2004 Report and Financial Statement of Iccrea Banca SpA, Istituto Centrale del Credito Cooperativo

Corporate bodies

2004 – 2006

Board of Directors

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Deputy Chairman	Colombo Annibale (*) Carri Francesco (*)
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Board of Auditors

Chairman	Bracci Remigildo
Auditors	Mariani Vittorio Petrone Silvio
Alternates	Cuminetti Elio Donnici Aldo

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Introduction

Shareholders,

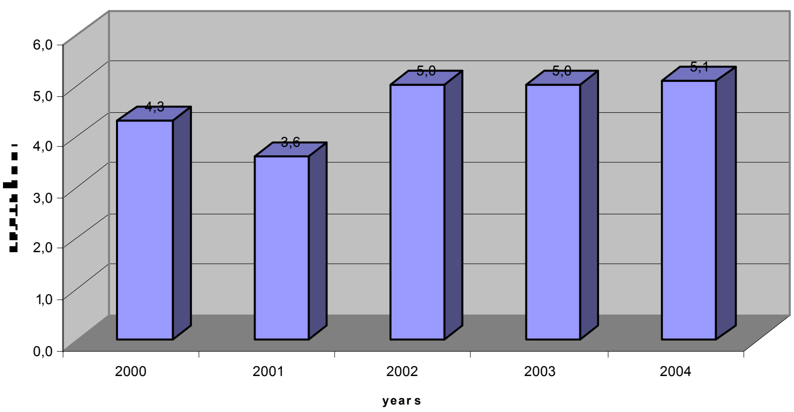
Once again, the Italian economy achieved only modest growth in 2004, held back by a lack of competitiveness and weak domestic demand.

The Bank is implementing the parent company's guidelines for the Group's strategic repositioning. Iccrea Banca will be playing an increasingly key role in conducting relations with mutual banks, with the expansion and completion of its payment systems activities, capital market activities, mutual bank liability financing, mutual bank asset liability management service and securities management services. In addition to its strategic function as a payment system interface for the sector, Iccrea will increasingly be providing indispensable financial assistance to mutual banks, and must therefore operate on their behalf on capital markets with the most advanced instruments available.

Despite the market's continuing weakness, the Bank succeeded in achieving its targets. Our goals were to pursue our efforts to expand revenues, contain costs and maintain our careful lending activities while continuing to serve our broad and diversified customer base with a presence in every segment of the banking industry.

Leveraging our renewed relationship with our customers and the commitment of our entire staff, in 2004 the Bank outperformed the targets in its business plan and budget for the year, with net income of more than €11 million and an ROE in excess of 5%.

ROE



Major international institutions once again noted the Bank's strong performance in 2004. As is now customary practice, the Bank underwent Standard & Poor's rating review process. The agency confirmed the positive rating given in previous years, awarding an "A" for the long term and "A1" for the short term, with a stable outlook. In addition to commenting favorably on the Bank's effectiveness in its chosen role, Standard & Poor's also noted the Bank's financial situation both in terms of overall capital levels (Tier 1 stable at 10% over the past two years) and profitability, which is appropriate to the principal function undertaken as a supplier of services to mutual banks. The final assessment also reflects Standard & Poor's view that the low degree of asset risk is not a cause for concern and that the outlook is stable.

In a relatively short space of time the Bank has succeeded in tackling all of the elements key to its development: the Bank's organizational model is now more efficient; each sector is now focused on its core business; capital has been strengthened; a broader range of products and services is now on offer; and loan management methods have been revised.

Every one of the Bank's sectors contributed to achieving the targets. All staff, at all levels, remain motivated to maintain the pace of change achieved in the last three years, and share the ambition to enhance the Bank's profitability and risk management, generate synergies and achieve efficiency gains.

The Bank has attained these results by implementing a new distribution model, maintaining a dialogue with the reference market (particularly through ongoing, open-ended communication to raise the Bank's profile), redesigning its processes, rationalizing the product line, and consolidating its IT and back-office functions. The ethos driving these changes is to adapt to the context and size of the market, while maintaining the original variety and traditional features of the Bank's various components.

All of this has been achieved without disappointing stakeholders' high expectations regarding completion of the 2002-2004 Business Plan. It is a measure of just how much progress the Bank has made since 2001 that this has been accomplished on schedule despite a weak and uncertain economic climate.

Customer relations have also been enhanced. We have made significant investments in our relationships with mutual banks – the core driver of company value – in order to improve the level of service we provide through the application of innovative commercial tools. The Bank has placed mutual bank competitiveness at the heart of its business in order to cater more closely to its customers' needs.

We have never ceased to foster team spirit among our staff, as we are fully aware that training and the enhancement of skills are the foundation of tackling our future challenges.

The operating results achieved by the Bank confirm the validity of its strategic choices. Our next challenge is to continue improving our performance and further enhance levels of stakeholder satisfaction. Our confidence in achieving long-lasting results is based on the structural nature of the actions we have put in place, which encourage us to continue our pursuit of growth.

We expect the scenario in the coming years to be characterized by instability and discontinuity. A new regulatory framework is also being introduced, with the Basle 2 protocols, new legislation associated with company and tax law reform, and introduction of International Accounting Standards (IAS).

The regulatory changes, mentioned frequently in recent reports, are now imminent: IAS and Basle 2 are being phased in between 2005 and 2007. Now is the time for these new approaches to be implemented without generating unnecessary strains. Taken together, Basle 2 and the IAS should help to increase the Bank's efficiency and stability.

Basle 2 will stimulate efficiency in handling credit risk. Banks large and small that employ more precise credit risk management methods will be rewarded with lower capital requirements. The same is true of IAS, though for different reasons: these standards are designed to improve information and transparency by making company and bank accounts internationally comparable. These standards have the potential to foster a more realistic representation of market risks (through the fair-value measurement of all financial instruments) and credit risks (through a broad, harmonized definition of impaired loans, including overdue loans).
Banks are about to undergo a far-reaching technical and cultural change in the way they function, as they shift from assessments and decisions based essentially on deterministic values and single-value aggregates to the widespread use of objective and subjective probability distributions.

The major changes being ushered in by IAS/IFRS and Basle 2 are an opportunity for our Bank to operate in a new context that will highlight the Bank's progress and prospects.

Following an overview of the key factors and management issues that characterized the Bank's operations in 2004, we report on our financial performance and developments in the principal balance-sheet aggregates. The criteria followed in drawing up the financial statements and the detailed schedules are specified in the notes to the financial statements. An overview of the macroeconomic environment, trends in financial intermediation, and the position of the mutual banking system will provide a framework within which the results achieved by the Bank may be better understood.

The macroeconomic context

The real economy

The world economy

The recovery in the world economy that began in the United States in the spring of 2003 and was supported by growth in the Asian economies spread to other regions in 2004. The world economy registered high rates of growth in the first half of the year, though the pace slowed in the second half of the year, mainly as a result of rising oil prices.
Growth rates varied widely around the world: GDP grew strongly in the US and very strongly in China and the emerging Asian economies; growth in Japan slowed abruptly and struggled to gain pace in the euro area. The United States posted GDP growth of around 4.4% on an annual basis (3% in 2003). Investment surged by 10.6%, driven predominantly by consumption, which increased by a strong 3.8% on an annual basis, and by the labor market, as employment rose significantly.

The Federal Open Market Committee raised its target for the federal fund rate repeatedly (from 1% in June to 2.25% in December), signaling a reversal of the expansionary policy followed in recent years.

The euro area economy

Real GDP growth in the euro area was slower than in the Japanese and US economies: 2% on an annualized basis (0.5% in 2003). The deceleration over the year can mainly be ascribed to weaker exports and private consumption. Exports grew by 6% in 2004 (0.2% in 2003), while imports grew by 6.3% (2% in 2003). The marked slowdown in euro area exports is largely attributable to the easing of world trade and the appreciation of the euro. Consumer spending grew by 1.2% on an annual basis: it fell in the second and third quarters before recovering in the final quarter of the year. The rise in the harmonized index of consumer prices (HICP) remained at its 2003 level of 2.1%.

The Italian economy

In 2004 Italy's GDP grew by 1.2%, far less than the United States and China. The economy registered only limited growth in the first three quarters of the year, and contracted in the fourth quarter. Output was sustained predominantly by consumer spending and investment, while inventories cut growth slightly.

Unlike elsewhere in the euro area, net exports offset the protracted weakness of domestic demand and significantly boosted GDP.

Exports grew by 3.2% over the year, while imports increased by 2.5%. Overall, trade added 0.2 percentage points to GDP. Household consumption growth remained lackluster (1% over the year). Investment registered 2.1% annual growth but decreased in the third quarter (down 0.8% compared with June 2004).

Consumer price inflation abated considerably in the third quarter, as the HICP rose by 2.2% in 2004, compared with 2.7% in 2003.

The italian stock market

Stock market indices and share prices

The Mib closed the year at its peak of 22,881, an advance of 17.4% with respect to the end of 2003.
The continuous indices demonstrated a similar trend: the Mibtel rose 18.1%, the S&P/MIB was up 14.9% and the Midex rose 12.2%. The MibSTAR outperformed the general and high-cap index, recording a best-ever 24.5% annual rise.
Of the 318 equities listed at year-end, 186 (58.5% of the total) posted gains for the year (growth in excess of 2.5%); 24 (7.5%) were unchanged (between +2.5% and -2.5%); 88 (27.7%) were down (worse than -2.5%), while 20 (6.3%) were either not listed at the end of 2003 or were suspended at the end of the year, making year-on-year comparisons impossible.

Trading volume

A total of 39.3 million contracts for shares and securitized derivatives were traded on the Italian stock exchange in 2004, with a total value of €753.2 billion. Average daily trading rose to 153,653 contracts and €2.9 billion (+6.8%).
Daily trading in SeDex-listed covered warrants and certificates amounted to €62.2 million (up 48.3% compared with 2003) and 13,488 contracts.
Daily ETF trading surged to a record €12.6 million (up 115.8% compared with the average for 2003) and 518 contracts (up 140.5%).

Stock market trends

At end-2004, 278 companies were listed on Borsa Italiana markets: 225 companies on the Borsa, the main stock exchange, 40 on the Nuovo Mercato, and 13 on the Expandi market. Seven new companies were listed on the main exchange (six of which after initial public offerings), while the same number of companies delisted. One company joined the Nuovo Mercato, while another four companies were delisted. Two new companies were newly listed on the Expandi market.
The number of covered warrants and certificates listed on the SeDex rose 16.5% to 3,021, after 4,478 new listings and 4,051 cancellations.
The number of government securities quoted on the Mot corresponded to 96 instruments, with 48 new listings and 52 cancellations. Following 32 new listings and 89 cancellations, at year-end the overall number of listed bonds amounted to 289. The number of EuroMot financial instruments rose from 49 to 58, following 12 new listings and 3 cancellations.

Capitalization

For the second year running, positive price trends and new listings led to a rise in the overall capitalization of listed Italian firms to €580.6 billion (€487.4 billion at end-2003), equal to 43.1% of GDP (37.5% in 2003).
The capitalization of the main market totaled €568.6 billion (€474.6 billion at end-2003),

along with €6.7 billion for the Nuovo Mercato (€8.3 billion) and €5.3 billion for the Expandi market (€4.6 billion).
At the end of November Borsa Italiana was Europe's sixth-largest market in terms of listed domestic company capitalization (€550.6 billion), ahead of Stockholm (€277.2 billion) and Helsinki (€138.2 billion), but behind London (€2,028.8 billion), Euronext (€1,746.1 billion), Deutsche Börse (€856.3 billion), Madrid (€671.2 billion) and the Swiss Exchange (€591.5 billion).
Within the Stock Exchange itself, financial stocks accounted for the highest total capitalization (39.2%, down from 42.3% in 2003), ahead of services (up from 35.1% to 37.6%) and industrials (up from 22.6% to 23.2%).

Idem

In 2004, 18.3 million standard contracts were traded with a corresponding notional value of €705.4 billion.
Index futures registered average daily trading of 13,007 standard contracts, with a corresponding notional value of €1.8 billion.
Index options registered a daily average of 8666 standard contracts, with a notional value of €596.3 million.
In 2004 the number of standard contracts traded in equity options rose by 17.9% to 37,007, up from 31,445 in 2003.
Stock futures trades jumped by 264.5% to 6771 per day, compared with 1857 in 2003. The corresponding value rose 275.5% to €30.5 million per day, up from €8.1 million in 2003. Twenty-two stock futures were traded at year-end.

MOT and EuroMOT

The total value of trading in government securities rose 3.9% to €139.1 billion, compared with €133.8 billion in 2003, with average daily trading of €543.2 million. Bond trading on the MOT corresponded to €7.3 billion, with an average daily value of €28.5 million.
Trading on the EuroMOT reached €3.6 billion, with a daily average of €14.0 million.

Placement operations

Listed companies raised a total of €15.2 billion through capital increases and placements, an increase on the figures of €12.6 billion registered in 2003 and €6.6 billion in 2002.
In 2004 listed companies carried out 23 capital increases (15 on the Borsa, 6 on the Nuovo Mercato and 2 on the Expandi market), through which listed companies raised €3.3 billion (against 28 operations worth €9.8 billion in 2003).
A total of around 64% of the value placed was subscribed by institutional investors. The remaining 36% was subscribed by retail investors.

Public tender offers

A total of 19 public tender offers worth €0.5 billion were carried out over the year (against 32 in 2003, with a value of €16.9 billion). The year's operations were character-

ized by their limited number and modest overall total: since 1992, only 1998 saw less activity.
Five of these offers were voluntary (22 in 2003) and 14 were compulsory, of which four were residual (17 in 2003, of which 10 were residual).

The Italian banking system within the euro area

At 31 December 2004 there was a total of 6,406 banks in the euro area (EU-12), compared with 6,593 at the end of 2003. In Italy, 781 banks were in operation at year-end, 12.2% of the EU-12 total.

As regards operations involving the main banking business lines, at the end of December 2004 the aggregate of "deposits and bonds" of euro-area monetary financial institutions (MFIs) totaled €10,137 billion (up 7.5% on 2003).

Lending to residents by euro-area MFIs at end-2004 totaled €8,365 billion, an increase of 5.7% on the previous year.

The performance of mutual banks

In the final quarter of 2004, mutual banks' balance sheets showed increases in aggregate lending and funding well above the banking system average.

Lending to mutual bank customers amounted to €76,442 million at the end of 2004, an annual increase of 14.1%, compared with 5.3% for the Italian banking system as a whole. Specifically, mortgage lending grew strongly (18.1%, compared with a system average of 12.5%). Mortgage lending by Italian mutual banks at the end of December 2004 totaled €40,475 million, equal to a 7.9% share for all banks.

Data for December 2004 confirmed mutual banks' privileged position as a lender to households and small craft firms. Against an overall share of the lending market of 6.4%, the mutual banks accounted for 21.6% of loans to craft firms with fewer than 20 employees, and 15.4% of loans to producer households.

Lending to larger companies continued to register strong growth in 2004: the annual growth rate of lending to non-financial companies (mainly corporations) totaled 17.3%, compared with a banking system average of 6%.

As regards loan quality, bad debts grew by 11.1% over the year, compared with 6.3% for the banking system as a whole.

The ratio of bad debts to total lending in the mutual banking sector stood at 2.8% at year-end, compared with a system average of 4.6%.

Interbank lending by mutual banks expanded significantly. The year-end aggregate amounted to €6,186 million, corresponding to 5.3% of assets; this was significantly lower than the banking system total of 20.5%.

As regards investment in securities, the securities portfolio of the mutual banking sector increased by 1.6% year-on-year, compared with 8% for the system.

At the end of 2004, direct funding by mutual banks amounted to €94,395 million, a rise of 10.9%. This was better than the 7.2% registered by the banking system as a whole.

The equity of mutual banks corresponded to €12,293 million, equal to 10.8% of total liabilities, while the capital and reserves of the banking system amounted to 7.5% of total liabilities.

Indirect funding at 31 December 2004 was €27,560 million. Running counter to the system-wide trend (which showed an increase of 8%), this represented an annual decrease of 3.3%. The ratio of indirect to direct funding was 29.2%, compared with a system average of 167.8%.

Data for November 2004 confirmed that mutual banks continue to post good earnings performance, despite not achieving higher net income as a result of higher taxes and reduced overall extraordinary income.

At the end of 2004, 439 mutual banks were active in Italy, operating a total of 3,478 branches (11.2% of the national total) in 98 provinces and 2,375 municipalities.

The number of mutual bank members at 31 December 2004 was 729,462, 6.3% more than the previous year.

The activity of the Bank

The following section provides a summary overview of the Bank's balance sheet and income statement at 31 December 2004, with comparative figures for 31 December 2003. Greater detail is provided in the financial statements and the related notes.

Balance sheet data

At 31 December 2004, total assets and liabilities amounted to €6,888.1 million, compared with €5,994.2 million at end-2003. On the asset side, the increase mainly regarded loans to banks and, to a lesser extent, the securities portfolio; on the liabilities side, the increase may essentially be ascribed to a growth in funding with mutual and other banks and, to a far lesser degree, funding from customers.

BALANCE SHEET DATA (millions of euros)

AGGREGATES	2004	2003	TOTAL CHANGE	% CHANGE
ASSETS				
Loans to banks	5,042.0	4,205.2	836.8	19.90
Loans to customers	698.8	745.0	-46.1	-6.19
Securities	683.6	576.7	106.9	18.54
Equities	86.2	82.6	3.6	4.42
Total interest-bearing assets	6,510.6	5,609.4	901.2	16.07
Other assets	377.5	384.8	-7.3	-1.90
TOTAL ASSETS	**6,888.1**	**5,994.2**	**893.9**	**14.91**
LIABILITIES				
Due to banks	5,395.1	4,592.4	802.7	17.48
Due to customers	446.9	388.9	58.0	14.90
Debt securities in issue	408.1	392.9	15.2	3.86
Total interest-bearing liabilities	6,250.0	5,374.2	875.8	16.30
Other liabilities	327.2	315.3	11.9	3.79
Shareholders' equity	299.8	293.8	6.0	2.05
Net income	11.0	10.9	0.1	1.37
TOTAL LIABILITIES	**6,888.1**	**5,994.2**	**893.9**	**14.91**

The following pages consider the performance of the main asset and liability aggregates.

Assets

Total interest-bearing assets increased from €5,609.4 million in 2003 to €6,510.6 million in 2004 (+16.1%). The increase was mainly concentrated in lending to banks (€836.8 million) and, to a lesser extent, securities (€110.5 million).

More specifically, loans to banks increased by 19.9% to €5,042 million at the end of the financial year.

BREAKDOWN OF LOANS TO BANKS	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Mutual banks	730,325.0	892,188.0	-161,863.0	-18.1
Other banks	4,311,631.0	3,312,987.0	998,644.0	30.2
Total interest-bearing liabilities	**5,041,956.0**	**4,205,175.0**	**836,781.0**	**19.9**

Loans to customers contracted by 6.2%, from €745 million in 2003 to €698.8 million in 2004. The decline mainly regarded loans to large corporate clients, and loans not directly pertinent or functional to the activities of the mutual banks. Bad debts totaled €21.1 million, a decline of 2.9% compared with 2003 (€21.7 million).

BREAKDOWN OF LOANS TO CUSTOMERS	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Current accounts	130,437.0	347,149.0	-216,712.0	-62.4
Mortgages and other loans	453,684.0	364,665.0	89,019.0	24.4
Portfolio discounting	159.0	2,311.0	-2,152.0	-93.1
Repurchase agreements	7,091.0	0.0	7,091.0	
Loans to parent company	75,505.0	0.0	75,505.0	
Third-party funds under administration	7,039.0	7,820.0	-781.0	-10.0
Bad debts	21,087.0	21,708.0	-621.0	-2.9
Loans to Credito Funding (CBO)	3,840.0	1,334.0	2,506.0	187.9
TOTAL	**698,842.0**	**744,987.0**	**-46,145.0**	**-6.2**

The bond portfolio grew by €106.9 million (from €576.7 million to €683.6 million), an increase of 18.5% compared with the previous year. Portfolio equities and units in funds totaled €86.2 million, an increase of €3.6 million (+4.4%). The total included a €57.2 million interest in the closed-end Securfondo real estate fund.
At 31 December 2004, the book value of the Bank's portfolio (bonds and equities), which is entirely classified among "trading securities", totaled €769.8 million, compared with €659.3 million at end-2003.

BREAKDOWN OF SECURITIES	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Treasury securities	170,850	218,240	-47,389	-21.7
Bonds	512,737	358,420	154,317	43.1
Total debt securities	683,587	576,659	106,928	18.5
Equities	86,245	82,597	3,648	4.4
TOTAL SECURITIES	**769,832**	**659,256**	**110,576**	**16.8**
Investment securities	0	0	0	0.0
0Trading securities	769,832	659,256	110,576	16.8

The Bank's securities portfolio does not include an investment component. As regards valuation criteria, with reference to the size of item 60 in the income statement, it has been deemed appropriate to bring forward the valuation of the figures at issue at their weighted average cost rather than the preceding LIFO criterion. This new measurement method added an extra €143,000 to gains from financial operations which, after tax, increased net income by around €88,000.

Writedowns came to €1,883,000 and writebacks to €253,000. Securities in complex portfolios yielded gains of €4,164,000 that were recognized in the income statement in partial coverage of €4,843,000 in capital losses, as indicated in the table for "Other liabilities" in the notes to the financial statements. A further €563,000 in gains at market values were not recognized, in compliance with the valuation criteria provisions stated in Part A - Section 1 of the notes to the financial statements.

Equity investments totaled €3.3 million (€3.2 million in 2003).

For more details, see Part B, section 2 of the notes ("Securities").

Liabilities

Interest-bearing liabilities amounted to €6,250 million, an increase of 16.3%, mainly as a consequence of increased interbank funding.

Interbank deposits totaled €5,395.1 million, a rise of 17.5% compared with 2003. Of the aggregate €802.7 million increase, €388.7 million referred to mutual banks, and €414.0 million to other banks. Mutual bank deposits include €600 million in reserve requirements managed by the Bank on their behalf.

BREAKDOWN OF AMOUNTS DUE TO BANKS	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Mutual banks	4,197,932	3,809,241	388,691	10.2
Other banks	1,197,193	783,197	413,996	52.9
Total	5,395,125	4,592,438	802,687	17.5

Interbank funding was accompanied by a €58.0 million rise in funding from ordinary customers, mainly consisting of current accounts (from €388.9 million in 2003 to €446.9 million in 2004).

Funding through securities increased by €15.2 million (from €392.9 million in 2003 to €408.1 million in 2004). The main components of this aggregate are: outstanding checks (€264.3 million), bonds (€47.9 million) and credit-linked notes (€95.8 million).
No new securities were issued in 2004, while €14 million were redeemed.

At 31 December 2004, excluding net income for the year but including an increased allocation to the provision for general banking risks, shareholders' equity amounted to €299.8 million, up €6 million (2%) compared with €293.8 million at the end of 2003. This increase is the result of a rise in the legal reserve (to which, pursuant to law, three tenths of earnings for 2002 were allocated) and accruals to the general banking risk provision (€2.7 million)

In 2004, the Bank was also active in business areas other than credit intermediation, notably collection and payment services, in addition to management and advisory services for financial products and services.

Information on the activities and results of the main businesses undertaken is provided in the remainder of this report.

The income statement

MAIN AGGREGATES OF THE INCOME STATEMENT	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Interest income	167,113,319	178,886,832	-11,773,513	-6.6
Interest expense	-137,589,811	-146,422,844	8,833,033	-6.0
Net interest income (expense)	29,523,508	32,463,988	-2,940,480	-9.1
Dividends	5,308,415	2,866,401	2,442,014	85.2
Commission income	169,202,701	153,348,633	15,854,068	10.3
Commission expense	-83,437,404	-72,146,576	-11,290,828	15.6
Income on financial transactions net of revaluations/writedowns	13,546,757	17,608,619	-4,061,862	-23.1
Other operating income	7,665,505	5,260,391	2,405,114	45.7
Other operating expenses	-2,471,065	-206,500	-2,264,565	1096.6
Net income from services	109,814,909	106,730,968	3,083,941	2.9
Gross income	139,338,417	139,194,956	143,461	0.1
Operating expenses	-102,846,009	-98,588,846	-4,257,163	4.3
Gross operating income	36,492,408	40,606,110	-4,113,702	-10.1
Amortization/depreciation	-10,617,174	-8,625,178	-1,991,996	23.1
Net operating income	25,875,234	31,980,932	-6,105,698	-19.1
Net income	11,048,810	10,888,705	160,105	1.5

Net interest income

Net interest income at 31 December 2004, which is the sum of money management activities and interest income on hedging derivatives, amounted to €29.5 million, down 9.1% on 2003 (€32.5 million).

As a ratio of total revenues (gross income), the incidence of net interest income fell from 23.3% at end-2003 to 21.2% at end-2004. By contrast, net income from services increased, in keeping with the Bank's core mission of providing services to mutual banks.

Intermediation and other revenues

Revenues from intermediation and other activities (net income on services) at 31 December 2004 amounted to €109.8 million, up 2.9% on the prior year. 78.8% of revenues were generated by net income from intermediation, an increase on the 76.7% registered the previous year.

Commissions

At 31 December 2004, net commissions from services amounted to €85.8 million, an increase of 5.6% compared with 2003 (€81.2 million). Growth was driven principally by net commissions generated by collection and payment activities, mutual bank credit cards and the Interbank network.

BREAKDOWN OF COMMISSIONS	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Collection and payment services	46,724.0	45,415.0	1,309.0	2.9
Management, intermediation and advisory services	13,384.0	13,831.0	-447.0	-3.2
Other services	25,658.0	21,956.0	3,702.0	16.9
Total net commissions	**85,766.0**	**81,202.0**	**4,564.0**	**5.6**

Income and losses on financial transactions

The aggregate, which is the least stable revenue item, dropped 23.1% compared with the preceding year, from €17.6 million to €13.5 million.

Other operating income and expenses

Other operating income and expenses produced a net positive result of €5.2 million, essentially in line with the 2003 figure of €5.1 million.

Gross income

In 2004, the Bank's gross income totaled €139.3 million, virtually unchanged on the preceding year (€139.2 million). This can mainly be ascribed to growth in net income from services, which more than offset the decline in net interest income.

General and administrative expenses

General and administrative expenses rose by 4.3% in 2004. The total, which includes staff costs, administrative expenses, and indirect taxes and duties, came to €102.8 million.

Staff costs

In 2004, staff costs came to €52.5 million, a 1.8% reduction compared with €53.5 million the previous year.

Other administrative expenses

In 2004 other administrative expenses totaled €50.3 million, an increase of 11.5% compared with 2003 (€45.1 million). The increase can mainly be attributed to higher spending on programs, data processing and mutual bank network management.

BREAKDOWN OF OTHER ADMINISTRATIVE EXPENSES	31/12/2004	31/12/2003	TOTAL CHANGE	% CHANGE
Data processing and software maintenance	15,834.0	13,381.0	2,453.0	18.3
Mutual bank network management	5,618.0	4,418.0	1,200.0	27.2
Office expenses	5,950.0	6,001.0	-51.0	-0.8
Promotional expenses, association dues, contributions	1,483.0	1,536.0	-53.0	-3.5
Professional and consulting fees	3,174.0	2,801.0	373.0	13.3
Fees and reimbursement of directors	542.0	448.0	94.0	21.0
Advertising	1,105.0	880.0	225.0	25.6
Outsourcing of EDP services	3,100.0	3,065.0	35.0	1.1
Other outsourcing activities	2,700.0	2,162.0	538.0	24.9
Postal expenses	4,192.0	3,964.0	228.0	5.8
Maintenance of real estate and other property	2,158.0	2,612.0	-454.0	-17.4
Other	882.0	584.0	298.0	51.0
Indirect taxes and duties for the year	3,610.0	3,222.0	388.0	12.0
TOTAL	**50,348.0**	**45,074.0**	**5,274.0**	**11.7**

Amortization and depreciation of intangible and tangible assets

Amortization and depreciation of intangible and tangible assets rose from €8.6 million in 2003 to €10.6 million del 2004, an increase of 23%. The rise was largely associated with changes to procedures to ensure compliance with new regulatory requirements, as well as greater depreciation on real estate following revaluations undertaken pursuant to Law 342/2000.

Net operating income

As a result of the developments described above, net operating income fell by 19.1% to €25.9 million.

Provisions for liabilities and contingencies

Provisions for liabilities and contingencies totaled €0.5 million, compared with €1.2 million in 2003.

Net adjustments to loans and provisions

At 31 December 2004, writedowns of loans amounted to €3.6 million, compared with €8 million in 2003. Writebacks totaled €2 million, less than the €2.5 million recorded the previous year.

