The right direction.

Financial Statements

2012

Iccrea Banca

Financial Statements and Reports 2012
Iccrea Banca S.p.A.

Iccrea Banca S.p.A.
Registered Office: Via Lucrezia Romana 41/47 - 00178 Rome
Companies Register and Tax ID no. 04774801007 - R.E.A: of Rome 801787
Share Capital: Euro 216,913,200 fully paid up
A member of the Iccrea Banking Group
Registered in the Register of Banking Groups at No. 20016
Subject to management and coordination activity
by Iccrea Holding S.p.A.

Design & Print: GRAFOSTAMPA - *www.grafostampa.it*

Iccrea Banca

CONTENTS

Summary of activity 2012

SUMMARY OF ACTIVITY 2012

The financial and liquidity crisis which characterised the 2011 financial year continued into 2012 which was also affected by the strong slowdown in the actual economy and the persistent tensions on the sovereign debt market, influenced by the progressive deterioration of the credit rating of the country. What resulted was an operational picture characterised by significant volatility in the dynamics of the return on investments and the cost of funding.

In this context, Iccrea Banca has consolidated its role as System Financial Centre implementing a series of initiatives aimed at achieving, on the one hand, levels of liquidity capable of guaranteeing the financial needs of the Banks and companies of the Iccrea Banking Group; on the other hand, significant profit margins needed to support the levels of return offered to the CBs in the various loan modes.

With reference to the management of the liquidity, in 2012 Iccrea Banca completed and expanded the functions of the *pool of collateral* platform serving the banks. This allowed the CBs to fully seize the opportunities offered by the European Central Bank. In February 2012, at the time of the second extraordinary operation of the ECB (LTRO), Iccrea disbursed 7 billion to 245 cooperative credit banks, furthermore promoting the use of the system by the CBs of the bond issues guaranteed by the government in accordance with Art. 8 Law 214/2011. In this context, through the support offered by Iccrea Banca to about 200 CBs, issues were registered with a total equivalent value of over Euro 4.5 billion, used for the participation in the second three-year auction of the ECB.

At the end of the 2012 financial year, the loans backed by collateral disbursed by Iccrea Banca came to about Euro 16.3 billion compared to 7.8 billion at the end of 2011.

Still within the context of the support to liquidity, in April 2012 the CF10 securitisation was concluded on residential mortgages in which 30 CBs participated for an amount of assets sold of about Euro 1.5 billion while in October the CF11 securitisation was concluded on commercial credits in which 22 CBs participated for an amount of assets sold of about Euro 745 billion.

The aforementioned operations granted the participating CBs the availability of securities which could be refinanced at the Central Bank for an equivalent value of about Euro 1.2 billion. In this context, the CF12 and CF14 securitisation operations were also launched in which 36 CBs and 11 CBs participated respectively for about 1.6 billion assets being sold. The completion of these operations is anticipated within the first six months of 2013.

With reference to the subject of the remuneration of the liquidity of the CBs deposited in Iccrea, in 2012 the Institute continued the process of diversification of the offer system, achieving a broad range of integrated, flexible and customised solutions at particularly competitive rates, divided into: restricted deposits; investment accounts and subordinated bonds destined to be owned by the CBs.

For greater detail, with reference to treasury management, restricted deposit campaigns have been proposed at competitive rates, an evolution has been applied to the characteristics of investment accounts and the CBs have been made available customised forms of term deposits. On average, in 2012, on this component of the range of offers, which at the end of 2012 came to Euro 2.8 billion, margins of 140 bps were recognised on the return of the government securities with the same term.

With reference to the medium-long term, in 2012 5 debenture loans were issued - applied to the EMTN programme - in favour of the owners of the CBs for a total of about Euro 1.2 billion and - applied to the Italian prospectus - 7 debenture loans were issued for a total of about Euro 527 million. A total of Euro 229 million were underwritten of these last loans by the CBs for their owners, while the remaining Euro 298 million were placed by the CBs with their customers. Emissions were made both through public offers and with customised emissions based on specific demands: these initiatives enabled on the one hand customer retention and a consolidation of medium-term deposits with the Cooperative Credit system, on the other, allowing the CBs to benefit from approximately Euro 3.3 million in listing commissions. The issues earmarked for *retail* customers paid returns equal to Italian government securities with equal term increased by about 60 bps.

