2 RECLASSIFIED FINANCIAL ASSETS: IMPACT ON COMPREHENSIVE INCOME BEFORE TRANSFER

The table has not been completed because there were no such positions as of the end of the reporting period as no transfers were carried out.

A.3.1.3 TRANSFERS OF FINANCIAL ASSETS HELD FOR TRADING

The table has not been completed because there were no such positions as of the end of the reporting period as no transfers were carried out.

A.3.1.4 EFFECTIVE INTEREST RATE AND EXPECTED CASH FLOWS OF RECLASSIFIED ASSETS

ISIN	DESCRIPTION OF SECURITY	INTERNAL RATE OF RETURN AT 30/06/2011	EXPECTED CASH FLOWS AT 30/06/2011
IT0004224041	CCT 1/3/2014	1.634424	6-month BOT + 0.15
XS0247770224	ITALY 22/3/2018	2.494024	Lower of (2.25 * European inflation rate) and (6-month Euribor + 0.60)
IT0003858856	CCT 1/3/2012	1.751361	6-month BOT + 0.15
IT0003746366	CCT 1/11/2011	2.168779	6-month BOT + 0.15

A.3.2 FAIR VALUE HIERARCHY

A.3.2.1 PORTFOLIOS: BREAKDOWN BY FAIR VALUE INPUT LEVEL

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	30/06/2011			31/12/2010		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	61,112	294,416	473	57,724	380,266	266
2. Financial assets designated at fair value	-	340,787	8,126	-	13,615	7,735
3. Financial assets available for sale	1,063,213	76,016	3,647	674,317	71,706	4,247
4. Hedging derivatives	-	3,277	-	-	-	-
Total	1,124,325	714,496	12,246	732,041	465,587	12,248
1. Financial liabilities held for trading	1,198	271,892	-	163	369,224	-
2. Financial liabilities at fair value	635,883	6,499	-	293,782	6,583	-
3. Hedging derivatives	-	16,224	-	-	17,432	-
Total	637,081	294,615	-	293,945	393,239	-

Key:

L1= Level 1

L2= Level 2

L3= Level 3

In order to ensure accurate disclosure, IFRS 7, paragraph 27, provides for the classification of financial instruments into three levels based on the characteristics and meaningfulness of the inputs used in pricing those instruments. The levels are:

- **Level 1:** based on the unadjusted quoted price of the financial assets or liabilities on active markets;
- **Level 2:** based on inputs other than those used for Level 1 that are directly or indirectly observable in the market;
- **Level 3:** based on inputs that are not observable in the market.

In addition, the valuation techniques used to determine fair value are constantly calibrated and validated, using observable market variables, in order to ensure they accurately reflect market conditions.

In addition to the hierarchy of fair value inputs, paragraph 27B of IFRS 7 also requires entities to report any material transfers from Level 1 to Level 2, explaining the reasons for the reclassification. Please note that during the period no such transfers of financial assets were carried out.

A.3.3 DISCLOSURES ON "DAY ONE PROFIT/LOSS"

Pursuant to paragraph 28 of IFRS 7, there were no differences between the fair value at the time of initial recognition and the amount recalculated at the same date using valuation techniques in accordance with IAS 39, paragraphs AG 74 - AG 79 and IFRS 7, paragraph IG 14.

PART B

Information on the balance sheet



PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM 10

This item comprises legal tender, including foreign currency notes and coin and demand deposits with the Bank of Italy.

1.1 CASH AND CASH EQUIVALENTS: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
a) Cash	67,065	79,509
b) Demand deposits with central banks	-	-
Total	67,065	79,509

“Cash” includes foreign currency in the amount of €14,722 thousand.

SECTION 2 – FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

This item reports all financial assets (debt securities, equity securities, derivatives, etc.) classified in the trading book.

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	TOTAL 30/06/2011			TOTAL 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A On-balance-sheet assets						
1. Debt securities	56,938	11,376	384	55,602	1,098	177
1.1 structured securities	1,828	934	286	2,194	701	176
1.2 other debt securities	55,110	10,442	98	53,408	397	1
2. Equity securities	399	-	89	-	-	89
3. Units in collective investment undertakings	3,330	-	-	1,932	-	-
4. Loans	-	-	-	-	-	-
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total A	60,667	11,376	473	57,534	1,098	266
B Derivatives						
1. Financial derivatives	445	283,040	-	190	379,168	-
1.1 trading	445	280,818	-	190	377,565	-
1.2 associated with fair value option	-	2,222	-	-	1,603	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	445	283,040	-	190	379,168	-
Total (A+B)	61,112	294,416	473	57,724	380,266	266

The amount reported at B (1.2) regards derivatives associated with the election of the fair value option, which are operationally connected with bonds issued by the Bank. The associated balance-sheet items are classified under financial liabilities at fair value.

SECTION 3 – FINANCIAL ASSETS AT FAIR VALUE – ITEM 30

This item reports financial assets designated as at fair value through profit or loss under the fair value option provided for in IAS 39. It includes debt securities with embedded derivatives.

3.1 FINANCIAL ASSETS AT FAIR VALUE: COMPOSITION BY TYPE

	TOTAL 30/06/2011			TOTAL 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	-	340,787	8,126	-	13,615	7,735
1.1 Structured securities	-	14,475	8,126	-	13,615	7,735
1.2 Other debt securities	-	326,312	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	-	340,787	8,126	-	13,615	7,735
Cost	-	333,863	7,735	-	13,362	6,947

The amounts reported under “cost” indicate the purchase cost of financial assets held at the reporting date.

The fair value option was exercised for the assets:

- 3 structured debt securities in order to avoid the need to unbundle the embedded derivatives;
- 2 bonds issued by the Bank in order to avoid the need to unbundle the embedded derivative, which is associated with derivative contracts establishing a natural hedge;
- a group of financial assets in order to significantly reduce the overall mismatching in the accounts. The group consists of:
 - a bond issued by the Bank containing a separable embedded derivative;
 - a debt security issued by Banca Agrileasing held by the Bank;
 - derivatives connected with the above instruments that establish a natural hedge.

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

This item reports all financial assets (debt securities, equity securities, derivatives, etc.) classified as “available for sale”. Equity securities essentially regard equity investments that no longer qualify to be classified as such in the international accounting standards. The units in collective investment undertakings regard the “Securfondo” and “Melograno” real estate investment funds.

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

	TOTAL 30/06/2011			TOTAL 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	1,002,653	76,016	-	608,802	71,706	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,002,653	76,016	-	608,802	71,706	-
2. Equity securities	1,426	-	3,124	301	-	3,724
2.1 Carried at fair value	1,426	-	-	301	-	600
2.2 Carried at cost	-	-	3,124	-	-	3,124
3. Units in collective investment undertakings	59,134	-	523	65,214	-	523
4. Loans	-	-	-	-	-	-
Total	1,063,213	76,016	3,647	674,317	71,706	4,247

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE: ASSETS HEDGED SPECIFICALLY

	HEDGED ASSETS			
	TOTAL 30/06/2011		TOTAL 31/12/2010	
	FAIR VALUE	CASH FLOWS	FAIR VALUE	CASH FLOWS
1. Debt securities	63,926	-	63,530	-
2. Equity securities	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	63,926	-	63,530	-

The item comprises Italian fixed-rate government securities (BTPs) hedged with asset swaps in order to immunize interest rate risk.

SECTION 5 – FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

The Bank had no such financial assets as of the balance sheet date.

SECTION 6 – DUE FROM BANKS – ITEM 60

This item reports unlisted financial assets in respect of banks (current accounts, demand and fixed-term deposits, security deposits, debt securities, etc.) classified as “loans and receivables” pursuant to IAS 39.

6.1 DUE FROM BANKS: COMPOSITION BY TYPE

	TOTAL 30/06/2011	TOTAL 31/12/2010
A. Claims on central banks	419,483	473,008
1. Fixed-term deposits	-	-
2. Reserve requirement	419,483	473,008
3. Repurchase agreements	-	-
4. Other	-	-
B. Due from banks	9,070,279	7,400,921
1. Current account and demand deposits	1,256,706	601,484
2. Fixed-term deposits	343,474	722,601
3. Other financing:	3,540,501	2,818,550
3.1 Repurchase agreements	2,022,320	2,064,157
3.2 Finance leases	-	-
3.3 Other	1,518,181	754,393
4. Debt securities	3,929,598	3,258,286
4.1 Structured securities	112,618	91,410
4.2 Other debt securities	3,816,980	3,166,876
Total (carrying amount)	9,489,762	7,873,929
Total (fair value)	9,465,599	7,812,265

Amounts due from banks are reported net of impairment adjustments.

The fair value is obtained using discounted cash flow techniques.

The sub-item “reserve requirement” includes the requirements managed on behalf of the mutual banks. “Current accounts and demand deposits” include the deposit in respect of funds available of the former Central Guarantee Fund in the amount of €1,322 thousand.

The item “Other financing – Other” include impaired assets classified as bad debts in respect of the following Icelandic banks:

- Landsbanki Island hf, receivable amounting to €15,534 thousand, entirely written off;
- Kaupthing Bank hf, receivable amounting to €3,039 thousand, written down in the amount of €2,581 thousand.

Following the start of the revision of the Group's organizational model, the Parent Company initiated a Group Finance project. The Bank's Board of Directors, in a resolution of January 16, 2009, in response to the guidelines issued, began the new activities, gradually transferring all funding and market risk management operations for the Iccrea Banking Group. Specifically, the following securities issued by Banca Agrileasing were subscribed and classified under "Due from banks – debt securities: other":

ISIN	NOMINAL VALUE	COUPON AT 30/06/2011	ISSUE DATE	MATURITY
IT0004563372	400,000,000	1.88810%	30/12/2009	30/12/2014
IT0004511561	180,000,000	3.40200%	01/07/2009	01/07/2014
IT0004511512	720,000,000	1.89630%	01/07/2009	01/07/2014
IT0004493067	81,000,000	3.22500%	15/05/2009	01/04/2014
IT0004494719	666,000,000	1.88590%	15/05/2009	01/04/2014
IT0004494859	99,000,000	1.73100%	15/05/2009	01/04/2014
IT0004494842	54,000,000	2.04100%	15/05/2009	01/04/2014
IT0004628035	245,000,000	2.32501%	02/08/2010	02/08/2015
IT0004657505	400,000,000	3.31820%	16/11/2010	16/11/2012
IT0004675127	18,519,000	3.60000%	01/01/2011	01/05/2016
IT0004725682	300,000,000	3.64620%	20/05/2011	20/05/2013
IT0004709876	323,900,000	3.17630%	01/04/2011	01/04/2013
Total	3,487,419,000			

The nominal value is reported in euros.

6.2 DUE FROM BANKS: ASSETS HEDGED SPECIFICALLY

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Loans with specific fair value hedges:	269,173	273,290
a) interest rate risk	269,173	273,290
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Loans with specific cash flow hedges:	627,682	-
a) interest rate risk	627,682	-
b) exchange rate risk	-	-
c) other	-	-
Total	896,856	273,290

The item consists of 2 fixed-rate securities issued by Banca Agrileasing, hedged with interest rate swap (IRS) for fair value hedge purposes and 2 floating-rate securities issued by Banca Agrileasing hedged with interest rate basis swaps for cash flow hedging purposes.

SECTION 7 – LOANS TO CUSTOMERS – ITEM 70

This item reports unlisted financial instruments, including debt securities, in respect of customers classified pursuant to IAS 39 as “loans and receivables”.

7.1 LOANS TO CUSTOMERS: COMPOSITION BY TYPE

	TOTAL 30/06/2011		TOTAL 31/12/2010	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	511,029	4,405	282,936	4,363
2. Repurchase agreements	-	-	26,675	-
3. Medium/long-term loans	188,105	31,289	244,615	30,868
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	-	282	-	311
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other	78,111	1,842	88,738	3,367
8. Debt securities	42,894	876	150,994	875
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	42,894	876	150,994	875
Total (carrying amount)	820,139	38,694	793,958	39,784
Total (fair value)	811,624	38,694	794,523	39,784

Loans to customers are reported net of impairment losses.

The fair value is obtained using discounted cash flow techniques.

During the period, the Parent Company repaid a 4.5% fixed-rate loan with an outstanding balance of €58,066 thousand.

The sub-item “other debt securities” includes securities issued in the “CBO3” securitization in the amount of €42,794 thousand. During the period, securities totaling €109,230 thousand were sold to the Parent Company in order to comply with the requirements of the Bank of Italy concerning large exposures. Additional information is provided in Part E, section 1(C) of the explanatory notes.

The decrease in securities following disposals and the repayments of loans were offset by an increase in drawings on the current account by the Parent Company and other Group companies, for whom the Bank performs treasury services.

Impaired assets include bad debts in the amount of €9,290 thousand in respect of the Lehman Brothers Group, which have been written down in the amount of €6,017 thousand.

7.3 LOANS TO CUSTOMERS: ASSETS HEDGED SPECIFICALLY

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Loans with specific fair value hedges:	30,092	31,319
a) interest rate risk	30,092	31,319
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Loans with specific cash flow hedges:	-	-
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other	-	-
Total	30,092	31,319

Loans covered by specific fair value hedges are reported at cost adjusted by changes in fair value attributable to the hedged risk accrued as of the reporting date. The amount reported regards a fixed-rate loan to BCC Solutions in the amount of €27,967 thousand (outstanding debt at June 30, 2011) hedged against interest rate risk (fair value hedge).

SECTION 8 – HEDGING DERIVATIVES – ITEM 80

This item reports hedging derivatives, which at the reporting date had a positive fair value.

8.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF CONTRACT AND LEVEL

	FV 30/06/2011			NV 30/06/2011	FV 31/12/2010			NV 31/12/2010
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	-	3,277	-	633,900	-	-	-	-
1) Fair value	-	218	-	10,000	-	-	-	-
2) Cash flows	-	3,059	-	623,900	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	3,277	-	633,900	-	-	-	-

Key:
 NV=notional value
 L1=Level 1
 L2=Level 2
 L3=Level 3

This account reports financial derivatives (interest rate swaps) designated as fair value or cash flow hedges of financial assets and financial liabilities, as detailed in the following table.

During the period, the Bank entered into two cash flow hedge transactions involving both assets (2 securities issued by Banca Agrileasing) and liabilities (2 loans issued by the Bank) in order to align cash flows indexed to the same parameter (see section 6 of liabilities).