Income on ordinary operations

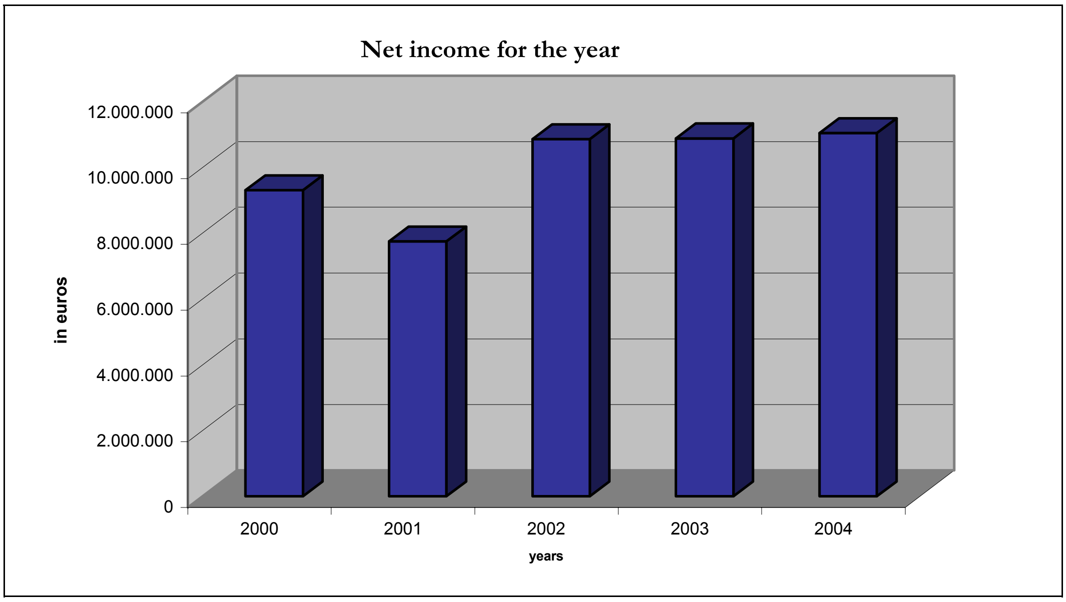
Income on ordinary operations was €23.6 million, compared with €20.3 million in 2003, following a 16.3% rise on the previous year. The growth in this profit aggregate reflects the benefits of actions aimed at increasing overall performance across company units.

Extraordinary income

Extraordinary items in 2004 produced a net expense of €0.8 million, compared with net income of €2.6 million in 2003. The largest extraordinary item was €2.3 million relating to staff reductions under the terms of the 21 February 2002 and 16 June 2003 agreements establishing a "Solidarity Fund".

Net income

Net income in 2004, consisting of both ordinary and extraordinary income net of the change in the provision for general banking risks and direct taxes for the period, amounted to about €11 million, 1.5% higher than for the preceding year.



Other business areas

Below we set out the main measures that the Bank implemented in its areas of business.

Finance

We now move on to the individual sectors of activity.

The 2004-2006 Business Plan confirmed the Finance area's role as that of serving mutual bank operations, with the exclusion of any speculative operations.

The various segments of traditional finance have consistently supplied appropriate support to mutual bank operational requirements, while maintaining the Bank's own risk exposure low. The different areas of operation are described in more detail below.

Treasury and foreign exchange

Funding on mutual banks' running accounts averaged about €3 billion, as was the case in 2003; average volumes of tied funding also remained at 2003 levels of around €1.2 billion.

Funding from banks other than mutual banks amounted to around €380 million, compared with around €580 million in 2003.

The Bank also managed reserve requirements on behalf of 305 mutual banks, which at year-end amounted to over €600 million (a 4.4% increase on the 2003 figure of €526.5 million), for which the Bank provided adequate turnover and management.

The overall result of treasury operations was equal to around €8.5 million.

Foreign exchange transactions generated about €2.1 million. Around 75% of this total is accounted for by risk management operations and trading on the Bank's own behalf.

The Bank's operations with mutual banks have benefited from the new online intranet FX&MM (Forex & Money Market) trading system, which offers a technically more advanced system and closer transaction monitoring.

Managed portfolios

Managed portfolios amounted to about €2.3 billion (€2.1 billion in 2003), a rise of around 9.5% over the year. The number of portfolios managed on behalf of mutual banks rose from 124 in 2003 (as well as four institutional clients) to 134 in 2004 (and four institutional clients). National Pension Fund portfolios under management rose to €752.3 million (up 11.2% compared with 2003), and achieved a gross return of 2.96%, compared with a benchmark figure of 2.9%. Total assets amounted to about €3.1 billion, including those of the Pension Fund and other institutional entities. Net returns came to 2.56%. The maximum loss alert threshold was not breached for any of the mutual banks.
In order to optimize mutual bank securities portfolio management and provide a fully

transparent service, at the end of 2004 a survey and reassessment program was conducted on the outsourced securities management structure in order to assess the feasibility of introducing: two new investment lines (which would raise the overall number of choices from six to eight), and a new method for calculating commissions. The aim would be to introduce a more simplified commission structure than the current one, in order to foster greater clarity, based on a prior calculation of commissions as a percentage of average assets, plus a variable spread depending upon the line chosen. There are also plans to introduce an annual commission ceiling for each line.

Securities portfolio

In the government securities market, the Bank retained its primary dealer status and met the quotation requirements imposed by the management committee in both the cash and repurchase segments.

The desk received orders from about 204 mutual banks in 2004, and carried out over 5,980 operations amounting to around €26.7 billion (11.3% more than in 2003).

As regards the other securities portfolios, about €250 million in securities was managed in respect of various guarantees owed by the Bank, in addition to about €54 million for repurchase operations with the mutual banks.

Customer Desk

As part of its ongoing plan to raise the standards and efficiency of its Eurobond security trading services, since June 2004 all such operations have been carried out in the Rome operations room. By concentrating all these operations at a single desk through the Euromarket Webfin finance portal, the Customer Desk service in this sector of the market has paved the way for a relaunch of this sector. Previous operating standards are maintained with the addition of more staff at the central unit, in order to handle the higher workloads we are seeing in this specific market sector.

Innovative finance

In 2004 the Bank registered significant growth in relations with mutual banks.
With respect to individual market segments, the following points are worthy of note:

- interest rate derivatives were again the most substantial business sector. This is a result of the considerable demand from mutual banks, which use these instruments to manage their assets and liabilities dynamically;
- plain vanilla equity derivatives benefited from a reasonable increase in the nominal values traded and the number of contracts, while the Evolution product built on its good performance last year;
- exotic derivatives performed reasonably well.

Iccrea's business relationship with BCC Vita was further consolidated in 2004. This made it possible to act as an arranger in policy issue and placement through the structuring and trading of all financial instruments required for the insurance product. In 2004 the Bank managed a number of BCC Vita capitalization products for mutual banks, including "*Capitalizzazione più*" and "*Securitas*". "*Capitalizzazione più*" registered particularly impressive growth, rising from a nominal value of €14 million to €147 million.

In compliance with Bank of Italy requirements, specific regulations were drafted for the various phases of the Bank's securitization operations (loans, CBOs, etc.), assigning responsibility to different departments within the Bank. In compliance with the current organizational and functional structure, these regulations assign special responsibility to the "Securitization Office", comprising Innovative Finance Services for CBO securitization and the specific staff unit for loan securitizations within the central Markets and Financial Services department.

Such is the importance of securitization of mutual bank loans that operational processes have been revised in order to cater better to the actual needs of the entities involved (special-purpose vehicles, mutual banks). These new operating methods:

- optimize the transmission of financial flows to the SPVs;
- automate the checking and receipt of flows from mutual banks, allowing the latter to query any potential errors online;
- simplify reconciliation between repayment plans and associated instructions for collection.

Lending

Once again this year, lending operations were characterized by a prudent approach, which also involved diversifying the loan portfolio.

The strategy of winding down relations with major borrowers was continued and at the end of 2004 just 0.9% of all positions regarded exposures of €3 million or more.

The number of ordinary loans at year-end reached 2,256, compared with 2,175 at end-2003; the average loan rose from €128,000 at end-2003 to €190,000 at end-2004.

Overall exposure for loans equal to or exceeding €3 million totaled €242 million, compared with €565 million at end-2003, a 57% reduction. Overall lending fell 26% from €894 million at end-2003 to €659 million at end-2004. At 31 December 2004, in terms of the total loans granted (excluding ceilings), total lending amounted to nearly €4.5 billion, 70% of which was loans to banks (mainly mutual banks) and 30% loans to customers. The latter totaled €1.3 billion: 43% in the form of current accounts, 55% in ordinary loans and 2% in guarantee commitments.

Subsidized lending

In 2004 the Bank continued operating as a "concessionaire bank" for public entities (mainly the Ministry for Productive Activities) in the evaluation and management of applications for grants for investment projects submitted by firms in response to calls issued by the bodies managing the funds made available under various laws.

Initial assessments were carried out on 225 applications submitted in response to the 17th "industry" call for applications, and on 10 applications for the "smaller islands" call for applications. The investment plans associated with these applications envisage a total of around €305 million in expenditure.

Acting on behalf of 180 mutual banks, the Bank formed a temporary business grouping with Artigiancassa, Banca Nazionale del Lavoro, Credito Italiano and the Monte dei Paschi di Siena Group to participate in the invitation for tenders conducted by INAIL (the Italian industrial accidents insurance agency), which was seeking a bank to manage the assessment and disbursement of subsidized loans to SMEs, agricultural enterprises and artisan companies, for which INAIL will provide interest subsidies and capital grants for projects to improve workplace health and safety. The grouping was awarded the engagement.

During the year, agent mutual banks received 1293 loan applications, approving 872 for a total of €80.9 million in grants for interest relief at a rate of 5.9% borne by INAIL.
On 1 February 2004, 1 August 2004 and 1 February 2005, as part of the first call for applications for funds, mutual banks paid out the first, second and third tranches of loans totaling €43.4 million.

On 10 February 2005 the temporary business grouping with BNL (lead company), Artigiancassa and Iccrea Banca won the tender to manage the Guarantee Fund set up by the Campania Regional Government to support local SMEs.

Payment systems

Collection and payment services

The Bank continued to ensure the full compliance of its collection and payments services with the new domestic and international market standards.

The Bank has been rationalizing its domestic operations since 2002 through upgraded IT procedures and in-house organizational optimization. This rationalization has yielded additional productivity gains and a reduction in staff numbers (14% fewer in 2002, 4% fewer in 2003 and 3.5% fewer in 2004), and has optimized the management of a large number of processes.

The approach to check pricing adopted in 2003 remains valid. Unit costs for check processing have been reduced for the banks for which Iccrea acts as a forwarding agent, while charging for ancillary services (unpaid, paid, requests). This approach has been so successful that it is being extended to the Bank's other products in 2005, particularly interbank collection orders.

As part of the standardized interbank collection order procedure, work is under way with the principal mutual banks interested in setting up an ad hoc "Mutual Bank Circuit", which will bring down and, where possible, eliminate interbank commissions on the exchange of RIBA and RID collection orders for circuit members. This arises from an awareness that the number and reach mutual bank agencies have across the nation is a "key resource" if each mutual bank is to exploit fully the commercial opportunities offered by the market. Accordingly, the objective is to set up this circuit in order to remove what the mutual banks themselves considered to be a brake on the marketing of their service among their customers, namely, the interbank transaction costs for beneficiaries. This will enable mutual banks to compete on an equal footing with the large banking groups, and make it easier to acquire a new type of customers that thus far has proven to be elusive.

By leveraging its cash management experience, the Bank has enhanced this type of operation both contractually and operationally: first, through the enactment of codified regulations for such operations and the assignment of responsibilities to the parties involved; second, by guaranteeing execution times through a CICS application.

Applications Center

The Bank's Applications Center has acquired an important role in the National Interbank Network (Rete Nazionale Interbancaria – RNI). The applications available on the RNI met the needs of the mutual banks and local technical units in this period of high flows generated by their branches.
The service has provided reliable and constant support for all the requirements of mutual banks and technical/policy structures. The service was also highly important in assisting with the "Europeanization" of the mutual bank system during 2004.

The chief activities that the Applications Center is in the process of implementing can essentially be divided into two types:

a) Technological - improvements to infrastructure (applications and system software) used for the exchange and control of information flows and messages;
b) Commercial – meetings and correspondence with potential "customers" (banks and financial companies) that need an applications center and/or a channel for operations and accounting or which plan to change their existing systems. Obviously, the Center also continued to provide assistance and support to existing customers.

Apart from interbank activities, point a) above also includes a number of initiatives to improve and expand the Bank's range of options for:

- interconnection between banks and Iccrea, particularly through the dissemination of connections using MQAC, which can now interact with ISIDE, make it possible to cease using the old CDS procedure;
- exchange and settlement with European banks, for which the Bank's membership of the EBA circuit is of prime importance.

As regards initiatives under point b) above, the Bank acquired new customers both in its role as a pure applications center and as an operational/accounting channel.

In terms of volumes, the flow of operations was generally stable with respect to the previous year, with an increase only in the Corporate Banking application as a result of the increasingly wide use of this form of bank/company exchange.

E-bank

The mutual bank credit card brand gained ground in 2004, with a larger number of cards in circulation (from 248,000 the end of 2003 to 321,550 at end-2004), and a wider spread between commission income and expense, which over the same period rose from €6.2 million to €8.7 million.

MUTUAL BANK CREDIT CARDS	2004	2003	2002
Cards issued	591,892	406,712	279,722
Active cards	321,550	248,101	176,059
% active cards	70%	61%	63%

In 2004 the mutual bank credit card family was joined by the new TASCA prepaid card, which was placed by 281 mutual banks.

Also in 2004, the new PagoBancomat issuing and acquiring service (previously undertaken by SSB) became operational. A 27% reduction in prices for mutual banks was followed by an increase in members from 375 to 382.

International

After a specific market survey, the "International Project" has been launched to increase mutual bank penetration of this market. To cater to one of the most pressing needs to emerge from the analysis, training programs have been conducted at mutual banks among foreign desk staff and customer relationship managers (470 employees from 170 different mutual banks).

Migration continued in 2004 towards E-Iccrea, the Bank's new foreign business procedure, guaranteeing continuity in assistance provided to mutual banks. An initial group of foreign banks has been selected after extensive research into the specific banks and nations on which to focus in order to win back export flows settled through letters of credit. Following a survey conducted into "Migrant Banking", all mutual banks now have access to the "Bonifico Friendly" credit transfers procedure for the transfer of remittances to countries of origin. In order to rationalize costs and work practices, documentary credit processing has been transferred from Milan to Rome, without in any way affecting the standards of quality clients expect.

Commercial developments and the distribution network

Commercial operations in 2004 continued to follow the guidelines laid down in the business plan: a focus on rationalization, product portfolio restructuring, and enhancing the effectiveness of commercial processes.
As noted in the 2003 Report, market opportunity monitoring and analysis included a project examining how best to satisfy customer needs and take best advantage of market opportunities, as well as assessing customer satisfaction levels. The survey results indicated that the mutual banks are satisfied with the quality of the services provided and with the competence of the Bank's technical units. They are also satisfied with the support provided by head office, and the assistance they received from the local network. There is, however, room for more dynamic innovation, and a perceived need to bolster the training of mutual bank employees in subsidized and innovative lending, and in foreign operations. Training programs for this purpose were implemented in 2004 and are continuing through 2005.

Organization, information systems and support structures

Numerous organizational initiatives were launched in support of business operations, first and foremost those addressed in specific sections in this Report: the IAS Project to prepare for adoption of international accounting standards, and Basle 2 Project, which is aimed at the definition and implementation of an internal rating system that complies with the provisions of the new Basle Accord. The Bank is also continuing with its projects to redefine its macro-organizational models, re-engineer processes and manage and monitor organizational variables.

Current IT systems projects include major, resource-intensive design and implementation plans for IT solutions to support the above-mentioned processes.

Organization

As part of its pursuit of economic growth, the Bank is updating its processes, structures and conduct in order to ensure compliance with a variety of legislative sources and internal rules.

As part of its plan to adopt a new production and distribution model, the Group has continued to make organizational changes, revise its processes and restructure its head office and network organization.

Lending processes have been revised in order to enhance the quality of the loan portfolio. This has included structural improvements to lending capacities and credit management, as part of the process of complying with new regulatory standards.

Technology infrastructure

Rationalization of the information systems and applications adopted by various company units continues in accordance with the guidelines set out in the business plan for 2004-2006 concerning the development of information and communication technology (ICT). An ad hoc policy group has been established to tackle effectively issues associated with the operational continuity of company processes. This group is responsible for: defining business continuity strategies in accordance with Bank of Italy guidelines; adopting intervention plans and assigning priority levels; monitoring the progress and coordinating reporting to the Board of Directors.

IT intervention plans have been developed for accounting and lending managed by the reference information system, with a focus on enhancing the level of computerization, minimizing operating risks and generating effective information flow support in order to fulfill regulatory and legislative obligations for lending (Basle 2) and accounting (IAS/IFRS).
In order to promote reliable and orderly management of the Bank's software, specific regulations have been introduced assigning responsibility for management of software resources, enabling a systematic survey of all IT procedures in use
Upgrading the information systems will contain service costs, improve service standards and reduce the investments required to develop information system applications and technology.
Work in 2004 on applications that serve market operations focused on institutional pro-

jects and services to mutual banks.

Institutional project developments:
- compliance with IAS accounting standards for procedures in the Securities, Derivatives and Treasury units;
- the establishment and realization of a unified order log for Securities and Derivatives operations;
- participation in EBA Step2 in PFP mode;
- consolidation of Express2 startup (fail management, new reconciliation, etc.).

New services to mutual banks:
- startup of the new Foreign procedure with the activation of new application-to-application operations;
- Development of access systems to Borsa Italiana (new GAM, etc.);
- extension of the GLTRADE financial markets access system and replacement of Easy Trade clients;
- consolidation and extension of insourcing services for mutual banks (Birel2, Express2, Aureo Fund Placement, Foreign);
- Summit project software selection and startup (writing of a front-to-back application for OTC derivatives management);
- replacement of the SIA finance news service with the corresponding Milano Finanza service.

Staff

Human resource management focused on consolidating the Bank's structures, especially as regards the achievement of efficiency goals in the light of the changes made to the organizational structure in the course of the year.
At the end of 2004 the Bank had 742 employees, four more than at 31 December 2003.

BREAK-DOWN OF STAFF BY GRADE (AVERAGE)

	2004	2003	2002	2001	2000
Management	12	13	13	19	20
Supervisors	76	73	74	91	93
Other	649	647	656	666	675
TOTAL	**737**	**733**	**743**	**776**	**788**

BREAK-DOWN OF STAFF BY GRADE (% OF TOTAL, AVERAGE)

	2004	2003	2002	2001	2000
Management	1.6	1.8	1.7	2.4	2.5
Supervisors	10.3	10	10	11.7	11.8
Other	88.1	88.2	88.3	85.9	85.7
TOTAL	**100**	**100**	**100**	**100**	**100**

During the year, 17 employees left the bank (10 in completion of early retirement incentive scheme, 6 resigned, of whom 2 moved to different positions in the Iccrea Group and mutual banks, and 1 was dismissed for exceeding statutory sick leave). Four employees were seconded to other Group companies.

The recruitment strategy focused on the need to introduce new skills and expertise to the

Bank; 29 resources were hired over the year.

In addition to these new positions, which became necessary as a result of reorganization, 79 employees were transferred within the company.

The redundancy program envisaged in the 16 June 2003 Agreement regarded voluntary access to extraordinary benefits under the Solidarity Fund for the Bank's branch staff; a total of four employees have left under these provisions (of which 1 in 2004).

Both classroom and distance learning methods were adopted in training courses during 2004. Distance learning is a fundamental part of our teaching model; some of the main training initiatives were delivered using this channel.

The training program envisaged in the three-year training plan agreed as part of the company agreement on redundancies was completed during the year. A total of 730 employees took part in specialized technical courses and behavioral-organizational training sessions for a total of 32,042 classroom hours.

Grants totaling €607,242 were sought and received from the Solidarity Fund for "absences from work", pursuant to Interministerial Decree 157/2000.

A number of initiatives were undertaken in 2004 to ensure the greatest possible dissemination of information and knowledge sharing between members of staff. Other initiatives promoted employee identification with the Bank. The range of available communication tools is being updated to reflect the Bank's size and the complexities of its structure. The intranet portal continued to be the instrument that staff used most often to find information. It has been enhanced with new information and corporate developments sections.

Qualitative risk information

The Bank considers risk monitoring and control systems as essential preconditions for:

- ensuring reliable and sustainable value generation in a controlled risk environment;
- protecting the Bank's financial soundness and reputation;
- enabling transparent representation of the risks associated with its portfolios.

For a number of years the Bank has been working to bring its methods and operating practice into line with recent regulations on capital requirements for credit and operating risks and to further enhance the effectiveness of the tools already utilized in Bank processes.

Increasingly rigorous and timely risk measurements have been carried out, as required in increasingly complex markets, while monitoring processes have been rendered more effective by fine-tuning delegation of decision-making responsibility and processes.

The establishment of operational ceilings linked to indicators (such as VaR) of the risk implicit in the Bank's range of portfolios is one of the steps that has been taken to ensure that the operational implementation of the strategic and policy guidelines adopted by the Board of Directors is consistent all along the Bank's decision-making chain, right down to individual operating units and desks, is.

Consistency in risk management is ensured through an integrated and methodologically coherent approach to all risk profiles, along with regular monitoring that enables risk owners to proactively manage their own portfolios and, where necessary, take timely corrective actions.

The Bank's risk monitoring and control departments – Risk Management, Lending, Internal Audit and Inspectorate – meet on a regular basis with the staff of the operating units responsible for monitoring risks and ensuring the proper operation of control mechanisms, in compliance with the observance of strict separation criteria.

The Bank's financial situation testifies to the fact that its economic and financial balance and capital adequacy profiles are sound.

Exposure to interest rate risk was monitored with respect to the overall banking book and to specific credit and finance sectors.

The Bank's asset and liability structure remained essentially in line with the previous year's in terms of its capital absorption profile for both credit and market risks.

In terms of its overall objectives, the Bank's lending activity focuses primarily on the mutual banks and their larger customers, and mainly consists of medium/long-term operations.

The relevant decisions are taken at Iccrea headquarters on the basis of decision-making authorizations established by the Board of Directors.

Treasury operations reflect the Bank's typical position as a borrower of mutual bank liquidity and a lender of funds on the interbank deposit market. This generates in significant volumes of short-term interbank flows, mainly denominated in euros. Foreign exchange operations are also carried out with the mutual banks and other leading Italian and foreign banks.

The short-term liquidity position is maintained in compliance with the operational and quantitative criteria introduced during the year as part of the review of internal limits, with the aim of ensuring that liquid assets are kept constantly in line with liabilities falling due.

In treasury operations, credit exposure ceilings are established for each banking counterparty. The ceilings are divided by product type and determined on the basis of formal criteria regarding the creditworthiness and size of the counterparty.

In securities trading, the Bank mainly acts as primary dealer in the government securities market on behalf of the mutual banks. The amount of equities held, all of which are issued by leading companies, is marginal. Counterparties are assessed on the basis of formal criteria regarding creditworthiness, size and type of activity.
The methods used to evaluate credit risk are the same for new loans and position reviews. The only parameters to change are the extent to which these are applied and the degree of analysis to which they are subjected, depending on the type of customer and the amount and type of loan. In examining applicants' creditworthiness, their solvency is evaluated on the basis of their current and prospective capacity to generate income.

The Bank has established the rules and IT structures and procedures described briefly below for the classification and measurement of impaired loans. The criteria for the classification of bad, substandard or restructured loans are drawn from the provisions laid down by the supervisory authorities and translated into sectoral rules with which the loan management structures (the Loan Development and Management Department) and those responsible for controls (the Loan and Credit Limits Department and the Risk Management Department) or oversight tasks (Inspectorate Department) have to comply. Loans are evaluated on an ongoing basis for classification purposes, and regular reports are drawn up to coincide with the half-yearly and annual financial statements. With the help of computerized screening procedures and information from a variety of internal and external sources, the departments involved – acting independently or subject to authorization by senior management – classify loans according to risk category. The control units carry out sample checks throughout the year, with especially extensive controls in June and December.

With a view to a more wide-ranging review of ordinary customer loan monitoring procedures is carried out, taking into account the new regulatory environment new being implemented (Basle 2, Reporting to Central Credit Register, etc.), work continued in 2004 to update the provisions applicable on the basis of the Bank's current organizational and operational structure.

For information regarding the criteria and methodologies used to forecast losses, please refer to the notes to the financial statements.

Controls (Internal Audit and Inspectorate)

As stated in the previous Report, on 1 February 2003 the Bank transferred its internal auditing functions (including control activities pursuant to Consob regulation 11522/98 as amended) to the Internal Audit Unit for Group Companies, a structure that has been set up for this purpose in Iccrea Holding S.p.A.

In carrying out its duties, the Group Internal Auditing management team adopted preliminary analysis methods regarding risks inherent to different sectors, preparing its examination plan on the basis of these assessments and the resulting priorities. This risk-based planning criterion was in any case supplemented to ensure adequate temporal coverage and presence with operating units.

Direct monitoring and control functions to ensure the regular conduct of operations (for example, anti-money-laundering activities, transparency, privacy, etc.) continue to be carried out by the Inspectorate Department. Both structures also provide support to the Board of Auditors in their auditing activities.

Risk management

In 2004 the Bank continued its activities and projects to strengthen its arrangements for identifying, measuring and controlling risk.

The Risk Management unit mainly carries out the following functions:

- ongoing risk monitoring;
- updating methods and instruments to comply with the legal and regulatory requirements of IAS standards and international supervisory guidelines (Basle 2), in addition to pursuing specialized ALM operations and quantitative analysis.

Management reporting has been strengthened for market and credit risks, capital absorption, and the examination of the structure of the assets and liabilities on Iccrea's banking book. Restrictions regarding securities operations are under review, particularly the criteria regarding portfolio composition and taking on issuer risk, in addition to the delegation of lending decision-making powers. Methodological assistance has also been provided regarding the selection and implementation of a new front to back information system especially for financial operations, which has initially been rolled out for derivative contract operations.

In coordination with the parent company and as part of Basle 2-related activities, the Bank is continuing to develop an internal rating system for its counterparties.

An Asset & Liability Management system has been set up as part of efforts to further develop risk/return analysis on the Bank's banking book.

Quantitative analysis is being conducted in order to certify pricing models for unlisted financial instruments in the Bank's portfolio, as well as risk analysis models.

Planning and control activities and management information systems

In 2004 the Planning and Control Department continued to improve the quality and range of data collection. Methodologies for representing management results have been updated to comply with amended legal and regulatory requirements, particularly regarding segment reporting.

An individual product margin budgeting and accounting system is now in place, while a system for measuring contribution margins on an individual customer basis is at an advanced stage of development.

Capital budgeting issues have remained a central focus. When it began implementing the 2002-2004 Business Plan the Bank became aware that it needed to reinforce its investment governance and control mechanisms. As part of its efforts in 2004 to assemble a reference investment management methodological model, investment planning, authorization, activation and monitoring were all integrated into the planning and control cycle, in order to enhance accountability for investment results.

In 2004 the Bank laid the groundwork for the introduction of its dynamic ALM project. Implementation of this tool will make it possible to analyze variations in economic aggregates in response to developments in external variables and Bank actions.

Adopting IAS/IFRS

As discussed in the 2003 Report, Regulation 1606/2002 approved by the European Parliament on 19 July 2002 requires companies listed in EU member states to prepare their consolidated financial statements in conformity with IAS/IFRS international accounting standards from 1 January 2005. The regulation also allows member states to permit or require adoption of these standards in the preparation of the individual financial statements of listed companies, and the individual and consolidated financial statements of unlisted companies.

The standards were recently transposed into national law by the Italian Government with the enactment of a Legislative Decree. In compliance with the mandate received from Parliament, the decree extends the scope of application of IAS to individual financial statements (voluntarily in 2005, compulsorily in 2006) for listed companies, banks and other supervised financial institutions, in addition to the consolidated financial statements of unlisted banks and supervised financial institutions and insurance companies. It is also permissible to apply the new standards to all companies that are required to draw up consolidated financial statements and to the subsidiaries of such companies, listed companies, banks and supervised entities.

The Bank is applying these new international standards at the consolidated level from 1 January 2005, in compliance with the policy of the parent company. On 24 February 2005 the Bank's Board of Directors further passed a resolution authorizing the adoption of the standards for the Bank's individual company accounts starting from the 2006 financial year.

As noted in the 2003 Report, in the run-up to this significant change, working closely with the parent company, the Bank launched an IAS Project to adjust accounting and organizational structures to comply with the new standards. This project falls within the framework of a broader review of the Bank's accounting systems.

The project is divided into separate planning and implementation phases. The planning phase, completed in September 2003, included training internal resources and identifying the main impacts of the new accounting principles on the Bank's information systems and organizational processes. Following this phase, a Master Plan was drawn up incorporating a range of changes to implemented in information systems, organizational and accounting processes, reporting rules and human resources.

Phase 2, which initiated in October 2004, includes a functional analysis of interventions to be adopted for information systems and processes, and will be implemented in compliance with the IFRS start date. All actions are proceeding in accordance with the Master Plan.

Decisions have been taken regarding the accounting system architecture to be used to generate the information flows required for IFRS. Work is now under way on the applications that will be used to handle the new IFRS standards at the Finance and Lending units. Procedural analyses have been formalized for organizational macro-processes, with the involvement of all internal organizational structures.

The main effects of adopting international accounting standards

First-time adoption of international accounting standards from the start of 2005 must take place in accordance with the provisions of IFRS 1, which envisages the retroactive application of these new principles. It is therefore necessary to restate the opening balance sheet figures in compliance with these new standards, and the effects of this restatement must be posted to an equity reserve.

Application of these new accounting standards will have the following main repercussions on the financial statements.

Under IAS, measurement of impaired loans must take into account the length of time required to recover the exposure. This entails calculation of the present value of the forecast recoveries. The methodology for calculating collective writedowns of performing loans is also being changed to comply with IAS and Basle 2.

Under the new standards, financial assets are classified into four different categories: carried at fair value through profit or loss, available for sale, held to maturity, and loans. Financial assets classified in the first two categories must be valued at fair value.

The adoption of IAS affects the recognition and measurement of derivative contracts as well. All derivatives contracts must be entered separately onto the balance sheet, even if they are incorporated in other financial instruments for which fair-value recognition is not required.