The choices made in terms of supply systems in treasury, consisted with what was started in 2011, have further altered the breakdown of liquidity deposited with Iccrea Banca. In December 2012, the on demand component, represented by the balance of the balancing account (BA), accounted for just 30% of the total, whilst at end 2011, this component represented 44% (62% in 2010). The choice to restructure deposits, which privileged the stability and realignment of due dates, had a significant impact on the average spread and resulted in greater net interest income recognised to the CBs, equal to approximately Euro 88 million. Another initiative in favour of the CBs with prevalent treasury operations with Iccrea Banca was represented by the recognition of a minimum return of the BA, through the application of a floor of 25 bps on the EONIA rate, used to calculate the relative remuneration.

Furthermore, in line with the objective of guaranteeing the capacity of the Iccrea Banking Group and the broader Cooperative system to meet, also under conditions of stress, the liquidity needs, Iccrea Banca continued in 2012 the process of diversification of the procurement sources through its presence on international markets, the realization of *private placement* operations, the activation of new distribution channels and, lastly, the development in close coordination with the banks of the territory, of relations with institutional customers on the domestic market (foundations, social security agencies, religious institutes, territorial agencies).

With reference to this last axis of development, within the scope of the broader process of revision of the service model, in 2012 Iccrea created an organisational unit dedicated to domestic institutional and non-profit customers within their own commercial structure.

On the international markets a two year public issue was placed, with coupon return of 4% annual gross, for a total amount of Euro 350 million. The issue pointed out a considerable interest by foreign investors, who underwrote about 30% of it and a confirmation of the trust of Italian investors, as proof of the appreciation of the solidity, the economic results and the credit rating of the issuer, as well as the central role performed by Iccrea in support of the Cooperative Credit system. Also in terms of the EMTN Programme, an issue was also placed of 7 *private placement*-type debenture loans for a total amount of about Euro 1.2 billion.

Lastly, during 2012 Iccrea Banca laid the foundations for starting a placement activity of their own bonds through third party distribution networks which, in the first quarter of 2013, permitted a first issue with a total amount of Euro 500 million.

In line with the path for implementing trading on behalf of third parties aimed at monitoring the evolution of MiFID legislation and offering an increasingly efficient and economically competitive service to the Cooperative Credit Banks, the Smart Order Router application has been improved to enable dynamic access to regulated bond markets and MTF with the introduction of new functions. Dynamic trading of shares on the main international scenes has also been extended, with a simultaneous reduction of the commission level and the number of bonds traded on the Hi-MTF and EuroTLX platform has been increased, thereby increasing the opportunities for diversification of investment instruments and trading in favour of customers of the CBs.

Within the context of the brokerage activity in the stock segment, a significant decrease was however registered in the volumes of orders gathered, due to the strong volatility, confirming the three-year negative trend: Euro 3.2 billion in 2012 compared to Euro 4.3 billion in 2011 and Euro 4.7 billion in 2010. The FTSE MIB index of Borsa Italiana, which in 2010/2011 had dropped by 35.9%, in 2012 recorded a recovery of 5.3%.

Instead, volumes distinctly higher than expectations were registered in bond segment, due mainly to the significant recovery of the quotations relative to Italian government securities, which occurred in the second half of 2012. In this context, the total equivalent value of the CBs trading in bonds quoted on Borsa Italiana, HI-MTF and EuroTLX carried out through Iccrea Banca in fact reached the record value of Euro 35.5 billion.

Regarding the trading activity relative to government securities, significant increases were recording both in terms of volumes and in terms of profitability attributable to the high volatility which characterised the sovereign risk of the peripheral countries. In this context, Iccrea Banca, like the primary operators, assumed a role of absolute importance on the MTS Market trading Italian government securities with an equivalent value of Euro 112 billion, Euro 47 billion of which traded in direct counterpart with the CB system.

Among the activities aimed at improving the service offered to the CBs, the Institute also developed a special section on the Webfin portal dedicated to Institutional customers (Desk owned by the CBs) for the quotation, in real time, of all Italian government securities quoted on MTS. As of today, 156 CBs have joined the service.

Listing activity registered a significant increase in volume thanks to the three operations on the BTP Italia, on which total orders of about 10% of the entire issue made by the MEF were concentrated. Overall, Iccrea Banca returned commissions to the CBs totalling about Euro 6 million on the government securities segment and 0.6 million on the stocks and bonds OPV segment.

Also in 2012, Iccrea Banca continued to support the CBs in terms of financing, both directly and in support of the international activity of the business customers of the CBs. In particular, the Institute confirmed the capacity to anticipate the needs of the CBs, preparing credit facilities sized to their capacity and liquidity needs which promptly appeared. In fact, in the credit department one also finds an evolution of the range of action of ICCREA Banca which, from simple availability/capacity to provide a service, assumes more and more the position of a partner for the CBs in order to anticipate their possible needs.