8.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	FAIR VALUE					CASH FLOWS			INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans	-	-	-	X	-	X	3,059	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 30/06/2011	-	-	-	-	-	-	3,059	-	-
1. Financial liabilities	218	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities 30/06/2011	218	-	-	X	-	-	-	-	-
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The amounts reported for “financial assets” regard 2 securities issued by Banca Agrileasing covered by cash flow hedges, while “financial liabilities” regard a fixed-rate bond issued by the Bank covered by a fair value hedge. Both positions are hedges of interest rate risk in the form of interest rate swaps.

SECTION 9 – VALUE ADJUSTMENTS OF FINANCIAL ASSETS HEDGED GENERICALLY – ITEM 90

The Bank had no such financial assets as of the balance sheet date.

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

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

	REGISTERED OFFICE	% HOLDING	% OF VOTES
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
2. Banca Agrileasing S.p.A.	Rome	10.44	10.44

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

	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS)	SHAREHOLDERS' EQUITY	CARRYING VALUE	FAIR VALUE
A. Wholly-owned subsidiaries						
1. Credico Finance S.r.l.	473	-	1	57	48	X
2. Bcc Securis S.r.l.	42	38	-	11	9	X
B. Joint ventures						
C. Companies subject to significant influence						
1. Hi-Mtf	5,261	1,409	194	4,708	1,000	-
2. Banca Agrileasing S.p.A.	9,940,063	199,096	9,522	482,120	50,000	-
Total 30/06/2011	9,945,839	200,543	9,717	486,896	51,057	-

The figures are drawn from interim reports at June 30, 2011.

Pursuant to Legislative Decree 87/92 and the option envisaged under IAS 27, paragraph 10 d), the Bank does not prepare consolidated financial statements as the Parent Company Iccrea Holding prepares consolidated financial statements for public use in conformity with the International Financial Reporting Standards.

SECTION 11 – PROPERTY AND EQUIPMENT – ITEM 110

This item reports tangible assets (property, movables, plant, machinery, etc.) used in operations governed by IAS 16 and investment property governed by IAS 40.

11.1 PROPERTY AND EQUIPMENT: COMPOSITION OF ASSETS CARRIED AT COST

	TOTAL 30/06/2011	TOTAL 31/12/2010
A. Operating assets		
1.1 owned	6,084	5,886
a) land	-	-
b) buildings	-	-
c) movables	321	357
d) electrical plant	5,296	5,000
e) other	467	529
1.2 acquired under finance leases	-	-
a) land	-	-
b) buildings	-	-
c) movables	-	-
d) electrical plant	-	-
e) other	-	-
Total A	6,084	5,886
B. Investment property		
2.1 owned	12,626	12,885
a) land	-	-
b) buildings	12,626	12,885
2.2 acquired under finance leases	-	-
a) land	-	-
b) buildings	-	-
Total B	12,626	12,885
Total (A+B)	18,710	18,771

11.2 PROPERTY AND EQUIPMENT: COMPOSITION OF ASSETS AT FAIR VALUE OR REVALUED

The table has not been completed because there were no such positions as of the balance sheet date.

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

This item reports intangible assets governed by IAS 38, all of which are measured at cost.

12.1 INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	TOTAL 30/06/2011		TOTAL 31/12/2010	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	-	X	-
A.2 Other intangible assets	3,227	-	3,181	-
A.2.1 Assets carried at cost:	3,227	-	3,181	-
a) internally-generated intangible assets	-	-	-	-
b) other assets	3,227	-	3,181	-
A.2.2 Assets at fair value:	-	-	-	-
a) internally-generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	3,227	-	3,181	-

Under the provisions of IAS 38, all software has been classified under intangible assets with a finite life. The assets are amortized over three years on a straight-line basis.

SECTION 13 – TAX ASSETS AND TAX LIABILITIES – ITEM 130 OF ASSETS AND ITEM 80 OF LIABILITIES

This item reports tax assets (current and deferred) and tax liabilities (current and deferred), which are recognized under item 130 of assets and 80 of liabilities, respectively.

13.1 DEFERRED TAX ASSETS: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
Loans	10,333	10,400
Other financial instruments	9,270	10,655
Goodwill	-	-
Deferred charges	-	-
Property and equipment	83	75
Provisions for risks and charges	1,490	1,494
Entertainment expenses	2	4
Personnel costs	1,877	2,241
Tax losses	-	-
Unused tax credits to deduct	-	-
Other	-	-
Total	23,055	24,869

13.2 DEFERRED TAX LIABILITIES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
Capital gains tax in installments	191	375
Goodwill	-	-
Property and equipment	-	-
Financial instruments	497	790
Personnel costs	-	-
Other	201	155
Total	889	1,320

Current tax assets and liabilities in respect of corporate income tax (IRES) included in the consolidated tax mechanism have been reclassified from "other assets" and "other liabilities" to the sub-item "Receivables/payables in respect of Parent Company for consolidated tax mechanism".

DEFERRED TAXES NOT RECOGNIZED

The amount and changes in taxable timing differences (and related components) that do not meet requirements recognition as deferred tax liabilities as it is unlikely that they will have to be paid:

- deferred tax liabilities in respect of the revaluation reserve established in 2003 pursuant to Law 342 of 22/11/2000 net of the special capital gains tax already paid (€11,227 thousand). As the reserve is not expected to be distributed to shareholders, no provision had been made for deferred taxes in the amount of about €8.4 million.

13.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN INCOME STATEMENT)

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Opening balance	15,044	12,522
2. Increases	1,262	3,792
2.1 Deferred tax assets recognized during the period	1,227	3,783
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	1,227	3,783
2.2 New taxes or increases in tax rates	35	9
2.3 Other increases	-	-
3. Decreases	1,657	1,270
3.1 Deferred tax assets derecognized during the period	1,657	1,270
a) reversals	1,657	1,270
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	14,649	15,044

13.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN INCOME STATEMENT)

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Opening balance	531	1,393
2. Increases	54	6
2.1 Deferred tax liabilities recognized during the period	47	-
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	47	-
2.2 New taxes or increases in tax rates	7	6
2.3 Other increases	-	-
3. Decreases	191	868
3.1 Deferred tax liabilities derecognized during the period	191	868
a) reversals	191	868
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	394	531

13.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN SHAREHOLDERS' EQUITY)

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Opening balance	9,825	1,691
2. Increases	823	8,134
2.1 Deferred tax assets recognized during the period	715	8,126
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	715	8,126
2.2 New taxes or increases in tax rates	108	8
2.3 Other increases	-	-
3. Decreases	2,242	-
3.1 Deferred tax assets derecognized during the period	2,242	-
a) reversals	2,242	-
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	8,406	9,825

13.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN SHAREHOLDERS' EQUITY)

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Opening balance	789	1,044
2. Increases	219	680
2.1 Deferred tax liabilities recognized during the period	196	668
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	196	668
2.2 New taxes or increases in tax rates	23	12
2.3 Other increases	-	-
3. Decreases	513	935
3.1 Deferred tax liabilities derecognized during the period	513	935
a) reversals	513	935
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	495	789

13.7 OTHER INFORMATION

As regards its tax position, the Bank reports:

- for the financial years 2006, 2007, 2008 and 2009 (for which the tax assessment time limit has not expired), no formal notice of assessment has yet been received, with the exception of the following;
- for financial year 2004, the Finance Police, Regional Tax Police Office of Lazio, issued a formal notice of assessment. On May 26, 2009 the Revenue Agency, Regional Directorate of Lazio, sent the bank a questionnaire, as provided for under Art. 37 bis, paragraph 4, of Presidential Decree 600 of September 29, 1973, subsequently replaced and amended supplemented with another questionnaire of July 9, 2009, to which the Bank promptly

replied (July 24, 2009) with observations and counterarguments. On October 1, 2009, the Revenue Agency, Regional Directorate of Lazio – Major Taxpayers Office, sent us a notice of assessment regarding IRAP (regional business tax) in the amount of €119,700 for taxes, plus penalties of €119,700. On December 31, 2009, the Revenue Agency – Rome Office 1 sent the Parent Company, Iccrea Holding, in its capacity as the entity responsible for filing the consolidate tax return, a notice of assessment for IRES in the amount of €752,400 for taxes. On January 4, 2010, the Revenue Agency – Rome Office 1 sent a notice of penalties amounting to €752,400 euro following the assessment notified to the Iccrea Holding as the consolidating entity. On February 26, 2010, appeals of the above assessments challenging the claims of the tax authorities were filed;

- for financial year 2007, on February 1, 2010, the Revenue Agency, Regional Directorate of Lazio – Major Taxpayers Office, requested information, clarification and documentation regarding a number of corporate transactions (sale of the business unit to Banca Agrileasing, SIA-SSB merger, Borsa Italiana-London Stock Exchange exchange) and on the increase and decreases made in determining taxable earnings. On February 23, 2010, all of the documentation requested was delivered as requested. On November 3, 2010, with the authorization of the Revenue Agency, Regional Directorate of Lazio, Agency officials began an audit at our offices with a view to examining the following operations:
 - contribution of property to the closed-end real-estate investment fund denominated “Melograno” and the subsequent sale of the units to the National Pension Fund for mutual bank staff;
 - transfer of the “Corporate” business unit to Banca Agrileasing S.p.A.;
 - increases and decreases recognized in IRES/IRAP returns for 2008.

Following the audit, on June 30, 2011 the tax authorities issued a tax assessment claiming a decrease in interest expense for IRAP purposes, with an associated tax liability of €61,389. On August 9, 2011, the Bank submitted its response to the Regional Directorate of Lazio – Major Taxpayers Office PVC;

- the Bank received a notice of liquidation for registration fees on the sale of the “Corporate” business unit to Banca Agrileasing. The payment was made and at the same time an appeal was lodged with the Provincial Tax Commission of Rome as the claims of the tax authorities appear groundless both in law and in administrative practice. A hearing was scheduled in October.

SECTION 14 – NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES – ITEM 140 OF ASSETS AND ITEM 90 OF LIABILITIES

This item reports the individual assets and groups of assets held for sale pursuant to IFRS 5.

14.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: COMPOSITION BY TYPE OF ASSETS

	TOTAL 30/06/2011	TOTAL 31/12/2010
A. Individual assets		
A.1 Financial assets	-	-
A.2 Equity investments	-	-
A.3 Property and equipment	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	-	-
B. Groups of assets (disposals of operating units)		
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit or loss	-	-
B.3 Financial assets available for sale	-	-
B.4 Financial assets held to maturity	-	-
B.5 Due from banks	-	853
B.6 Loans to customers	-	495,786
B.7 Equity investments	-	-
B.8 Property and equipment	-	21
B.9 Intangible assets	-	-
B.10 Other assets	-	1,520
Total B	-	498,180
C. Liabilities associated with individual assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	-	-
D. Liabilities associated with disposal groups held for sale		
D.1 Due from banks	-	406,759
D.2 Loans to customers	-	38,774
D.3 Securities issued	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	-	998
D.7 Other liabilities	-	1,649
Total D	-	448,180

14.2 OTHER INFORMATION

As regard Project Tangram of the Iccrea Banking Group, on December 22, 2010, the subscription of the capital increase of Banca Agrileasing S.p.A. was completed with the transfer of the Corporate business unit with effect from January 1, 2011. With this operation, Iccrea Banca S.p.A. acquired 756,970 shares of Banca Agrileasing S.p.A. with a total value of €50,000,000, of which a par value of €39,097,500.50 and a share premium of €10,902,499.50. The transfer was carried out on the basis of the appraisal conducted by KPMG Advisory S.p.A. on the basis of the financial position of the business unit at June 30, 2010.

On January 25, 2011, an assessment was conducted on the basis of the definitive financial position at December 31, 2010. Iccrea Banca and Banca Agrileasing reciprocally acknowledged that they had jointly conducted the assessment and valuation of the business unit, ascertained that the valuation was appropriate and found no differences that would require an adjustment to the price.

Please note that the above transaction was carried out between entities “under common control” and as such did not come within the scope of IFRS 3 .

14.3 INFORMATION ON EQUITY INVESTMENTS IN COMPANIES UNDER SIGNIFICANT INFLUENCE NOT ACCOUNTED FOR USING THE EQUITY METHOD

The table has not been completed because there were no such positions as of the end of the reporting period.

SECTION 15 – OTHER ASSETS – ITEM 150

This item reports assets that cannot be classified under other balance sheet accounts.

15.1 OTHER ASSETS: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
Items being processed	19,089	10,196
Receivables for future premiums	22,691	20,437
Commissions	46,852	13,358
Receivables due from Parent Company in respect of consolidated tax mechanism	6,038	19,777
Definitive items not allocable to other accounts	20,577	25,264
Tax receivables due from tax authorities and other entities	8,552	15,719
Total	123,799	104,751

LIABILITIES

SECTION 1 – DUE TO BANKS – ITEM 10

This item reports amounts due to banks, whatever their technical form other than those reported under items 30, 40 and 50.

1.1 DUE TO BANKS: COMPOSITION BY TYPE

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Due to central banks	400,000	-
2. Due to banks	6,936,925	5,559,083
2.1 Current accounts and demand deposits	4,367,343	3,091,517
2.2 Fixed-term deposits	2,529,247	2,417,456
2.3 Loans	35,432	47,348
2.3.1 Repurchase agreements	500	3,942
2.3.2 Other	34,932	43,406
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	-
2.5 Other payables	4,903	2,762
Total	7,336,925	5,559,083
Fair value	7,306,494	5,536,630

“Due to central banks” reports a loan of €400 million from the ECB connected with guarantees for lending transactions in the Eurosystem.

The sub-item “fixed-term deposits” also includes deposits received from other banks in the amount of €1,302,840 thousand used to meet reserve requirements indirectly.

The fair value is obtained using discounted cash flow techniques.

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

This item reports amounts due to customers whatever their technical form (deposits, current accounts, loans) other than those reported under items 30, 40 and 50.

2.1 DUE TO CUSTOMERS: COMPOSITION BY TYPE

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Current accounts and demand deposits	498,985	630,964
2. Fixed-term deposits	7,071	79,381
3. Loans	1,280,278	1,507,158
3.1 Repurchase agreements	1,280,278	1,507,158
3.2 Other	-	-
4. Liabilities in respect of commitments to repurchase own equity instruments	-	-
5. Other payables	408,833	393,132
Total	2,195,167	2,610,635
Fair value	2,195,393	2,611,793

The sub-item “Repurchase agreements” mainly comprises transactions with the Clearing and Guarantee Fund.