IAS also require fair-value measurement of equity interests that do not qualify as investments in subsidiaries, companies under joint control or under significant influence. They also envisage complex criteria for ascertaining the existence of long-term impairments of value regarding equity investments within the scope of consolidation. Moreover, goodwill is no longer amortized: it is now subject to impairment testing on the basis of expected cash flows from the companies or operating units that generate them.

Other information on operations (provided in accordance with art. 3.2 of legislative decree 87/1992)

Shareholders,

Pursuant to Article 3, paragraph 2, of Legislative Decree 87/1992 and the Instructions on the Financial Statements of Credit Institutions issued by the Bank of Italy (section 2, paragraph 6 of circular 166/1992 as amended), we inform you that:

1. The Bank does not invest resources in research and development activities proper;

2. The Bank does not hold and has not purchased or sold its own shares or shares of the parent company, either directly or through a trust company or third party;

3. Pursuant to Legislative Decree 196 of 30 June 2003 governing the protection of personal data, the Security Policy Document has been revised and updated with regard to the minimum security measures adopted for data protection;

4. The Shareholders' Meeting of 29 September 2004 approved the Bank's revised Bylaws in compliance with Legislative Decree 5 of 17 January 2003, Legislative Decree 6 of 17 January 2003, and Legislative Decree 37 of 6 February 2004.

5. The Extraordinary Shareholders' Meeting of 29 September 2004 appointed Reconta – Ernst & Young as independent auditors for the three-year period 2004-2006.

6. On 2 July 2004 the Bank of Italy completed its inspection of the Bank, which was initiated with the measure of 8 March 2004, pursuant to Article 54 of Legislative Decree 385 of 1 September 1993.

7. Full information is provided in a special section of the Bank's notes to the financial statements (Part D: Other information – Section 1) regarding remuneration paid to directors and statutory auditors as of 31 December 2004. At the same date, no creditor or debtor relationships or guarantees and commitments with such persons were outstanding.

Loans and guarantees with Group companies and other investees

Relations with the companies of the Iccrea Holding S.p.A. Banking Group form part of ordinary operations for a multi-purpose group. For banking operations, this includes current accounts, deposit accounts and loans (for banks), or financing of activities undertaken in different sectors (for other companies).
Receivables/payables and guarantees and commitments involving other Group companies at end-2004 are presented in the following schedules.

ASSETS	A. ASSETS	1. LOANS TO BANKS	OF WHICH: - SUB-ORDINATED	2. LOANS TO FINANCIAL INSTITUTIONS	OF WHICH: - SUB-ORDINATED	3. LOANS TO OTHER CUSTOMERS	OF WHICH: - SUB-ORDINATED	4. BONDS AND OTHER DEBT SECURITIES	OF WHICH: - SUB-ORDINATED
TOTAL	**86,736,484**	**9,070**	**0**	**81,621,993**	**0**	**3,505,421**	**0**	**1,600,000**	**0**
iccrea holding	81,480,995			81,480,995					
banca agrileasing	1,609,070	9,070						1,600,000	
immicra	666,547					666,547			
credico finance	3,500			3,500					
aureo gestioni	89,602			89,602					
tk leasing	0								
bcc securis	0								
bcc gestione crediti	29,246			29,246					
bcc capital	18,536			18,536					
bcc servizi innovativi	0								
simcasse	113			113					
bcc private equity	0								
nole'	2,316,167					2,316.167			
bcc web	0								
sef consulting	0								
bcc gestioni immobiliari	417,290					417,290			
bcc vita	105,417					105,417			

LIABILITIES	B. LIABILITIES	1. DUE TO BANKS	2. DUE TO FINANCIAL INSTITUTIONS	3. DUE TO OTHER CUSTOMERS	4. DEBT SECURITIES IN ISSUE
TOTAL	**452,835,091**	**277,411,609**	**69,821,800**	**105,601,683**	**0**
iccrea holding	60,569,799		60,569,799		
banca agrileasing	277,411,609	277,411,609			
immicra	82,849			82,849	
credico finance	6,829		6,829		
aureo gestioni	5,042,304		5,042,304		
tk leasing	3,177,660		3,177,660		
bcc securis	8,926		8,926		
bcc gestione crediti	485,258		485,258		
bcc capital	41,305		41,305		
bcc servizi innovativi	191,392			191,392	
simcasse	434,125		434,125		
bcc private equity	55,593		55,593		
nole'	0				
bcc web	1,331,097			1,331,097	
sef consulting	178,657			178,657	
bcc gestioni immobiliari	0				
bcc vita	103,817,688			103,817,688	

COMMITMENTS	C. GUARANTEES AND COMMITMENTS	1. GUARANTEES ISSUED	2. COMMITMENTS
TOTAL	**253,428,792**	**253,428,792**	**0**
Banca Agrileasing	253,404,253	253,404,253	
BCC Capital	24,540	24,540	

The economic effects of these transactions are settled on an arm's length basis at the market terms applied to prime customers.

COSTS	C. COSTS	1. INTEREST EXPENSE	2. COMMISSION EXPENSE	3. LOSSES ON FINANCIAL TRANSACTIONS	4. ADMINISTRATIVE EXPENSES	5. OPERATING EXPENSES
TOTAL	**11,260,256**	**6,723,582**	**0**	**856,972**	**3,679,702**	**0**
iccrea holding	4,807,243	1,255,140			3,552,103	
banca agrileasing	5,857,561	5,000,589		856,972		
immicra	486	486				
credico finance	782	782				
aureo gestioni	41,067	41,067				
tk leasing	35,636	35,636				
bcc securis	134	134				
bcc gestione crediti	14,685	14,685				
bcc capital	18,999	18,999				
bcc servizi innovativi	129,291	1,946			127,345	
simcasse	11,178	11,178				
bcc private equity	10,399	10,399				
nole'	116	116				
bcc web	22,949	22,949				
sef consulting	5,557	5,304			253	
bcc gestioni immobiliari	5,168	5,168				
bcc vita	299,005	299,005				

REVENUES	E. REVENUES	1. INTEREST INCOME	2. COMMISSION INCOME	3. OPERATING INCOME
TOTAL	**3,178,062**	**592,960**	**1,284,157**	**1,300,945**
iccrea holding	1,586,185	406,574		1,179,611
banca agrileasing	840,620	49,822	743,259	47,538
immicra	42,573	42,381	137	56
credico finance	7,128		7,000	128
aureo gestioni	162,733		111,292	51,441
tk leasing	266			266
bcc securis	7,097		7,000	97
bcc gestione crediti	28,503		22,813	5,690
bcc capital	17,783	7	11,427	6,350
bcc servizi innovativi	124			124
simcasse	274,001		273,575	425
bcc private equity	111			111
nole'	81,687	76,922	4,752	14
bcc web	234			234
sef consulting	159			159
bcc gestioni immobiliari	20		10	9
bcc vita	128,837	17,255	102,891	8,690

The balances of receivables/payables and guarantees and commitments vis-à-vis other significant equity interests at end-2004 are presented in the following schedules.

		TOTAL	PROMINVESTEMENT
a.	**Assets**	**154,880.90**	**154,880.90**
	1. Loans to banks	-	
	Of which: - subordinated	0.00	
	2. Loans to financial institutions	154,880.90	154,880.90
	Of which: - subordinated	0.00	
	3. Loans to other customers	-	
	Of which: - subordinated	0.00	
	4. Bonds and other debt securities	-	
	Of which: - subordinated	0.00	
b.	**Liabilities**	**48,052.56**	**48,052.56**
	1. Due to banks	-	
	2. Due to financial institutions	48,052.56	48,052.56
	3. Due to other customers	-	
	4. Debt securities in issue	0.00	
	5. Subordinated liabilities	0.00	
Cont'd c.			
c.	**Guarantees and commitments**	**-**	**0.00**
	1. Guarantees issued	-	
	2. Commitments	0.00	
d.	**Costs**	**249.69**	**249.69**
	1. Interest expense	249.69	249.69
	2. Commission expense	0.00	
	3. Losses on financial transactions	0.00	
	4. Administrative expenses	-	-
	5. Operating expenses	0.00	
e.	**Revenues**	**238.95**	**238.95**
	1. Interest income	-	-
	2. Commission income	225.00	225.00
	3. Operating income	13.95	13.95

A full list of Group companies and other significant equity investments is given in the notes to the financial statements.

Significant post-period events and the outlook

In accordance with the provisions of Article 3, paragraph 2, of Legislative Decree 87/1992, we inform you that no significant events affecting the position as reported in the financial statements occurred after the close of the financial year.

On 11 March 2005, as extraordinary maintenance was being carried out on software, a batch of previously processed messages was erroneously sent out over SWIFT.

Recovery actions were launched immediately, and further line controls and monitoring systems were put into place in order to prevent such occurrences in future.

For the purpose of providing sufficient information about accounting entries, with regard to size, it should be noted that the counterparties involved have not thus far objected to accepting adjustment entries. As correction requests are still pending, the Bank has prudently recognized a provision of €150,000 in the 2004 financial statements for small transfers, which would appear to be sufficient to cover any unrecovered sums.

Outlook

The outlook for the Bank in the current market context is affected by the ongoing climate of economic uncertainty.

Unlike in 2004, which had been perceived as the year when the world economy would experience a turnaround, the prospects for the current year are for consolidated trends to continue. The factors that will affect the economic environment in 2005 have, albeit to differing degrees, all been in place for some time: US rate normalization, a weak dollar, relocation of production, and volatile raw material prices. Taken together, these factors are expected to lead to a slowdown in world growth compared with 2004, accompanied by relatively limited inflationary pressures.

Within the European Union, it is expected that in 2005 growth rates will remain relatively low, as was the case in 2004, though internal demand is expected to be more lively. Conversely, inflation is forecast to start falling early in the year.
Such a scenario may be affected if the euro remains strong. The erosion of competitiveness might prevent the European economy from taking full advantage of growing world demand, which is expected to continue apace in 2005.

If it is to better its modest 2004 performance, Italy would have to achieve constant growth. This may not be taken for granted in 2005, particularly as the industrial system continues to consolidate.

In the banking system, average loan growth in 2005 is expected to improve on 2004 levels. Loan demand continues to be driven by the increasing propensity of households to borrow, and by corporate intentions to stabilize liabilities through long-term bank borrowing. In view of moderate expectations of rate rises, it is expected that the preference for liquidity will remain high, though financial portfolios will gradually strengthen, and higher risk/return instruments will attract more funding.

These developments should have a positive impact on Italian banking's ordinary operations, which are forecast to grow compared with 2004. On the revenue side, net interest income is expected to pick up as lending continue to accelerate. At the same time, revenues from services should keep pace with 2004 trends, as growth in asset management remains contained both in terms of overall assets and margins, which are expected to grow only slightly in view of investors' continuing aversion to risk.

Operating costs are expected to trend downwards, thanks to policies to enhance operating efficiency that will continue throughout 2005. Provisioning policy is expected to remain prudent, particularly regarding loan evaluation in an economic climate that remains fragile. Following the decline that took place in 2004, there seems to be little scope for further reductions in system-wide writedowns, though their growth should be moderated by the banks' careful attention to containing risks.

The Bank confirms its goals for the current year: to improve significantly the service it supplies mutual banks, in part through the implementation of a production and distribution model that is more closely tailored to this role, adjusting as appropriate tools, professional skills, resources and capital. In line with the strategic guidelines laid down by the parent company, the 2004-2006 Business Plan confirms the Bank's mission to serve as a system interface for mutual banks in their payment system operations, capital market activity, liability financing and outsourced securities management services.

Shareholders,

The Bank's achievements are all the more significant as they have been accomplished in a macroeconomic climate that, far from improving, remained extremely weak and uncertain in 2004. This was especially true in Italy, where the pressure of competition increased and actual GDP growth was only half the level of the already modest forecast at the start of the year (1.2% compared with 2.3%). Customer confidence in the finance and banking industry is still recovering after the recent defaults by a number of major industrial companies and a foreign country.

As regards remedying the weaknesses of the economic system, the Bank has been working with mutual banks to provide active support to local economies, especially small and medium-sized enterprises. The latter have demonstrated a strong desire to grow and have drafted credible repositioning and relaunch plans, backed up by the necessary investments and a strong commitment from shareholders and management.

Whereas the Bank's previous business plan focused on reorganization and restructuring, the 2004-2006 Business Plan concentrates on initiatives to consolidate "platforms for growth". This has resulted in heightened commercial effectiveness and operational efficiency, above all through product innovation and organizational structure enhancements to cater as closely as possible to customer needs.

The year that has ended can be considered a transition between a period of reconstruction and a period of expansion; 2005 is expected to mark an acceleration in growth.

We are committed to achieving the objectives and targets we have set ourselves, and are fully aware of our responsibility in playing a key role in the growth of a system of banks that are vitally important to development in Italy.

Shareholders,

In conclusion, the Board wishes once again to express its gratitude to you for the keen interest you have taken in the activities of the directors and management.

We would like to take this opportunity to thank the mutual banks for their confidence in us and their continued custom.

We offer our sincere thanks to our management and staff for their work, commitment and efforts during this transitional period.

We should also like to express our thanks and appreciation to the trade unions representing our staff, for their responsible attitude and constructive spirit during this delicate stage in the company's life.
As ever, we acknowledge the commendable commitment and professionalism demonstrated by the Board of Auditors in a spirit of teamwork that goes beyond the call of their institutional duty.
We should also like to express our gratitude and appreciation to the Bank of Italy, CONSOB and the rating agencies for the close attention with which they have always followed the work of the Bank and for their accessibility and cooperation.

And, finally, we wish to thank all the central and local representatives of the mutual banking sector, especially Iccrea Holding and Federcasse, for their great skill and spirit of mutual cooperation in carrying out our business.

Proposed distribution of net income for the year

Shareholders,

We invite you to approve the financial statements, accompanied by the report on operations, for the financial year ending 31 December 2004, which have been audited by Reconta Ernst & Young S.p.A. We also propose that the net income for the year, totaling €11,048,810, be allocated as follows:

to the legal reserve and the reserve provided for in the bylaws	€	3,420,000
as dividends in the amount of €18.07 per share	€	7,589,400
at the disposal of the Board of Directors	€	39,410

Rome, 24 March 2005

THE BOARD OF DIRECTORS

Balance sheet and income statement

BALANCE SHEET	AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
ASSETS				
10 Cash and balances with central banks and post offices		25,125,540		31.886.898
20 Treasury securities and other securities eligible		170,850,103		218.239.583
for refinancing with central banks				
30 Loans to banks		5,041,955,888		4.205.175.328
a) repayable on demand	319,994,962		247,203,384	
b) other	4,721,960,926		3,957,971,944	
40 Loans to customers		698,842,016		744.986.545
of which:				
loans financed with third-party funds under administration	7,038,787		7,819,645	
50 Bonds and other debt securities		512,736,936		358.419.884
a) public issuers	270,673,410		267,305,674	
b) banks	66,834,668		31,103,970	
of which: own securities	354,843		84,204	
c) financial institutions	174,927,592		30,207,691	
d) other issuers	301,266		29,802,549	
60 Shares and other equities		86,244,965		82.596.561
70 Equity investments		2,684,132		2.710.256
80 Equity investments in Group companies		617,067		510.000
90 Intangible assets		4,235,981		5.194.915
100 Tangible assets		104,058,777		108.719.295
130 Other assets		143,132,979		167.052.047
140 Accrued income and prepaid expenses		97,646,492		68.736.749
a) accrued income	56,222,392		29,616,063	
b) prepaid expenses	41,424,100		39,120,686	
of which:				
discount on issue of securities	4,556,082		5,896,175	
TOTAL ASSETS		**6,888,130,876**		**5,994,228,061**

BALANCE SHEET		AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
LIABILITIES					
10	Due to banks		5,395,125,217		4.592.437.678
	a) repayable on demand	3,066,113,913		3,143,601,298	
	b) term or notice	2,329,011,304		1,448,836,380	
20	Due to customers		446,856,139		388.864.323
	a) repayable on demand	383,990,847		309,495,378	
	b) term or notice	62,865,292		79,368,945	
30	Debt securities in issue		408,057,181		392.861.595
	a) bonds	47,900,000		50,915,493	
	c) other	360,157,181		341,946,102	
40	Third-party funds under administration		7,038,787		7.819.645
50	Other liabilities		244,310,669		206.793.026
60	Accrued expenses and deferred income		33,939,957		43.597.893
	a) accrued expenses	13,907,614		11,761,610	
	b) deferred income	20,032,343		31,836,283	
70	Staff severance pay provision		18,739,649		17.770.980
80	Provisions for liabilities and contingencies		18,424,401		34.364.866
	b) provision for taxes and duties	9,009,691		24,805,165	
	c) other	9,414,710		9,559,701	
90	Loan-loss provision		4,780,716		5.000.000
100	Provision for general banking risks		13,350,000		10.650.000
120	Share capital		216,913,200		216.913.200
140	Reserves		21,680,500		18.400.500
	a) legal reserve	21,388,509		18,121,897	
	c) reserves provided for in bylaws	205,191		191,803	
	d) other	86,800		86,800	
150	Revaluation reserve		47,865,650		47.865.650
170	Income (loss) for the period		11,048,810		10.888.705
TOTAL LIABILITIES AND EQUITY			**6,888,130,876**		**5,994,228,061**

GUARANTEES AND COMMITMENTS	AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
10 Guarantees issued		342,647,473		259,415,712
of which:				
- acceptances	10,827,474		7,630,332	
- other	331,819,999		251,785,380	
20 Commitments		701,567,572		692,200,872
30 Credit derivatives		126,010,000		105,250,000

INCOME STATEMENT		AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
10	Interest income and similar revenues		167,113,319		178,886,832
	of which:				
	- on loans to customers	23,022,882		28,343,469	
	- on debt securities	21,107,571		14,419,775	
20	Interest expense and similar charges		137,589,811		146,422,844
	of which:				
	- on amounts due to customers	7,394,336		8,420,461	
	- on debt securities	3,726,051		3,398,875	
30	Dividends and other income		5,308,415		2,866,401
	a) on shares and other equity securities	5,119,933		2,621,561	
	b) on equity investments	188,482		244,840	
40	Commission income		169,202,701		153,348,633
50	Commission expense		83,437,404		72,146,576
60	Income (loss) on financial transactions		13,546,757		17,608,619
70	Other operating income		7,665,505		5,260,391
80	General and administrative expenses:		102,846,009		98,588,846
	a) staff costs	52,497,885		53,513,961	
	of which:				
	- wages and salaries	34,296,607		33,978,542	
	- social security contributions	9,705,260		9,719,262	
	- staff severance pay	2,890,936		2,930,768	
	- pensions and similar charges	1,298,647		1,299,526	
	b) other administrative expenses	50,348,124		45,074,885	
90	Amortization and depreciation of intangible and tangible assets		10,617,174		8,625,178
100	Provision for liabilities and contingencies		529,635		1,198,919
110	Other operating costs		2,471,065		206,500
120	Writedowns of loans and provisions for guarantees and commitments		3,611,327		8,007,904
130	Writebacks of loans and provisions for guarantees and commitments		1,951,377		2,526,348
140	Allocation to loan-loss provision		0		5,000,000
150	Writedowns of financial assets		79,921		0
170	**Income (loss) on ordinary operations**		**23,605,728**		**20,300,457**

INCOME STATEMENT		AT 31 DECEMBER 2004	AT 31 DECEMBER 2003
180	Extraordinary income	2,799,335	10,004,854
190	Extraordinary expense	3,556,253	7,366,606
200	**Income (loss) on extraordinary items**	**-756,918**	**2,638,248**
210	Change in provision for general banking risks	2,700,000	250,000
220	Income taxes for the year	9,100,000	11,800,000
230	**Income (loss) for the period**	**11,048,810**	**10,888,705**

Structure and content of the financial statements

The Bank has prepared its financial statements, consisting of the balance sheet, income statement and notes to the financial statements, accompanied by the Directors' report on operations, pursuant to articles 2 and 24 of Legislative Decree 87/1992.

The notes to the financial statements provide a description and analysis of the financial data and present the information specifically required by Legislative Decree 87/1992, the Bank of Italy measure of 30 July 2002 and other laws. They also contain all the supplementary information considered necessary to provide a true and fair view of the Bank's financial position and operating results, even where not specifically required by law. The following schedules are therefore attached to the notes:

Statement of changes in shareholders' equity;
Statement of cash flows;
Schedule of revaluations;
Statement of the Central Guarantee Fund;
List of equity investments
Financial statements of Bcc Securis S.r.l.
Financial statements of Credico Finance S.r.l.

The financial statements are audited by Reconta Ernst Young S.p.A. in accordance with the shareholders' resolution of 29 September 2002, which engaged the auditors on a voluntary basis.

The financial statements have been drawn up in accordance with current legislation and reference has been made to accounting principles generally accepted in Italy.

The figures in the notes to the financial statements are stated in thousands of euros.

The most significant accounting policies adopted in preparing the financial statements are described below. They have been agreed with the Board of Statutory Auditors where required by law and are the same as those used in previous years.

Notes to the financial statements

Part A: Significant accounting policies

SECTION 1: DESCRIPTION OF ACCOUNTING POLICIES

1. Loans, guarantees and commitments

Loans to banks

Loans to banks are reported at their estimated realizable value, which normally coincides with the nominal value increased by accrued interest at year-end and net of repayments.

Loans to customers

Transactions settled on current account facilities are recorded at the moment of execution; other transactions (portfolio discounting, foreign transactions, securities, etc.) are recorded at the time of settlement.

The value of loans stated in the balance sheet, including accrued contractual and default interest, represents their estimated realizable value. The figure is obtained by deducting writedowns (specific and general) of principal and interest from the total amount disbursed, net of repayments.

The original value of loans is reinstated in subsequent years if the reasons for the writedowns cease to obtain.

Expected losses are calculated using analytical and statistical methods, the latter being used for bad debts in respect of personal loans and for calculating normal risk.
The analytical method (used with bad debts, substandard loans and restructured loans) is based on standard criteria approved by the Board of Directors that envisage the prudent valuation of any guarantees and/or ability to repay the loan.
For bad debts in respect of personal loans, the statistical method is based on stratification by age category, with the measurement of collections and losses on closed transactions. The results are then processed to produce a percentage of expected loss, which is applied to the entire stock outstanding.
Other loans are written down on a general basis using statistical techniques that use the values for impairment rates (impaired loans as a percentage of total loans) and the percentage of non-recoverability (percentage of expected losses on impaired loans over time). The results contribute to prudently determining the percentage of provisions required.

Other loans

Other loans are reported at nominal value, increased by any interest accrued at year-end. This represents their estimated realizable value.

Loans financed with third-party funds under administration

Loans with third-party funds under administration include loans financed with funds provided by central government or other government bodies. Remuneration is effected in the form of a lump-sum fee. They are posted in the balance sheet under both asset and liabilities, in that they generate credit risk for the Bank.

The corresponding item under liabilities represents the Bank's debt in respect of the funds received.

Guarantees and commitments

Guarantees issued are stated at the total amount of the commitment.

Any estimated risks associated with guarantees are reflected in the provisions for liabilities and contingencies with appropriate charges.

Securities to be received are stated at the forward price indicated in the contract.
Commitments to disburse funds to counterparties and customers are reported at the amount to be settled.

2. Securities and off-balance-sheet transactions (excluding foreign exchange transactions)

2.1 Investment securities

Securities held as stable long-term investments are carried at historical cost adjusted for accrued issue and trading discounts. Such securities are written down in the event of a lasting deterioration in the solvency of the issuer. The original value is reinstated should the reasons for the writedowns cease to obtain. The difference between purchase price, calculated as indicated previously, and the redemption value of debt securities adjusts the interest earned on the securities on an accruals basis.

2.2 Trading securities

Securities that are not held as non-current financial assets, which are not included in complex portfolios, are carried at the lower of cost, calculated as the weighted average daily cost and adjusted to account for accrued issue discounts, and market price, determined as:

- the arithmetic mean of December prices for securities listed on regulated or organized markets in Italy or abroad;

- for unlisted securities, the price resulting from a comparison with the nominal value of securities with similar characteristics listed on regulated markets in Italy or abroad or, where not available, on the basis of other objectively identifiable elements.

The original value is reinstated in subsequent years if the reasons for any writedowns cease to obtain.

Repurchase agreements that oblige the buyer to resell the securities forward are treated as contangos. Accordingly, the amounts received and paid are posted as payables and receivables. The cost of funding and income from loans, comprising coupon payments and accrued issue discounts and the differential between the spot and forward prices of the securities are reported on an accruals basis under interest.

Off-balance-sheet transactions excluding foreign exchange transactions

Off-balance-sheet transactions include unsettled securities purchase and sale transactions and derivatives on securities and interest rates.

Securities transactions unsettled at year-end are stated as follows:

- for commitments to purchase, at the lower of the settlement price and the year-end market price;
- for commitments to sell, at the lower of the settlement price and book value.

Derivative contracts are valued in accordance with the purpose for which they were entered into. In particular:

- economically linked transactions entered into for hedging purposes are valued on a basis consistent with the hedged assets and liabilities.
- economically linked transactions incorporated in complex financial portfolios made up of securities, other financial instruments and derivatives are valued at the lower of cost and market price, recognizing capital gains only up to the amount of recognized capital losses ;
- trading contracts on the Bank's own behalf are valued at the lower of purchase cost and the corresponding market value. Any negative differences are recognized under "Income (loss) on financial transactions".

Commissions in respect of trading contracts on behalf of customers are recognized in the financial year in which the contracts were made.

Premiums paid and received in the purchase and writing of options are capitalized under caption 130 of assets (other assets) and 50 of liabilities (other liabilities).

Premiums in respect of options exercised by the expiry date increase or decrease, depending on the case, the price of the underlying assets (if the option contract provides for the exchange of principal) or the difference received or paid (if the option does not involve the exchange of principal).

Premiums in respect of options unexercised at the expiry date are recognized in the income statement under caption 60 (Income (loss) on financial transactions) or under items 70 or 110 (other operating income - other operating costs), depending on whether the options form part of trading activity or not. Profits and losses on options trading are also posted under caption 60.

3. Equity investments

Equity investments are valued at cost. The value is written down for lasting impairment where the investee company has suffered losses that are not expected to be offset by profits in the immediate future. The original value is reinstated in subsequent years if the reasons for the writedown cease to obtain.

Dividends and any related tax credit are recorded in the year in which they are approved, which normally coincides with the year in which they are paid.

4. Assets and liabilities denominated in foreign currencies (including off-balance-sheet transactions)

Assets and liabilities denominated in or indexed to foreign currencies are stated at year-end spot rates.

Off-balance-sheet transactions in foreign currencies consisting of unsettled sale or purchase contracts or forward hedging contracts are valued at year-end spot rates.

Foreign currency derivatives are valued at the year-end forward exchange rate applicable to maturities corresponding to those of the transactions involved.

The economic effects of the valuations are recognized in the income statement with a contra-item under other assets and liabilities in the case of off-balance-sheet transactions.

The difference between exchange rate at the date of the transaction and the contractual forward rate is charged to the income statement on an accruals basis in line with the recording of interest on the hedged assets or liabilities.
Costs and revenues denominated in foreign currencies are translated at the exchange rate on the recording date.

5. Tangible assets

Tangible assets are carried at cost including incidental expenses; the carrying value includes revaluations carried out in compliance with law and is stated net of accumulated depreciation.

Tangible assets are depreciated on a straight-line basis applying ordinary rates of depreciation determined in relation to the estimated useful lives of the assets. The rates correspond to the maximum rates allowed under tax regulations. In the event of a permanent impairment of value, regardless of accumulated depreciation, the asset is written down accordingly. The original value is reinstated in subsequent years if the reasons for the writedown cease to obtain.

Improvement costs are capitalized and allocated to the related asset. They are then depreciated on the basis of the remaining useful life of the asset.

6. Intangible assets

These are carried at cost including incidental expenses and net of accumulated amortization, which is calculated on a straight-line basis over the estimated useful life of the assets and in any case over no more than five years.

Start-up and expansion costs, purchased goodwill and other deferred costs are carried under assets with the consent of the Board of Auditors. Such costs are amortized over a maximum period of five years.

7. Other items

Accruals and deferrals

Accruals and deferrals include the accrued share of revenues and expenses covering two or more accounting periods.

Staff severance pay

The staff severance pay provision covers the entire liability accrued in respect of severance pay entitlements in accordance with the applicable legislation and collective and company-level labor contracts.

Provision for liabilities and contingencies

The tax provision covers accrued income and indirect taxes, allocated on the basis of the estimated tax liability as calculated in accordance with tax regulations.

Following the tax reform introduced with Legislative Decree 344/2003, the Bank elected to participate as from the 2004 financial year in the national consolidated taxation mechanism, entering into a specific agreement with the parent company, Iccrea Holding S.p.A.. Under the mechanism, the Bank transfers its taxable income and tax credits to the parent company. The parent then discharges the tax liability in respect of corporate income tax (IRES) for all participating companies. All the financial assets and liabilities transferred to the parent company are posted here under “Other assets” and “Other liabilities”. “Other assets” contains advances paid, tax withheld and tax credits due for 2004; “Other liabilities” includes the overall IRES liability.

Deferred tax is calculated on the basis of the tax effect of temporary differences between the amount of an income component recognized under statutory provisions and that recognized for tax purposes, or when expenses (revenues) can be deducted (taxed) in a different year from that in which they are charged to the income statement.

To this end, "taxable temporary differences" are those that in future periods will give rise to taxable amounts (for example, deferred capital gains) and "deductible temporary differences" are those that in future periods will give rise deductible amounts (for example, writedowns of payables in excess of 0.6% of their value).
Deferred tax assets are reported if it is reasonably certain that they will be recovered, while deferred tax liabilities are reported on an accruals basis.

The provision for personnel costs includes accrued liabilities in respect of staff, such as bonuses, unused holiday entitlement and contract renewals.

Other provisions for liabilities and contingencies include the theoretical net worth of the Central Guarantee Fund.

Other provisions are made to cover risks associated with guarantees issued and other commitments as well as liabilities that are likely or certain to be incurred but uncertain as to amount or the date on which they will arise. The provisions made to cover such liabilities reflect the best possible estimate based on the information available.

Loan-loss provision

The provision covers possible credit risks only and does not adjust the value of loans.

Provision for general banking risks

This provision covers general business risks and therefore forms part of shareholders' equity. The net change over the year is charged to the income statement.

SECTION 2: WRITEDOWNS AND PROVISIONS EFFECTED SOLELY FOR TAX PURPOSES

Article 7, paragraph 1, letters b) and c) of Legislative Decree 37 of 6 February 2004, in repealing Article 15, paragraph 33, and Article 39, paragraph 2, of Legislative Decree 87/1992, eliminated the possibility of recognizing writedowns and provisions solely for tax purposes as from this year.

In previous years the Bank did not recognize such writedowns or provisions and as a result there are no tax distortions to be eliminated.

Part B: Information on the balance sheet

SECTION 1: LOANS

Cash and balances with central banks and post offices "Caption 10"

	31/12/04	31/12/03
The item shows a balance of :	**25,126**	**31,887**
and includes:		
- Notes and coin	24,905	31,887
- Balances at post offices	221	0

The item includes €19,618 thousand in "Notes and coins" with third parties.

1.1 Breakdown of caption 30 "Loans to banks"

	31/12/04	31/12/03
The item shows a balance of:	**5,041,956**	**4,205,175**
And includes:		
a) claims on central banks (1)	138,830	273,861
b) bills eligible for refinancing with central banks	0	0
c) repurchase agreements	123,277	98,924
d) securities lending	0	0

(1) This is the reserve requirement of the Bank and that managed on behalf of mutual banks/rural and artisans' banks (BCCs and CRAs) as at 31 December 2004.

The following table details transactions with BCCs/CRAs and other banks:

	31/12/04	31/12/03
- repurchase agreements:	**123,277**	**98,924**
- BCCs and CRAs,	0	32,287
- Other banks	123,277	66,637
- other loans:	**4,918,679**	**4,106,251**
- deposits	**4,002,727**	**3,125,990**
- BCCs and CRAs,	0	623
- Other banks	4,002,727	3,125,367
- current accounts	**318,946**	**225,212**
- BCCs and CRAs,	133,969	105,879
- Other banks	184,977	119,333
- other	**597,006**	**755,049**
- BCCs and CRAs,	596,356	753,399
- Other banks	650	1,650
Total BCCs and CRAs,	**730,325**	**892,188**
Total Other banks	**4,311,631**	**3,312,987**
Total	**5,041,956**	**4,205,175**

Other loans to BCCs are mainly foreign currency loans

1. 2 Status of loans to banks

	Gross exposure	Total writedowns	Net exposure
A. Impaired loans	**0**	**0**	**0**
A.1. Bad debts	0	0	0
A.2. Substandard loans	0	0	0
A.3. Loans being restructured	0	0	0
A.4. Restructured loans	0	0	0
A.5. Unsecured loans to countries at risk	0	0	0
B. Performing loans	**5,041,956**	**0**	**5,041,956**
Total	**5,041,956**	**0**	**5,041,956**

1.3 Changes in impaired loans to banks

	Bad debts	Substandard loans	Loans being restructured	Restructured loans	Unsecured loans to countries at risk
A. Opening gross exposure	**615**	**0**	**0**	**0**	**0**
A.1. of which: default interest	0	0	0	0	0
B. Increases:	**0**	**0**	**0**	**0**	**0**
B.1. from performing loans	0	0	0	0	0
B.2. default interest	0	0	0	0	0
B.3. transfers from other categories of impaired loans	0	0	0	0	0
B.4. other increases	0	0	0	0	0
C. Decreases:	**615**	**0**	**0**	**0**	**0**
C.1. to performing loans	0	0	0	0	0
C.2. cancellations	0	0	0	0	0
C.3. collections	0	0	0	0	0
C.4. assignments	0	0	0	0	0
C.5. transfers to other categories of of impaired loans	0	0	0	0	0
C.6. other decreases	615	0	0	0	0
D. Closing gross exposure	**0**	**0**	**0**	**0**	**0**
D.1. of which: default interest	0	0	0	0	0

1.4 Changes in total adjustments of loans to banks

	Bad debts	Substandard loans	Loans being restructured	Restructured loans	Unsecured loans to countries at risk	Performing loans
A. Total opening adjustments	**0**	**0**	**0**	**0**	**0**	**0**
A.1. of which: default interest	0	0	0	0	0	0
B. Increases:	**0**	**0**	**0**	**0**	**0**	**0**
B.1. writedowns	0	0	0	0	0	0
B.1.1. of which: default interest	0	0	0	0	0	0
B.2. utilization of loan-loss provision	0	0	0	0	0	0
B.3. transfers from other categories of loans	0	0	0	0	0	0
B.4. other increases	0	0	0	0	0	0
C. Decreases:	**0**	**0**	**0**	**0**	**0**	**0**
C.1. writebacks from valuations	0	0	0	0	0	0
C.1.1. of which: default interest	0	0	0	0	0	0
C.2. writebacks from collections	0	0	0	0	0	0
C.2.1. of which: default interest	0	0	0	0	0	0
C.3. cancellations	0	0	0	0	0	0
C.4. transfers to other categories of of impaired loans	0	0	0	0	0	0
C.5. other decreases	0	0	0	0	0	0
D. Total closing adjustments	**0**	**0**	**0**	**0**	**0**	**0**
D.1. of which: default interest	0	0	0	0	0	0

1.5 Breakdown of caption 40 "Loans to customers"

	31/12/04	31/12/03
The item shows a balance of:	**698,842**	**744,987**
and includes:		
a) bills eligible for refinancing with central banks	0	0
b) repurchase agreements	7,091	0
c) securities lending	0	0

	31/12/04	31/12/03
Current accounts	130,437	347,149
Loans and other financing	453,684	364,665
Receivables due from parent company	75,505	0
Portfolio discounting	159	2,311
Third-party funds under administration	7,039	7,820
Bad debts	21,087	21,708
Receivables in respect of CBOs	3,840	1,334
Repurchase agreements	7,091	0
Total	**698,842**	**744,987**

1.6 Loans to customers secured by

	31/12/04	31/12/03
a) mortgages	**421,693**	**304,047**
b) collateral:	**6,019**	**3,414**
1. cash	0	0
2. securities	5,872	3,120
3. other assets	147	294
c) guarantees issued by:	**34,684**	**24,752**
1. governments	0	0
b) other public entities	747	0
3. banks	23,408	0
4. other	10,529	24,752
Total	**462,396**	**332,213**

For partly secured loans, only the secured portion is included.

1.7 Status of loans to customers

	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE
A. Impaired loans	**43,894**	**13,485**	**30,409**
A.1. Bad debts	32,791	11,704	21,087
A.2. Substandard loans	8,354	1,245	7,109
A.3. Loans being restructured	0	0	0
A.4. Restructured loans	2,749	536	2,213
A.5. Unsecured loans to countries at risk	0	0	0
B. Performing loans	**671,366**	**2,933**	**668,433**
Total	**715,260**	**16,418**	**698,842**

1.8 Changes in impaired loans to customers

	BAD DEBTS	SUBSTANDARD LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED LOANS TO COUNTRIES AT RISK
A. Opening gross exposure	**31,557**	**8,025**	**0**	**373**	**0**
A.1. of which: default interest	9,287	190	0	0	0
B. Increases:	**4,111**	**4,507**	**0**	**2,388**	**0**
B.1. from performing loans	157	4,150	0	2,381	0
B.2. default interest	548	0	0	0	0
B.3. transfers from other categories of impaired loans	2,744	0	0	0	0
B.4. other increases	662	357	0	7	0
C. Decreases:	**2,877**	**4,178**	**0**	**12**	**0**
C.1. to performing loans	0	724	0	0	0
C.2. cancellations	395	7	0	0	0
C.3. collections	2,482	703	0	12	0
C.4. assignments	0	0	0	0	0
C.5. transfers to other categories of of impaired loans	0	2,744	0	0	0
C.6. other decreases	0	0	0	0	0
D. Closing gross exposure	**32,791**	**8,354**	**0**	**2,749**	**0**
D.1. of which: default interest	8,884	312	0	0	0

1.9 Changes in total adjustments of loans to customers

	BAD DEBTS	SUBSTANDARD LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED LOANS TO COUNTRIES AT RISK	PERFORMING LOANS
A. Total opening adjustments	**9,849**	**1,216**	**0**	**142**	**0**	**2,798**
A.1. of which: default interest	6,824	111	0	0	0	0
B. Increases:	**3,589**	**1,155**	**0**	**394**	**0**	**500**
B.1. writedowns	2,283	1,148	0	29	0	500
B.1.1. of which: default interest	381	105	0	0	0	0
B.2. utilization of loan-loss provision	212	7	0	0	0	0
B.3. transfers from other categories of loans	1,094	0	0	365	0	0
B.4. other increases		0	0	0	0	0
C. Decreases:	**1,734**	**1,126**	**0**	**0**	**0**	**365**
C.1. writebacks from valuations	557	25	0	0	0	0
C.1.1. of which: default interest	373	2	0	0	0	0
C.2. writebacks from collections	782	0	0	0	0	0
C.2.1. of which: default interest	556	0	0	0	0	0
C.3. cancellations	395	7	0	0	0	0
C.4. transfers to other categories of of impaired loans	0	1,094	0	0	0	365
C.5. other decreases	0	0	0	0	0	0
D. Total closing adjustments	**11,704**	**1,245**	**0**	**536**	**0**	**2,933**
D.1. of which: default interest	6,211	194	0	0	0	0

Expected losses are calculated using analytical and statistical methods, the latter being used for bad debts in respect of personal loans and for calculating normal risk.

The analytical method (used with bad debts and substandard loans) is normally based on standard criteria approved by the Board of Directors that, among other things, envisage the prudent valuation of any guarantees (for example, for loans secured by mortgages, the value of the asset is considered as 50% of the updated appraised value; for those backed by supplementary guarantees, such as the Central Guarantee Fund, the guarantor's contribution is reduced by at least 10% of the Fund's liability as established by law) and/or the financial situation of any guarantors.

For bad debts in respect of personal loans, the statistical method is based on stratification by age category, with the measurement of collections and losses on closed transactions. The results are then processed to produce a percentage of expected loss, which is applied to the entire stock outstanding.

Other loans are written down on a general basis using statistical techniques that use the values for impairment rates (impaired loans as a percentage of total loans) and the percentage of non-recoverability (percentage of expected losses on impaired loans over time) as determined on the basis of statistical analysis of data for the previous five years, with a focus and consequent opening of the stock of loans to ordinary customers on the basis of the forms of security backing such investments. The results contribute to prudently determining the percentage of provisions required. Loans bearing non-market rates are written down by discounting at average market rates. Among other things, this approach seeks to provide a solution that is consistent with recent methodological developments introduced with the adoption of international accounting standards (IAS). The estimation change in calculating the general reserve prompted an increase in the allocation, to €164 thousand, generating a net impact on the income statement of €101 thousand.

As in the case of classification, specific analytical valuations are carried out by line management, with extensive sample checks by control units. The Inspectorate develops the general forecasts.

Valuations are submitted to the Board of Directors for approval.

SECTION 2: SECURITIES

Securities holdings are classified as follows:

	31/12/04	31/12/03
Treasury securities and other securities eligible for refinancing with central banks (caption 20):	170,850	218,240
Bonds and other debt securities (caption 50)	512,737	358,420
Shares and other equities (caption 60)	86,245	82,596
Total:	**769,832**	**659,256**
Of which:		
Investment securities	0	0
Trading securities	769,832	659,256

2.1 Investment securities

	BOOK VALUE		MARKET VALUE	
	31/12/04	31/12/03	31/12/04	31/12/03
1. Debt securities	**0**	**0**	**0**	**0**
1.1 Government securities	**0**	**0**	**0**	**0**
- listed	0	0	0	0
- unlisted	0	0	0	0
1.2. Other securities	**0**	**0**	**0**	**0**
- listed	0	0	0	0
- unlisted	0	0	0	0
2. Equity securities	**0**	**0**	**0**	**0**
- listed	0	0	0	0
- unlisted	0	0	0	0
Total	**0**	**0**	**0**	**0**

2.2 Changes in investment securities

	2004	2003
A. Opening balance	**0**	**180,760**
B. Increases	**0**	**6,399**
B1. Purchases	0	0
B2. Writebacks	0	0
B3. Transfers from trading portfolio	0	0
B4. Other changes	0	6,399
C. Decreases	**0**	**187,159**
C1. Sales	0	186,687
C2. Repayments	0	0
C3. Writedowns	0	0
of which: - permanent writedowns	0	0
C4. Transfers to trading portfolio	0	0
C5. Other changes	0	472
D. Closing balance	**0**	**0**

2.3 Trading securities

	BOOK VALUE		MARKET VALUE	
	31/12/04	31/12/03	31/12/04	31/12/03
1. Debt securities	**683,587**	**576,660**	**684,117**	**577,800**
1.1. Government securities	**441,515**	**485,438**	**441,669**	**485,755**
- listed	441,515	485,438	441,669	485,755
- unlisted	0	0	0	0
1.2 Other securities	**242,072**	**91,222**	**242,448**	**92,045**
- listed	223	29,724	224	30,182
- unlisted	241,849	61,498	242,224	61,863
2. Equity securities	**86,245**	**82,596**	**86,278**	**83,759**
- listed	73,589	68,024	73,618	69,022
- unlisted	12,656	14,572	12,660	14,737
Total	**769,832**	**659,256**	**770,395**	**661,559**

This year sees the entry into force of the IAS/IFRS for the preparation of financial statements. These standards, which are optional for individual statutory financial statements for 2005, are compulsory for the consolidated financial statements for the Group. Since the Bank has to provide the parent company with data prepared on the basis of the new standards this year and since the new methodology for measuring the value of securities does not permit the use of the LIFO method, we felt it was appropriate to change our policy as from 2004, shifting from LIFO to weighted average cost.
The new valuation method had a positive impact on caption 60 (income (loss) on financial transactions) of about €143 thousand, which net of tax increased net income for the year by about €88 thousand. In view of the small difference produced by the change, as well as the cost involved in recalculating the amounts for previous years, the Bank has elected not to make a distinction between the retrospective component and the current component.

Valuation of securities produced writedowns of €1,883 thousand and writebacks of €253 thousand.
Securities in complex portfolios showed capital gains of €4,164 thousand, which were taken to income in partial coverage of capital losses of €4,843 thousand, as shown in the breakdown of "Other liabilities".
There are also unrecognized capital gains of €563 thousand at market values, as indicated in Part A - Section 1 on significant accounting policies. Equity securities include €57,164 thousand in Securfondo units.

Trading volumes for the year divided by type of security are shown below:

2.4 Changes in trading securities

	2004	2003
A. Opening balance	**659,256**	**353,525**
B. Increases	**60,133,889**	**60,856,538**
B.1. Purchases	60,111,671	60,842,182
- Debt securities	59,546,556	60,180,334
+ government securities	52,245,325	54,212,096
+ other	7,301,231	5,968,238
- Equity securities	565,115	661,848
B.2. Writebacks and revaluations	4,417	252
B.3. Transfers from investment portfolio	0	0
B.4. Other changes	17,801	14,104
C. Decreases	**60,023,313**	**60,550,807**
C.1. Sales and redemptions	60,015,959	60,547,837
- Debt securities	59,448,094	59,906,943
+ government securities	52,252,786	53,867,985
+ other	7,195,308	6,038,958
- Equity securities	567,865	640,894
C.2. Writedowns	1,883	347
C.3. Transfers to investment portfolio	0	0
C.4. Other changes	5,471	2,623
D. Closing balance	**769,832**	**659,256**

SECTION 3: EQUITY INVESTMENTS

3.1 Significant equity investments

	REGISTERED OFFICE	SHAREHOLDERS' EQUITY	NET INCOME (LOSS)	% HOLDING	BOOK VALUE
A. Subsidiaries					
1 Credico Finance S.r.l.	Rome	53	1	92	48
2 Bcc Securis S.r.l.	Rome	10	0	90	9
B. Companies subject to significant influence					
1 Prominvestment S.p.A.	Rome	1,614	-125	30	685

Pursuant to Article 24 of Legislative Decree 87/1992 the Bank's subsidiaries are consolidated by the parent company, Iccrea Holding S.p.A.

3.2 Assets and liabilities with Group companies

	31/12/04	31/12/03
a. Assets	**86,750**	**6,566**
1. Loans to banks	9	93
Of which: - subordinated	0	0
2. Loans to financial institutions	81,622	984
Of which: - subordinated	0	0
3. Loans to other customers	3,519	3,889
Of which: - subordinated	0	0
4. Bonds and other debt securities	1,600	1,600
Of which: - subordinated	0	0
b. Liabilities	**452,835**	**229,992**
1. Due to banks	277,411	128,345
2. Due to financial institutions	69,822	70,742
3. Due to other customers	105,602	29,305
4. Debt securities in issue	0	1,600
5. Subordinated debt	0	0
c. Guarantees and commitments	**253,429**	**182,104**
1. Guarantees issued	253,429	182,104
2. Commitments	0	0

The composition of **assets** with Group companies is as follows:

	31/12/04	31/12/03
ICCREA Holding S.p.A. - parent company	81,481	915
Banca Agrileasing S.p.A.	1,609	1,693
Immicra S.r.l.	669	796
BCC Vita S.p.A.	105	150
Nolè S.p.A.	2,327	2,943
Aureo Gestioni S.G.R.p.A.	90	69
Simcasse S.p.A. in liquidazione	0	0
Credico Finance S.r.l.	4	0
Bcc Gestione Crediti S.p.A.	29	0
Gestioni Immobiliari S.p.A.	417	0
Bcc Capital S.p.A.	19	0

The composition of **liabilities** with Group companies is as follows:

	31/12/04	31/12/03
ICCREA Holding S.p.A. - parent company	60,570	64,149
Banca Agrileasing S.p.A.	277,411	128,345
Aureo Gestioni S.G.R.p.A.	5,042	360
BCC Services Innovativi	191	100
Immicra S.r.l.	83	220
Credico Finance S.p.A.	7	41
BCC Capital S.p.A.	41	495
BCC Gestione Crediti S.p.A.	485	1,369
TK Leasing S.p.A.	3,178	1,165
BCC Vita S.p.A.	103,818	28,882
BCC Securis S.r.l.	9	9
BCC WEB	1,331	1,703
Bcc Private Equity S.p.A.	56	0
SEF Consulting S.p.A.	179	0
Simcasse S.p.A.in liquidazione	434	3,154

3.3 Assets and liabilities with affiliated companies (excluding Group companies)

	31/12/04	31/12/03
a. Assets	**6,415**	**6,468**
1. Loans to banks	0	0
of which: - subordinated	0	0
2. Loans to financial institutions	6,317	4,390
of which: - subordinated	0	0
3. Loans to other customers	98	2,078
of which: - subordinated	0	0
4. Bonds and other debt securities	0	0
of which: - subordinated	0	0
b. Liabilities	**8,616**	**6,719**
1. Due to banks	0	0
2. Due to financial institutions	7,616	3,774
3. Due to other customers	1,000	2,945
4. Debt securities in issue	0	0
5. Subordinated debt	0	0
c. Guarantees and commitments	**0**	**0**
1. Guarantees issued	0	0
2. Commitments	0	0

3.4 Composition of caption 70 "Equity investments"

	31/12/04	31/12/03
a. banks	**0**	**0**
1. listed	0	0
2. unlisted	0	0
b. financial institutions	**1,180**	**1,694**
1. listed	0	0
2. unlisted	1,180	1,694
c. other	**1,504**	**1,016**
1. listed	0	0
2. unlisted	1,504	1,016

3.5 Composition of caption 80 "Equity investments in Group companies"

	31/12/04	31/12/03
a. banks	**0**	**0**
1. listed	0	0
2. unlisted	0	0
b. financial institutions	**357**	**300**
1. listed	0	0
2. unlisted	357	300
c. other	**260**	**210**
1. listed	0	0
2. unlisted	260	210

3.6 Changes in equity investments

3.6.1 Equity investments in Group companies

	31/12/04	31/12/03
A. Opening balance	**510**	**11,159**
B. Increases	**107**	**0**
B1. Purchases	107	0
B2. Writebacks	0	0
B3. Revaluations	0	0
B4. Other changes	0	0
C. Decreases	**0**	**10,649**
C1. Sales	0	10,649
C2. Writedowns	0	0
of which: - permanent writedowns	0	0
C3. Other changes	0	0
D. Closing balance	**617**	**510**
E. Total revaluations	**0**	**0**
F. Total writedowns	**0**	**0**

Purchases, which were made as part of a Group restructuring, regard the controlling interests in BCC Securis S.r.l. and Credico Finance S.r.l. and the capital increase in Bcc Vita S.p.A.

3.6.2 Other equity investments

	31/12/04	31/12/03
A. Opening balance	**2,710**	**1,769**
B. Increases	**245**	**945**
B1. Purchases	92	945
B2. Writebacks	0	0
B3. Revaluations	0	0
B4. Other changes	153	0
C. Decreases	**271**	**4**
C1. Sales	191	0
C2. Writedowns	80	0
of which: - permanent writedowns	80	0
C3. Other changes	0	4
D. Closing balance	**2,684**	**2,710**
E. Total revaluations	**0**	**0**
F. Total writedowns	**0**	**0**

The decreases regard the disposal of the equity investments in Siteba S.p.A. and Finlombarda S.p.A. The sale generated a gain from equity investments of €153 thousand.
During the year, the Bank participated in covering the loss at the P.B. S.r.l. subsidiary in the amount of €2 thousand and in the subsequent capital increase of €2 thousand; the Bank also acquired, for €12 thousand, a holding in Invoicing S.r.l., where it covered a previous loss of €78 thousand.

SECTION 4: TANGIBLE AND INTANGIBLE ASSETS

TANGIBLE ASSETS

4.1 Changes in tangible assets

	LAND AND BUILDINGS		MOVABLES		MACHINERY AND PLANT		TOTAL	
	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03
A. Opening balance	**100,801**	**43,368**	**889**	**814**	**7,029**	**7,010**	**108,719**	**51,192**
B. Increases	**0**	**59,577**	**59**	**307**	**3,465**	**3,217**	**3,524**	**63,101**
B1. Purchases	0	0	59	307	3,465	3,217	3,524	3,524
B2. Writebacks	0	0	0	0	0	0	0	0
B3. Revaluations	0	59,093	0	0	0	0	0	59,093
B4. Other changes	0	484	0	0	0	0	0	484
C. Decreases	**3,917**	**2,144**	**204**	**232**	**4,063**	**3,198**	**8,184**	**5,574**
C1. Sales	0	0	9	38	2,081	740	2,090	778
C2. Writedowns	3,917	2,144	195	194	1,982	2,458	6,094	4,796
a) depreciation	3,917	2,144	195	194	1,982	2,458	6,094	4,796
b) permanent writedowns	0	0	0	0	0	0	0	0
C3. Other changes	0	0	0	0	0	0	0	0
D. Closing balance	**96,884**	**100,801**	**744**	**889**	**6,431**	**7,029**	**104,059**	**108,719**
E. Total revaluations	**102,960**	**102,960**	**0**	**0**	**0**	**0**	**102,960**	**102,960**
F. Total writedowns	**34,178**	**30,261**	**2,913**	**2,865**	**14,295**	**14,793**	**51,386**	**47,919**
a) depreciation	34,178	30,261	2,913	2,865	14,295	14,793	51,386	47,919
b) permanent writedowns	0	0	0	0	0	0	0	0

INTANGIBLE ASSETS

Intangible fixed assets, representing costs with long-term benefits, are shown net of amortization in the table:

	31/12/04	31/12/03
- software licenses	3,257	3,438
- complex projects in process	0	362
- projects in use	979	1,395
Total	**4,236**	**5,195**

4.2 Changes in intangible assets

	31/12/04	31/12/03
A. Opening balance	**5,195**	**5,863**
B. Increases	**3,563**	**3,161**
B1. Purchases	3,563	3,161
B2. Writebacks	0	0
B3. Revaluations	0	0
B4. Other changes	0	0
C. Decreases	**4,522**	**3,829**
C1. Sales	0	0
C2. Writedowns	4,522	3,829
a) amortization	4,522	3,829
b) permanent writedowns	0	0
C3. Other changes	0	0
D. Closing balance	**4,236**	**5,195**
E. Total revaluations	**0**	**0**
F. Total writedowns	**10,089**	**7,392**
a) amortization	10,089	7,392
b) permanent writedowns	0	0

Purchases primarily regard software licenses. Intangible fixed assets are amortized over three years.

SECTION 5: OTHER ASSETS

5.1 Composition of caption 130 "Other assets"

	31/12/04	31/12/03
- Tax receivables	11,312	17,803
- Tax credit in respect of ICCREA Holding contribution	19,673	19,302
- Commissions to be charged	19,210	18,098
- Premiums on options purchased	71,305	70,327
- Commercial collections	517	1,858
- Revaluation of foreign exchange transactions	3,630	25,911
- Due from parent company for consolidated taxation mechanism	5,362	0
- Other	12,124	13,753
Total	**143,133**	**167,052**

Tax receivables regard advances on account for indirect taxes and IRAP and deferred tax assets. Outstanding items totaling €73,966 thousand have been reclassified under a separate heading.
Other assets vis-à-vis the parent company represent payments on account for IRES, withholdings and tax credits to transfer as part of consolidated taxation mechanism.

5.2 Composition of caption 140 "Accrued income and prepaid expenses"

The caption breaks down as follows:

	31/12/04	31/12/03
Accrued income :		
- interest on securities	3,104	3,821
- interest on reserve requirement	850	380
- interest on mortgages and loans	2,987	2,867
- interest on special credit transactions	2,949	3,037
- interest on deposits and other foreign transactions	16,745	11,841
- repurchase agreements	157	274
- derivatives transactions	29,430	7,395
- other transactions	0	0
Total accrued income	**56,222**	**29,616**
Prepaid expenses:		
- discount on issue of securities	4,556	5,896
- derivatives transactions	32,758	28,275
- other	4,110	4,950
Total prepaid expenses	**41,424**	**39,121**

5.3 Adjustments for accrued income and prepaid expenses

No direct adjustments were made to balance sheet items in respect of accrued income and prepaid expenses except for those expressly provided for by law.

5.4 Distribution of subordinated assets

	31/12/04	31/12/03
a) Loans to banks (BCCs)	11,697	10,197
b) Loans to customers	3,840	0
c) Bonds and other debt securities:	207,428	51,192

The item regards loans to BCCs, of which one on behalf of the Central Guarantee Fund. Loans to customers regard the financing issued to the Credico Funding 2 S.r.l. special purpose vehicle as part of the CBO2 operation.
The bonds regard BCC issues and the subscription of mezzanine and junior securities from the securitizations (CBO1 and CBO2) discussed in section 11.8.

SECTION 6: PAYABLES

6.1. Breakdown of caption 10 "Due to banks"

	31/12/04	31/12/03
a) repurchase agreements	91,582	57,895
b) securities lending	0	0

The item breaks down as follows:

	31/12/04	31/12/03
- repurchase agreements	**91,582**	**57,895**
- BCCs and CRAs	91,582	57,895
- Other banks	0	0
- other liabilities	**5,303,543**	**4,534,543**
- deposits	**4,963,098**	**4,039,556**
- BCCs and CRAs	3,964,771	3,603,734
- Other banks	998,327	435,822
- current accounts	**304,970**	**454,002**
- BCCs and CRAs	141,579	147,612
- Other banks	163,391	306,390
- other	**35,475**	**40,985**
- Other banks	35,475	40,985
Total BCCs and CRAs	**4,197,932**	**3,809,241**
Total Other banks	**1,197,193**	**783,197**
Total	**5,395,125**	**4,592,438**

The deposits of the BCCs and CRAs include €600,050 thousand in respect of reserve requirements managed by the Bank on their behalf.

6.2 Breakdown of "Due to customers"

	31/12/04	31/12/03
a) repurchase agreements	14,085	17,296
b) securities lending	0	0
Total	**14,085**	**17,296**

The amount of "Due to customers", equal to €446,856 thousand, mainly consists of current accounts; the interest paid is in line with market rates.

6.3 Breakdown of caption 6 "Debt securities in issue"

	31/12/04	31/12/03
The item totals:	**408,057**	**392,862**

The item breaks down as follows: bonds totaling €47,900 thousand, credit linked notes totaling €95,850 thousand and checks in circulation totaling €264,307 thousand. Securities maturing during the year came to €14,016 thousand, while there were no new issues.

6.4 Breakdown of caption 6 "Third-party funds under administration"

	31/12/04	31/12/03
The item totals:	**7,039**	**7,820**

The item is the balance of central government funds, former Agensud funds (Southern Italy Development Agency) and regional funds provided for special loans.

SECTION 7: PROVISIONS

Staff severance pay provision "Caption 70"

The staff severance pay provision totals €18,740 thousand. It represents employees' accrued severance entitlement at year-end.
Changes for the year were as follows:

Balance at 31 December 2003:	**17,771**
Releases for advances and severance pay:	-1,175
Transfer to the Solidarity Fund:	-176
Transfer to the Supplementary Pension Fund:	-519
Capital gains tax on revaluation:	-52
Provisions:	2,891
Balance at 31 December 2004:	**18,740**

Provisions for liabilities and contingencies "Caption 80"

- Provision for taxes and duties " 80_B":

The provision of €9,010 thousand represents allocations made in respect of liabilities for direct, indirect and deferred taxes, calculated on the basis of tax legislation, as well as the liability for IRAP.