The sub-item “Other payables” essentially regards bankers’ drafts issued and not yet presented for extinguishment.

The fair value is obtained using discounted cash flow techniques.

SECTION 3 – SECURITIES ISSUED – ITEM 30

This item reports securities issued measured at amortized cost. The amount is reported net of repurchases.

3.1 SECURITIES ISSUED: COMPOSITION BY TYPE

I	TOTAL 30/06/2011				TOTAL 31/12/2010			
	CARRYING AMOUNT	FAIR VALUE			CARRYING AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	1,468,757	-	1,498,760	-	830,271	-	847,200	-
1.1 structured	158,742	-	158,418	-	157,566	-	157,636	-
1.2 other	1,310,015	-	1,340,342	-	672,705	-	689,564	-
2. Other	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	1,468,757	-	1,498,760	-	830,271	-	847,200	-

The item comprises bonds issued by the Bank and hedged against interest rate risk using derivatives, the amount of which is adjusted by changes in fair value attributable to the hedged risk accrued as of the reporting date (fair value hedge) as well as floating-rate bonds covered by cash-flow hedges (see Table 3.3 below). The item also reports unhedged bonds issued measured at amortized cost. The fair value of securities issued is calculated by discounting future cash flows using the swap yield curve as at the reporting date.

3.3 SECURITIES ISSUED: SECURITIES HEDGED SPECIFICALLY

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Securities covered by specific fair value hedges:	250,424	239,079
a) interest rate risk	250,424	239,079
b) exchange rate risk	-	-
c) multiple risks	-	-
2. Securities covered by specific cash flow hedges	626,409	-
a) interest rate risk	626,409	-
b) exchange rate risk	-	-
c) other	-	-

The amounts reported regard 5 bonds issued by the Bank and hedged for interest rate risk using interest rate derivatives and 2 bonds issued by the Bank during the period and covered by cash flow hedges.

SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

This item reports financial derivatives held for trading.

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	TOTAL 30/06/2011					TOTAL 31/12/2010				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	189	60	122	-	-	-	-	-	-	-
2. Due to customers	1,291	526	771	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3. Other	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	1,480	586	893	-	-	-	-	-	-	-
B. Derivatives										
1. Financial derivatives		612	270,999	-	-	163	369,224	-	-	
1.1 Trading	X	612	269,452	-	X	X	163	369,224	-	X
1.2 Associated with fair value option	X	-	1,547	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-	-	-	-	-	-	
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	X	612	270,999	-	X	X	163	369,224	-	X
Total (A+B)	X	1,198	271,892	-	X	X	163	369,224	-	X

Key:
 FV = Fair value
 FV* = Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date

NV = nominal or notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Part A of the table reports “technical overdrafts” in respect of debt securities (reported under amounts due to banks or customers depending on the issuer). The financial liabilities held for trading reported under Part B, point 1.2 of the table represent the negative value of derivatives, which triggers the fair value option as they are operationally connected (“natural hedges”) with balance-sheet items for which the fair value option has been applied, in accordance with IAS 39. Specifically, the derivatives are connected to a structure bond issued by the Bank (see Section 5.1 of liabilities).

SECTION 5 – FINANCIAL LIABILITIES AT FAIR VALUE – ITEM 50

This item reports financial liabilities designated as at fair value through profit or loss under the option available to reporting entities (the fair value option) under IAS 39.

5.1 FINANCIAL LIABILITIES AT FAIR VALUE: COMPOSITION BY TYPE

	TOTAL 30/06/2011					TOTAL 31/12/2010				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Due to customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
3. Debt securities	642,002	635,883	6,499	-	645,298	299,171	293,782	6,583	-	292,187
3.1 Structured	636,057	635,883	0	-	X	293,156	293,782	-	-	X
3.2 Other	5,945	-	6,499	-	X	6,015	-	6,583	-	X
Total	642,002	635,883	6,499	-	645,298	299,171	293,782	6,583	-	292,187

Key:

FV = Fair value

FV* = Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date

NV = nominal value

L1 = Level 1

L2 = Level 2

L3 = Level 3

“Financial liabilities at fair value” include 2 bonds issued by the Bank that are operationally connected to derivatives used to establish a natural hedge as well as a bond connected with a group of financial instruments in order to reduce overall mismatching significantly (see Section 3, part B, of assets).

SECTION 6 – HEDGING DERIVATIVES – ITEM 60

This item reports financial derivatives used for hedging that had a negative fair value as at the reporting date.

6.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND LEVEL OF INPUTS

	FAIR VALUE 30/06/2011			NV 30/06/2011	FAIR VALUE 31/12/2010			NV 31/12/2010
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	-	16,224	-	1,326,688	-	17,432	-	699,543
1) Fair value	-	13,438	-	702,788	-	17,432	-	699,543
2) Cash flows	-	2,786	-	623,900	-	-	-	-
3) Investments on foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	16,224	-	1,326,688	-	17,432	-	699,543

Key:

NV = notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

These are financial derivatives designated as hedges of the risk of changes, caused by interest rate volatility, in the fair value of financial instruments classified as “financial assets available for sale”, “loans” and “financial liabilities”, as reported in the following table. As regards cash flow hedging, please see Section 8.1 of assets.

6.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	FAIR VALUE					CASH FLOW			INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Financial assets available for sale	1,526	-	-	-	-	X	-	X	X
2. Loans	9,146	-	-	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 30/06/2011	10,672	-	-	-	-	-	-	-	-
1. Financial liabilities	2,766	-	-	X	-	X	2,786	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities 30/06/2011	2,766	-	-	X	-	-	2,786	-	-
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	X	-	-

“Loans” hedged against interest rate risk refer to a fixed-rate loan to BCC Solutions hedged with an interest rate swap and two fixed-rate securities issued by Banca Agrileasing hedged with interest rate swaps.

The amounts reported in respect of “financial assets available for sale” regard hedges that the Bank has established using asset swap derivatives to sterilize the interest rate risk connected with

listed debt securities (BTPs in this case). This approach makes it possible to synthetically replicate a floating-rate instrument

“Financial liabilities” regard 3 mixed-rate bonds issued by the Bank and hedged for interest rate risk (fair value hedge) using interest rate swaps and interest rate options (floors).

The amounts reported in respect of cash flow hedges of “financial liabilities” regard 2 bonds issued by the Bank.

SECTION 7 – VALUE ADJUSTMENTS OF GENERICALLY HEDGED LIABILITIES – ITEM 70

There were no such positions as of the balance sheet date.

SECTION 8 – TAX LIABILITIES – ITEM 80

See section 13 under assets.

SECTION 9 – LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE – ITEM 90

See section 14 under assets.

SECTION 10 – OTHER LIABILITIES – ITEM 100

This item reports liabilities that cannot be classified under other balance sheet accounts.

10.1 OTHER LIABILITIES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
Amounts due to social security institutions and State	8,299	5,961
Amounts available to customers	82,305	41,739
Reserve - former Central Guarantee Fund	1,317	1,313
Items being processed	8,651	7,598
Definitive items not allocable to other accounts	4,270	17,717
Liabilities for future premiums	15,678	11,995
Payables due to Parent Company in respect of consolidated tax mechanism	9,626	11,854
Tax payables due to tax authorities and other entities	4,318	7,288
Invoices to be paid and to be received	22,363	21,470
Failed purchase transactions	15,765	10,004
Illiquid portfolio items	9,494	6,902
Impairment of financial guarantees issued	-	1,995
Total	182,086	145,836

The sub-item “definitive items not allocable to other accounts” includes transactions settled in the days following the close of the period.

The item “Reserve – former Central Guarantee Fund” regards the residual amounts available of the assets of the former fund established in 1979 to safeguard the image of the mutual banks. Following the creation of the new Deposit Guarantee Fund, all of the tied deposits of the participating mutual banks were gradually reimbursed. The assets and liabilities of that item at June 30, 2011, were as follows:

	TOTAL 30/06/2011	TOTAL 31/12/2010
Assets		
Bank deposits	1,316	1,308
Loans	-	-
Other assets	6	8
Total assets	1,322	1,316
Liabilities		
Due to tax authorities	5	3
Due in respect of CGF reserve	1,317	1,313
Total liabilities	1,322	1,316

Management of the fund has no financial impact on the performance of the Bank.

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

This item reports employee termination benefits, estimating the amount due to each employee in relation to the specific time the employment relationship ceases. The amount is calculated on an actuarial basis, considering the future time at which the actual financial outlay will be incurred.

11.1 EMPLOYEE TERMINATION BENEFITS: CHANGE FOR THE PERIOD

	TOTAL 30/06/2011	TOTAL 31/12/2010
A. Opening balance	14,676	15,515
B. Increases	367	743
B.1 Provision for the period	367	706
B.2 Other increases	-	37
C. Decreases	1,023	1,582
C.1 Benefit payments	1,023	693
C.2 Other decreases	-	889
D. Closing balance	14,020	14,676
Total	14,020	14,676

11.2 OTHER INFORMATION

Employee termination benefits cover the entire entitlement accrued as at the reporting date by employees, in conformity with applicable law, collective bargaining agreements and supplementary company-level contracts. The liability calculated pursuant to Art. 2120 of the Civil Code amounted to €15,725 thousand at June 30, 2011 (€16,643 thousand at December 31, 2010).

The actuarial assumptions used by an independent actuary to calculate the liability as at the reporting date are as follows

- **demographic parameters:** drawn from ISTAT's 2004 mortality tables and the INPS disability tables. As regards the probability of leaving work for reasons other than death, the calculation used turnover rates consistent with past experience, with the annual rate of exit from work set at 3.60%;
- **financial parameters:** the calculations assumed a discount rate of 4.15%;
- **economic parameters:** the rate of inflation was assumed to be 2.00%, while the rate of increase in salaries was 2.38% for all categories of employee and used only for seniority purposes.

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

This item reports existing liabilities for which a future outflow of resources is considered likely by the Bank, in accordance with IAS 37.

12.1 PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
1 Company pension plans	-	-
2. Other provisions for risks and charges	11,690	13,185
2.1 legal disputes	5,176	5,301
2.2 personnel expenses	1,298	3,099
2.3 other	5,216	4,785
Total	11,690	13,185

“Legal disputes” include €3,887 thousand for revocatory actions in bankruptcy and €1,289 thousand for litigation and disputes.

The provisions for personnel expenses regard unused holiday entitlement and incentives.

“Other” reports charges in respect of the union accord of January 21, 2010, for which provisions were recognized for costs for personnel that will leave the Bank in 2011 and that as at the date the interim financial statements were drafted had already expressed their intention to terminate their employment, signing a specific conciliation statement to that effect. The charges were calculated on the basis of the date of termination and the length of the period spent under the Solidarity Fund.

12.4 PROVISIONS FOR RISKS AND CHARGES: OTHER

	OPENING BALANCE	USES	PROVISIONS	TOTAL 30/06/2011	TOTAL 31/12/2010
Revocatory actions	3,882	-	5	3,887	3,882
Litigation and disputes	1,419	178	48	1,289	1,419
Personnel expenses	3,099	1,801	-	1,298	3,099
Voluntary early retirement	4,785	3,698	4,129	5,216	4,785
Closing balance	13,185	5,677	4,182	11,690	13,185

SECTION 13 – REDEEMABLE SHARES – ITEM 140

There were no such shares as of the reporting date.

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

14.1 "SHARE CAPITAL" AND "TREASURY SHARES": COMPOSITION

As at the reporting date, share capital was represented by 420,000 ordinary shares with a par value of 516.46 each – held by the Parent Company, Iccrea Holding S.p.A, and the Lombardy mutual bank federation – with a total value of €216,913,200 fully paid up. As at the reporting date, the Bank held no treasury shares.

14.2 SHARE CAPITAL – NUMBER OF SHARES: CHANGES FOR THE PERIOD

	ORDINARY	OTHER
A. Shares at start of the period	420,000	-
- fully paid	420,000	-
- partially paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares in circulation: opening balance	420,000	-
B. Increases	-	-
B.1 New issues	-	-
- for consideration:	-	-
- business aggregations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- bonus issues:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of own shares	-	-
B.3 Other	-	-
C. Decreases	-	-
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares in circulation: closing balance	420,000	-
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the year	420,000	-
- fully paid	420,000	-
- partially paid	-	-

14.4 EARNINGS RESERVES: OTHER INFORMATION

Reserves amount to €71,931 thousand and include: the legal reserve (€48,201 thousand), the reserve established in the articles of association (€205 thousand), the extraordinary reserve (€3,861 thousand), a reserve (€1,843 thousand) generated following the transfer of the Corporate business unit to Banca Agrileasing in 2007, a restricted reserve in respect of the unrealized gains on financial instruments measured using the fair value option (€2,443 thousand) in application of Art. 6 of Legislative Decree 38/2005, as well as the impact of the transition to international accounting standards (€15,378 thousand). Pursuant to the articles of association, at least three-tenths of net profit for the period is allocated to the legal reserve until such reserve shall be equal to one-fifth of share capital, while the remaining seven-tenths are available for distribution to shareholders and the earmarking of a part of profit that shall be available to the Board of Directors for charity and publicity. The legal reserve has reached one-fifth of share capital.

AVAILABILITY AND FORMATION OF EQUITY RESERVES

Pursuant to Art. 2427, nos. 4 and 7 bis of the Civil Code, the following table reports the composition of the Bank's shareholders' equity, indicating the origin, availability and possible distribution of the various components.

	AMOUNT	POSSIBLE USES (*)	AVAILABLE AMOUNT	SUMMARY OF USES IN LAST THREE YEARS	
				LOSS COVERAGE	OTHER
Share capital	216,913				
Reserves:	48,201	B	48,201		
a) legal reserve					
b) reserve in articles of association	205	A - B - C	205		
c) extraordinary reserve	3,861	A - B - C	3,861		
d) other reserves	4,286	A - B - C	1,843		
e) other reserves (first-time adoption)	15,378	A - B - C	15,378		
Valuation reserves:					
a) financial assets available for sale	(14,599)		-		
b) cash flow hedges	226		-		
Valuation reserves: (Law 342 of 22/11/2000)	47,866	A - B - C (**)	47,866		
Net profit for the period	20,696				
TOTAL	343,033				

(*) A = CAPITAL INCREASE; B = LOSS COVERAGE; C = DISTRIBUTION TO SHAREHOLDERS

(**) IF THE RESERVE IS USED TO COVER LOSSES, PROFITS MAY NOT BE DISTRIBUTED UNTIL THE RESERVE HAS BEEN RESTORED OR REDUCED TO A CORRESPONDING EXTENT. ANY SUCH REDUCTION MUST BE APPROVED BY THE EXTRAORDINARY SHAREHOLDERS' MEETING WITHOUT THE NEED TO COMPLY WITH THE PROVISIONS OF PARAGRAPHS 2 AND 3 OF ARTICLE 2445 OF THE CIVIL CODE.