Changes for the year were as follows:

Balance at 31 December 2003:	**24,805**
Releases for income taxes:	-20,665
Releases in respect of tax regularization scheme:	-127
Releases for excess provisions	-1,262
To provision for liabilities and contingencies	-332
Increase for deferred taxes:	1,460
Increase for IRAP:	3,371
Increase for indirect taxes:	1,760
Balance at 31 December 2004:	**9,010**

The Bank elected to participate in the tax regularization scheme envisaged by Decree Law282/02, ratified with Law 27/03, and the subsequent extension envisaged by Law 350/03. This led to the automatic settlement of VAT for the years between 1998 and 2002 and the supplementary settlement of direct taxes for the years from 1997 to 2002. Since the provision for taxes contained allocations made in the past in respect of items whose status was open to interpretation and credits that the tax authorities might not have allowed, it was decided to transfer the amounts in respect of the latter to the provision for liabilities and contingencies and recognize the excess as extraordinary income.

7.1 Composition of caption 90 "Loan-loss provision"

	31/12/04	31/12/03
The item totals:	**4,781**	**5,000**

The provision of €4,781 thousand covers the risk of potential loan losses. It therefore does not adjust asset items. During the year releases amounted to €219 thousand to cover losses recognized pursuant to Article 101 of Presidential Decree 917/1986

7.2 Change in "Loan-loss provision" (caption 90)

	31/12/04	31/12/03
A. Opening balance	**5,000**	**4,784**
B. Increases	**0**	**5,000**
B1. Allocations	0	5,000
B2. Other changes	0	0
C. Decreases	**219**	**4,784**
C1. Releases	219	4,784
C2. Other changes	0	0
D. Closing balance	**4,781**	**5,000**

7.3 Composition of caption 80 c) "Provisions for liabilities and contingencies: other provisions":

	31/12/04	31/12/03
The item totals:	**9,415**	**9,560**

The item comprises the following provisions:

Provision for future liabilities and contingencies

The item totals €4,819 thousand and was established to cover the risk of revocatory actions in bankruptcy involving a number of claims, the estimated losses on pending suits, the risk of loss on failure to recover erroneous cross-border bank transfers and that in respect of tax credits whose reimbursement is uncertain.

Provision for guarantees and commitments

The provision amounts to €2 thousand and was established to cover possible losses on guarantees issued on behalf of third parties.

Provision for personnel costs

The provision of €2,834 thousand covers liabilities in respect of incentive programs, bonuses and unused holiday entitlement.

Central Guarantee Fund

The provision, which totals €1,760 thousand, represents the theoretical net worth of the Central Guarantee Fund, established in 1979 for the purpose of protecting the image of the BCCs and CRAs, to maintain branches and provide financing and capital to those in temporary difficulty.
The management of the Fund does not have an impact of the Bank's results.

The assets and liabilities of the Fund at 31 December 2004 are shown below:

ASSETS	31/12/04	31/12/03
Deposits with banks	7,957	27,710
Loans to CRAs	11,362	11,362
Other interest-bearing	496	434
Total assets	**19,815**	**39,506**

LIABILITIES	31/12/04	31/12/03
BCC deposits	18,040	37,769
Other liabilities	0	2
Provision for taxes	15	0
Central Guarantee Fund reserve	1,760	1,735
Total liabilities	**19,815**	**39,506**

Changes in the Fund reserve for the year were as follows:

Balance at 31 December 2003	**1,735**
Allocation for the year	25
Balance at 31 December 2004	**1,760**

During the year, part (€20,000 thousand) of the tied deposits of the Central Guarantee Fund were returned.
The amount of the reserve is considered sufficient to cover the commitments of the Fund.
The annexes detail the economic and financial situation regarding the formation of the Fund reserve.

7.4 Changes in deferred tax assets

1. Opening balance	**1,598**
2. Increases	**1,800**
2.1 Deferred tax assets arising during the year	1,800
2.2 Other increases	0
3. Decreases	**-453**
3.1 Deferred tax assets reversed during the year	-453
3.2 Other decreases	0
4. Closing balance	**2,945**

7.5 Changes in deferred tax liabilities

1. Opening balance	**2,310**
2. Increases	**2,089**
2.1 Deferred tax liabilities arising during the year	2,089
2.2 Other increases	0
3. Decreases	**-629**
3.1 Deferred tax liabilities reversed during the year	-629
3.3 Other decreases	0
4. Closing balance	**3,770**

SECTION 8: SHARE CAPITAL, RESERVES, PROVISION FOR GENERAL BANKING RISKS AND SUBORDINATED LIABILITIES

The Bank's **shareholders' equity** at 31 December 2004 amounted to €310,859 **thousand,** as shown in the schedule in the annexes.

8.1 Regulatory capital and prudential capital requirements

	2004	2003
A. *Regulatory capital*		
A.1 Tier 1 capital	251,128	244,049
A.2 Tier 2 capital	51,930	52,678
A.3 Deductible elements	17,571	1,525
A.4 Regulatory capital	285,487	295,202
B. *Prudential capital requirements*		
B.1 Credit risk	124,623	117,850
B.2 Market risks	40,670	22,253
of which:		
- risk on trading portfolio	40,670	22,253
- exchange rate risk	0	0
B.3 Tier 3 subordinated debt	0	0
B.4 Other requirements	5,416	240
B.5 Total capital requirements	170,709	140,343
C. *Risk assets and capital ratios*		
C1. Risk-weighted assets	2,438,700	2,004,900
C2. Tier-1 capital/risk-weighted assets	10.30%	12.17%
C3. Regulatory capital/risk-weighted assets	11.71%	14.72%

Provision for general banking risks "Caption 100"

	31/12/04	31/12/03
The item totals:	**13.350**	**10.650**

The provision increased by €2,700 thousand.

Share capital "Caption 120"

	31/12/04	31/12/03
Fully subscribed share capital totals:	**216,913**	**216,913**

Share capital consists of 420,000 shares with a par value of €516.46 euros each, held by the parent company, ICCREA HOLDING S.p.A., the Federazione Lombarda delle BCC and the Cassa Centrale delle C.R. Trentine – Bcc North Est S.p.A.

Reserves "Caption 140"

	31/12/04	31/12/03
Reserves total:	**21,680**	**18,400**

Reserves increased following the allocation of net income approved by the Shareholders' Meeting of 29 April 2004.

Revaluation reserve "Caption 150"

	31/12/04	31/12/03
Reserves total:	**47,866**	**47,866**

The item represents the revaluation of real estate carried out pursuant to Law 350/2003 (ex Law 342/2000).

Net income for the year "Caption 170"

	31/12/04	31/12/03
Net income for the year totals:	**11,049**	**10,889**

In accordance with the Bank's bylaws, three tenths of net income is allocated to the legal reserve. The remaining seven tenths is available for distribution to shareholders, with a portion available to the Board of Directors to fund charitable or public relations initiatives.

Information on the components of shareholders' equity at 31 December 2004

	AMOUNT	POSSIBLE USES (*)	AVAILABLE AMOUNT	USES MADE DURING PAST THREE YEARS	
				TO COVER LOSSES	OTHER REASONS
Share capital	216,913				
Reserves: a) legal reserve	21,389	B	21,389		
b) Reserve provided for in bylaws	205	A – B - C	205		
c) other reserves	87	A – B - C	87		
Revaluation reserve (Law 342 of 22/11/2000)	47,866	A – B – C (**)	47,866		
Net income for the year	11,049				
TOTAL	297,509				
Provision for general banking risks	13,350	A - B - C	12,371		

(*) A = for capital increase; B = for coverage of losses; C = for distribution to shareholders

(**) If the reserve is used to cover losses, no earnings may be distributed until the reserve has been restored or reduced to a corresponding degree. Any reduction must be approved by the Extraordinary Shareholders' Meeting without need for compliance with the provisions of paragraphs 2 and 3 of Article 2445 of the Civil Code.

If the reserve is not imputed to capital, it may only be reduced subject to compliance with the provisions of paragraphs 2 and 3 of Article 2445 of the Civil Code.

If it is distributed to shareholders, it forms part of the taxable income of the company and the shareholders.

SECTION 9: OTHER LIABILITIES

9.1 Composition of caption 50 "Other liabilities"

The item breaks down as follows:

	31/12/04	31/12/03
- Adjustments of illiquid customer and bank items	26,639	19,235
- Payables on farmer and craft loans	2,960	1,094
- Invoices be received and paid	13,338	12,555
- Withholdings to be paid	2,698	3,333
- Commissions to be paid	14,911	13,495
- Social security contributions	1,789	1,780
- Expired bank transfers	20,322	5,454
- Funds available to BCCs for pension payments	2,069	1,703
-- Premiums on options written	78,481	68,168
- Coupons and securities to be credited	2,167	1,311
- Solidarity allowances	6,658	7,617
- Overdrafts caused by technical factors	38,845	45,822
- Prepaid debit cards	3,678	0
- Due to parent company for consolidated taxation mechanism	5,616	0
- Losses on derivative contracts	4,843	5
- Other	19,297	25,221
Total	**244,311**	**206,793**

As in the case of assets, outstanding items totaling €100,374 thousand were reclassified to a separate item.
The outcome of valuations of off-balance-sheet transactions is recognized under losses on derivative contracts and is composed of receivables amounting to €155,771 thousand and payables of €160,614 thousand.
As noted in the section on accounting policies, amounts due to the parent company regard the IRES liability for the year.

9.2 Composition of caption 60 "Accrued expenses and deferred income"

The caption breaks down as follows:

ACCRUED EXPENSES:	31/12/04	31/12/03
- interest on bonds and atypical securities	1,859	1,867
- interest on reserve requirement	826	232
- interest on current accounts, loans and other	0	1,138
- interest on deposits and other foreign transactions	3,786	1,043
- repurchase agreements	199	124
- derivatives transactions	6,842	7,217
- other	396	141
Total accrued expenses	**13,908**	**11,762**

DEFERRED INCOME:	31/12/04	31/12/03
- interest on portfolio discounting	0	0
- interest on foreign transactions	510	1,196
- other transactions	822	668
- derivatives transactions	18,700	29,972
Total deferred income:	**20,032**	**31,836**

9.3 Adjustments for accrued expenses and deferred income

No direct adjustments were made to balance sheet items in respect of accrued expenses and deferred income except for those expressly provided for by law.

SECTION 10: GUARANTEES AND COMMITMENTS

10.1 Composition of caption 10 "Guarantees issued"

	31/12/04	31/12/03
a) Commercial guarantees	50,427	35,435
b) Financial guarantees	292,220	223,981
c) Assets pledged as collateral	0	0
Total	**342,647**	**259,416**

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10.2 Composition of caption 20 "Commitments"

	31/12/04	31/12/03
a) Commitments to disburse funds - certain utilization	452,554	581,696
b) Commitments to disburse funds - uncertain utilization	249,014	110,505
Total	**701,568**	**692,201**

Commitments to disburse funds with certain utilization regard securities transactions to be settled and loans to be disbursed. Commitments with uncertain utilization regard put options written.

Composition of caption 30 "Credit derivatives"

	31/12/04	31/12/03
a) Sales of protection on banking book		
with exchange of principal	106,250	105,250
b) Sales of protection on trading book		
with exchange of principal	19,760	0
Total	**126,010**	**105,250**

10.3 Assets pledged as collateral for own liabilities

Assets pledged as collateral for the liabilities of the Bank consist mainly of securities and regard:

	31/12/04	31/12/03
- repurchase agreements	104,128	72,483
- guarantees for derivatives transactions	29,374	26,566
- Euroclear guarantee	168,500	168,000
- security for cashier's checks	50,000	41,000
- security deposit for rent to "Fondo Naz. Sped. Doganali"	0	5
Total	**352,002**	**308,054**

10.4 Undrawn margins on credit lines

	31/12/04	31/12/03
a) central banks	0	0
b) other banks	0	0

10.5 Forward transactions

	31/12/04			31/12/03
CATEGORY OF TRANSACTION	HEDGING	TRADING	OTHER	
1. Purchases/sales:				
1.1 Securities				
- purchases	0	410,250	0	477,813
- sales	0	306,486	0	490,725
1.2 Foreign currencies				
- foreign currency vs foreign currency	72,032	0	0	130,926
- purchases against euros	185,323	0	0	119,961
- sales against euros	311,746	0	0	1,099,615
2. Deposits and loans				
- to be disbursed	0	53,321	0	103,884
- to be received	0	23,356	0	58,215
3. Derivative contracts				
3.1 With exchange of principal				
a) securities				
- purchases	0	828,323	0	382,363
- sales	0	458,096	0	210,698
b) foreign currencies				
- foreign currency vs foreign currency	0	3,013	0	792
- purchases against euros	0	123,743	0	156,392
- sales against euros	0	123,743	0	156,395
c) other assets				
- purchases	0	0	0	0
- sales	0	0	0	0
3.2 Without exchange of principal				
a) foreign currencies				
- foreign currency vs foreign currency	0	0	0	0
- purchases against euros	0	0	0	1,125
- sales against euros	0	0	0	1,500
b) other assets				
- purchases	228,000	8,603,312	0	7,000,912
- sales	109,833	10,876,752	174,350	9,753,257

Foreign currency operations involve outright transactions for hedging purposes, translated at the year-end spot exchange rate.
The balance sheet reports suspended premiums paid on options totaling €71,305 thousand and premiums received on options totaling €78,481 thousand.
Other transactions refer to derivative contracts implicit in bonds.

To clarify point 3 of Section 10.5 see the following table:

TYPE OF DERIVATIVE CONTRACTS	HEDGING	TRADING	OTHER
With exchange of principal			
Securities:			
- Purchases			
Options on debt securities	0	671,523	0
Options on equities	0	0	0
Futures	0	156,800	0
- Sales			
Options on debt securities	0	458,096	0
Options on equities	0	0	0
Futures	0	0	0
Foreign currency			
- Purchases			
Currency options	0	126,756	0
- Sales			
Currency options	0	123,743	0
Without exchange of principal			
Foreign currency			
- Purchases			
Currency options		0	
- Sales			
Currency options		0	
Other assets			
- Purchases			
Interest rate swaps	79,250	6,068,774	0
Overnight indexed swaps	0	323,416	0
Forward rate agreements	0	336,534	0
Options on indices	97,600	875,038	0
Options on interest rates	0	99,610	0
Interest rate/index swaps	0	0	0
Zero coupon swaps	20,850	201,944	0
Swaptions	0	142,161	0
Futures on indices	0	1,327	0
Interest rate options	15,150	456,668	0
Basis swaps	15,150	97,840	0
- Sales			
Interest rate swaps	0	6,444,012	76,750
Overnight indexed swaps	44,683	1,859,807	0
Forward rate agreements	50,000	489,595	0
Options on indices	0	1,020,082	97,600
Options on interest rates	0	103,237	0
Interest rate/index swaps	0	1,000	0
Zero coupon swaps	0	203,906	0
Swaptions	0	150,661	0
Basis swaps	15,150	97,840	0
Interest rate options	0	506,612	0

10. 6 Credit derivatives

	31/12/04		31/12/2003	
CATEGORY OF TRANSACTION	TRADING	OTHER	TRADING	OTHER
1. Purchases of protection	**0**	**107,850**	**0**	**106,850**
1. With exchange of principal :	0	107,850	0	106,850
- credit linked notes	0	107,850	0	106,850
1 .2 Without exchange of principal	0	0	0	0
2. Sales of protection:	**19,760**	**106,250**	**0**	**105,250**
2. 1 With exchange of principal :	19,760	106,250	0	105,250
- credit default swaps	0	106,250	0	105,250
- credit linked notes	19,760	0	0	0
2 .2 Without exchange of principal	0	0	0	0

SECTION 11: CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

11.1 Large exposures

	31/12/04	31/12/03
a) amount	56,950	214,946
b) number	1	4

The item regards current account positions, securities and off-balance-sheet risk assets.

Credit derivatives – Protection Buyer: distribution by main counterparties

	TRADING	OTHER
a) Governments	0	0
b) Other public entities	0	0
c) Non-financial companies	0	95,850
d) Financial companies	0	12,000
e) Producer households	0	0
f) Other	0	0
Total	**0**	**107,850**

11.2 Distribution of loans to customers, by type of borrower

	31/12/04	31/12/03
a) Governments	0	0
b) Other public entities	10,755	11,681
c) Non-financial companies	385,985	429,892
d) Financial companies	114,748	142,811
e) Producer households	44,312	39,442
f) Other	143,042	121,161
Total	**698,842**	**744,987**

11.3 Breakdown of loans to resident non-financial companies and producer households

	31/12/04	31/12/03
a) Other market services	98,890	73,894
b) Products of agriculture, forestry and fishing	65,037	52,475
c) Building and public works	57,302	38,423
d) Food, beverages and tobacco products	52,973	57,029
e) Energy products	41,105	51,275
f) Other sectors	114,980	196,238
Total	**430,287**	**469,324**

11.4 Breakdown of guarantees issued, by counterparty

	31/12/04	31/12/03
a) Governments	0	0
b) Other public entities	0	0
c) Banks	321,576	240,075
d) Non-financial companies	20,334	18,752
e) Financial companies	224	273
f) Producer households	3	3
g) Other	510	313
Total	**342,647**	**259,416**

Credit derivatives – Protection Seller: distribution by counterparty and reference entity

	TRADING		OTHER	
	COUNTERPARTY	REFERENCE ENTITY	COUNTERPARTY	REFERENCE ENTITY
a) Governments			0	0
b) Other public entities			0	0
c) Banks	19,760		106,250	0
d) Non-financial companies		19,760	0	12,000
e) Financial companies			0	94,250
f) Producer households			0	0
g) Other			0	0
Total	**19,760**	**19,760**	**106,250**	**106,250**

11.5 Geographical distribution of assets and liabilities

	ITALY		OTHER EU		OTHER COUNTRIES	
	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03
1. Assets	**4,608,470**	**3,974,341**	**1,661,596**	**1,462,791**	**240,564**	**172,286**
1.1 Loans to banks	3,167,664	2,595,160	1,633,763	1,438,012	240,529	172,003
1.2 Loans to customers	694,851	743,815	3,985	1,019	6	153
1.3 Securities	745,955	635,366	23,848	23,760	29	130
2. Liabilities	**5,858,687**	**5,132,342**	**327,412**	**179,894**	**70,978**	**69,749**
2.1 Due to banks	4,999,197	4,343,186	324,950	179,508	70,978	69,745
2.2 Due to customers	444,394	388,474	2,462	386	0	4
2.3 Debt securities in issue	408,057	392,862	0	0	0	0
2.4 Other	7,039	7,820	0	0	0	0
3. Guarantees and commitments	**706,484**	**742,711**	**443,539**	**214,953**	**20,202**	**99,203**

11.6 Distribution of assets and liabilities by residual maturity

	SPECIFIED MATURITY														UNSPECIFIED MATURITY	
							FROM 1 TO 5 YEARS				MORE THAN 5 YEARS					
	ON DEMAND		TO 3 MONTHS		FROM 3 MONTHS TO 12 MONTHS		FIXED RATE		FLOATING RATE		FIXED RATE		FLOATING RATE			
	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03
1. Assets	**1,138,700**	**7,030,986**	**9,492,373**	**4,907,450**	**6,984,608**	**4,140,106**	**6,228,435**	**4,051,878**	**971,330**	**456,976**	**968,106**	**627,071**	**318,174**	**501,580**	**169,629**	**306,485**
1.1 Treasury securities eligible for refinancing	1	4,619	0	1,504	12	38,167	443	19	165,750	112,652	32	37	4,612	61,241	0	0
1.2 Loans to banks	393,408	377,405	3,543,162	2,385,879	945,085	1,140,206	2,203	6,730	13,793	14,060	0	0	5,474	6,420	138,831	274,476
1.3 Loans to customers	142,881	361,202	13,631	5,582	57,879	41,237	36,494	27,085	148,626	127,191	82,477	22,863	186,056	127,818	30,798	32,009
1.4 Bonds and other debt securities	0	104	13,002	7	15,322	46,794	449	19,613	455,395	85,978	6	773	28,563	205,150	0	0
1.5 Off-balance sheet transactions	602,410	6,287,656	5,922,578	2,514,478	5,966,310	2,873,702	6,188,846	3,998,431	187,766	117,095	885,591	603,398	93,469	100,951	0	0
2. Liabilities	**5,029,135**	**12,892,059**	**7,521,207**	**2,300,103**	**6,228,689**	**1,870,395**	**6,124,878**	**3,869,873**	**171,686**	**164,540**	**971,666**	**675,471**	**49,748**	**94,360**	**0**	**3,073**
2.1 Due to banks	3,718,829	3,707,847	1,478,555	803,055	197,519	81,242	32	35	190	254	0	5	0	0	0	0
2.2 Due to customers	432,733	368,495	14,123	17,296	0	0	0	0	0	0	0	0	0	0	0	3,073
2.3 Debt securities in issue:																
- bonds	0	0	0	0	2,500	3,015	0	2,500	30,250	30,250	0	0	15,150	15,150	0	0
- certificates of deposit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- other	264,307	235,096	0	0	0	11,000	0	0	95,850	95,850	0	0	0	0	0	0
2.4 Subordinated liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.5 Off-balance sheet transactions	613,266	8,580,621	6,028,529	1,479,752	6,028,670	1,775,138	6,124,846	3,867,338	45,396	38,186	971,666	675,466	34,598	79,210	0	0

11.7 Foreign currency assets and liabilities

	31/12/04	31/12/03
a) Assets:	**1,088,496**	**1,444,270**
1. Loans to banks	1,078,211	1,438,658
2. Loans to customers	5,622	1,689
3. Securities	19	19
4. Equity investments	0	0
5. Other	4,644	3,904
b) Liabilities:	**966,880**	**489,778**
1. Due to banks	938,711	464,158
2. Due to customers	28,169	25,620
3. Debt securities in issue	0	0
4. Other	0	0

The difference between assets and liabilities is covered by outright foreign currency transactions, as detailed in table 10.5, point 1.2

11.8 Securitizations

At the end of 2001, pursuant to Law 2004 of 130 April 30 on the securitization of claims, the Bank carried out the assignment of securities issued by mutual banks (BCCs).
The operation was conducted to meet the BCCs direct medium/long-term funding needs aimed at:

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

The first assignment, which involved bonds with a nominal value of €889,600 thousand, was carried out on 21 December 2001 with Credico Funding S.r.l. of Milan, an Italian special purpose vehicle established pursuant to Law 130/1999 and entered at no. 32929 in the general register maintained by the Italian Foreign Exchange Office pursuant to Article 106 of Legislative Decree 385/1993, its sole purpose being to conduct one or more securitization transactions pursuant to Article 3 of Law 130/1999.
Credìco Funding S.r.l. is wholly owned by Stichting Chatwin and Stichting Amis, both Dutch-registered companies. They granted Iccrea Banca S.p.A. a call option to acquire the entire holding. Iccrea Banca S.p.A. simultaneously issued a put option to the two companies to sell the holding in the SPV..
Credico Funding S.r.l. financed the purchase of the securities via the issue of six classes of asset-backed securities, denominated A, B, C, D, E and F for a total of €889,600 thousand.
The characteristics of the securities issued are as follows:

- Class A with a value of €742,810 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.23%;
- Class B with a value of €26,690 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.33%;
- Class C with a value of €26,690 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.38%;
- Class D with a value of €44,480 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.50%;
- Class E with a value of €22,240 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 1.20%;
- Class F with a value of €26,690 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 3.00%.

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

	Standard & Poor's	Moody's
Class A	AAA	AAA
Class B	AAA	
Class C	AA	
Class D	A	
Class E	BBB	

The Class A securities were placed with institutional investors, while the other classes of security, including Class F, were entirely subscribed by the Bank and partially placed with BCCs.
The Bank's remaining exposure after completion of the transaction is essentially represented by the Class F securities held in portfolio.
At 31 December 2004, the Bank held Class F securities with a nominal value of €450 thousand, while the nominal value of the remaining classes amounted to €68,511 thousand.
Payments have been made on a regular basis and none of the participating BCCs is in default.

The second assignment, which involved bonds with a nominal value of €1,159,500 thousand, was carried out on 5 July 2004 with Credico Funding 2 S.r.l. of Milan, an Italian special purpose vehicle established pursuant to Law 130/1999 and entered at no. 35452 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 32898.
Credìco Funding 2 S.r.l. is wholly owned by Stichting Chatwin and Stichting Amis, both Dutch-registered companies.
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 €1,008,800 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.20%;
- Class B with a value of €24,400 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.33%;
- Class C with a value of €47,500 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 0.50%;
- Class D with a value of €44,000 thousand, quarterly coupon at a floating rate of 3-month Euribor plus 1.20%;
- Class E with a value of €34,800 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 A	AAA	AAA
Class B	AA	
Class C	A	
Class D	BBB-	

The Class A securities were placed with institutional investors, while the other classes of security, including Class E, were entirely subscribed by the Bank and partially placed with BCCs.
The Bank's remaining exposure after completion of the transaction is essentially represented by the Class E securities held in portfolio and the subordinated loan to the SPV in the amount of €4,000 thousand.

At 31 December 2004 our portfolio contained Class E securities amounting to €9,710 thousand, while the nominal value of the securities of the other classes was €96,090 thousand.

Credico Funding S.r.l. and Credico Funding 2 S.r.l have engaged Iccrea Banca S.p.A. to handle servicing activities for the operations. 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 BCCs is in default.

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SECTION 12: MANAGEMENT AND INTERMEDIATION SERVICES

12.1 Securities trading

	31/12/04	31/12/03
a) Purchases	**41,662,593**	**35,323,194**
. settled	41,543,348	35,147,652
. not yet settled	119,245	175,542
b) Sales	**30,597,336**	**28,043,061**
. settled	30,478,119	27,867,519
. not yet settled	119,217	175,542

12.2 Asset management

	31/12/04	31/12/03
1. own securities	**0**	**0**
2. other	**3,022,125**	**2,766,401**
of which external supplementary pension funds	**713,872**	**677,328**

12.3 Custody and administration of securities

	31/12/04	31/12/03
a) Third-party securities on deposit (excluding asset management)		
1. own securities	350,448	364,569
2. other	56,408,115	53,533,327
b) third-party securities deposited with third parties	52,558,150	49,590,787
c) securities owned by bank deposited with third parties	701,109	632,226

12.4 Claims collection for third parties: debit and credit adjustments

	31/12/04	31/12/03
a) Debit adjustments	**360,711**	**341,246**
1. current accounts	212,072	201,814
2. central portfolio	148,639	139,432
3. cash	0	0
4. other	0	0
b) Credit adjustments	**387,281**	**360,427**
1. current accounts	219,099	211,289
2. assignors of bills and documents	168,182	149,138
3. other	0	0

12.5 Other transactions

	31/12/04	31/12/03
The item totals:	**0**	**0**

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Part C: Information on the income statement

SECTION 1: INTEREST

1.1 Composition of caption 10: “Interest income and similar revenues”

	31/12/04	31/12/03
a) on loans to banks	118,721	130,139
of which:		
- on claims on central banks	12,198	12,180
b) on loans to customers	23,023	28,343
of which :		
- on loans financed with third-party funds under administration		
c) on debt securities	21,107	14,420
d) other interest income	649	839
e) positive balance on differences on hedging transactions	3,613	5,145
Total	**167,113**	**178,886**

Interest income and similar revenues on loans to customers includes default interest of €416 thousand.

1.2 Composition of caption 20: "Interest expense and similar charges"

	31/12/04	31/12/03
a) on amounts due to banks	126,470	134,604
b) on amounts due to customers	7,394	8,420
c) on debt securities	3,726	3,399
of which:		
- certificates of deposit	0	0
d) on loans with third-party funds under administration	0	0
e) on subordinated debt	0	0
f) negative balance on differences on hedging transactions	0	0
Total	**137,590**	**146,423**

1.3 Breakdown of caption 10: "Interest income and similar revenues"

	31/12/04	31/12/03
a) on foreign-currency assets	**24,759**	**19,615**

1.4 Breakdown of caption 20: "Interest expense and similar charges"

	31/12/04	31/12/03
a) on foreign-currency liabilities	**13,371**	**4,482**

SECTION 2: COMMISSIONS

2.1 Composition of caption 40 "Commission income"

	31/12/04	31/12/03
a) guarantees issued	681	523
b) credit derivatives	2,030	550
c) management, intermediation and advisory services :		
1. securities trading	5,432	6,292
2. foreign exchange	46	61
3. asset management		
3.1 individual	1,457	1,642
3.2 collective	0	0
4. custody and administration of securities	3,047	5,377
5. depository services	5,257	4,782
6. securities placement	3,854	1,418
7. order collection	525	814
8. advisory services	637	0
9. distribution of third-party services		
9.1 asset management		
9.1.1. individual	0	0
9.1.2. collective	0	0
9.2 insurance products	0	0
9.3 other	0	0
d) collection and payment services	56,762	55,378
e) servicing activities for securitizations	141	89
f) tax collection services	0	0
g) other services	89,334	76,423
Total	**169,203**	**153,349**

Item “g) other services” includes €74,051 thousand from commissions on credit card issues, usage and renewals and €11,880 thousand from commissions on BCC network and Bancomat ATM services.

Breakdown of caption 40 "Commission income": Distribution channels for products and services

	31/12/04	31/12/03
a) own branches:		
1. asset management	1,457	1,642
2. securities placement	3,854	1,418
3. third-party services and products	0	0
b) off-premises distribution:		
1. asset management	0	0
2. securities placement	0	0
3. third-party services and products	0	0
Total	**5,311**	**3,060**

2.3 Composition of caption 50 "Commission expense"

	31/12/04	31/12/03
a) guarantees received	407	365
b) credit derivatives	2,025	572
c) management and intermediation services :		
1. securities trading	1,862	1,435
2. foreign exchange	5	2
3. asset management		
3.1 own portfolio	4	38
3.2 third-party portfolio	0	0
4. custody and administration of securities	2,819	3,135
5. securities placement	2,181	1,456
6. off-premises distribution of securities, products and services	0	0
d) collection and payment services	10,038	9,963
e) other services	64,096	55,181
Total	**83,437**	**72,147**

The item "e) other services" mainly concerns commissions passed through to the BCCs/CRAs, with €61,534 thousand regarding credit card issues, usage and renewals.

SECTION 3: INCOME (LOSS) ON FINANCIAL TRANSACTIONS

3.1 Composition of caption 60 "Income (loss) on financial transactions"

	SECURITIES TRANSACTIONS		FOREIGN EXCHANGE TRANSACTIONS		OTHER	
	31/12/04	31/12/03	31/12/04	31/12/03	31/12/04	31/12/03
A1 Revaluations	4,417	252				
A2 Writedowns	1,883	348			4,843	5
B. Other income/loss	9,535	10,161	2,363	2,225	3,958	5,324
Total	**12,069**	**10,065**	**2,363**	**2,225**	**-885**	**5,319**
1. Government securities	3,903	3,159				
2. Other debt securities	5,636	7,593				
3. Equity securities	6,371	1,057				
4. Derivative contracts on securities	-3,841	-1,744				

SECTION 4: GENERAL AND ADMINISTRATIVE EXPENSES

Description of caption 80 "General and administrative expenses ”

General and administrative expenses include staff costs totaling €52,498 thousand. Other administrative expenses, equal to €50,348 thousand, include:

	31/12/04	31/12/03
Data processing, software maintenance, press agency	15,834	13,381
BCC network management	5,618	4,418
Office expenses	5,950	6,001
Promotional expenses, association dues, contributions	1,483	1,536
Professional fees, consulting, reimbursements	3,174	2,801
Fees and reimbursement of directors	542	448
Advertising	1,105	880
Outsourcing of EDP services	3,100	3,065
Other outsourcing	2,700	2,162
Postal expenses	4,192	3,964
Maintenance of real estate and movable property	2,158	2,612
Other	882	584
Indirect taxes and duties	3,610	3,222
Total	**50,348**	**45,074**

Expenses in respect of outsourcing mainly regard costs incurred in respect of the centralization of internal auditing activities with the parent company as well as database maintenance and shipping.

4.1 Average number of employees

AVERAGES	31/12/04	31/12/03
a) senior management	12	13
b) 3rd and 4th level supervisors	76	74
c) other staff	649	651

SECTION 5: WRITEDOWNS, WRITEBACKS AND PROVISIONS

5.1 Composition of caption 120 "Writedowns of loans and provisions for guarantees and commitments"

The item breaks down as follows:

	31/12/04	31/12/03
a) writedowns of loans	3,611	8,008
Of which:		
- general country risk	0	0
- other general writedowns	164	0
b) provisions for guarantees and commitments	0	0
Of which:		
- general country risk	0	0
- other general provisions	0	0
Total	**3,611**	**8,008**

Composition of caption 130 " writebacks of loans and provisions for guarantees and commitments"

	31/12/04	31/12/03
a. writebacks of loans		
- default interest	1,217	1,123
- principal	652	1,403
b. writebacks of guarantees and commitments	82	0
Total	**1,951**	**2,526**

Depreciation and amortization of intangible and tangible assets

	31/12/04	31/12/03
	10,617	8,625

Depreciation and amortization for the year are detailed separately in the tables reporting changes in tangible and intangible assets. The rates applied are the maximum rates allowed under tax regulations, which are considered to be representative of the assets' economic lives.

Provision for liabilities and contingencies

	31/12/04	31/12/03
	530	1,199

The item reflects the amount needed to adjust the provision for liabilities and contingencies. See point 7.3.

Allocations to loan-loss provision

	31/12/04	31/12/03
	0	5,000

Composition of caption 150 "Writedowns of financial assets"

	31/12/04	31/12/03
	80	0

Of the total, €78 thousand regards the holding in Invoicing S.r.l. and €2 thousand regards P.B. S.r.l.

Composition of caption 160 "Writebacks of financial assets"

	31/12/04	31/12/03
	0	0

SECTION 6: OTHER ITEMS OF THE INCOME STATEMENT

6.1 Composition of caption 70 "Other operating income"

The item breaks down as follows:

	31/12/04	31/12/03
Revenues from property management services	149	193
Property rentals	558	506
Reimbursement:		
- expenses for seconded personnel	735	1,230
- stamp duty	552	677
- Solidarity Fund contributions	607	581
- withholding tax	551	243
Premiums on options	2,471	206
Revenues from subsidized financing services	439	318
Insourcing revenues	365	470
Other	1,239	836
Total	**7,666**	**5,260**

6.2 Composition of caption 110 "Other operating costs"

	31/12/04	31/12/03
	2,471	206

This regards premiums on options.

6.3 Composition of caption 180 "Extraordinary income"

The item includes

	31/12/04	31/12/03
Disposal of investment securities	0	6,399
Gains on disposals	9	6
Income from equity investments	152	0
Out-of-period income and non-existent liabilities	2,638	3,518
Out-of-period income - Central Guarantee Fund reserve	0	82
Total	**2,799**	**10,005**

The out-of-period income mainly regards the use of the tax provision and the settlement of litigation and suspended items.

6.4 Composition of caption 190 "Extraordinary expense"

The item includes:

	31/12/04	31/12/03
Losses on disposals	31	105
Losses on equity investments	0	2
Out-of-period expenses and non-existent assets	790	1,483
Voluntary separation incentives	2,301	5,299
Credit card fraud	434	478
Total	**3,556**	**7,367**

The expenses for voluntary separation incentives regard the application of the agreements of 21 February 2002 and 16 June 2003 on the activation of the "Solidarity Fund to support the income, employment and professional retraining of mutual bank employees". In 2004, a total of 10 staff left the Bank. Of these, 9 registered with the Fund and 1 retired directly.

6.5 Composition of caption 220 "Income taxes for the period"

	31/12/04	31/12/03
1. Current taxes	-8,987	-7,943
2. Change in deferred tax assets (+/-)	1,347	-2,400
3. Change in deferred tax liabilities (-/+)	-1,460	-1,457
4. Income taxes for the period	-9,100	-11,800

SECTION 7: OTHER INFORMATION ON THE INCOME STATEMENT

7.1 Geographical distribution of income

All revenues for the year were generated in Italy.

Part D : Other information

SECTION 1: DIRECTORS AND STATUTORY AUDITORS

1.1 REMUNERATION:	31/12/04	31/12/03
a) Directors	326	256
b) Statutory auditors	116	110

1.2 LOANS AND GUARANTEES ISSUED	31/12/04	31/12/03
a) Directors	0	0
b) Statutory auditors	0	0

SECTION 2 - PARENT BANK OR EU PARENT BANK

2.1 Name

Iccrea Holding S.p.A.

2.2 Registered office

Rome - Via Massimo D'Azeglio, 33

2.3 Highlights at 31 December 2003 (thousands of euros)

BALANCE SHEET	
Assets	**602,847**
Liabilities	**13,284**
Provision for general banking risks	**5,265**
Share capital	512,420
Legal reserve	10,929
Reserve for treasury stock	1,215
Reserve provided for in bylaws	19,930
Other reserves	4,098
Revaluation reserve	23,077
Net income	12,630
Shareholders' equity	**584,298**

INCOME STATEMENT	
Revenues on ordinary operations	24,274
Costs on ordinary operations	-13,618
Income (loss) on ordinary operations	10,656
Extraordinary income and expense	274
Change in provision for general banking risks	-2,600
Income taxes	4,300
Net income	**12,630**

Annexes

These annexes provide additional information beyond that shown in the notes to the financial statements, of which they are an integral part.

The information is contained in the following annexes:

- Statement of changes in shareholders' equity;
- Statement of cash flows
- Schedule of revaluations
- Statement of the Central Guarantee Fund
- List of equity investments
- Financial Statements of BCC Securis S.r.l.
- Financial Statements of Credico Finance S.r.l.

Statement of changes in shareholders' equity;

	Share capital	Legal reserve	Reserve provided for in bylaws	Other reserves	Provision for general banking risks	Revaluation on reserves	Net income	Shareholders' equity
Balance at 31 December 2003	**216,913**	**18,122**	**192**	**87**	**10,650**	**47,866**	**10,888**	**304,718**
Allocation of 2003 net income:								
- to legal reserve		3,267					-3,267	0
- to reserve provided for in bylaws			13				-13	
- to extraordinary reserve								
- to shareholders							-7,592	-7,592
- to Board of Directors							-16	-16
Provision for general banking risks					2,700			2,700
Net income for 2004							11,049	11,049
Balance at 31 December 2004	**216,913**	**21,389**	**205**	**87**	**13,350**	**47,866**	**11,049**	**310,859**

Statement of cash flows for the year ending 31 December 2004

FUNDS USED AND INVESTED		FUNDS GENERATED BY OPERATIONS AND RAISED	
Writebacks and use of funds generated by operations :		**Funds generated by operations**	
Use of provision for taxes and duties	22,055	Provision for taxes and duties	6,591
Use of provisions for liabilities and contingencies and sundry	379	Provisions for liabilities and contingencies and sundry	530
Writebacks of loans	1,869	Writedowns of loans	3,611
Use of staff severance pay provision	1,922	Amortization and depreciation of intangible and tangible assets	10,617
Use of provision for personnel costs	2,989	Allocation to staff severance pay provision	2,891
Use of loan-loss provision	219	Allocation to provision for personnel costs	2,443
Writebacks of guarantees and commitments	82	Change in provision for general banking risks	2,700
		Net income	11,049
Increase in funds invested:		**Increase in funds raised:**	
Securities	110,576	Other liabilities	27,860
Equity investments in Group companies	107	Due to banks	802,687
Other assets	4,991	Debt securities in issue	15,196
Tangible assets	1,435	Due to customers	57,991
Intangible assets	3,563		
Loans to banks	836,781		
Decrease in funds raised:		**Decrease in funds invested:**	
		Cash and balances with central banks and post offices	6,761
Dividends distributed and funds available to Board of Directors	7,609	Loans to customers	44,404
Third-party funds under administration	780	Equity investments	26
Total funds used and invested	**995,357**	**Total funds generated and raised**	**995,357**

-

Schedule of revaluations

		Revaluations effected by the parent company Iccrea Holding S.p.A.					
Property	Cost	Revaluation (law 72/83)	Revaluation (law 408/90)	Revaluation (law 413/91)	Revaluation law 342/00	Accumulated depreciation	Book value
Via Torino, 135 Rome	1,172	0	1,334	945	2,302	1,626	4,127
Via Torino, 146 Rome	2,915	5,165	7,580	9,213	24,492	14,246	35,119
Via Torino, 148 Rome	68	0	5	908	997	437	1,541
Via Torino, 150 Rome	1,694	0	0	81	1,689	768	2,696
Via Torino, 153 Rome	4,549	0	4,266	4,145	8,772	6,884	14,848
Via D'Azeglio, 33 Rome	7,959	0	5,550	4,677	12,882	8,500	22,568
Mostacciano Pal.1 Rome	4,010	0	0	0	2,582	689	5,903
Mostacciano Pal.2 Rome	2,897	0	0	0	3,094	571	5,420
Mostacciano Pal.3 Rome	2,834	0	0	0	2,283	456	4,861
Total	**28,098**	**5,165**	**18,735**	**19,969**	**59,093**	**34,177**	**96,883**

Statement of the Central Guarantee Fund at 31 December 2003

BALANCE SHEET		
ASSETS	**31/12/04**	**31/12/03**
Deposits with banks	7,957	27,710
Loans to BCCs	5,165	5,165
Loans to BCCs - subordinated	6,197	6,197
Other assets	496	434
Total assets	**19,815**	**39,506**
LIABILITIES		
BCC and Casse Centrali deposits	18,040	36,849
Other liabilities	0	0
Provision for taxes	15	0
Central Guarantee Fund reserve	1,760	1,713
Total liabilities	**19,815**	**39,506**
MEMORANDUM ACCOUNTS, COMMITMENTS AND CONTINGENCIES		
Securities and guarantees received	11,362	11,362
Central Guarantee Fund guarantees	878	878
Processing of Central Guarantee Fund interventions	3,701	3,577
Total	**15,941**	**15,817**
INCOME STATEMENT		
COSTS AND LOSSES		
Interest on BCC deposits	272	934
Fees and consulting	25	4
Allocation to tax provision	15	0
Allocations to the reserve	25	22
Total costs and losses	**337**	**960**
REVENUES AND PROFITS		
Interest on bank deposits	217	665
Interest on loans to BCCs	120	181
Interest on securities holdings	0	31
Gains on securities	0	1
Out-of-period income	0	82
Total revenues and profits	**337**	**960**

List of equity investments

	SHARES OR OTHER EQUITIES	BOOK VALUE	NOMINAL VALUE	PERCENTAGE HOLDING
PROMINVESTMENT S.p.A.	428,571	685	223	30.0000%
BCC VITA S.p.A:	210,000	260	210	1.0000%
BCC GESTIONE CREDITI	300,000	300	300	15.0000%
SI HOLDING S.p.A.	999,783	492	600	2.2220%
SIA S.p.A.	73,290	53	38	0.2090%
C.FIN.CENTRONORD S.p.A. IN FALL	170,000	0	88	10.0000%
CIM ITALIA S.p.A.	61,600	258	185	2.8000%
BORSA ITALIANA	7,000	22	4	0.0430%
FONDO GARANZIA DEP. BCC	1	0	0	0.1810%
S.W.I.F.T. S.C.	41	62	5	0.0470%
SIMEST S.p.A.	434,783	258	225	0.1360%
M.T.S. S.p.A	8,269	560	430	2.2180%
P.B. s.r.l.	2,331	3	2	1.9600%
INVOICING S.r.l.	1	12	12	10.0000%
E-MID	4,410	220	220	3.6750%
CREDICO FINANCE S.r.l.	92	48	48	92.0000%
BCC SECURIS S.r.l.	90	9	9	90.0000%
S.S.B. S.p.A.	659,771	59	86	0.7970%
Total		**3,301**	**2,685**	

BCC SECURIS SRL
Financial Statements at 31/12/2004

Sole Director
Antonio Bertani

Independent Auditors
Deloitte & Touche SpA

Registered office: Via Massimo D'Azeglio 33 - Rome
Entered in the Rome Company Register
Tax Code and VAT Reg. No. 07122621001
Share capital: €10,000 – fully paid up

1.1 OVERVIEW

BCC Securis Srl is a company for the securitization of claims. It was established on 20 June 2002 pursuant to Article 3 of Law 130 of 30 April 1999 and is entered in the special register of financial companies referred to in Article 107 of the 1993 Banking Law.
The company's registered office is in Rome at Via Massimo D'Azeglio, 33.

On 17 September 2004, Iccrea Holding S.p.A. sold its 90% interest in the share capital of BCC Securis S.r.l. to Iccrea Banca S.p.A., a subsidiary. The share capital, which amounts to €10,000 and is fully paid up, is now divided as follows: 90% is held by Iccrea Banca S.p.A., 5% by Federazione Campana delle BCC S.coop. a.r.l. and 5% by Federazione Siciliana delle BCC S.coop.a.r.l.

As stated in its bylaws, the exclusive purpose of the Company is to effect one or more securitization operations in compliance with Law 130/99 through the purchase of existing and future pecuniary receivables, identifiable en bloc if consisting of more than one position, financed through the issue of notes pursuant to Article 1, paragraph 1(b) of Law 130/99.
Pursuant to the bylaws and in compliance with Law 130/99 and related enabling measures, receivables purchased by the company as part of each securitization operation shall remain in every respect separate both from company assets and from assets connected with other securitizations. No creditors other than the holders of the notes issued to finance the acquisition of the related receivables may bring actions against the separate assets.

On 19 July 2002, BCC Securis Srl became fully operational following its acquisition of a portfolio of bad debts in respect of real estate loans, mortgage loans and other financing, assigned by 24 mutual banks, followed by the issue, pursuant to Law 130/1999, of the notes on 12 December 2002.

The company has no employees because it has outsourced the management of the loan portfolio as well as all administration, accounting, corporate affairs, taxation and information technology operations.

The financial statements at 31 December 2004 reflect the only securitization operation effected by the company at that date. At the time of writing, the company has no plans to carry out other securitization operations in the immediate future.

1.2 SCOPE OF OPERATIONS

BCC Securis Srl operates within the framework of Law 130/99. The aspects of that law that have the greatest bearing on the company are as follows:

- the exclusivity of the corporate purpose, which is limited to the performance of securitization operations;
- segregation of assets held by the company: the assets relating to securitization operations are separate both from the assets of the company and from assets relating to other operations.

Various regulations also exist to afford stronger protection to the holders of notes issued by the company. For example, the law obliges the company to use amounts paid by debtors exclusively to satisfy the rights inherent in the notes it issues and to meet the costs of the securitization transaction.

Finally, in relation to the contracts signed by BCC Securis Srl for the purpose of a securitization operation, several types of restriction exist with the purpose of giving further protection to the holders of notes issued by BCC Securis Srl. Accordingly, it is specified that the company shall not carry out new securitization operations if they would have negative impact on the rating assigned to the original securitization.

1.3 THE LIMITED RECOURSE NATURE OF THE NOTES

The notes issued by the company to fund the securitization operation completed on 12 December 2002, while differentiated in order of preference, are all "limited recourse". This means that the repayment of the principal depends on the availability of sufficient financial resources, which are generated from the collection of the receivables acquired by the company.

1.4 SIGNIFICANT CONTRACTUAL ASPECTS

BCC Securis Srl makes use of the services provided by third parties for functions relating to administration, corporate affairs, bookkeeping and taxation.

In particular, responsibility for the collection and recovery of receivables as well as cashier and payment services, which Law 130/99 reserves exclusively for entities entered in the special register referred to in Article 107 of Law 385 of 1 September 1993, is assigned to the 24 mutual banks on the basis of a servicing agreement signed on 6 December 2002.

On the basis of an agency agreement, the financial flows of the company are managed by the Milan office of Deutsche Bank, which acts as Paying Agent. With reference to the terms and conditions of the notes issued by BCC Securis Srl, interest payments are made every six months on 7 August and 7 February of each year at 6-month Euribor plus a spread of 0.23% per year for Class A notes; Class C notes pay an annual fixed rate of 0.1%.

The Representative of the Noteholders is currently SG Hambros Bank & Trust Company (Jersey) Limited.

In addition to the parties mentioned above, BCC Securis Srl also employs the services of Deloitte Outsourcing S.r.l. and Deloitte & Touche S.p.A..
Deloitte Outsourcing S.r.l. is responsible for the establishing the domicile of the company, to which it also supplies administrative, accounting, financial and tax services and advice.
Deloitte & Touche S.p.A. is responsible for auditing the accounts of the company.

2 MANAGEMENT OF RECEIVABLES

The receivables acquired by BCC Securis Srl are managed by the individual mutual banks in their capacity as servicers.

3 FINANCIAL POSITION AND PERFORMANCE

The portfolio acquired by BCC Securis Srl is composed of receivables, identifiable en bloc, in respect of bad debts for real-estate loans, mortgage loans and other financing agreements.
BCC Securis Srl paid the originators a total of €148,076,000 for the claims.
On 12 December 2002, BCC Securis Srl placed notes with a value of €148,076,000 on the market. The notes are divided into 25 classes. Class A notes, which are rated, are the senior securities; Class C notes, which are unrated, make up the subordinated tranche that has been subscribed by each of the mutual banks.

In the 2004, the company recorded a total of €3,676,405 in out-of-period income and default interest income in the amount of €5,475,689. Default interest deemed unrecoverable was completely written down.

The operation proceeded normally during the year. In particular, collections received as of 31 December 2004 amounted to €16,685,122, which is in line with budget forecasts. At 31 December 2004, the securitization operation had generated net income of €1,066,137.

4 SIGNIFICANT POST-PERIOD EVENTS

No significant developments occurred between the end of the financial year and the approval of the present report.

5 OUTLOOK

The company currently has no plans to effect other securitization operations.

6 PROPOSED ALLOCATION OF NET INCOME FOR THE YEAR

The company broke even for the financial year because operating costs are charged to the securitized portfolio.

7 OTHER INFORMATION

BCC Securis Srl:

- does not engage in research and development activities;
- holds no own shares nor shares of parent companies.

As regards the tax aspects relating to the management of the securitized portfolio, the company has followed the general guidelines based on Bank of Italy directive 14890 of 29 March 2000, confirmed in Circular 8/E dated 6 February 2003 issued by the Revenue Agency relating to the tax treatment of segregated assets held by companies formed to carry out the securitization of claims, according to which the net income generated from the management of securitized assets in the course of the operations in question is not available to the company and as such the company is not liable for tax on those amounts. This is in line with the Bank of Italy's provisions in the Directive of 29 March 2000, according to which the income statement of a special purpose vehicle shall not be affected by revenue or cost flows in respect of receivables that form part of the securitized portfolio, both as regards principal and interest income as well as costs incurred by the company for the management of each securitization operation. Any net income remaining after all the claims of the creditors of the segregated assets have been met, and pertaining to the special purpose vehicle, shall be liable to taxation, in as much as such income legally belongs to the SPV and thus constitutes part of taxable income.

It should also be noted that the Revenue Agency's Resolution 222 of 5 December 2003 clarified certain aspects relating to the tax treatment of the bank deposits and current accounts of the special purpose vehicle.
The withholding taxes levied on the SPV are counted as tax payments on account. Pursuant to Article 79 of the Consolidated Tax Code, they are charged off in the tax period in which the relevant revenues accrued and contributed to the company's total taxable income. Nevertheless, as long as the securitization assets remain segregated, the condition set out in that article does not hold. Not until the securitization operation is complete will interest income and other income from bank deposits and current accounts on which withholding tax has been applied in accordance to law pertain to the special purpose vehicle, which may only then deduct the withholding tax from its tax liability.

BCC Securis Srl
The Sole Director

BALANCE SHEET	AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
ASSETS				
10. Cash and cash equivalents		0	3	10.
20. Loans to banks:		8,926	8,926	20.
a) on demand	8,926			
90 Intangible assets		1,429	2,143	90
of which:				
- start-up costs	1,429			
130. Other assets		43,339	41,022	130.
TOTAL ASSETS		**53,694**	**52,094**	**53,694**

BALANCE SHEET	AT 31 DECEMBER 2004		AT 31 DECEMBER 2003	
LIABILITIES AND EQUITY				
50. Other liabilities		43,694	35,491	50.
80. Provision for liabilities and contingencies		0	6,603	80.
- provision for taxes and duties	0			
120. Share capital		10,000	10,000	120.
TOTAL LIABILITIES AND EQUITY		**53,694**	**52,094**	**53,694**

INCOME STATEMENT		AT 31 DECEMBER 2004	AT 31 DECEMBER 2003
Costs			
20. Commission expense		41	125
40. General and administrative expenses:		60,995	63,503
(b) other administrative expenses	60,995		
50. Amortization		715	715
110. Extraordinary expense		1,200	5,478
130. Income taxes for the period		2,856	2,369
TOTAL COSTS		**65,807**	**72,190**
Revenues			
10. Interest income and similar revenues		134	153
70. Other operating income		65,673	72,037
TOTAL REVENUES		**65,807**	**72,190**

NOTES TO THE FINANCIAL STATEMENTS

Part A – Significant accounting policies

Structure and format of the financial statements

The financial statements for the year have been prepared in euros, in conformity with the provisions of Legislative Decree 87 of 27 January 1992 and related measures (notably Directive 103 of the Bank of Italy of 31 July 1992) and the procedures specified in the measure of the Bank of Italy of 29 March 2000, published in the *Gazzetta Ufficiale* no. 78 of 3 April 2000, and are accompanied by the report on operations.
The financial statements consist of the balance sheet, the income statement and the explanatory notes, in conformity with the format set out in the Bank of Italy measure of 31 July regarding the financial statements of financial institutions.
In view of the fact that, as stated in Law 130/99, "the claims related to each operation are segregated from the assets of the company and from all other securitization operations" and pursuant to the provisions of Legislative Decree 87/1992, the substance of operations shall prevail over form. In application of the Bank of Italy's instructions in this area, both the accounting information and qualitative and quantitative data concerning the securitization are set out in a specific annex to the notes to the financial statements.

Accounting policies adopted in preparing the financial statements

Section 1 – Description of accounting policies.

The following chart outlines the main accounting policies adopted in preparing the financial statements.

Loans to banks are stated at nominal value increased by accrued interest income.	**Loans to banks**
Intangible assets, consisting of start-up costs, are carried at purchase cost reduced by amortization on a straight-line basis over a period of no more than five years.	**Intangible assets**
Other assets are carried at nominal value, which corresponds to their estimated realizable value.	**Other assets**
Other liabilities are carried at nominal value.	**Other liabilities**
Costs and revenues are recognized on an accruals basis.	**Costs and revenues**
Income taxes have been estimated on the basis of a reasonable forecast of the tax liability for the period. The amount due is posted under provisions for liabilities and contingencies.	**Income tax**

Section 2 – Writedowns and provisions made solely for tax purposes

No writedowns or provisions were made solely for tax purposes.

PART B – INFORMATION ON THE BALANCE SHEET

Assets

	31.12.2004	31.12.2003
CASH AND CASH EQUIVALENTS	0	3

The item regards cash on hand.

	31.12.2004	31.12.2003
LOANS TO BANKS	8,926	8,926

The item is represented by the balance on the current account held with Iccrea Banca S.p.A..

	31.12.2004	31.12.2003
INTANGIBLE ASSETS	1,429	2,143

The item breaks down as follows:

START-UP COSTS		
Historic cost	3,573	3,573
Amortization for the period	(715)	(715)
Accumulated amortization at end of period	(2,144)	(1430)
Value at end of period	1,429	2,143

	31.12.2004	31.12.2003
OTHER ASSETS	43,339	41,022

The item is composed of:

Receivable from securitized portfolio	34,243	33,889
Deferred tax assets	7,057	7,133
Receivables for IRAP paid on account	245	0
Receivables for IRES paid on account	1,794	0

The account "Receivable from securitized portfolio" reports the receivable that the SPV has in respect of the management of the securitized assets.
"Deferred tax assets" represent the receivable in respect of deductible temporary differences, which will reduce taxes in the future. The differences regard fees due to the independent auditors not paid in 2004, whose tax deductibility is postponed to the year in which they are paid. This gave rise to deferred tax assets (130 "Other assets") for 2004, recognized in the income statement as a reduction in income taxes in the amount of €7,057.

Liabilities

	31.12.2004	31.12.2003
OTHER LIABILITIES	43,694	35,491

They mainly consist of:

Invoices to be received	19,905	18,942
Payable to securitized portfolio	14,301	2,915
Withholding tax payable	908	208
Suppliers	8,580	13,426

	31.12.2004	31.12.2003
PROVISIONS FOR LIABILITIES AND CONTINGENCIES	0	6,603

The item regards the “Provision for taxes and duties”, which concerns the company’s liability for IRAP, equal to zero, and the liability for IRES, also equal to zero.

Changes in the provision during the year were as follows:

	31.12.2004	31.12.2003
Opening balance	**6,603**	**1,463**
Increases:		
- 2004 allocation	2,780	8,120
Decreases:		
- 2004 utilization	(6,603)	(1,463)
- 2004 payments on account	(2,780)	(1,517)
Closing balance	**0**	**6,603**

	31.12.2004	31.12.2003
SHARE CAPITAL	10,000	10,000

Share capital is equal to €10,000 and is fully subscribed and paid up.

CHANGES IN SHAREHOLDERS’ EQUITY

	SHARE CAPITAL	LEGAL RESERVE	NET INCOME FOR THE YEAR	TOTAL
Balance at 31/12/03	10,000	-	-	10,000
Balance at 31/12/04	10,000	-	,	10,000

Guarantees and commitments

None.

Foreign currency liabilities

None.

Off-balance-sheet operations

None.

PART C – INFORMATION ON THE INCOME STATEMENT

Costs

	31.12.2004	31.12.2003
Commission expense	41	125

The item regards commissions debited to the bank current account.

	31.12.2004	31.12.2003
General and administrative expenses	60,995	63,503

The main components of this item are:

	31.12.2004	31.12.2003
Remuneration of director	8,568	8,568
Indirect taxes and duties	573	310
Stamp duty	254	0
Penalties and default interest	13	176
Chamber of commerce fees and services	373	373
Fees of independent auditors	18,450	16,800
Other administrative services	31,237	35,123
Travel expenses	0	444
Legal and notary expenses	1,527	1,709

	31.12.2004	31.12.2003
Amortization	715	715

The item regards the amortization of start-up costs, which is calculated on a straight-line basis over five years.

	31.12.2004	31.12.2003
Extraordinary expense	1,200	5,478

The item primarily reports out-of-period expenses arising in 2004.

	31.12.2004	31.12.2003
Income taxes	2,856	2,369

	31.12.2004	31.12.2003
IRAP 2004	518	1,285
IRES 2004	2,262	6,835
Deferred tax assets - IRES 2004	(6,088)	(6,251)
Deferred tax assets - IRAP 2004	(969)	(882)
Use of deferred tax assets - 2003	7,133	1,382

Revenues

	31.12.2004	31.12.2003
Interest income and similar revenues	134	153

The item comprises interest on the bank current account.