IF THE RESERVE IS NOT ALLOCATED TO SHARE CAPITAL, IT MAY ONLY BE REDUCED IN COMPLIANCE WITH THE PROVISIONS OF PARAGRAPHS 2 AND 3 OF ARTICLE 2445 OF THE CIVIL CODE. IF IT IS DISTRIBUTED TO SHAREHOLDERS, IT SHALL FORM PART OF THE TAXABLE INCOME OF THE COMPANY AND THE SHAREHOLDERS.

OTHER INFORMATION

1. GUARANTEES ISSUED AND COMMITMENTS

	TOTAL 30/06/2011	TOTAL 31/12/2010
1) Financial guarantees issued	748,748	640,891
a) Banks	743,563	628,846
b) Customers	5,185	12,045
2) Commercial guarantees issued	51,775	76,399
a) Banks	51,763	54,546
b) Customers	12	21,853
3) Irrevocable commitments to disburse funds	1,366,158	1,301,154
a) Banks	1,083,166	1,034,913
i) certain use	387,294	437,493
ii) uncertain use	695,872	597,420
b) Customers	282,992	266,241
i) certain use	182,592	165,546
ii) uncertain use	100,400	100,695
4) Commitments underlying credit derivatives: sales of protection	10,000	10,000
5) Assets pledged as collateral for third-party debts	949	5,188
6) Other commitments	-	-
Total	2,177,630	2,033,632

The amount of “guarantees issued” by the Bank is reported at nominal value net of uses and any impairment losses. “Irrevocable commitments to disburse funds” are reported on the basis of the commitment net of amount already disbursed and any impairment losses.

“Irrevocable commitments to disburse funds” where use by the applicant is certain and specified include purchases (spot and forward) of securities not yet settled as well as deposits and loans to be disbursed at a future date.

The amount reported under “commitments underlying credit derivatives: sales of protection” refers to the notional value net of amounts disbursed and any impairment losses.

PART C

*Information on the
income statement*

Parte C - Informazioni sul Conto Economico



PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST – ITEMS 10 AND 20

This item reports interest income and expense, similar income and expense in respect, respectively, of cash and cash equivalents, financial assets held for trading, financial assets at fair value, financial assets available for sale, financial assets held to maturity and loans (items 10, 20, 30, 40, 50, 60 and 70 of assets) and debt, securities issued, financial liabilities held for trading and financial liabilities at fair value (items 10, 20, 30, 40, and 50 of liabilities) as well as any other interest accrued during the period

Interest income and expense also include positive or negative differences and margins accrued as at the reporting date and expiring or closed as at the reporting date in respect of hedge derivatives and derivatives associated with the fair value option.

1.1 INTEREST AND SIMILAR INCOME: COMPOSITION

	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL 30/06/2011	TOTAL 30/06/2010
1 Financial assets held for trading	762	-	1,930	2,692	1,647
2 Financial assets available for sale	10,671	-	-	10,671	3,597
3 Financial assets held to maturity	-	-	-	-	-
4 Due from banks	39,530	36,807	-	76,337	39,695
5 Loans to customers	1,017	7,481	98	8,596	14,152
6 Financial assets at fair value	1,919	-	-	1,919	1,086
7 Hedging derivatives	X	X	-	-	-
8 Other assets	X	X	-	-	-
Total	53,899	44,288	2,028	100,215	60,177

1.4 INTEREST AND SIMILAR EXPENSE: COMPOSITION

	DEBT	SECURITIES	OTHER TRANSACTIONS	TOTAL 30/06/2011	TOTAL 30/06/2010
1. Due to central banks	(3,333)	X	-	(3,333)	(1,071)
2. Due to banks	(33,090)	X	-	(33,090)	(22,915)
3. Due to customers	(13,222)	X	-	(13,222)	(2,191)
4. Securities issued	X	(14,685)	-	(14,685)	(2,131)
5. Financial liabilities held for trading	-	-	-	-	(2)
6. Financial liabilities at fair value	-	(6,836)	-	(6,836)	(3,867)
7. Other liabilities and provisions	X	X	-	-	-
8. Hedging derivatives	X	X	(3,065)	(3,065)	(3,781)
Total	(49,645)	(21,521)	(3,065)	(74,231)	(35,958)

SECTION 2 – FEES AND COMMISSIONS – ITEMS 40 AND 50

These items report income and expense in respect of services provided and received by the Bank.

2.1 FEE AND COMMISSION INCOME: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
a) guarantees issued	285	470
b) credit derivatives	-	-
c) management, intermediation and advisory services:	10,567	14,254
1. trading in financial instruments	2,900	3,722
2. foreign exchange	82	172
3. asset management	321	845
3.1. individual	321	845
3.2. collective	-	-
4. securities custody and administration	3,250	3,532
5. depository services	1,977	2,182
6. securities placement	362	2,103
7. order collection and transmission	807	970
8. advisory services	868	728
8.1 concerning investments	125	77
8.2 concerning financial structure	743	651
9. distribution of third-party services	-	-
9.1. asset management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other	-	-
d) collection and payment services	28,236	30,349
e) servicing activities for securitizations	69	118
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral trading systems	-	-
i) holding and management of current accounts	124	116
j) other services	118,736	100,188
Total	158,017	145,495

2.3 FEE AND COMMISSION EXPENSE: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
a) guarantees received	(5)	(5)
b) credit derivatives	-	-
c) management and intermediation services:	(3,108)	(4,742)
1. trading in financial instruments	(429)	(439)
2. foreign exchange	(13)	(2)
3. asset management:	-	-
3.1 own portfolio	-	-
3.2 third-party portfolio	-	-
4. securities custody and administration	(1,670)	(1,684)
5. placement of financial instruments	(996)	(2,617)
6. off-premises distribution of securities, products and services	-	-
d) collection and payment services	(5,631)	(5,772)
e) other services	(90,960)	(77,001)
Total	(99,704)	(87,520)

SECTION 3 – DIVIDENDS AND SIMILAR REVENUES – ITEM 70

This item reports dividends on shares or units other than those accounted for using the equity method. It also includes dividends and other income on units in collective investment undertakings.

3.1 DIVIDENDS AND SIMILAR INCOME: COMPOSITION

	TOTAL 30/06/2011		TOTAL 30/06/2010	
	DIVIDENDS	INCOME FROM UNITS IN COLLECTIVE INVESTMENT UNDERTAKINGS	DIVIDENDS	INCOME FROM UNITS IN COLLECTIVE INVESTMENT UNDERTAKINGS
A. Financial assets held for trading	-	-	1	-
B. Financial assets available for sale	44	4,577	833	545
C. Financial assets at fair value	-	-	-	-
D. Equity investments	-	X	-	X
Total	44	4,577	834	545

The item is mainly accounted for by the dividend paid by the closed-end “Securfondo” real-estate investment fund.

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

The item reports the overall difference in respect of:

- a) the balance of gains and losses on transactions classified under “financial assets held for trading” and “financial liabilities held for trading”, including the outcome of the measurement of such transactions. It does not include gains and losses on derivatives associated with the fair value option, which are reported in part under interest in items 10 and 20, and in part under “net gain (loss) on financial assets and liabilities at fair value through profit or loss” (item 110 of the income statement);
- b) the balance of gains and losses on financial transactions other than those designated as at fair value and hedge transactions, denominated in foreign currency, including the outcome of the measurement of such transactions.

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: COMPOSITION

	CAPITAL GAINS (A)	TRADING PROFITS (B)	CAPITAL LOSSES (C)	TRADING LOSSES (D)	NET GAIN [(A+B) - (C+D)]
1. Financial assets held for trading	212	2,028	(546)	(266)	1,428
1.1 Debt securities	208	2,027	(445)	(225)	1,565
1.2 Equity securities	4	1	(16)	(2)	(13)
1.3 Units in collective investment undertakings	-	-	(85)	(39)	(124)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	14	26	-	-	40
2.1 Debt securities	14	26	-	-	40
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: foreign exchange differences	X	X	X	X	(4,787)
4. Derivatives	109,695	147,650	(109,801)	(140,563)	12,509
4.1 Financial derivatives:	109,695	147,650	(109,801)	(140,563)	6,981
- on debt securities and interest rates	103,006	138,739	(106,317)	(131,308)	4,120
- on equity securities and equity indices	1,724	932	(1,992)	(1,662)	(998)
- on foreign currencies and gold	X	X	X	X	5,528
- other	4,965	7,979	(1,492)	(7,593)	3,859
4.2 Credit derivatives	-	-	-	-	-
Total	109,921	149,704	(110,347)	(140,829)	9,190

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

The item reports the overall difference in respect of:

- a) the outcome of the measurement of fair value hedges;
- b) the outcome of the measurement of the financial assets and liabilities covered by fair value hedges;
- c) the positive or negative differences and margins on hedge derivatives other than those reported under interest.

5.1 NET GAIN (LOSS) ON HEDGING ACTIVITIES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
A. Gain on:		
A.1 Fair value hedges	4,553	38
A.2 Hedged financial assets (fair value)	-	13,806
A.3 Hedged financial liabilities (fair value)	1,935	267
A.4 Cash flow hedges	2	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income on hedging activities (A)	6,490	14,111
B. Loss on:		
B.1 Fair value hedges	(630)	(14,053)
B.2 Hedged financial assets (fair value)	(5,416)	(39)
B.3 Hedged financial liabilities (fair value)	(81)	-
B.4 Cash flow hedges	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total expense on hedging activities (B)	(6,127)	(14,092)
C. Net gain (loss) on hedging activities (A - B)	363	19

The largest positions concern hedges of debt securities issued by Banca Agrileasing, which are hedged with interest rate swaps, hedges of Italian government securities (BTPs) using asset swaps, hedges of 2 bonds issued during the period and the hedge of a loan to BCC Solutions using an interest rate swap.

SECTION 6 – GAIN (LOSS) ON DISPOSAL OR REPURCHASE – ITEM 100

This reports the positive or negative balances between the gains and losses realized with the sale of financial assets or liabilities other than those held for trading or designated as at fair value.

6.1 GAIN (LOSS) ON DISPOSAL OR REPURCHASE: COMPOSITION

	TOTAL 30/06/2011			TOTAL 30/06/2010		
	GAINS	LOSSES	NET GAIN (LOSS)	GAINS	LOSSES	NET GAIN (LOSS)
Financial assets						
1. Due from banks	1	(4)	(3)	8	(1)	7
2. Loans to customers	1,304	-	1,304	78	(189)	(111)
3. Financial assets available for sale	1,794	(950)	844	3,990	-	3,990
3.1 Debt securities	1,744	(775)	969	57	-	57
3.2 Equity securities	50	(175)	(125)	3,933	-	3,933
3.3 Units in collective investment undertakings	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	3,099	(954)	2,145	4,076	(190)	3,886
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	(13)	(13)	-	-	-
3. Securities issued	49	-	49	505	-	505
Total liabilities	49	(13)	36	505	-	505

SECTION 7 – NET ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE – ITEM 110

This section reports the positive or negative balance between gains and losses on financial assets/liabilities for which the fair value option has been exercised and the operationally connected instruments, including the impact of the fair value measurement of such instruments (see Section 3, part B, of assets).

7.1 NET ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE: COMPOSITION

	CAPITAL GAINS (A)	TRADING PROFITS (B)	CAPITAL LOSSES (C)	TRADING PROFITS (D)	NET GAIN [(A+B) - (C+D)]
1. Financial assets	5,473	-	-	-	5,473
1.1 Debt securities	5,473	-	-	-	5,473
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	4,102	32	(3,341)	-	793
2.1 Debt securities	4,102	32	(3,341)	-	793
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	X	X	X	X	-
4. Financial and credit derivatives	64	-	(1,809)	-	(1,745)
Total (30/06/2011)	9,639	32	(5,150)	-	4,521

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

This item reports the balance of writedowns and writebacks in respect of the impairment of loans to customers and banks, financial assets available for sale, financial assets held to maturity and other financial transactions.

8.1 NET LOSSES/RECOVERIES ON IMPAIRMENT OF LOANS: COMPOSITION

	LOSSES (1)			RECOVERIES (2)				TOTAL 30/06/2011	TOTAL 30/06/2010
	SPECIFIC								
	WRITEOFFS	OTHER	PORTFOLIO	SPECIFIC		PORTFOLIO			
				A	B	A	B		
A. Due from banks	-	-	-	-	1	-	-	1	(1,224)
- loans	-	-	-	-	1	-	-	1	(1,224)
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	(9)	(262)	(123)	278	786	-	27	697	1,364
- loans	(9)	(262)	(123)	278	786	-	27	697	1,364
- debt securities	-	-	-	-	-	-	-	-	-
C. Total	(9)	(262)	(123)	278	787	-	27	698	140

Key:

A= recoveries from interest

B= other recoveries

“Recoveries from interest” report writebacks associated with the passage of time, corresponding to the interest accrued during the period at the original effective interest rate previously used to calculate the writedown.

8.2 NET LOSSES/RECOVERIES ON IMPAIRMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION

	LOSSES (1)		RECOVERIES (2)		TOTAL 30/06/2011	TOTAL 30/06/2010
	SPECIFIC		SPECIFIC			
	WRITEOFFS	OTHER	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	X	X	-	-
C. Units in collective investment undertakings	-	-	X	-	-	(275)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	-	-	-	-	-	(275)

Key:

A= recoveries from interest

B= other recoveries

8.3 NET LOSSES/RECOVERIES ON IMPAIRMENT OF FINANCIAL ASSETS HELD TO MATURITY: COMPOSITION

The table has not been completed because there were no such positions as of the reporting date.

8.4 NET LOSSES/RECOVERIES ON IMPAIRMENT OF OTHER FINANCIAL TRANSACTIONS: COMPOSITION

The table has not been completed because there were no such positions as of the reporting date.