	31.12.2004	31.12.2003
Other operating income	65,673	72,037

The item consists of the revenues from the charging of operating expenses to the securitized portfolio.

PART D – OTHER INFORMATION

1 – Average number of employees

The company has no employees.

2 – Directors and statutory auditors

2.1 – Remuneration of directors, statutory auditors and general managers

The following table shows remuneration of the sole director accrued at 31 December 2004:

NAME	DESCRIPTION OF POSITION		COMPENSATION (INCLUDING NON-DEDUCTIBLE VAT)			
	Position	Duration	Remuneration	Non-monetary benefits	Bonuses and other incentives	Other compen-sation
Antonio Bertani	Sole Director	Open-ended	8,568			

The sole director has no equity interest in the company.

2.2 – Securities and guarantees issued

No securities or guarantees have been issued to the director.

3 – Securitization

3.1 – Receivables

At 19 July 2002, the portfolio of receivables amounted to:

CLASSIFICATION	NOMINAL VALUE	ASSIGNMENT VALUE	ASSIGNMENT PRICE
Bad debts	336,301,710	148,199,339	148,076,000

At 31 December 2004, the portfolio broke down as follows:

(in euros)

ASSIGNORS	CLASSIFICATION	AMOUNT AT 31.12.04	NUMBER OF POSITIONS
BCC Agro Bresciano	Bad debts	4,307,419	89
BCC Alcamo	Bad debts	8,804,287	413
BCC Altavilla Silentina	Bad debts	4,717,747	188
BCC Battipaglia	Bad debts	10,154,056	366
BCC Canicattì	Bad debts	2,940,114	229
BCC Cantù	Bad debts	1,540,738	20
BCC Casagiove	Bad debts	1,877,441	192
BCC Castellana Grotte	Bad debts	8,017,017	377
BCC Centroveneto	Bad debts	4,376,319	77
BCC Fiumicello	Bad debts	1,401,380	51
BCC Golfo di Gela	Bad debts	444,309	69
BCC Irpina	Bad debts	2,965,667	175
BCC Laurenzana	Bad debts	538,962	83
BCC Laurino	Bad debts	1,441,389	144
BCC Marino	Bad debts	8,544,357	188
BCC Montecorvino	Bad debts	5,652,663	148
BCC Regalbuto	Bad debts	2,700,848	279
BCC Reggiana	Bad debts	3,156,010	169
BCC Salerno	Bad debts	12,322,216	490
BCC San Cataldo	Bad debts	2,969,432	511
BCC San Marco dei Cavoti	Bad debts	1,563,620	76
BCC Sannio Calvi	Bad debts	9,171,566	299
BCC Scafati Cetara	Bad debts	5,492,971	170
BCC Terra d'Otranto	Bad debts	1,981,560	173
TOTAL		**107,082,087**	**4,976**

3.2 – Notes issued

On 12 December 2002 BCC Securis Srl issued the following securities denominated in euros to finance the purchase of the portfolio of receivables:

(in euros)

Class	Amount	Interest rate
Class A	80,000,000	EURIBOR + 0.23%
Class C Agro Bresciano	3,435,000	0.1%
Class C Alcamo	5,658,000	0.1%
Class C Altavilla Sil	3,175,000	0.1%
Class C Battipaglia	6,767,000	0.1%
Class C Canicattì	2,059,000	0.1%
Class C Cantù	1,064,000	0.1%
Class C Casagiove	1,366,000	0.1%
Class C Castellana Grotte	4,691,000	0.1%
Class C Centro Veneto	1,895,000	0.1%
Class C Fiumicello	876,000	0.1%
Class C Golfo di Gela	436,000	0.1%
Class C Irpina	2,137,000	0.1%
Class C Laurenzana	201,000	0.1%
Class C Laurino	639,000	0.1%
Class C Marino	5,931,000	0.1%
Class C Montecorvino	4,811,000	0.1%
Class C Regalbuto	2,423,000	0.1%
Class C Reggiana	1,606,000	0.1%
Class C Salerno	9,158,000	0.1%
Class C San Cataldo	1,111,000	0.1%
Class C S Marco Cavoti	680,000	0.1%
Class C Sannio Calvi	3,651,000	0.1%
Class C Scafati Cetara	3,459,000	0.1%
Class C Terra d'Otranto	847,000	0.1%
TOTAL	**148,076,000**	

The Class A securities were placed on the capital market, while the Class C notes were subscribed by the individual mutual banks in the amount of €68,076,000.

The payment of interest on the Class C securities is subordinated to the availability of funds from the management of the portfolio and payment of the holders of the Class A notes.

BCC Securis Srl
The Sole Director

ANNEX A
Status of operation at 31 December 2004

The table summarizes the securitized assets and the notes issued

(thousands of euros)

			31/12/2004		31/12/2003	
A.	**Securitized assets**			**107,082**		**120,698**
A.1	Receivables		107,082		120,698	
A.2	Securities					
A.3	Other assets					
B.	**Use of liquidity generated by management of the receivables**			**11,292**		**29,503**
B.1	Debt securities					
B.2	Equity securities					
B.3	Other		11,292			29,503
	B.3a) Due from banks	9,004			27,283	
	B.3b) Due from assignors	1,399			1,148	
	B.3c) Due from tax auth. for withholdings	216			112	
	B.3d) Accrued income and prepaid expense	610			957	
	B.3e) Due from SPV	14			3	
	B.3f) Other receivables	49			0	
C.	**Notes issued**			**115,728**		**148,076**
C.1	Class A		47,652		80,000	
C.2	Class C		68,076		68,076	
D.	**Financing received**			**0**		**0**
E.	**Other liabilities**			**2,646**		**2,125**
E.1	Reserve Fund (*)		1,150		84	
E.2	Services		76		0	
E.3	SPV		34		34	
E.4	Assignors		136		68	
E.5	Accrued expenses		1,250		1,939	

(*) The “Reserve Fund” increased by €1,066 thousand as a result of the net income generated for the period.

(thousands of euros)

		31/12/2004		31/12/2003	
F.	**Interest expense on notes issued**		**1,679**		**2,368**
F.1	Class A	1,611		2,300	
F.2	Class C	68		68	
G.	**Commissions and fees**		**550**		**722**
G.1	Servicing	**447**		**550**	
G.2	Other services	**103**		**172**	
	G.2a) A/C and Notes Fees	61		50	
	G.2b) Corporate Servicer Fees	36		107	
	G.2c) Rating Fees	6		15	
H.	**Other expenses**		**8,162**		**11,787**
H.1	Management of portfolio	66		72	
H.2	Interest expense on limited-recourse loan	1,907		3,430	
H.3	Commission expense - LL	11		11	
H.4	Legal and administrative services	55		3	
H.5	Other expenses	3		3	
H.6	Out-of-period expenses	37		675	
H.7	Writedowns	607		1,431	
H.8	Allocation loan-loss provision	5,476		6,162	
I.	**Interest generated by securitized assets**		**5,476**		**6,162**
I.1	Default interest income	5,476		6,162	
L.	**Other revenues**		**5,981**		**7,921**
L.1	Bank interest	385		415	
L.2	Interest on CCTs	1,907		3,430	
L.3	Writebacks	3,676		2,955	
L.4	Out-of-period income	13		1,121	

ACCOUNTING POLICIES USED IN PREPARING THE ACCOUNTS

The policies adopted in preparing the accounts are those envisaged in Legislative Decree 87/1992. All of the items correspond to the data drawn from the accounting records and information system of the company. The accounting system adopted enables reconciliation of the accounting records with the items in the financial statements through appropriate reclassification entries.
The following policies were adopted for the most significant items.

1 – Securitized assets – loans

The loans were recognized at their assignment value and are measured on the basis of their estimated realizable value, taking account of the solvency of the debtor.

2 – Use of liquidity – loans to banks

This item is recognized at nominal value increased by accrued interest income.

4 – Other liabilities – Accrued expenses and deferred income

This item is computed on an accruals basis to allocate revenues and costs pertaining to the financial year.
Other liabilities are stated at nominal value.

5 – Interest, commissions, income and charges

The costs and revenues in respect of the securitized assets and the notes issued, interest, commissions, income and other charges and revenues are recognized on an accruals basis. Accrued default interest considered unrecoverable is fully written down.

ANNEX B
Qualitative information

B.1 Description of the operation and developments during the year.

As of the drafting of this report BCC Securis Srl has carried out a single securitization pursuant to Law 130/99. The main features of the operation are as follows.

On 19 July 2002, 24 mutual banks assigned without recourse, pursuant to and for the purpose of Articles 1 and 4 of Law 30 April 1999, a portfolio of receivables, identifiable en bloc, classified as bad debts in respect of real-estate loans, mortgage loans and other financing.
At the assignment date, the nominal value of the receivables amounted to €336,301,710, while their book value was €148,199,339. The assignment price was set at €148,076,000.

At 31 December 2004, the portfolio broke down as follows:

Assignors	Amount at 31.12.04	Amount at 19.07.2002	Number of positions assigned
BCC Agro Bresciano	4,307,419	8,232,003	237
BCC Alcamo	8,804,287	10,923,408	1028
BCC Altavilla Silentina	4,717,747	5,703,850	313
BCC Battipaglia	10,154,056	14,036,936	708
BCC Canicattì	2,940,114	3,744,193	310
BCC Cantù	1,540,738	4,454,149	60
BCC Casagiove	1,877,441	3,104,530	378
BCC Castellana Grotte	8,017,017	11,009,611	885
BCC Centroveneto	4,376,319	8,245,415	227
BCC Fiumicello	1,401,380	2,360,110	109
BCC Golfo di Gela	444,309	771,039	106
BCC Irpina	2,965,667	4,277,931	292
BCC Laurenzana	538,962	788,220	151
BCC Laurino	1,441,389	1,705,930	222
BCC Marino	8,544,357	10,612,680	277
BCC Montecorvino	5,652,663	8,503,231	300
BCC Regalbuto	2,700,848	4,295,476	464
BCC Reggiana	3,156,010	4,014,119	248
BCC Salerno	12,322,216	16,162,786	838
BCC San Cataldo	2,969,432	3,533,427	651
BCC San Marco dei Cavoti	1,563,620	1,716,005	116
BCC Sannio Calvi	9,171,566	10,569,094	397
BCC Scafati Cetara	5,492,971	6,744,745	307
BCC Terra d'Otranto	1,981,560	2,690,451	294
TOTAL	**107,082,087**	**148,199,339**	**8,918**

The operation proceeded normally during the year. Collections of principal amounted to €16,685,122; writebacks on recoveries totaled €3,676,405, while loan losses came to €607,053.

At 31 December 2004 net income generated amounted to €1,066,137.

B.2 Parties involved

The main parties involved in the securitization, for which Société Générale acted as Arranger, are listed below:

Assignor, Servicer, Depository - Class C notes	BCC Agro Bresciano
Assignor, Servicer, Depository - Class C notes	BCC Alcamo
Assignor, Servicer, Depository - Class C notes	BCC Altavilla
Assignor, Servicer, Depository - Class C notes	BCC Battipaglia
Assignor, Servicer, Depository - Class C notes	BCC Canicattì
Assignor, Servicer, Depository - Class C notes	BCC Cantù
Assignor, Servicer, Depository - Class C notes	BCC Casagiove
Assignor, Servicer, Depository - Class C notes	BCC Castellana Grotte
Assignor, Servicer, Depository - Class C notes	BCC Centro Veneto
Assignor, Servicer, Depository - Class C notes	BCC Fiumicello
Assignor, Servicer, Depository - Class C notes	BCC Golfo di Gela
Assignor, Servicer, Depository - Class C notes	BCC Irpina
Assignor, Servicer, Depository - Class C notes	BCC Laurenzana
Assignor, Servicer, Depository - Class C notes	BCC Laurino
Assignor, Servicer, Depository - Class C notes	BCC Marino
Assignor, Servicer, Depository - Class C notes	BCC Montecorvino
Assignor, Servicer, Depository - Class C notes	BCC Regalbuto
Assignor, Servicer, Depository - Class C notes	BCC Reggiana
Assignor, Servicer, Depository - Class C notes	BCC Salerno
Assignor, Servicer, Depository - Class C notes	BCC San Cataldo
Assignor, Servicer, Depository - Class C notes	BCC San Marco Cavoti
Assignor, Servicer, Depository - Class C notes	BCC Sannio Calvi
Assignor, Servicer, Depository - Class C notes	BCC Scafati Cetara
Assignor, Servicer, Depository - Class C notes	BCC Terra d'Otranto
Representative of the Noteholders	SG Hambros Trust Company (Jersey) Limited.
Corporate Servicer	Deloitte Outsourcing S.r.l.
Reporting Entity	Deloitte ERS S.r.l.
Depository Bank for notes and Account Bank	ICCREA Banca S.p.A.
Arranger and Lead Manager	Société Générale
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Agro Bresciano
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Alcamo
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Altavilla
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Battipaglia
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Canicattì
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Cantù

Liquidity Line Provider and Limited Recourse Loan Provider	BCC Casagiove
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Castellana Grotte
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Centro Veneto
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Fiumicello
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Golfo di Gela
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Irpina
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Laurenzana
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Laurino
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Marino
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Montecorvino
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Regalbuto
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Reggiana
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Salerno
Liquidity Line Provider and Limited Recourse Loan Provider	BCC San Cataldo
Liquidity Line Provider and Limited Recourse Loan Provider	BCC San Marco Cavoti
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Sannio Calvi
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Scafati Cetara
Liquidity Line Provider and Limited Recourse Loan Provider	BCC Terra d'Otranto
Rating Agency	Standard & Poor's Rating Agencies
Central Depository	Monte Titoli S.p.A.
Listing Agent and Luxembourg Paying Agent	Société Générale Bank and Trust N.V.
Calculation Agent	Société Générale
Paying Agent	Deutsche Bank S.p.A.

The administrative and accounting aspects of the operation were handled by Deloitte Outsourcing S.r.l. Reporting to the Central Credit Register, money laundering reporting and tax register reporting are performed by the Servicers. The Corporate Servicer handles reporting to supervisory authorities.
On the basis of the semiannual reports on the performance of collections, Société Générale prepares the semiannual accounts in order to allocate amounts received between expenses and commissions to be paid to the various parties involved and the remuneration to be paid to the noteholders. Payments are made on 7 February and 7 August each year.

B.3 Characteristics of the notes

The notes issued by BCC Securis Srl are limited recourse securities.
The servicing of principal and interest on the notes is financed solely from the collections on the portfolio of loans. Collections are tied in favor of the noteholders in accordance with the provisions of Law 130/99.
The Class A notes pay a floating rate, and the semiannual coupons are paid to the noteholders on 7 February and 7 August each year.
On 7 August 2004 the first partial redemption of the Class A notes was carried out in the amount of €32,348,000.
The Class C notes were fully subscribed by the individual mutual banks.

CLASS	AMOUNT IN EUROS	INTEREST RATE	MATURITY
A	80,000,000.00	6m-Euribor + 0.23%	2009
C	68,076,000.00	0.1%	2013
TOTAL			

The Class A notes (Senior Notes) are listed on the Luxembourg Stock Exchange; the Class C notes (Junior Notes) are not listed.

The rating indicated below offers an assessment of the probability that the principal and interest on the notes will be fully paid by maturity. The Class C notes are unrated.

CLASS	RATING	RATING AGENCY
A	AA	Standard & Poor's Rating Agencies

The rating agencies receive a semiannual report from Société Générale and may change the rating assigned to the notes, either upgrading it or, if problems should emerge in collections, thereby affecting payments and redemption at maturity, downgrading it.

B.4 Ancillary financial operations

Under the terms of the limited recourse loan contract between BCC Securis Srl, Iccrea Banca Spa and the individual mutual banks on 6 December 2002, each assignor bank granted the SPV a limited recourse loan equal to 121.5% of the principal amount of the Senior Notes issued, for a total of €97,212,000.
The individual mutual banks granted the loan by transferring government securities that the company can sell or liquidate to cover any liquidity shortfalls.

The following table shows the amounts loaned by the individual mutual banks:

(in euros)

BCC Agro Bresciano	5,829,000
BCC Alcamo	6,397,000
BCC Altavilla Silentina	3,072,000
BCC Battipaglia	8,832,000
BCC Canicattì	2,048,000
BCC Cantù	4,119,000
BCC Casagiove	2,112,000
BCC Castellana Grotte	7,677,000

BCC Centroveneto	7,578,000
BCC Fiumicello	1,804,000
BCC Golfo di Gela	408,000
BCC Irpina	2,601,000
BCC Laurenzana	714,000
BCC Laurino	1,296,000
BCC Marino	5,688,000
BCC Montecorvino	4,486,000
BCC Regalbuto	2,275,000
BCC Reggiana	2,926,000
BCC Salerno	8,510,000
BCC San Cataldo	2,943,000
BCC San Marco dei Cavoti	1,259,000
BCC Sannio Calvi	8,406,000
BCC Scafati Cetara	3,992,000
BCC Terra d'Otranto	2,240,000
TOTAL	**97,212,000**

Interest on the loans is equal to the rate on 12-month BOTs plus a spread of 0.3% annually, to be paid at each payment date to each assignor bank. The amount corresponds to the amount of interest accrued on the CCTs and collected by the SPV at that date.

Under the liquidity facility agreed on 6 December 2002 between BCC Securis Srl and the 24 mutual banks, each assignor granted the company a credit line amounting to a total of €11,200,000 to use in the event the SPV does not have sufficient funds to make payments.

The following table shows the amounts committed by each mutual bank:

(in euros)

BCC Agro Bresciano	671,580
BCC Alcamo	737,100
BCC Altavilla Silentina	353,920
BCC Battipaglia	1,017,660
BCC Canicattì	235,900
BCC Cantù	474,600
BCC Casagiove	243,320
BCC Castellana Grotte	884,520
BCC Centroveneto	873,180
BCC Fiumicello	207,760
BCC Golfo di Gela	46,900
BCC Irpina	299,600
BCC Laurenzana	82,180
BCC Laurino	149,240
BCC Marino	655,340
BCC Montecorvino	516,880
BCC Regalbuto	262,080
BCC Reggiana	337,120
BCC Salerno	980,560
BCC San Cataldo	339,080

BCC San Marco	145,040
BCC Sannio Calvi	968,520
BCC Scafati Cetara	459,900
BCC Terra d'Otranto	258,020
TOTAL	**11,200,000**

The amount of credit available is subject to an annual commitment fee of 0.1% on the amount granted, to be paid to each lender at each payment date.

B.5 Operational scope of the assignee

BCC Securis S.r.l. has operational powers limited by its bylaws. In particular, Article 2 states: "The company has been established with the sole purpose of carrying out one or more securitizations of claims pursuant to Law 130 of 30 April 1999 and any subsequent amendments by means of the purchase for consideration of existing and future pecuniary claims in a manner that ensures that the company assumes no risk whatsoever. In conformity with the provisions of said law, the assets in respect of the claims for each operation shall be segregated from the assets of the company and those of any other operations carried out by the company. No claim on any separate asset group may be advanced by creditors other than the holders of the securities issued to finance the acquisition of the related claims. Within the limits established by Law 130/1999, the company may perform ancillary transactions necessary for the completion of the securitizations it shall carry out or other instrumental transactions necessary for the pursuit of its corporate purpose, including the reinvestment in other financial assets of the funds generated by the management of the claims acquired (including claims similar to those involved in the securitization) that cannot be immediately used to satisfy the rights in respect of such securities referred to in Article 1, paragraph 1, letter b) of Law 130 of 30 April 1999".

All of the main operational activities associated with the operation have been outsourced (see point B.2).
The company undertakes not to approve, agree or consent to any act or thing that might prejudice the interests of the noteholders and other creditors.

ANNEX C
Quantitative information

C.1 Flow data for receivables

(in euros)

NET VALUE		SITUATION FOR 2002 (FROM 19.07.02 TO 31.12.02)	SITUATION AT 31.12.2003	SITUATION AT 31.12.2004
a)	**Opening balance**	148,199,339	137,691,625	120,697,859
b)	**Increases**			
	b.1 interest income			
	b.2 default/legal interest	4,076,692	6,162,580	5,475,689
	b.3 legal expense			
	b.4 other (writebacks)		2,954,788	3,676,405
c)	**Decreases**			
	c.1 collections	(10,221,077)	(18,514,479)	(16,685,122)

c.2	other changes		(2,901)	
c.3	cancellations			
c.4	disposals			
c.5	loan losses	(286,637)	(1,431,174)	(607,053)
c.6	writedown of default interest	(4,076,692)	(6,162,580)	(5,475,689)
d)	**Closing balance**	**137,691,625**	**120,697,859**	**107,082,087**

C.2 Changes in overdue receivables.

Not applicable as all receivables regard bad debts.

C.3 Cash flow

(in euros)

		31.12.2004	31.12.2003
Opening liquidity		**26,994,180**	**6,579,292**
Receipts			
	on receivables in portfolio	16,685,122	18,514,479
	transit items (*)	0	4,288,141
	interest on CCTs	2,242,891	3,169,403
	interest on bank current account	296,015	11,061
	other receipts	12,500	1,358
	TOTAL RECEIPTS	**19,236,528**	**25,984,442**
Payments			
	redemption of notes	(32,348,000)	0
	interest on notes	(1,934,716)	1,645,929
	interest on LRL	(2,242,891)	3,169,403
	commission expense on LL	0	73,231
	servicing fees	(449,421)	402,322
	interest expense on current account	(291)	39
	bank charges	(2,610)	662
	other operating expenses	(522,995)	277,968
	TOTAL PAYMENTS	**(37,500,924)**	**5,569,554**

Closing liquidity	**8,729,784**	**26,994,180**

In 2004 the company had receipts totaling €16,685,122 in respect of principal repayments on securitized loans, €2,242,891 for interest income on CCTs and €296,015 for interest on bank accounts. The company also redeemed a total of €32,348,000 of Class A notes and paid €1,934,716 in interest on the notes, as well as €2,242,891 for interest on the limited recourse loan.
Overall cash flow was in line with the collection forecasts at the time the operation was structured (the forecasts are reported in the table below under section C5).

C.4 Guarantees and liquidity

(in euros)

Limited recourse loan granted by mutual banks	97,212,000
Liquidity line granted by mutual banks	11,200,000

C.5 Breakdown by residual maturity

Since they regard bad debts, the securitized claims do not have an established repayment plan.
The following table reports forecast collections by expected collection date:
(in euros)

REFERENCE PERIOD	FORECAST COLLECTIONS
Second half - 2002	7,702,655
First half - 2003	8,027,256
Second half - 2003	8,027,256
First half - 2004	7,569,506
Second half - 2004	7,569,506
First half - 2005	7,663,760
Second half - 2005	7,663,760
First half - 2006	7,263,389
Second half - 2006	7,263,389
First half - 2007	7,808,682
Second half - 2007	7,808,682
First half - 2008	7,107,682
Second half - 2008	7,107,683

C.6 Breakdown by geographical area

All the receivables are denominated in euros and the debtors are all Italian residents.

(in euros)

REGION	AMOUNT OUTSTANDING AT 31.12.2004
Basilicata	538,962
Campania	55,359,337
Emilia Romagna	3,156,009
Friuli Venezia Giulia	1,401,380

Lazio	8,544,357
Lombardy	5,848,157
Puglia	9,998,577
Sicily	17,858,990
Veneto	4,376,318
TOTAL	107,082,087

C.7 Concentration of exposure

C.7.1 Information on diversification of portfolio by size of position

(in euros)

SIZE CLASS (EUROS)	NUMBER OF POSITIONS	AMOUNT
0-25,000	3,981	19,274,776
25,000-75,000	647	26,770,522
75,000- 250,000	298	35,337,089
Over 250,000	50	25,699,700
TOTAL	**4,976**	**107,082,087**

C.7.2 Individual receivables that exceed 2% of the value of the total portfolio

None.

BCC Securis Srl
The Sole Director

CREDICO FINANCE SRL
Financial Statements at 31/12/04

Shareholders,
I submit for your approval the financial statements for the year ended 31 December 2004, which consist of a balance sheet, income statement and the explanatory notes, and show net income of €782 and shareholders' equity of €53,973.

I remind you that the company was established on 15 June 2000 pursuant to Law 130/99, which, as you are aware, regulates securitization operations in Italy. The company is entered in the register of financial companies referred to in Article 106 of the 1993 Banking Law and, once it had acquired the receivables, obtained entry in the special register as defined in Article 107 of the same law.

Activity

The company has been established with the sole purpose of carrying out securitizations of receivables pursuant to Law 130 of 30 April 1999 and any subsequent amendments by means of the purchase for consideration of existing and future pecuniary claims through the issue of securities referred to at Article 1 (1b) of Law 130/1999 in a manner that ensures that the company assumes no risk whatsoever. In conformity with the provisions of said law, the assets in respect of the claims for each operation shall be segregated from the assets of the company and those of any other operations carried out by the company. No claim on any separate asset group may be advanced by creditors other than the holders of the securities issued to finance the acquisition of the related receivables.
Within the limits established by the law, the company may perform ancillary transactions necessary for the completion of the securitizations it shall carry out or other instrumental transactions necessary for the pursuit of its corporate purpose, including the reinvestment in other financial assets of the funds generated by the management of the claims acquired that cannot be immediately used to satisfy the rights in respect of such securities.
In September 2001, the company finalized an operation for the securitization of performing loans assigned by five mutual banks, namely: BCC dell'Agro Bresciano, BCC di Alba Langhe e Roero, BCC di Orsago (now named Banca della Marca), BCC di Roma and BCC di Romagna Est.
Full details of the above operations are given in the notes to the financial statements in accordance with the measure of 29 March 2000 issued by the Bank of Italy, which is responsible for regulating financial reporting by financial companies.
The operation was submitted for preliminary examination by the Bank of Italy.
Interest payments to creditors were made semiannually in the contractually-agreed order of priority: service providers, interest on notes, interests on derivatives and, for the remainder, interest on Series C notes.
We should like to inform you that as of the interest payment date in March, your company has begun redemption of the principal on the Class A notes, and at end of the financial year, had made repayments totaling €38,144,412.

Treasury stock

The company has no own shares nor any shares in its parent company.

Shareholders

The company share capital breaks down as follows:
92% Iccrea Banca
8% divided in equal amounts among 6 mutual bank regional federations, the Associazione delle Banca di Credito Cooperativo di Puglia e Basilicata and BCC di Roma.

On the basis of a specific servicing contract, the five mutual bank originators act as servicers for the operation, for which they receive an annual commission of 0.50%.
No transactions exist with company shareholders.

Research and development

No specific research and development activities were carried out.

Other information

The Extraordinary Shareholders' Meeting of 27 September 2004, ratified by Public Notary of Rome Mr. Grassi, resolved to adopt new bylaws pursuant to Law 6/2003 and Law 37/2004.
The company began taking necessary steps to comply with the privacy regulations established in Law 196/2003. It will conclude its activity by the deadline of 31 December 2005 set by the Privacy Authority.
Internal controls established that the company is subject to management and coordination activities by third parties as envisaged by Articles 2497- 2497 (*septies*) of Law 6/2003 by Iccrea Holding S.p.A..

Significant post-period events

The operation proceeded normally after 31 December 2004.

Outlook

In view of the current intention not to carry out further securitization operations, management will be dedicated to the regular continuation of the operation currently under way.

Allocation of net income for the year

Shareholders,
We propose allocating the net income for the year of €782 as follows:

- €39 to the legal reserve;
- €743 to the extraordinary reserve.

BALANCE SHEET (IN EUROS)

	ASSETS	**2004**		**2003**	
10.	Cash and cash equivalents		-		-
20.	Loans to banks		6,829		40,832
	(a) payable on demand	6,829		40,832	
90.	Intangible assets		1,495		2,509
	of which:				
	- start-up costs	1,495		2,509	
130.	Other assets		64,102		43,308
	TOTAL ASSETS		**72,426**		**86,649**
	LIABILITIES AND EQUITY				
50.	Other liabilities		18,453		33,297
80.	Provision for liabilities and contingencies		-		161
	of which:				
	80. b) provision for taxes and duties	-		161	
120.	Share capital		51,645		51,645
140.	Reserves		1,546		697
	of which:				
	- legal reserve	79		37	
170.	Net income (loss) for the year		782		849
	TOTAL LIABILITIES AND EQUITY		**72,426**		**86,649**

INCOME STATEMENT (IN EUROS)

COSTS		**2004**		**2003**	
40	General and administrative expenses		66,491		56,820
	a) staff costs				
	(b) other administrative expenses	66,491		56,820	
50	Amortization and depreciation		1,014		1,014
110	Extraordinary expense		-		511
130	Income tax		-		161
140	Net income		782		849
TOTAL COSTS			**68,287**		**59,355**
REVENUES					
10.	Interest income and similar revenues		782		1.010
70.	Other operating income		67,505		58,256
80.	Extraordinary income		-		89
TOTAL REVENUES			**68,287**		**59,355**

NOTES TO THE FINANCIAL STATEMENTS

Scope of activity

Established on 15 June 2002, the company's corporate purpose is the securitization of receivables pursuant to Law 130 of 30 April 1999.

Structure and content of the financial statements

The financial statements consist of the balance sheet, the income statement and these explanatory notes, as provided for by Legislative Decree 87 of 27 January 1992, which in implementing Community Directives lays down the legislative framework for the accounts and consolidated accounts of banks and other financial institutions. They have been prepared in conformity with the instructions of the Bank of Italy in Directive 103 of 31 July 1992, published in the *Gazzetta Ufficiale* no. 186 of 8 August 1992, and the measure of the Bank of Italy of 29 March 2000, published in the *Gazzetta Ufficiale* no. 78 of 3 April 2000, supplemented where necessary by the provisions of the Italian Civil Code and other laws.
The notes to the financial statements are stated in euros.