SECTION 9 – ADMINISTRATIVE EXPENSES – ITEM 150

In addition to expenses in respect of employees, personnel expenses include:

- expenses for Bank employees seconded to other companies and the related recovery of costs;
- expenses in respect of persons hired on atypical contracts;
- reimbursements of expenses for employees of other companies seconded to the Bank;
- the compensation of directors and members of the Board of Auditors;
- performance bonuses in respect of the period but to be paid the following year.

9.1 PERSONNEL EXPENSES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
1) Employees	(31,071)	(28,974)
a) wages and salaries	(21,698)	(19,870)
b) social security contributions	(4,921)	(5,381)
c) termination benefits	(1,295)	(1,431)
d) pensions	-	-
e) allocation to employee termination benefit provision	(272)	(362)
f) allocation to provision for retirement and similar liabilities	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(843)	(865)
- defined contribution	(843)	(865)
- defined benefit	-	-
h) costs in respect of agreements to make payments in own equity instruments	-	-
i) other employee benefits	(1,888)	(1,065)
2) Other personnel	(33)	(43)
3) Board of Directors and members of Board of Auditors	(348)	(330)
4) Retired personnel	-	-
5) Recovery of expenses for employees seconded to other companies	203	51
6) Reimbursement of expenses for third-party employees seconded to the Company	(148)	(53)
Total	(31,243)	(29,349)

9.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
Information technology	(16,851)	(15,995)
Property and movables	(4,685)	(4,541)
Rental and fees	(4,171)	(3,992)
Cleaning	(253)	(274)
Security	(261)	(275)
Goods and services	(8,086)	(9,023)
Telephone and data transmission	(733)	(647)
Postal	(3,085)	(3,932)
External processing	(1,243)	(1,346)
Asset transport and counting	(60)	(87)
Electricity, heating and water	(440)	(456)
Transportation	(340)	(333)
Office supplies and printed materials	(2,134)	(2,170)
Subscriptions, magazines and newspapers	(51)	(52)
Professional services	(5,575)	(4,573)
Professional fees	(2,005)	(1,039)
Court costs, information and title searches	(40)	(50)
Insurance	(307)	(368)
Third-party services	(3,223)	(3,116)
Advertising and entertainment	(353)	(182)
Association dues	(1,576)	(1,594)
Other	(417)	(270)
Indirect taxes and duties	(4,543)	(4,563)
Stamp duty	(4,414)	(4,293)
Long-term loan tax - Pres. Decree 601/73	(46)	(186)
Municipal property tax	(46)	(46)
Other indirect taxes and duties	(37)	(38)
Total	(42,086)	(40,741)

**SECTION 10 – NET PROVISIONS FOR RISKS AND CHARGES –
ITEM 160**

this item reports the positive or negative balance between accruals and any reversals to the income statement of excess provisions in respect of the provisions referred to under sub-item b) (“Other provisions”) of item 120 (“Provisions for risks and charges”) of liabilities.

10.1 NET PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
Net provisions for risks and charges	(3,544)	(27)

The item is largely accounted for by the provision for early retirement incentives.

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

This section reports the balance of writedowns and writebacks of property and equipment.

11.1 NET ADJUSTMENTS OF PROPERTY AND EQUIPMENT: COMPOSITION

	DEPRECIATION (A)	WRITEDOWNS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET ADJUSTMENTS (A + B - C)
A. Property and equipment				
A.1 owned	(1,199)	-	-	(1,199)
- operating assets	(940)	-	-	(940)
- investment property	(259)	-	-	(259)
A.2 acquired under finance leases	-	-	-	-
- operating assets	-	-	-	-
- investment property	-	-	-	-
Total	(1,199)	-	-	(1,199)

SECTION 12 - NET ADJUSTMENTS OF INTANGIBLE ASSETS – ITEM 180

This section reports the balance of writedowns and writebacks of intangible assets.

12.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

	AMORTIZATION (A)	WRITEDOWNS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET ADJUSTMENTS (A + B - C)
A. Intangible assets				
A.1 owned	(782)	-	-	(782)
-generated internally by the Bank	-	-	-	-
- other	(782)	-	-	(782)
A.2 acquired under finance leases	-	-	-	-
Total	(782)	-	-	(782)

SECTION 13 – OTHER OPERATING EXPENSES/INCOME – ITEM 190

this item reports expenses and income not allocable to other accounts.

13.1 OTHER OPERATING EXPENSES: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
Other charges	(5)	(249)
Total	(5)	(249)

13.2 OTHER OPERATING INCOME: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
Property rental income	145	127
Recoveries:		
- Stamp duty	3,250	3,109
- Tax on loan transactions	46	185
Revenues from Milano Finanza Web services	193	193
Revenues for personnel administration services	199	184
Insourcing revenues	1,581	667
Other income	1,084	1,080
Total	6,498	5,545

SECTION 14 – GAIN (LOSS) FROM EQUITY INVESTMENTS – ITEM 210

There were no such positions as of the reporting date.

SECTION 15 – NET ADJUSTMENTS TO FAIR VALUE OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS – ITEM 220

There were no such positions as of the reporting date.

SECTION 16 – VALUE ADJUSTMENTS OF GOODWILL – ITEM 230

There were no such positions as of the reporting date.

SECTION 17 – GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS – ITEM 240

There were no such positions as of the reporting date.

SECTION 18 – INCOME TAX FOR THE PERIOD ON CONTINUING OPERATIONS – ITEM 260

The item reports the tax liability – equal to the balance of current taxes and deferred taxes – in respect of income for the period.

18.1 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS: COMPOSITION

	TOTAL 30/06/2011	TOTAL 30/06/2010
1. Current taxes (-)	(12,557)	(10,279)
2. Changes in current taxes from previous periods (+/-)	-	-
3. Reduction of current taxes fro the period (+)	-	2
4. Change in deferred tax assets (+/-)	(395)	151
5. Change in deferred tax liabilities (+/-)	137	378
6. Income taxes for the period (-) (-1+/-2+3+/-4+/-5)	(12,815)	(9,748)

The calculation of income taxes for the period took account of the entry into force of Decree Law 112 of June 25, 2008, which under Art. 82, amending the Uniform Income Tax Code, introduced a flat rate 4% reduction in the amount of interest expense that can be deducted. The impact of the rule increased taxes by about €705 thousand. Following the modification of the tax consolidation agreement as from 2010, the Parent Company has a liability in respect of the Bank for the period of €531 thousand, equal to 4% of the interest expense paid to the Bank by other companies participating in the consolidated taxation mechanism as a reimbursement of the Bank for its financing activities on behalf of the Iccrea Banking Group.

SUMMARY:	
I.R.E.S.	9,627
I.R.A.P.	3,461
Recovery of tax discharging tax liability (section EC of tax return)	-
Recovery I.R.E.S. in respect of 4% of intercompany interest expense	(531)
Total current taxes	12,557

SECTION 19: PROFIT (LOSS) AFTER TAXES FROM DISPOSAL GROUPS – ITEM 280

There were no such positions as of the reporting date.

SECTION 20 – OTHER INFORMATION

It was not felt necessary to add further information other than that already provided in the previous tables.

PART D

*Comprehensive
income*

Parte D – Reddito complessivo



PART D – COMPREHENSIVE INCOME

DETAILED BREAKDOWN OF COMPREHENSIVE INCOME

	GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10. Net profit (loss) for the period	X	X	20,696,149
Other comprehensive income			
20. Financial assets available for sale:	3,990,591	(1,014,201)	2,976,390
a) fair value changes	3,367,396	(768,520)	2,598,876
b) reversal to income statement	623,195	(245,681)	377,514
- impairment adjustments	-	-	-
- gain/loss on realization	623,195	(245,681)	377,514
c) other changes	-	-	-
30. Property and equipment	-	-	-
40. Intangible assets	-	-	-
50. Hedging of investments in foreign operations:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
60. Cash flow hedges:	337,411	(111,582)	225,829
a) fair value changes	337,411	(111,582)	225,829
b) reversal to income statement	-	-	-
c) other changes	-	-	-
70. Foreign exchange differences:	-	-	-
a) value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
80. Non-current assets held for sale:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
90. Actuarial gains (losses) on defined benefit plans	-	-	-
100. Valuation reserves of equity investments accounted for with equity method (pro rata):	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
- impairment adjustments	-	-	-
- gain/loss on realization	-	-	-
c) other changes	-	-	-
110. Total other comprehensive income	4,328,002	(1,125,783)	3,202,219
120. Comprehensive income (Item 10+110)	4,328,002	(1,125,783)	23,898,368

PART E

Risks and risk management policies

Part E – Information on Risks and Risk Management



PART E – RISKS AND RISK MANAGEMENT POLICIES

The Iccrea Group attaches great importance to controlling risks and to control systems, which are essential to ensuring the reliable and sustainable generation of value, preserving a sound financial position over time, and enabling effective management of assets and liabilities.

In recent years, the Group has undertaken a gradual process to upgrade its methods and tools for managing credit, market and operational risks, bringing the system into line with external regulations and operational and internal monitoring needs.

SECTION 1 – CREDIT RISK

Qualitative disclosures

1. GENERAL ASPECTS

Iccrea Banca's lending activities were focused on:

- supporting the mutual banks in the agricultural segment;
- forging relationships with companies with considerable international interests located in the geographical areas served by the mutual banks;
- granting loans, credit facilities and operating credit to meet the mutual banks' funding requirements;
- developing, in partnership with cooperatives, pool financing by the mutual banks to Confcooperative members;
- expanding relationships in the "large corporate" segment while developing the relationship between these entities, the mutual banks and the payment and e-money services offered by the Bank.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

Organizational units involved

The organizational unit of Iccrea Banca SpA responsible for assuming and managing credit risk is the Loans Department, which is a section of the Central Finance and Credit Office.

Within the Loans Department, the Institutional and Special Credit Unit carries out the activities associated with lending to this category of customers within the Iccrea Group. It also monitors credit positions, supervising the impairment testing process and activities regarding the processing of bankers' drafts issued by Iccrea Banca S.p.A. and the granting of operating credit and loans to bank counterparties.

The Credit and Operational Risks Unit of the Risk Management Department is responsible for promoting the adoption of procedures for assuming, managing and controlling credit and operational risks so as to guarantee effective management of these risks in line with the principles set out in supervisory regulations and management requirements. Among other things, the unit also produces independent reporting on such risks and participates in updating and developing rules governing credit risk, with particular regard to delegated powers and operational limits.

Last year the Bank established the position of "Bank Counterparties Manager", who works together with the Counterparty Risk Committee to coordinate credit risk governance and control in respect of lending to bank counterparties. The goal is to reinforce and centralize risk management for such counterparties in terms of policies concerning the procedures and levels of risk assumption, oversight of developments involving third-party counterparties and the related positions as well as governance over any corrective action that may become necessary.

Inspections are carried out by the Group's Control Unit.

Credit exposure segmentation criteria

In order to manage credit risk, credit exposure is segmented into portfolios on the basis of the type of loan/credit facility and type of counterparty (mutual banks, other banks, private customers).

Further segmentation is carried out within each customer segment on the basis of the technical form (current account overdrafts, loans, etc.) and maturity (short, medium and long term).

Creditworthiness assessment process

Counterparty creditworthiness is assessed on the basis of an analysis of the financial soundness of the potential borrower, taking into account quantitative data in the form of financial and operational indicators and qualitative information on management's standing together with forecasts for medium/long-term transactions.

The instruments used in the loan application assessment stage differ according to the type of counterparty and the product/service requested, taking into consideration, in the case of existing customers, developments in past and/or present transactions.

The creditworthiness of bank counterparties is assessed, for the purpose of granting loans and facilities, on the basis of financial and statistical indicators, internal and external ratings and credit performance data, where present.

2.2 MEASUREMENT, MANAGEMENT AND CONTROL SYSTEMS

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

The risk is assessed using a position weighting factor based on 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 positive fair value of other derivative contracts.

The systematic monitoring process, which is aimed at assessing problem positions and tracking developments in positions to ensure correct classification and activate any consequent operational responses, makes use of a specific computer application. More specifically, the control procedure reports performance problems on a monthly basis, assigning the positions to the various impairment categories. The discovery of anomalies triggers a systematic monitoring and assessment process for loans to customers.

The reporting of exposures subject to a ceiling is carried out daily, using a specific automated procedure.

Within the Group, taking account of the specific experience and specializations of the main subsidiaries, work has continued on developing internal rating systems for bank counterparties and ordinary customers.

2.3 RISK MITIGATION TECHNIQUES

A series of measures have been developed to upgrade the Bank's organizational and IT resources in order to create effective structural and process arrangements that ensure full compliance with the organizational, financial and legal requirements under the new regulations and govern the entire process of acquiring, assessing, controlling and realizing instruments used to mitigate credit risk.

In particular, within the Institutional Credit Unit duties have been assigned in such a manner as to differentiate between those who assess applications and those who implement transactions, assigning the tasks to people in different sectors, thereby improving the operational effectiveness.

Guarantees eligible for mitigation of credit risk are specified in an "analytic guarantee chart", which provides a specific description of all the information necessary for correct use of the security. The types of eligible 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 enable for systematic monitoring of their value. A similar effort is

being made for all lien security already acquired by the Bank.

Iccrea Banca uses a “close-out netting” mechanism with mutual banks. The arrangement provides for a specific right to terminate pending relationships immediately with the offsetting of reciprocal positions and payment of the net balance in the event of the counterparty’s default or bankruptcy. This mechanism is used in contracts governing transactions in unlisted financial instruments (OTC).

In order to mitigate the credit risk associated with trading in financial derivative instruments with bank counterparties (counterparty risk), the Bank continued to enter into Credit Support Annex (CSA) arrangements with its main financial counterparties. At June 30, 2011, about 93% of credit exposures in respect of transactions in derivatives were covered by security received under CSA contracts. CSAs are a financial guarantee contract under which two counterparties in a derivatives transaction exchange guarantees, which in the case of the Bank are in the form of cash, that the debtor undertakes to pay to the creditor in order to limit the risks associated with the debtor’s possible default. The amount of the security to be exchanged is equal to the net market value of the positions between the parties where the latter is higher than the minimum amount established in the contract.

2.4 IMPAIRED FINANCIAL ASSETS

Procedures for classifying assets by debtor quality

The Bank is equipped with regulatory/IT structures and procedures for loan 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;
- the lender, for economic or legal reasons associated with the borrower’s financial difficulties, grants the debtor concessions that the lender would not otherwise have considered;
- a high probability of the debtor’s bankruptcy or other financial reorganization;
- the disappearance of an active market for the financial asset as a result of the debtor’s financial difficulties (a case not relevant for the current types of loans to banks/customers);
- the existence of evidence indicating a quantifiable decrease in estimated future cash flows for a group of assets, after initial recognition, even if such decrease cannot yet be ascribed to the individual position:
 - a reduction in the debtor’s ability to discharge its liability in respect of the group of assets it holds;
 - national or local conditions that could give rise to default in respect of a group of receivables.

The above assessment is conducted with the support of special IT screening procedures on the basis of information from internal and external sources.

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

- bad debts: loans to borrowers 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;
- substandard loans: loans to borrowers in a temporary situation of objective difficulty, the removal of which is likely to occur within a reasonable period of time;
- restructured positions: loans for which, owing to the deterioration in the financial condition of the debtor, a pool of banks (or

a single bank) agrees to a modification of the original contractual terms and conditions that gives rise to a loss;

- for past-due and over-limit positions, the Bank applies the provisions of the applicable supervisory regulations.

Factors enabling reclassification of impaired exposures to performing status

Only the return to full solvency of the debtor permits restoration of performing status. This comprises:

- elimination of the entire exposure or repayment of arrears;
- regularization of the exposure.

Assessment of the adequacy of writedowns

Loans are recognized at estimated realizable value. This value is obtained by deducting specific and general writedowns of principal and interest, net of any repayments, from the total amount disbursed.

Calculation of expected loss is based on analytical and statistical methodologies. The latter are used for personal loans classified as bad debts and for calculating normal risk.

The analytical assessment of non-performing positions is based on standard criteria approved by the Board of Directors that incorporate prudential assessments of any guarantees securing repayment.

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

- forecast of future recovery of the credit position – with the exclusion of future losses

that have not yet emerged – using different procedures depending on the type of loan:

- for personal loans classified as bad debts the recovery forecast is determined using a statistical method based on stratification based on the age of the position, considering amounts collected and losses on past cases from which, with appropriate calculations, an estimated loss percentage can be determined for application to the entire existing portfolio;
- for other loans, general writedowns based on statistical techniques that, using the values calculated for rates of default and non-recoverability, contribute to the calculation of a prudential coverage ratio;

- recovery times;
- expected realization of any guarantees, taking account of estimated collection/liquidation expenses, which must be incorporated into the expected future cash flows.

The writedown is recognized in the income statement as the difference between the initial carrying amount 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 in subsequent years if the reasons for the writedown no longer obtain.

Quantitative disclosures

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING CREDIT EXPOSURES: STOCKS, WRITEDOWNS CHANGES AND DISTRIBUTION

A.1.1 DISTRIBUTION OF CREDIT EXPOSURES BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNT)

	BAD DEBTS	SUBSTANDARD LOANS	RESTRUCTURED POSITIONS	PAST DUE POSITIONS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	352,183	352,183
2. Financial assets available for sale	-	-	-	-	1,078,669	1,078,669
3. Financial assets held to maturity	-	-	-	-	-	-
4. Due from banks	458	-	-	-	9,489,304	9,489,762
5. Loans to customers	30,014	7,218	-	1,462	820,139	858,833
6. Financial assets at fair value	-	-	-	-	348,913	348,913
7. Financial assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	3,277	3,277
Total (30/06/2011)	30,472	7,218	-	1,462	12,092,485	12,131,637
Total (31/12/2010)	19,130	20,821	-	3,301	10,299,151	10,342,403

A.1.2 DISTRIBUTION OF CREDIT EXPOSURES BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)

	IMPAIRED ASSETS			PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
1. Financial assets held for trading	-	-	-	X	X	352,183	352,183
2. Financial assets available for sale	-	-	-	1,078,669	-	1,078,669	1,078,669
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	18,573	18,115	458	9,489,304	-	9,489,304	9,489,762
5. Loans to customers	80,244	41,550	38,694	820,655	516	820,139	858,833
6. Financial assets at fair value	-	-	-	X	X	348,913	348,913
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	3,277	3,277
Total (30/06/2011)	98,817	59,665	39,152	11,388,628	516	12,092,485	12,131,637
Total (31/12/2010)	101,758	58,506	43,252	9,844,941	3,375	10,299,151	10,342,403

The following table provides a breakdown of performing exposures, distinguishing between exposures renegotiated under collective agreements and other exposures.

	PERFORMING				OTHER EXPOSURES	TOTAL 30/06/2011
	RENEGOTIATED EXPOSURES			MORE THAN 1 YEAR		
	UP TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR			
Loans to customers	-	-	86	230	819,823	820,139

A.1.3 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET VALUES

	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. ON-BALANCE-SHEET EXPOSURES				
a) Bad debts	18,573	18,115	X	458
b) Substandard loans	-	-	X	-
c) Restructured positions	-	-	X	-
d) Past due positions	-	-	X	-
e) Other assets	9,837,047	X	-	9,837,047
TOTAL A 30/06/2011	9,855,620	18,115	-	9,837,505
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	-	-	X	-
b) Other	1,940,759	X	-	1,940,759
TOTAL B 30/06/2011	1,940,759	-	-	1,940,759

A.1.6 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: GROSS AND NET VALUES

	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. ON-BALANCE-SHEET EXPOSURES				
a) Bad debts	71,512	41,498	X	30,014
b) Substandard loans	7,262	44	X	7,218
c) Restructured positions	-	-	X	-
d) Past due positions	1,471	9	X	1,462
e) Other assets	1,969,177	X	516	1,968,661
TOTAL A 30/06/2011	2,049,422	41,551	516	2,007,355
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	-	-	X	-
b) Other	402,386	X	-	402,386
TOTAL B 30/06/2011	402,386	-	-	402,386

C. SECURITIZATIONS AND ASSET DISPOSALS

C.1 SECURITIZATIONS

Qualitative disclosures

During the course of 2007, pursuant to Law 130 of 30 April 1999 on the securitization of claims, Iccrea Banca carried out an assignment of securities issued by mutual banks. The operation was conducted to meet the mutual banks direct medium/long-term funding needs aimed at:

- reducing the exposure to interest rate risk of the mutual banks through maturity transformation;
- rebalancing assets and liabilities;
- expanding lending capacity.

The assignment, which involved bonds with a nominal value of €1,222,500 thousand, was carried out on June 7, 2007 with Credico Funding 3 S.r.l. of Milan, a special-purpose vehicle established pursuant to Law 130/1999 and entered at no. 35207 in the general register maintained by the Italian Foreign Exchange Office pursuant to Article 106 of Legislative Decree 385/1993 and the special register maintained by the Bank of Italy pursuant to Article 107 of Legislative Decree 385/1993 at number 32861.

Credico Funding 3 S.r.l. is wholly owned by Stichting Bayswater, a Dutch-registered company.

The securities were assigned to the SPV at par. The issuer financed the purchase of the bonds with the issue of the following asset-backed securities pursuant to and for the purposes of Law 130:

- Class A with a value of €1,033,000 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.17%;
- Class A2 with a value of €33,000 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.20%;
- Class B with a value of €23,250 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.23%;

- Class C with a value of €48,900 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.43%;
- Class D with a value of €45,250 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.95%.
- Class E with a value of €4,900 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 1.90%;
- Class F with a value of €34,200 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 2.50%.

The following ratings have been assigned to the different classes of securities:

	Standard & Poor's	Moody's
Class A1	A	Baa2
Class A2	BBB+	
Class B	BBB-	
Class C	BB-	
Class D	B-	
Class E	CCC	

The Class A securities were placed with institutional investors, while the other classes of security, including the unrated Class F, were entirely subscribed by the Bank and partially placed with mutual banks.

At June 30, 2011, the portfolio contained Class F securities with a nominal value amounting to €15,874 thousand (unchanged from December 31, 2010), while the nominal value of the securities of the remaining classes amounted to €24,950 thousand (€137,450 thousand at December 31, 2010, following the transfer of about €110 million to Iccrea Holding).

Credico Funding 3 S.r.l. has engaged Iccrea Banca S.p.A. to handle servicing activities for the operation. The servicer acts in the name and on behalf of the issuer in administering, managing and recovering amounts in respect of the underlying securities and monitors collections of the related receivables, including collecting coupons and repaying principal on the underlying securities. To date payments

have been made on a regular basis and none of the participating mutual banks is in default.

Organizational structure of the securitizations

The organization of the securitization process is governed by specific internal rules that involve a number of the company's line and control units in their areas of responsibility. More specifically, a special Securitization unit, which is part of the Finance and Loans Department of Iccrea Banca, is responsible for the origination and coordination activities for the securitizations.

D. MODELS FOR MEASURING CREDIT RISK

At the date of the financial statements, no internal models were used for measuring credit risk.

SECTION 2 – MARKET RISKS

Intermediation for the mutual banks is the main strategic objective of Iccrea Banca. This is pursued by seeking to ensure that the breadth and content of the financial portfolios are consistent with the needs of the mutual banks and in line with the evolution of the markets. Position activities are carried out using standard financial instruments as well as derivative contracts. In all cases, the management of maturity transformation both at medium/long-term and within the context of treasury operations is 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 at the strategic planning stage.

The main activities performed are:

- funding and lending on the interbank market;
- trading as a primary dealer on the MTS exchange;
- acting as a market maker on multilateral trading systems (e.g. Hi-MTF);
- participating in the primary market for share and bond placements and in tenders and subscriptions of government securities;
- negotiating repurchase agreements on both OTC and regulated markets, and derivatives on regulated markets;
- structuring, executing and managing financial derivatives traded on unregulated markets, mainly to satisfy the specific needs of the Bank's customers;
- providing the mutual banks with investment services, order reception and transmission for third parties and the placement of financial instruments;

- management of liquidity and the short-term interest rate profile in respect of transactions on the interbank, foreign exchange and precious metals markets.

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

Qualitative disclosures

A. GENERAL ASPECTS

Within the framework of the trading activities carried out by Iccrea Banca on the financial markets, the interest rate risk position is mainly generated by transactions on interbank markets, trading in derivatives on regulated and OTC markets, and securities trading on the MTS and HiMTF markets.

Within the context of operating powers, specific operational limits on trading positions that generate exposures to interest rate risk have been established. These risks are assumed in respect of domestic government securities and futures contracts, traded on official markets with netting and guarantee mechanisms, as well as mainly plain vanilla interest rate derivatives to support the mutual banks' hedging requirements. Transactions in interest rate derivatives also include interest rate swaps traded to support the special purpose vehicle in transforming interest flows generated by securitizations of receivables of the mutual banks and the companies of the Iccrea Banking Group.

Overall exposure to interest rate risk is concentrated in transactions in euros. As a result, the impact of correlation between developments in the yield curves for other currencies is minimal.

B. MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

The 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 senior management at headquarters.

At the headquarters level, the management of market risk is assigned to the Finance Department, in accordance with the Bank's strategic objectives in collaboration with the coordinating bodies established at the Group level. Within the Finance Department, exposures are assumed and managed by the following units:

- *Proprietary Finance and Trading*, which is tasked with 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. The unit also manages interest-rate and liquidity risks at medium and long term. It acts as a market maker on multilateral trading systems, and as a specialist and primary dealer, as well as handling the structuring and own-account trading of OTC financial derivatives. It operates in accordance with the policies defined and the guidelines set for the management of the portfolios within the established risk limits and seeking to achieve profit targets;
- *Money Markets*, which uses interest rate derivatives in order to manage the short-term interest rate risk profile in respect of trading on the interbank money market.

The monitoring of risk exposures on trading book positions is carried out by the Controls and Finance Technical Office and by the Group Risk Management and ALM Unit, using metrics in line with market best practice: sensitivity analyses, estimates of Value at Risk and stress tests. The process of monitoring limits entails the measurement and systematic control of exposures assumed in the various portfolios and verification of compliance with VaR limits and other operating limits established under the current system of delegated powers.

Current operating limits are structured in line with the organizational/operational structure of the Finance Department and consist of:

- portfolio size limits;
- VaR limits on the trading book;
- limits on the average duration of the trading and operational book;
- position limits by counterparty/group of counterparties and concentration limits (by rating class, sector, country, geographical area);
- size limits by type of financial instrument;
- VaR limits for trading in derivative contracts and the associated securities and on the MTS;
- VaR limits for treasury and foreign exchange operations;
- maximum loss limits for trading in securities and derivatives, treasury operations and foreign exchange;
- warning thresholds for losses on trading in securities and derivatives, treasury operations and foreign exchange.

The Bank's own portfolio maintained a significant proportion of floating-rate government securities in the first half of 2011, held both for liquidity and for guarantee and operational purposes.

Trading in interest rate derivatives with a maturity of more than 12 months was conducted consistently with the mission of supporting the mutual banks and Group Finance activities, with volumes in line with those of the previous year. This business is subject to sensitivity limits with respect of interest rates and volatility (the scenario method).

Under the system of operating limits, interest-rate derivatives with a maturity of less than 12 months are considered within the context of the overall treasury position. Maximum loss and financial warning threshold limits are laid down.

Following a specific initiative to migrate positions into a single system for holding and managing front-to-back positions in finance operations, the use of the "Delta-Gamma VaR" method for management purposes was consolidated. The approach is used for quantitative reporting and monitoring of both

linear instruments and those with an option component. Quantitative monitoring and control of market risks is performed by an internal control unit at the Finance Department. This unit, together with Risk Management, monitors and analyzes market risk on the trading book on a daily basis. In order to strengthen the risk monitoring and measurement systems further, the work begun in 2010 to prepare an independent risk framework continued. This dedicated environment will give Risk Management an integrated view and coverage of risks for the entire trading book.

Control activities are aimed at verifying the appropriate management of all financial assets and compliance of the various segments of the trading book with operating limits, including the financial VaR limits measured with the parametric method (with a holding period of 10 days and confidence interval of 99%), and sensitivity limits.

With regard to equities, trading involved plain vanilla options on highly liquid equity indices (Eurostoxx50, Nikkei225, S&P-MIB) and shares of leading listed companies on the Italian stock exchange, mainly connected with the structuring of indexed bonds of the mutual banks and the BCC Vita life insurance company. The options written were hedged partly with market counterparties and partly with delta hedging.

Sensitivity techniques are used for scenarios of instantaneous price changes of up to 24% (in steps of 8%) together with instantaneous volatility changes of up to 25% (in steps of 8%).

Other support offered to the mutual banks in hedging their structured bond issues involved transactions in options on investment funds and units of cash funds for delta hedging purposes.