PART A – SIGNIFICANT ACCOUNTING POLICIES

Section 1 – Description of accounting policies

Loans and amounts due to banks

Loans and amounts due to banks are stated at nominal value increased by accrued interest income. For loans, the amount corresponds to expected realizable value.

Intangible assets

Intangible assets are carried at cost net of amortization, which is charged on the basis of their expected useful life.
Start-up and expansion costs are amortized on a straight-line basis over five years.

Other assets

Other assets are carried at nominal value, which corresponds to their estimated realizable value.

Other liabilities

Other liabilities are carried at nominal value.

Provision for taxes and duties

Provisions for taxes are made on an accruals basis. They represent the provision for the tax liability for 2004, determined on the basis of current tax rates and regulations.

Costs and revenues

Costs and revenues are recognized in accordance with the prudence principle and accrue in line with the operations that generate them.

Section 2 – Writedowns and provisions made solely for tax purposes

No writedowns or provisions were made solely for tax purposes.

PART B – INFORMATION ON THE BALANCE SHEET

The figures are stated in euros.

Assets

20. Loans to banks

Payable on demand

2004	2003	CHANGE
6,829	40,832	(34,003)

The item represents the credit balance on current account no. 23631/230 held with Iccrea Banca, including interest accrued at the reference date.
The decrease with respect to the previous year is attributable to the use of funds to pay suppliers.

90. Intangible assets

	OPENING BALANCE 1/1/2004	INCREASES IN 2004	AMORT. FOR THE YEAR	BALANCE AT 31/12/2004
Start-up and expansion costs:				
Start-up costs	2,509	0	(1,014)	1,495
TOTAL	**2,509**	**0**	**(1,014)**	**1,495**

The balance regards costs in respect of the establishment and subsequent transformation of the company, net of amortization.

130. Other assets

Other assets break down as follows:

	2004	2003
Overheads transit account	61,578	38,692
Withholding tax	211	273
IRPEG/IRES credit	1,901	0
IRAP credit	412	0
Advances to suppliers	0	2,142
Receivable for IRAP paid on account	0	412
Receivable for IRPEG paid on account	0	1,789
TOTAL OTHER ASSETS	**64,102**	**43,308**

Withholding tax concerns tax withhold on interest income accrued at 31 December 2004.
The overheads transit account regards the contractual receivable in respect of the transfer of costs and revenues from the company’s accounts to those of the segregated assets

of the securitization. It was decided to offset the payables and receivables vis-à-vis the separate account at year-end. The payables were originated by the payment of costs that would have been transferred at the end of the year.
The IRPEG/IRES and IRAP credits are those reported in the tax return for 2004.

Liabilities

50. Other liabilities

Other liabilities break down as follows:

	2004	2003
- Due to suppliers	14,718	27,677
- Advances - FIS	0	0
- Due to corporate bodies	0	3,612
- Due to separate assets	0	0
- Due to shareholders for capital reduction	0	0
- IRPEF withholdings on self-employment income	1,727	1,636
- Due to INPS	2,008	372
TOTAL	**18,453**	**33,297**

The item “Due to suppliers” regards:

- FIS Fiduciaria	14,718
Total	14,718

80. Provisions for liabilities and contingencies

The balance breaks down as follows:

80. b) provision for taxes and duties	2004	2003
IRPEG/IRES	0	161
IRAP	0	0
TOTAL	0	161

No taxes are due for 2004.

120. Share capital

Share capital, fully paid up, is equal to €51,645. It is 92% held by Iccrea Banca, while the remaining 8% is divided equally between BCC di Roma, six regional federations and the Associazione della Banche di Credito Cooperativo di Puglia e Basilicata.

The following table shows changes in shareholders’ equity between 31 December 2001 and 31 December 2004

	Balance at 31/12/2001	Allocation of net income 2001	Capital decrease	Coverage of loss	Net income 2002	Balance at 31/12/02
Share capital	154,935		(103,290)			51,645
Legal reserve	2					2
Retained earnings (loss carried forward)	(3,073)	2,521		552		0
Net income for the year	2,521	(2,521)			695	695
Shareholders' equity	154,385	0	(103,290)	552	695	52,342

	Balance at 31/12/2002	Allocation of net income 2002	Net income 2003	Balance at 31/12/2003	Allocation of net income 2003	Net income 2004	Balance at 31/12/04
Share capital	51,645			51,645			51,645
Legal reserve	2	35		37	42		79
Extraordinary reserve	0	660		660	807		1,467
Retained earnings (loss carried forward)	0			0			0
Net income for the year	695	(695)	849	849	(849)	782	782
Shareholders' equity	52,342	0	849	53,191	0	782	53,973

The following table provides an analysis of the origin, possible uses and availability of the individual components of shareholders' equity, as well as any use made in the previous financial year.

	Amount	Possible uses	Available amount	Uses in previous year	
				Coverage of losses	Other reasons
Share capital	51,645			-	-
Legal reserve	79	B	-	-	-
Extraordinary reserve	1,467	A,B,C	1,467	-	-
Net income (loss) 2003	-			-	-
Net income (loss) for the year	782	A,B,C	743		
- net income to legal reserve			39	-	-

Key:
A: capital increase
B: coverage of losses
C: distribution to shareholders

Guarantees, commitments and off-balance-sheet transactions

Guarantees to third parties

None.

Commitments

None other than those reported in the summary schedule in Annex A.

Off-balance-sheet transactions

None other than those reported in Annex B.

PART C – INFORMATION ON THE INCOME STATEMENT

Costs

40. General and administrative expenses

Administrative expenses break down as follows:

	2004	2003
- legal and notary services	1,397	1,463
- tax and administrative consulting	48,067	44,164
- auditing of financial statements	6,559	0
- remuneration of Sole Director	8,568	8,568
- remuneration of Board of Auditors	0	1,223
- government concession and chamber of commerce fees	683	683
- INPS contributions	0	20
- ABI subscription fees	150	0
- financial statements deposit expenses	280	0
- stamp duty	56	56
- postage	22	38
- travel expenses – corporate bodies	0	275
- revenue stamps	636	258
- bank commissions	72	72
- other	1	0
TOTAL	**66,491**	**56,820**

50. Amortization and depreciation

The item regards amortization of start-up costs.

AMORTIZATION:	2004	2003
- Start-up and transformation costs	1,014	1,014
TOTAL	**1,014**	**1,014**

110. Extraordinary expense

OUT-OF-PERIOD ITEMS	2004	2003
Out-of-period expense	0	511
TOTAL	**0**	**511**

130. Income taxes

	2004	2003
IRPEG/IRES	0	161
IRAP	0	0
TOTAL	**0**	**161**

Revenues

10. Interest income and similar revenues

2004	2003	CHANGE
782	1,010	(228)

The item comprises interest on the bank current account.

70. Other operating income

2004	2003	CHANGE
67,505	58,256	9,249

The balance at 31 December 2004 regards the overheads transit account, which breaks down as follows:

	2004
- legal and notary services	1,397
- tax and administrative consulting	48,067
- auditing of financial statements	6,559
- remuneration of Sole Director	8,568
- remuneration of Board of Auditors	0
- government concession and chamber of commerce fees	683
- INPS contributions	0
- ABI subscription fees	150
- financial statements deposit expenses	280
- stamp duty	56
- postage	22
- travel expenses – corporate bodies	0
- revenue stamps	636
- bank commissions	72
- other	1
- amortization of start-up and transformation costs	1,014
TOTAL	**67,505**

80. Extraordinary income

2004	2003	CHANGE
0	89	(89)

PART D – OTHER INFORMATION

Section 1 – Other information

Employees

At 31 December 2004 the company had no employees.

Remuneration of directors and statutory auditors

Remuneration of the Sole Director came to €8,568.

Information on securitization

See annexes A, B and C below.

Privacy

The Company is taking all necessary steps to comply with the privacy regulations established in Law 196/2003.

It will conclude its activity by the deadline of 31 December 2005 set by the Privacy Authority.

Management and coordination

The company is subject to management and coordination activities by Iccrea Holding S.p.A..
The following table shows the highlights at 31 December 2003 (thousands of euros)

BALANCE SHEET	
Assets	**602,847**
Liabilities	**13,284**
Provision for general banking risks	**5,265**
Share capital	512,420
Legal reserve	10,929
Reserve for treasury stock	1,215
Reserve provided for in bylaws	19,930
Other reserves	4,098
Revaluation reserve	23,077
Net income	12,630
Shareholders' equity	**584,298**

INCOME STATEMENT	
Revenues on ordinary operations	24,274
Costs on ordinary operations	-13,618
Income (loss) on ordinary operations	10,656
Extraordinary income and expense	274
Change in provision for general banking risks	-2,600
Income taxes	4,300
Net income	**12,630**

ANNEX A
Status of operation at 31 December 2004

The table summarizes the securitized assets and the notes issued

The figures are presented in the format established by the Bank of Italy in its measure of 29 March 2000.

	BALANCE AT 31 DECEMBER 2004 (EUROS)	BALANCE AT 31 DECEMBER 2003 (EUROS)
A. Securitized assets	171,023,776	207,957,431
A1 Receivables	170,172,484	207,047,410
Nominal value	170,172,484	207,047,410
A2 Securities		
A3 Other	851,292	910,021
A3 a) Accrued interest on loans at 31 December	851,292	910,021
B. Use of liquidity generated by management of the receivables	15,599,091	17,367,773
B1 Debt securities	0	0
B2 Equity securities	0	0
B3 Liquidity	15,599,091	17,367,773
B3 a) Bank accounts	5,193,539	6,347,150
B3 b) Repurchase agreements	10,405,552	11,011,342
B3 c) Other	0	9,281
C. Notes issued (nominal value)	180,660,107	218,806,172
C1 Class A notes (series 1)	159,052,203	197,196,615
Segregation of Class A notes	927	2,580
C2 Class B notes (series 2)	15,000,000	15,000,000
C3 Class C notes (series 3)	6,606,977	6,606,977
D. Financing received	0	88,685
E. Other liabilities	5,962,760	6,430,347
E1 Liabilities with company management	61,578	42,244
E2 Suppliers	360,879	405,920
E3 Liabilities with assignors for interest	0	0
E4 Accrued expenses on Class A and B notes	1,161,609	1,379,679
E5 Excess spread on Class C notes	3,943,795	4,044,919
E6 Differences on swaps	433,519	556,205
E7 Due to mutual banks for receivables collected	1,380	1,380
E8 Accrued expenses on repurchase agreements	0	0
F. Interest expense on notes issued	5,739,487	9,178,771
F1 Interest on Class A and B notes	4,747,133	7,360,865
F2 Excess spread on Class C notes	992,354	1,817,906
G. Commissions and fees charged to operations		
G1 for servicing	1,169,634	1,325,709
G2 for other services	982,051	1,181,907
H. Other charges	187,583	143,802
H1 Negative difference on swaps	2,309,358	1,868,443

H2 Other	2,156,910	1,753,731
	152,448	114,712
I. Interest generated by securitized assets	8,913,214	11,680,823
L. Other revenues	305,265	692,100
L1 Revenues on repurchase agreements	192,165	546,313
L2 Current account interest	109,548	145,787
L3 Other	3,552	0

ANNEX B
Qualitative information

B1) Description of the operation and developments during the year.

On 20 September 2001, the following entities:

- Banca di Credito Cooperativo dell'Agro Bresciano S.c.a.r.l. with registered office in Ghedi (BS), Piazza Roma, 17;
- Banca di Credito Cooperativo di Alba, Langhe e Roero S.c.a.r.l. with registered office in Alba (CN), Corso Italia 4/6;
- Banca di Credito Cooperativo di Orsago S.c.a.r.l. with registered office in Orsago (CN), Via Vittorio Veneto, 38;
- Banca di Credito Cooperativo di Roma S.c.a.r.l. with registered office in Rome (RM), Via Sardegna, 129;
- Banca di Credito Cooperativo di Romagna Est S.c.a.r.l. with registered office in Savignano (FO), Corso Perticari, 25/27;

assigned without recourse a portfolio of performing mortgage loans with a nominal value of €303,030,827 to Credico Finance S.r.l.. Credico Finance paid an initial price of €303,030,827, undertaking to repay each assignor interest accrued to 31 August 2001 (valuation date of the assigned portfolio).
The individual mutual banks selected loans for the portfolio with the following characteristics:
- fully disbursed by 31 December 2000;
- secured by first mortgage;
- denominated in lire or euros;
- the assigned debtors had never been asked by the mutual banks to make full, immediate repayment of the loans for whatever reason;
- at the valuation date, the assigned debtors did not have substandard positions with the mutual banks;
- at the valuation date at least one installment on the loans had fallen due and been paid regularly and no installments were unpaid for more than 15 days;
- the assigned loans were less than €774,685;
- the assigned debtors were natural persons or small or medium-sized enterprises;
- the assigned loan contracts had no installments falling due after 31 August 2015;
- the assigned loan contract did not benefit from any form of subsidy.

The following table shows the nominal value of the assigned receivables for each mutual bank:

BCC Roma	102,247,965
- adjustments - 2002 BCC Roma	(555,791)
BCC Alba	75,265,256
- adjustments - 2002 BCC Alba	(4,924)
BCC Agro Bresciano	39,459,694
BCC Orsago	56,041,158
BCC Romagna EST	30,016,754
TOTAL	**302,470,112**

As regards BCC di Orsago, the assigned portfolio amounted to €57,074,469. The difference of €1,033,311 was repaid as from the first interest payment date in March 2002.
At the balance-sheet date this amount had been completely reimbursed to the bank.
As regards BCC di Roma, in 2002 it was determined that a number of the assigned loans did not meet the eligibility requirements envisaged in Article 3.5 of the loan assignment contract. As envisaged in the contract, the related amount was considered as not assigned and so the mutual bank took steps to make good the shortfall. Since 31 December 2002, the initial receivable, equal to €102,247,965, has been reduced by €555,791.11 and has not changed in subsequent years.
BCC di Alba reported that following examination it found that the portfolio assigned at 20 September 2001 amounted to €75,260,331.60 rather than €75,265,256, as specified in the assignment contract. Accordingly, the value of the receivables assigned by BCC di Alba at 31 December 2002 has been decreased by €4,924.40. The initial portfolio underwent no further adjustments in subsequent periods.
In 2004 a number of positions were reclassified as bad debts, for a total of €286,798. This event reduced the payment of the excess spread by the defaulted amount. The loans, together with other net defaults outstanding at 31 December 2003 totaling €886,721, were partially recovered (€207,297) during the year. Outstanding default positions at year-end totaled €966,222.
Part of the liquidity line provided by BCC di Alba for 2003 was duly reimbursed (€88,685).
The operation continues to proceed normally and in accordance with forecasts. As a result, the order of priority has not changed and payments have continued as contractually established.

B2) Parties involved

Assignors: BCC Agro Bresciano, BCC Alba Langhe Roero, BCC della Marca (formerly Orsago), BCC Roma and BCC Romagna Est

As servicers, the mutual banks are responsible for certifying the existence of the assigned positions and monitoring their extinction. They manage the loan positions, any default events and maintain the guarantees backing the loans, producing the necessary documentation.
Agent Bank: Crédit Agricole Indosuez SA, Milan Branch.

Crédit Agricole Indosuez, Milan Branch, acts as paying agent, depository, cash manager and computation agent.
Counterparty for hedge transactions: Crédit Agricole Indosuez

Crédit Agricole Indosuez is the counterparty with which Credico Finance has entered into an interest rate swap to hedge the interest rate risk associated with the operation.

Lead Manager: Crédit Agricole Indosuez
Senior Co-lead Manager: Tokyo – Mitsubishi International plc
Co-lead Managers: Bankinter SA, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and DZ Bank AG Deutsche Zentral-Genossenschaftsbank Frankfurt am Main.
Managers: collectively the Lead Manager, the Senior Co-Lead Manager and the Co-lead Managers

These entities are responsible for placing the notes, in compliance with the provisions of law and the contractual terms and conditions.

Representative of the Noteholders: Crédit Agricole Indosuez Luxembourg

Administrative services: FIS Fiduciaria Generale S.p.A.

FIS Fiduciaria Generale S.p.A. provides administrative and accounting services to Credico Finance.

B3) Characteristics of the notes

The issue consists of three series of asset-backed securities issued at par on 27 September 2001 in the nominal amount of €303,106,977, divided as follows:

Class A	281,500,000
Class B	15,000,000
Class C1	860,339
Class C2	1,641,007
Class C3	1,221,865
Class C4	2,229,311
Class C5	654,455
Total	303,106,977

The amounts reported in the table regard the tranching of the notes and were uncallable for at least 18 months. At the balance-sheet date, redemption of principal was under way on the Class A notes, with payments of €19,617,671 on 30 March 2004 and €18,526,741 on 30 September 2004. Following the second redemption of the year, a total of €927 was segregated.
The interest rate on the notes is equal to 6-month Euribor plus the following spreads:

Class A:	+0.33%
Class B:	+0.95%

The Class C notes pay a yield determined annually on the basis of the revenues from collections of interest on the assigned receivables, net of the SPV's operating costs.

Interest on Class A and Class B and the residual excess spread on the Class C notes were paid regularly at the two interest payment dates in 2004. The payments were made in the order established by the order of priority.

The notes are listed on the Luxembourg Stock Exchange and rated by Standard & Poor's, Moody's and Fitch Ibca as follows:

NOTES	STANDARD & POOR'S / FITCH IBCA	MOODY'S	PERCENTAGE	AMOUNT (MILLIONS OF EUROS)
Class A	AAA	Aaa	93%	281.5
Class B	A	A2	5%	15.0
Class C	Not rated	Not rated	2%	6.6

B4) Ancillary financial operations

The interest-rate risk on the notes has been hedged with an interest rate swap divided into 20 classes corresponding to the type of interest rate charged on the individual portfolios of assigned receivables.
The five mutual banks have also granted credit lines totaling €10,606,822, which at the balance-sheet date were undrawn. The drawing on the liquidity line provided by BCC di Alba outstanding at 31 December 2003 was duly repaid.

B5) Operational scope of the assignee

Credico Finance S.r.l. (as assignee and issuer) has operational powers limited by its bylaws. In particular, Article 4 states:

"The company has been established with the sole purpose of carrying out one or more securitizations of claims pursuant to Law 130 of 30 April 1999 and any subsequent amendments by means of the purchase for consideration of existing and future pecuniary claims financed with the issuance of securities pursuant to Article 1(1) of Law 130/1999 in a manner that ensures that the company assumes no risk whatsoever.
Within the limits established by Law 130/1999, the company may perform ancillary transactions necessary for the completion of the securitizations it shall carry out or other instrumental transactions necessary for the pursuit of its corporate purpose, including the taking out of loans and other financing, establishment of liens and other forms of security and the reinvestment in other financial assets of the funds generated by the management of the claims acquired (including claims similar to those involved in the securitization) that cannot be immediately used to satisfy the rights in respect of such securities referred to in Article 1 (1b) of Law 130 of 30 April 1999 or pay the costs of the operation. The company may not raise funds with the public, engage in credit activities or financial intermediation.

The company's activity is primarily focused on relations with the companies in the Iccrea Group, mutual banks and rural and artisans' banks and their associations and service entities.
The company may hold equity interests, including majority stakes - within the limits and on the terms envisaged by applicable law - in companies that because of their business specialization would contribute to the achievement of the corporate purpose.
The company may carry out all other permitted financial activities, as well as other activities instrumental and related to such operations, and in any case all activities that the Board of Directors shall consider necessary or useful for the pursuit of the corporate

purpose."
All of the main operational activities associated with the operation have been outsourced (see point B.2). At 31 December 2004 funds from collections on the securitized assets that had been invested in repurchase agreements amounted to €10,405,552.

ANNEX C
Quantitative information

C1) Flow data for receivables (euros)

	Balance at 31 Dec. 2002	Decreases from collections 2003	Other decreases	Increases	Balance at 31 Dec. 2003	Decreases from collections 2004	Other decreases	Increases	Balance at 31 Dec. 2004
BCC Roma	86,402,981	17,604,986	0	4,874,367	73,672,362	15,852,633	0	3,512,327	61,332,056
BCC Alba	59,610,363	13,034,697	0	2,353,141	48,928,807	10,870,730	0	1,542,676	39,600,753
BCC Agro Bresciano	31,519,271	7,789,153	0	1,413,344	25,143,462	5,832,573	0	941,053	20,251,942
BCC Orsago	47,228,541	9,484,981	0	2,085,987	39,829,547	8,046,531	0	1,446,432	33,229,448
BCC Romagna Est	23,647,318	5,128,069	0	953,983	19,473,232	4,334,382	0	619,435	15,758,285
Total	248,408,474	53,041,886	0	11,680,822	207,047,410	44,936,849	0	8,061,923	170,172,484

C2) Changes in overdue receivables

The following table shows developments in overdue receivables in 2004.

	Opening balance	Increases during the period	Decreases during the period	Closing balance
BCC ROMA	397,915	12,724,102	12,203,517	918,500
BCC ALBA	47,880	7,920,303	7,377,952	590,231
BCC AGROBRESCIANO	37,640	4,782,830	4,735,417	85,053
BCC DELLA MARCA	34,474	6,250,002	6,131,819	152,657
BCC ROMAGNA EST	13,928	3,518,435	3,309,133	223,230
TOTAL	**531,837**	**35,195,672**	**33,757,838**	**1,969,671**

The future performance of the operation is in line with expectations.

C3) Cash flow

OPENING LIQUIDITY		**6,347,150**
PAYMENTS		
Servicing fees	1,055,204	

Suppliers - intercreditor agreement	77,495	
Suppliers and corporate servicer	134,935	
Interest on Classes 1A, 1B and 1C	1,548,296	
Differences on swaps	2,276,886	
Liquidity line	89,691	
Bank charges	653	
Repurchase agreements – purchase	46,857,011	
Redemption of principal on Class 1A	42,656,450	
.Swap contracts	34,585	
Other	1,120	
TOTAL PAYMENTS		**94,732,326**
RECEIPTS		
Interest	79,809	
Collections on receivables	45,847,610	
Repurchase agreements – sale	47,651,296	
TOTAL RECEIPTS		**93,578,715**
TOTAL LIQUIDITY AT 31/12/04		**5,193,539**

Projected cash flows for 2004 are in line with the amortization schedule of the assigned receivables.

C4) Guarantees and liquidity

At 31 December 2004 there were no drawings on credit lines. The credit drawn in 2003 on the liquidity facility provided by BCC di Alba in the amount of €88,685 was duly repaid.

C5) Breakdown by residual maturity

Assets

MATURITY	NO. OF POSITIONS	%	OUTSTANDING DEBT	%
to 3 months	93	2%	405,446	0%
from 3 months to 1 year	213	5%	1,351,881	1%
from 1 to 5 years	1,556	35%	41,104,400	24%
more than 5 years	2,538	57%	126,344,535	74%
Default	16	1%	966,222	1%
Total	4,416	100%	170,172,484	100%

The assigned receivables mature no later than 31 August 2015.

Liabilities

The Class A and B notes, totaling €296,500,000, have a contractual maturity of 30 September 2021. Repayment is connected with collections on the assigned receivables.
Last year saw the partial redemption of Class A notes in the amount of €19,617,671 at the first interest payment date on 30 March 2004 and €18,526,741 at the second interest payment date on 30 September 2004. Class A notes outstanding at 31 December 2004 amounted to €159,053,130.
Repayment of the Class C notes, amounting to €6,606,977, is subordinated to full repayment of principal and interest on the A and B notes.

C6) Breakdown by geographical area

All the receivables are denominated in Italian lire or euros and the debtors are all Italian residents.

C7) Concentration of exposure

The following table shows the diversification of the portfolio by size of positions.

SIZE CLASS	NO. OF POSITIONS	%	NOMINAL VALUE	%
up to €25,823	1,866	42%	26,785,291	16%
from €25,823 to €77,469	2,194	50%	97,451,119	37%
from €77,469 to €258,228	317	7%	35,998,099	21%
over €258,228	23	1%	8,971,753	5%
Default	16	0%	966,222	1%
TOTAL	**4,416**	**100%**	**170,172,484**	**100%**

No receivable exceeds 2% of the total portfolio.

Report of the Board of Auditors

On September 2004 the Shareholders' Meeting of the company adopted new bylaws to comply with Legislative Decree 6 of 17 January 2003 and subsequent amendments (reform of company law), and, pursuant to Article 2409 *bis*, assigned responsibility for monitoring the accounts to an auditing company entered in the special register maintained by the Ministry of Justice.
For the period of 2004-2006, the engagement was awarded to Reconta Ernst & Young S.p.A..
Pursuant to the law and the articles of incorporation, we conducted our monitoring activity in compliance with the principles of sound management.
We took part in all the meetings of the Board of Directors and the Executive Committee, which were conducted in accordance with company bylaws and applicable law and regulations.
The Directors kept us informed of the general performance of the company and the outlook for operations, and informed us of operations of significant size or scope.
We held meetings with the auditing company appointed to monitor the accounts, and no information emerged that would require special mention in the present report.
We acquired information about and monitored the adequacy of the organizational structure of the company. This activity included examination of operations at a sectoral level, acquiring information from those directly responsible for company divisions and for controlling the accounts.
We monitored the auditing activities of the Internal Audit Unit for Group Companies.
Specifically,
In 2004, Internal Audit carried out 23 audits and produced as many reports, as well as two further follow-up reports.
In accordance with the audit plan agreed and approved the Board of Auditors, the audits addressed the following issues:

- financial services, consulting and ancillary activities;
- lending (lending processes, operating ceilings and treasury operations);
- securities administration (depository and movements);
- certain processes relating to the Payments System Area (collection orders and the clearance of checks);
- certain processes used in support areas (depository bank and correspondent bank);
- certain processes in IT systems.

Our administrative audit highlighted the need to intensify efforts to create a sturdier, better structured and more formalized system for monitoring responsibilities in operational business lines. The Board drew the attention of the appropriate parties to the matter, and will be monitoring subsequent developments.
The Board also looked into the auditing of follow-up activities.
The audit plan for 2005 was prepared and ratified.
The Bank prepared and is currently implementing measures to monitor risk, such as: a review of delegated powers, improved management of derivatives, and the development of internal regulations. The Bank also began joint projects with the parent company relating to operational risk, ratings and IAS.
The Bank accelerated efforts to delineate IT processes by giving activities and decision-making with a more formalized structure.
The inspection by the Bank of Italy that took place during the year prompted further important initiatives to improve the structural organization of the company as well as its operating and control processes.

We evaluated and monitored the adequacy of the administrative and accounting system and measured the reliability with which it represents operational events.
During the year, a new procedure, known as Premia, was introduced for the management of cross-border transactions.

The Directors provided us with the financial statements and the report on operations for the year ended 31 December 2004 on time.

Summary of results

BALANCE SHEET	
Assets	6.888.130.876
Liabilities	6.577.272.716
SHAREHOLDERS' EQUITY	
Share capital	216.913.200
Reserves	21.680.500
Revaluation reserves	47.865.650
Provision for general banking risks	13.350.000
Net income for year	11.048.810
INCOME STATEMENT	
Revenues	367.587.409
Costs	353.838.599
Change in provision for general banking risks	(2.700.000)
Net income for year	11.048.810

As detailed examination of the substance of the items of the financial statements does not fall within our remit, we have limited ourselves to considering the general presentation of the accounts, and verified that the formulation and structure of the financial statements comply with the law. We verified that the financial statements are consistent with the facts and information that we obtained in the course of carrying out our duties.
No recourse was made to the derogation permitted by the last paragraph of Article 2 of Law 87/92 because the accounting policies applied were felt to be consistent with providing a true and fair representation of the company's situation.
Pursuant to Paragraph 3 of Article 10 of Law 87/92, we agreed to the capitalization other deferred expenses totaling €947,240.
The report on operations prepared by the Board of Directors provides a complete and comprehensive overview of the situation of the Bank and the financial performance of the same in 2004, and also illustrates significant post-period events.
The report was prepared in accordance with the relevant laws.
Our examination of intercompany transactions found that they were conducted on an arm's-length basis.
In view of the findings of the entity appointed to audit the accounts, which are contained in a report appended to the financial statements, we recommend approval of the financial statements for the year ended 31 December 2004, and affirm that the Board of Directors' proposals for the distribution of net income complies with the law and the company's bylaws.

Rome 12 April 2005

Board of Auditors

Report of the indipendent auditors

ERNST & YOUNG

Reconta Ernst & Young S.p.A.

AUDITORS' REPORT
pursuant to article 2409 ter of the Civil Code
(Translation from the original Italian text)

To the Shareholders
of ICCREA BANCA S.p.A. –
Istituto Centrale del Credito Cooperativo

1. We have audited the financial statements of ICCREA BANCA S.p.A. - Istituto Centrale del Credito Cooperativo as of and for the year ended December 31, 2004. These financial statements are the responsibility of ICCREA BANCA S.p.A. - Istituto Centrale del Credito Cooperativo's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards generally accepted in Italy. In accordance with such standards we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our report dated April 21, 2004.

3. In our opinion, the financial statements of ICCREA BANCA S.p.A. - Istituto Centrale del Credito Cooperativo comply with the Italian regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of ICCREA BANCA S.p.A. - Istituto Centrale del Credito Cooperativo as of December 31, 2004, and the results of its operations for the year then ended.

Rome, April 12, 2005

Reconta Ernst & Young S.p.A.
signed by: Alberto M. Pisani,
(Partner)

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