The profiles of these operations are monitored on a daily basis by verifying compliance with the net position limits for each underlying instrument.

Quantitative disclosures

1. SUPERVISORY TRADING BOOK: DISTRIBUTION OF ON-BALANCE-SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES BY RESIDUAL MATURITY (REPRICING DATE)

This table has not been completed since an analysis of interest rate risk sensitivity has been provided.

2. SUPERVISORY TRADING BOOK: DISTRIBUTION OF EXPOSURES TO EQUITIES AND EQUITY INDICES BY MAIN COUNTRY OF LISTING

This table has not been completed since an analysis of interest rate risk sensitivity has been provided.

3. SUPERVISORY TRADING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

With regard to interest rate risk, the following table reports the results of the sensitivity analysis on value following a shift of +/- 100 bp in the yield curves for the currencies held in the positions.

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	5.27	-7.56	3.53	-5.06	0.87	-1.25

Figures in millions of euros at June 30, 2011

As regards price risk, the following table reports the results of the sensitivity analysis for scenarios of instantaneous price changes of up to 24% (in steps of 8%).

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	0.74	-0.94	0.50	-0.63	0.12	-0.16

Figures in millions of euros at June 30, 2011

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

Financial operations are characterized by a marked predominance of short-term flows, in line with Banca Iccrea's mission, which consists of making the operations of the mutual banks more effective, supporting them and expanding their business through the performance of functions of lending, technical intermediation and financial assistance.

In implementation of the new Group Finance model, in 2009 Iccrea Banca was made responsible for funding activities for the companies in the banking group.

Iccrea Banca represents the interface between the individual mutual banks and Group companies and the domestic and international monetary and financial markets. Specifically, the Bank:

- performs treasury activities, managing the liquidity of the mutual banks;
- operates on Italian and foreign securities markets, including as a primary dealer on the electronic market for government securities;
- ensures that the financial needs of the Group companies are met through funding activities within the mutual bank 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 verifies compliance with the limits set at 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 between loans and funding with the related interest rate maturities. Funding and lending operations are mainly carried out on the interbank market. In particular, funds raised with the mutual banks, 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 system of delegated powers. Interest-rate derivatives maturing within 12 months are operationally correlated with these transactions. As from June 2001, a pooling system has been implemented with the mutual banks in order to replicate the procedures of the European Central Bank. This new area of operations will gradually replace repurchase transactions.

As regards support for the funding operations of the mutual banks, the amount of bonds issued by them and held by the Bank is substantially unchanged.

The reporting systems of the Risk Management Department and the Controls and Finance Technical Office include position and risk information on the banking book. Treasury positions are subject to operating limits that are monitored daily.

Within the scope of ALM activities, in order to comply both with regulatory requirements and management needs, a Group policy has been developed, setting out guidelines, principles for prudent management, the roles and responsibilities of corporate bodies and operating units and control processes for interest rate risk on the banking book. On a monthly basis, the Group's Risk Management and ALM Department estimates the exposure to interest rate risk using a current

earnings approach, with a short-term time horizon, and a medium/long-term economic value approach for shareholders' equity, adopting a scenario of a +/- 100 basis point shift in interest rates. More specifically, as regards sensitivity analyses concerning the impact of a change in market rates, limits are defined on the change in the prospective net interest income at 12 months and the market value of shareholders' equity. Additionally, stress tests are conducted to identify events or factors that could severely impact the Bank's financial balance. In order to capture the specific features of its portfolio, the Bank has identified a number of highly unfavorable stress situations: more specifically, the Bank uses a combination of the stress tests specified by the Bank of Italy and tests developed internally on the basis of its own risk characteristics.

The fair value option was elected for two structured loans issued by the Bank that are operationally linked to derivatives and a security issued by Banca Agrileasing held by the Bank, which has also been designated as at fair value through profit or loss, in order to avoid mismatching by establishing a natural hedge. The option has also been activated for three structured debt securities held under assets in order to avoid unbundling of the embedded derivative.

At June 30, 2011, the Bank held €59.7 million in units of two real-estate investment funds (Securfondo and Melograno), a total of €4.5 million in respect of shareholdings and equity investments and €50 million in respect of the holding in Banca Agrileasing.

The strategic nature of the investment in real-estate investment fund units has not yet made it necessary to select specific price risk hedging policies. In any case, the impact of a prudential assumption of an instantaneous change of 8% in the fair value of the holding is monitored periodically by Risk Management.

B. FAIR VALUE HEDGING

Positions exposed to interest rate risk are hedged in accordance with the IAS rules for fair value hedges.

More specifically, at June 30, 2011 the following positions were hedged:

- a fixed-rate loan issued to BCC Solutions with a remaining liability of €27.9 million, hedged by means of an interest rate swap (IRS);
- 3 mixed-rate bonds issued by the Bank and hedged with IRSs and interest rate options (cap & floors) with a nominal value of €246.2 million;
- 2 fixed-rate bonds issued by the Bank and hedged with IRSs with a total nominal value of €11.5 million;
- fixed-rate treasury bonds (BTPs) hedged with asset swap transactions with a total nominal value of €65 million;
- 2 fixed-rate securities issued by Banca Agrileasing and hedged with IRSs with a nominal value of €261 million.

Effectiveness tests were carried out using the dollar offset method for the retrospective profile and the scenario method for the prospective profile.

C. CASH FLOW HEDGING

As of the reporting date, the Bank had hedged the cash flows in respect of 2 floating-rate bonds issued by it and 2 floating-rate securities issued by Banca Agrileasing held by the Bank, using interest rate basis swaps for a total nominal amount of €623.9 million.

Quantitative disclosures

1. BANKING BOOK: DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY (REPRICING DATE)

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

2. BANKING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

With regard to interest rate risk, the following table reports the results of the sensitivity analysis on value following a shift of +/- 100 bp in the yield curves for the currencies held in the positions.

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp
Iccrea Banca	0.46	-0.81	0.31	-0.54	0.08	-0.13

Figures in millions of euros at June 30, 2011

As regards price risk, the following table reports the results of the sensitivity analysis for scenarios of instantaneous price changes of up to 24% (in steps of 8%).

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	27.13	-27.13	18.16	-18.16	4.48	-4.48

Figures in millions of euros at June 30, 2011

2.3 EXCHANGE RATE RISK

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF EXCHANGE RATE RISK

Exchange rate risk is managed in a centralized manner by the Treasury. The Bank constantly scales the positions it assumes in the various currencies in relation to the support it provides to the foreign exchange requirements of the mutual banks and other Group companies.

Operations are mainly concentrated in major currencies. The Bank adopts a system of daily operating limits on the overall foreign exchange exposure, as well as the net foreign

exchange positions in respect of individual currencies. The overall limit is segmented into partial ceilings on the basis of the importance of the various currencies.

B. EXCHANGE RATE RISK HEDGING

Transactions in exchange rate derivatives are carried out on the basis of a careful policy of substantially offsetting positions.

SECTION 3 – LIQUIDITY RISK

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

In 2010, a “Liquidity Policy” model was developed. The model, in compliance with regulatory requirements and managerial needs, sets out the principles for prudent management of the liquidity risk within the Iccrea Group, the roles and responsibilities of the corporate bodies and operating units involved, control processes and a plan for managing any crisis situations that may arise (the Contingency Funding Plan). In developing these guidelines, the recommendations of the Bank of Italy and international supervisory authorities were taken into consideration, as were the most recent international best practices, which are based on the following principles:

- the existence of a liquidity management policy approved by top management and clearly communicated within the institution;
- the existence of an operational unit that works within the assigned limits and an autonomous control structure;
- a prudential approach in estimating incoming and outgoing cash flows for all items on and off the balance sheet, especially with regards to those without contractual maturity dates (or with maturity dates that are not significant);
- the evaluation of the impact of various scenarios, including stress scenarios, on incoming and outgoing cash flows.

The guidelines can be divided into three main areas:

Short-term liquidity

Short-term liquidity management is aimed at ensuring the adequacy and matching of incoming and outgoing cash flows with a specified or estimated maturity of up to 12 months.

In order to monitor and manage the short-term liquidity position, individual indicators have been defined for Iccrea Banca for maturities at 1 day and 1 month, which are calculated on a daily basis, as well as consolidated indicators,

calculated on a weekly basis, that define a liquidity equilibrium profile over a time horizon from 1 day up to 12 months.

In addition, in order to manage the short-term financial position, a minimum level of €1 billion in assets eligible for refinancing with the ECB has been established. The manner in which such assets held by other Group companies can be used by Iccrea Banca is specified by the Group Finance Committee.

Structural liquidity

Structural liquidity management seeks to establish the equilibrium and stability of the liquidity profile at a time horizon of more than 12 months and ensure consistency with short-term liquidity management.

Indicators (calculated on a monthly basis) have been established at the consolidated level to monitor the structural liquidity situation. These assess the availability of stable sources of funds at a time horizon of more than one year for on and off-balance-sheet assets and liabilities within each individual time band.

Contingency Funding Plan (CFP)

The CFP is a process aimed at managing the Group’s liquidity profile under conditions of market strain or crisis. The guidelines set out the objectives, processes and intervention strategies to be implemented in the event such conditions emerge. They also specify the organizational unit supporting the CFP and the risk indicators that serve as the basis for identifying a situation of stress or emergency, establishing the thresholds for triggering the crisis management procedures.

Liquidity risk is measured by monitoring cash imbalances by maturity time band, both in static terms (with a view to identifying actual liquidity strains that can be discerned in the characteristics of the items of the financial statements, through the construction, for each specified time band, of the corresponding gap indicator) and in dynamic terms (using estimation and simulation techniques to produce the scenarios likely to emerge in response to changes in the financial variables that impact the temporal profile of liquidity).

Risk is measured by the Controls and Finance Technical Office and by the Group's Risk Management and ALM Department, which produce the reports for the corporate bodies and other departments involved in managing liquidity risk.

At least once a month, the Group's Risk Management and ALM Department updates the report and short-term and structural liquidity indicators of the Bank.

Since October 2008, the liquidity position has also been reported each week to the Bank of Italy.

SECTION 4- OPERATIONAL RISKS

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

Within the framework of the initiatives defined at the Group level in the Risk Management area, the Bank has implemented an integrated operational risk identification and analysis system which makes it possible to assess exposure to operational risk for each business area.

The approach adopted also makes it possible to pursue the following specific objectives:

- providing risk owners with greater awareness of the risks associated with their operations;
- assessing the Bank's positioning with respect to operational risk factors in corporate processes;
- providing top management with an overall view of the Bank's operational issues by period and area of observation;
- providing information to improve the internal control system;
- optimizing operational risk mitigation actions through a process that identifies risks, assesses their potential financial impact and identifies the internal problems underlying those risks, thereby enabling cost/benefit analysis of the initiatives to be taken in response.

The operational risk analysis system created through these initiatives is composed of:

- an overall framework for managing operational risks, setting out classification models, analytical methodologies, management processes and support tools;
- a forward looking self-assessment process for determining exposures to operational risks. The results of the assessment are processed using a statistical model that makes it possible to translate the estimates for operational risk exposures into amounts of economic capital;
- a loss data collection process;

- an actuarial quantitative model to analyze time series of operational losses over a six-year time horizon.

Quantitative disclosures

In accordance with Bank of Italy Circular no. 263 of December 27, 2006 (New Regulations for the Prudential Supervision of Banks), the Bank has been using the Basic Indicator Approach (BIA) to calculate operational risks for reporting purposes.

In the BIA, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the company's volume of business, more specifically "gross income".

In particular, the Bank's capital requirement, equal to 15% of the average of the last three observations of "gross income" at the end of the period, was €20,809 thousand.

PART F

*Information on
capital*

Parte F – Informazioni sul Patrimonio



PART F – INFORMATION ON CAPITAL

SECTION 1- COMPANY CAPITAL

A. Qualitative disclosures

Shareholders' equity (share capital, share premium reserve, reserves, equity instruments, own shares, valuation reserves, redeemable shares, profit/loss for the period) represents the Bank's capital, i.e. the sum of financial resources used for achieving the corporate purpose and dealing with the risks of business.

Therefore, equity represents the main safeguard against the risks of the banking business and, as such, the amount of capital must be sufficient to ensure an appropriate degree of independence in development and growth and guarantee the soundness and stability of the company on an ongoing basis.

B. Quantitative disclosures

B.1 COMPANY CAPITAL: COMPOSITION

	TOTAL 30/06/2011	TOTAL 31/12/2010
1. Share capital	216,913	216,913
2. Share premium reserve	-	-
3. Reserves	71,931	71,138
- earnings	71,931	71,138
a) legal	48,201	48,201
b) established in articles of association	205	205
c) treasury shares	-	-
d) other	23,525	22,732
- other	-	-
4. Equity instruments	-	-
5. (Treasury shares)	-	-
6. Valuation reserves:	33,493	30,291
- Financial assets available for sale	(14,599)	(17,575)
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of investments in foreign operations	-	-
- Cash flow hedges	226	-
- Foreign exchange differences	-	-
- Non-current assets held for sale	-	-
- Actuarial gains (losses) on defined benefit plans	-	-
- Share of valuation reserves of equity investments accounted for using equity method	-	-
- Special revaluation laws	47,866	47,866
7. Net profit (loss) for the period	20,696	20,256
Total	343,033	338,598

B.2 VALUATION RESERVES FOR FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION

	TOTAL 30/06/2011		TOTAL 31/12/2010	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	72	(17,261)	-	(20,690)
2. Equity securities	2,219	-	1,714	-
3. Units in collective investment undertakings	371	-	1,401	-
4. Loans	-	-	-	-
Total	2,662	(17,261)	3,115	(20,690)

SECTION 2- REGULATORY CAPITAL AND CAPITAL RATIOS**2.1 REGULATORY CAPITAL****A. Qualitative disclosures**

Regulatory capital and capital ratios are calculated on the basis of the balance sheet data and performance figures determined using the IAS/IFRS and taking account of the Supervisory Instructions issued by the Bank of Italy with the most recent update of Circular no. 155/91 "Instructions for reporting on regulatory capital and capital ratios".

Regulatory capital is calculated as the sum of the positive and negative components, on the basis of their nature as capital. Positive components must be fully available to the Bank in order for them to be used in calculating capital requirements.

Regulatory capital totals €313,441,230. It is composed of Tier 1 capital and Tier 2 capital, net of the deductions provided for under supervisory regulations. More specifically:

1. TIER 1 CAPITAL

Tier 1 capital is composed of positive elements (which increase its value) and negative elements (which reduce its value). Total Tier 1 capital at June 30, 2011, prior to application of prudential filters, amounted to €288,564,689. Following application of prudential filters, represented by decreases in the credit rating (€2,915,775) and negative reserves in respect of available-for-sale securities (€3,478,468), Tier 1 capital gross of deductible elements amounted to €282,170,446. Deductible elements are composed of 50% of shareholdings and subordinated instruments in financial companies exceeding, equal to and less than 10% of the share capital of the investee company and total €8,945,131, leaving total Tier 1 capital of €273,225,315.

2. TIER 2 CAPITAL

Tier 2 capital, prior to application of prudential filters, amounted to €50,546,441. Following application of prudential filters, represented by the ineligible share of positive reserves in respect of available-for-sale securities (50%) in the amount of €1,295,396, Tier 2 capital gross of deductible elements amounted to €49,161,046. Deductible elements are composed of 50% of shareholdings and subordinated instruments in financial companies exceeding, equal to and less than 10% of the share capital of the investee company and total €8,945,131, leaving total Tier 2 capital of €40,215,915.

3. TIER 3 CAPITAL

There are no instruments representing Tier 3 capital.

B. Quantitative disclosures

	TOTAL 30/06/2011	TOTAL 31/12/2010
A. Tier 1 capital before prudential filters	288,564	285,662
B. Tier 1 capital prudential filters:	(6,394)	(1,875)
B.1 Positive IAS/IFRS prudential filters (+)	-	1,595
B.2 Negative IAS/IFRS prudential filters (-)	(6,394)	(3,470)
C. Tier 1 capital gross of deductible elements (A+B)	282,170	283,787
D. Elements to deduct from Tier 1 capital	8,945	3,995
E. Total Tier 1 capital (TIER 1) (C-D)	273,225	279,792
F. Tier 2 capital before prudential filters	50,456	50,981
G. Tier 2 prudential filters:	(1,295)	(1,558)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,295)	(1,558)
H. Tier 2 capital gross of deductible elements (F+G)	49,161	49,423
I. Elements to deduct from Tier 2 capital	8,945	3,994
L. Total Tier 2 capital (H-I)	40,216	45,429
M. Elements to deduct from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	313,441	325,221
O. Tier 3 capital	-	-
P. Regulatory capital including Tier 3 (N+O)	313,441	325,221

2.2 CAPITAL ADEQUACY

A. Qualitative disclosures

Capital ratios at June 30, 2011 were determined in accordance with the provisions of the Basel 2 Capital Accord, adopting the Standardized Approach for the calculation of capital requirements for credit and counterparty risk and the Basic Indicator Approach for operational risk.

B. Quantitative disclosures

	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUIREMENTS	
	TOTAL	TOTAL	TOTAL	TOTAL
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
A. EXPOSURES				
A.1 CREDIT AND COUNTERPARTY RISK	15,092,370	15,378,549	1,907,791	2,328,959
1. Standardized approach	14,946,914	15,124,500	1,534,865	1,954,143
2. IRB approach	-	-	-	-
2.1 Foundation	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitizations	145,456	254,049	372,926	374,816
B. CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			114,467	139,738
B.2 MARKET RISKS			98,422	75,534
1. Standardized method			98,422	75,534
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATIONAL RISK			20,809	20,809
1. Basic indicator approach			20,809	20,809
2. Standardized approach			-	-
3. Advanced measurement approaches			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			-	-
B.5 OTHER ELEMENTS			-	-
B.6 TOTAL PRUDENTIAL REQUIREMENTS			233,698	236,081
C. EXPOSURES AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			2,921,225	2,951,013
C.2 Tier 1 capital/risk weighted assets (Tier 1 capital ratio)			9.35%	9.48%
C.3 Regulatory capital /Risk-weighted assets (Total capital ratio)			10.73%	11.02%

Following the measure of the Bank of Italy of May 18, 2010 and the resolution of the Board of Directors of June 24, 2010, the Group has elected to remove the prudential filter on the reserves from the fair value measurement of securities classified as “financial assets available for sale (AFS)” issued by central governments of EU Member States. Election of this option eliminated calculation of negative reserves of €13,711 thousand in regulatory capital.

Pursuant to the provisions of Bank of Italy Circular no. 263 of December 27, 2006 (“New Regulations for the Prudential Supervision of Banks” as amended, the Bank, as a member of the Iccrea Banking Group, benefits from a 25% reduction in its total capital requirement.

PART G

Business combinations

Parte G – Operazioni di Aggregazione finanziaria



PART G – BUSINESS COMBINATIONS

As of the reporting date, the Bank was not involved in any business combinations.

PART H

Information on related parties

Parte H – Operazioni con Parti Correlate



PART H – INFORMATION ON RELATED PARTIES

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following tables report the information required under IAS 24 concerning the remuneration of directors and 3 top managers, as well as the members of the Board of Auditors.

	TOTAL 30/06/2011
Compensation and other remuneration (1)	1,185
Post-employment benefits (2)	32

(1) Includes compensation paid to the General Manager and the Deputy General Managers.

(2) Represents the accrual for the year to the provision for termination benefits calculated in accordance with the applicable regulations.

	TOTAL 30/06/2011
Compensation of Board of Auditors	125

LOANS AND GUARANTEES GRANTED:

	TOTAL 30/06/2011
Members of Board of Directors	361
Members of Board of Auditors	-

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

NAME OF PARENT COMPANY
ICCREA HOLDING S.P.A.

REGISTERED OFFICE
VIA LUCREZIA ROMANA, 41/47
00178 ROME

PARENT COMPANY - KEY FIGURES AT DECEMBER 31, 2010 (THOUSANDS OF EUROS)

BALANCE SHEET	TOTAL 31/12/2010
Assets	929,037
Liabilities	124,431
Share capital	712,420
Legal reserve	22,757
Reserve for treasury shares	333
Other reserves	44,904
Valuation reserves	3,632
Treasury shares	(333)
Net profit	20,893
Shareholders' equity	804,606
INCOME STATEMENT	TOTAL 31/12/2010
Net interest income	530
Net fees and commissions	1,618
Gross income	38,828
Net income (loss) from financial operations	35,867
Operating expenses	(19,742)
Net profit	20,893

The Parent Company performs management and coordination activities.

THE FOLLOWING TABLES REPORT THE BALANCE SHEET AND INCOME STATEMENT ITEMS INVOLVED IN INTERCOMPANY TRANSACTIONS:

ASSETS	A20_FINANCIAL ASSETS HELD FOR TRADING	A30_FINANCIAL ASSETS AT FAIR VALUE	A60_DUE FROM BANKS	A70_LOANS TO CUSTOMERS	A150_OTHER ASSETS
Aureo Gestioni	-	-	-	-	92
Banca Agrileasing	27,085	326,312	4,809,246	-	19,466
Bcc Gestione Crediti	-	-	-	2,800	13
Bcc Solutions	-	-	-	29,278	1,041
Bcc Private Equity	-	-	-	-	-
Bcc Securis	-	-	-	-	12
Bcc Multimedia	-	-	-	-	27
Credico Finance	-	-	-	-	-
Iccrea Holding	-	-	-	109,683	6397
Immicra	-	-	-	-	-
Bcc Lease	-	-	-	83,523	-
Bcc Credito Consumo	-	-	-	35,798	20
Bcc Factoring	-	-	-	296,851	-
Hi - Mtf	-	-	-	-	15
TOTAL	27,085	326,312	4,809,246	557,934	27,083

LIABILITIES	L10_DUE TO BANKS	L20_DUE TO CUSTOMERS	L40_FINANCIAL LIABILITIES HELD FOR TRADING	L100_OTHER LIABILITIES
Aureo Gestioni	-	17,588	-	10
Banca Agrileasing	512,507	-	20,910	1,099
Bcc Gestione Crediti	-	1,014	-	3
Bcc Solutions	-	1,659	-	5,627
Bcc Private Equity	-	1,866	-	3
Bcc Securis	-	9	-	-
Bcc Multimedia	-	740	-	454
Credico Finance	-	54	-	-
Iccrea Holding	-	5,179	-	12,606
Immicra	-	261	-	-
Bcc Lease	-	-	-	2
Bcc Credito Consumo	-	-	-	2
Bcc Factoring	-	-	-	6
Hi - Mtf	-	-	-	123
TOTAL	512,507	28,370	20,910	19,935

INCOME STATEMENT	I10_ INTEREST AND SIMILAR INCOME	I20_ INTEREST AND SIMILAR EXPENSE	I40_ FEE AND COMMISSION INCOME	I50_ FEE AND COMMISSION EXPENSE	I80_ NET GAIN (LOSS) ON TRADING ACTIVITIES	I150_ ADMINISTRATIVE EXPENSES	I190_ OTHER OPERATING EXPENSES/INCOME
Aureo Gestioni	-	(67)	55	-	-	-	84
Banca Agrileasing	44,176	(826)	551	(216)	870	48	412
Bcc Gestione Crediti	32	(4)	1	-	-	-	17
Bcc Solutions	660	(9)	-	-	-	(5,266)	309
Bcc Private Equity	-	(19)	-	-	-	-	3
Bcc Securis	-	-	4	-	-	-	10
Bcc Multimedia	-	(2)	-	-	-	(711)	3
Credico Finance	-	-	-	-	-	-	-
Iccrea Holding	1,721	(153)	-	-	-	(1,546)	203
Immicra	-	-	-	-	-	-	-
Bcc Lease	775	-	27	-	-	-	-
Bcc Credito Consumo	57	(19)	2	-	-	-	34
Bcc Factoring	1,556	-	6	-	-	-	6
Hi - Mtf	-	-	-	(174)	-	(99)	-
TOTAL	48,976	(1,101)	646	(390)	870	(7,574)	1,080

PART I

*Share-based
payments*

Parte I – Accordi di Pagamento basati su azioni



PART I – SHARE-BASED PAYMENTS

As at the reporting date, the Bank had no payment agreements based on its own equity instruments in place.

PART L

Operating segments

Parte L – Informazioni di Settore



PART L – OPERATING SEGMENTS

In line with the provisions of IFRS 8, operating segment disclosures have been based on elements that management uses in taking its own operational and strategic decisions. The Bank's main income statement and balance sheet aggregates are reported below.

Primary reporting basis

Iccrea Banca systematically prepares, using a specific "data model", management reports on the results achieved by the individual business segments into which its operations and organization are structured. These segments are:

- finance;
- lending;
- payment systems;

in addition to central governance and support functions, as well as the agency service functions grouped under the "Corporate Center".

This representation reflects the operational responsibilities set out in the Bank's organizational arrangements. The business segments are formed from the aggregation of similar business units and lines in terms of the types of products and service they provide and the applicable regulatory framework. The results of the business segments are periodically reported to top management.

Income statement

The following reports the main aggregates of the income statement by business segment.

	FINANCE		LENDING		PAYMENT SERVICES		CORPORATE CENTER		TOTAL	
(thousands of euros)	June 11	June 10	June 11	June 10	June 11	June 10	June 11	June 10	June 11	June 10
Net interest income	19,870	23,257	4,046	7,676	770	315	1,299	-7,029	25,985	24,219
Net service income	19,647	8,246	1,753	2,622	52,153	48,325	12,129	18,018	85,682	77,211
Total revenues	39,517	31,503	5,799	10,299	52,923	48,639	13,429	10,989	111,667	101,430
Administrative expenses	19,550	19,734	2,101	6,153	37,248	33,754	14,430	10,449	73,329	70,089
Gross operating income	19,967	11,768	3,698	4,146	15,675	14,886	-1,001	540	38,338	31,341
Total value adjustments	448	546	57	213	996	947	480	421	1,980	2,127
Net operating income	19,519	11,223	3,641	3,933	14,678	13,939	-1,480	119	36,358	29,214

* See table A below for a reconciliation with the items of the income statement.

As regards the calculation of profitability by business segment, the income statement has been prepared as follows:

- net interest income is calculated by segment contribution using internal transfer rates;
- net service income is calculated by way of direct allocation of income and expense components;

- operating expenses are allocated using a “full costing” approach that allocates all operating costs.

Balance sheet

The following table reports the main balance sheet aggregates for lending to and funding from customers and banks. The amounts are end-period figures. Liabilities include share capital, reserves and net profit for the period.

(MILLIONS OF EUROS)	FINANCE		LENDING		PAYMENT SERVICES		CORPORATE CENTER		TOTAL	
	JUNE 11	DEC 10	JUNE 11	DEC 10	JUNE 11	DEC 10	JUNE 11	DEC 10	JUNE 11	DEC 10
Loans to customers	133	283	735	1,063	9	16	-	-	876	1,362
Due from banks	9,796	8,269	10	11	-	-	50	-	9,857	8,281
Financial assets and equity investments	1,508	765	-	-	-	-	248	247	1,756	1,012
Total lending	11,437	9,317	745	1,074	9	16	298	247	12,489	10,655
Due to customers	1,786	2,258	1	1	409	441	-	21	2,196	2,722
Due to banks	9,905	7,478	-	-	-	-	-	-	9,905	7,478
Other financial liabilities	-	3	-	-	-	-	387	452	387	455
Total funding	11,691	9,739	1	1	409	441	387	473	12,489	10,655

Secondary reporting basis

As regards the secondary reporting basis, please note that the Bank operates almost exclusively in Italy.

Table "A": reconciliation with income statement

Aggregate	Income statement items
Net interest income	30; 280
Net service income	60; 70; 80; 90; 100; 110; 190; 280
Total revenues	Net interest income + net service income
Administrative expenses	150a; 150b; 280
Operating income	Total revenues – administrative expenses

Auditor's Report





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Auditors' review report on the interim financial statements
(Translation from the original Italian text)

To the Shareholders of
Iccrea Banca S.p.A.

1. We have reviewed the interim financial statements, 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, of Iccrea Banca S.p.A. as of June 30, 2011. Management of Iccrea Banca S.p.A. is responsible for the preparation of the interim financial statements in compliance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim financial statements as we expressed on the annual financial statements.

With respect to the financial statements of the prior year and the interim financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 25, 2011 and on September 15, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of Iccrea Banca S.p.A. as of June 30, 2011 are not prepared, in all material respects, in compliance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, September 15, 2011

Reconta Ernst & Young S.p.A.
Signed by: Francesco Natale, Partner

This report has been translated into the English language solely for the convenience of international readers

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