From this point of view and continuing the work started, also in compliance with the "New Provisions for Prudential Supervision for Banks" regarding the management of the "risk of liquidity", the assessment processes have been refined further in the granting of lines of credit without overlooking the capacity for a prompt response to the requests of the CBs.

In 2012, 562 financing operations were completed. The CBs entrusted went from 293 in 2011 to 289 in 2012, due to the merger operations which took place among them. During the year, investigations and evaluations concerned both the traditional technical forms, and the openings of guaranteed credit ("pool of collateral").

Various interventions took place to simplify the operations and return them to a homogeneous and flexible contractual framework. During the year, the credit lines supporting the daily balancing account were merged into the "pool of collateral" lines. The purpose of the coverage of the product shifts at the end of the day was therefore satisfied with an intra-day line included in the "pool of collateral".

This also permits the financing of possible flows into the Daily Balancing Account of the Cooperative Credit Banks in case of overdraft at the end of the day.

At the end of 2012, the overall credit facility in favour of the CBs went from Euro 10.5 billion to Euro 20.5 billion) Euro 19.5 billion of which as "pool of collateral"; Euro 0.5 billion as debenture loans and Euro 0.3 billion as openings of treasury credit).

During 2012, furthermore, the activity of issue of insurance guarantees continued on behalf of the CBs in order to allow them to distribute insurance products without maintaining at the same time separate accounting, as required in Art. 117, paragraph 1 of Legislative Decree 209/2005 (Code of Private Insurance).

ICCREA Banca's policy for granting credit is also differentiated by the support activity carried out in favour of certain CBs in particularly critical situations, for which interventions of support were studied in coordination with other central organisations of the movement. During 2012, this activity materialised in the disbursement, in various technical forms of financing, of Euro 297 million, of which Euro 95 million within the scope of interventions guaranteed by the Investor Guarantee Fund of Cooperative Credit.

During 2012, the development course of foreign activities continued at a tight pace, in close coordination with IccreaBanca Impresa in support of exporter and importer customers of the CBs. With specific reference to Iccrea Banca, an additional impulse was given to Correspondent Banking and the areas of coverage were expanded in the following activities: confirmations of documentary credits totally counter-guaranteed by Iccrea BancaImpresa; refinancing of letters of credit and syndicated loans.

In 2012, ceilings were authorised for documentary loan confirmations to Indian banks, Turkish banks and Chinese banks for Euro 46 million overall. In addition, the refinancing of letter of credit totalling Euro 1.8 million and participation in a syndicated international loan of Euro 2.9 million in favour of a Turkish bank were authorised. Lastly, the support to Iccrea BancaImpresa was assured for the assessment of the credit rating of foreign Banks for the granting of "*silent confirmation*" and discounts without recourse totalling Euro 2.2 million.

During 2012, Iccrea Banca continuously monitored the terms applied to the loans disbursed to the CBs, consistent with the changed economic picture. However, differently from other market operators, in 2012 too the Institute confirmed to CBs worthy of credit its financial support, even on medium/long-terms, transferring only part of the often anomalous dynamics seen on the deposits market to these loans. Non-securitised loans at the end of 2012 came to about 600 million, with an average spread not greater than 80 bps compared to the government security with the same maturity.

In order to continue to increase the efficiency of the credit process and reduce to a minimum the operative risks, the new electronic financing procedure (PEF) was defined and put into operation. During the current first phase, it has made it possible to automatically control and eventually update the records of loans during the opening phase of the procedure and will permit - in the near future - to make the investigation simpler.

In 2012, the investigation process and assumption of risks was further refined, which was started in the second half of 2011. In particular, this took place with the acquisition of the monthly information available in the supervisory matrices, containing also the liquidity positions of the CBs and the principal maturities of the liabilities. This enabled the association of the traditional equity solvency analysis with an assessment of the capacity of the CBs to meet commitments also in terms of available liquidity. Additionally, in a period marked by a scenario that is undergoing continuous evolution, this approach enabled a far more updated picture of the actual situation of the CB concerned by the investigations, thereby at least partly eliminating the critical issues connected with the timing difference between the closure of the accounts and the availability of the financial statements.

In 2012, Iccrea Banca supported the Cooperative Credit Banks with collections and payments, through specific interventions aimed at reducing costs and improving the quality of the service provided, in order to enable the CBs an ever more effective commercial action with regards to customers.

We continued in this sense with the completion of SEPA Credit transfer, Direct Debit and Cash products to ensure complete coherence by 2014 of the internal procedures with the evolution of national and international market standards. The rationalisation of the collection and payment processes will permit the management on a single platform of the Credit Transfers and Direct Debits enabling tracking to be managed on the single instrument from the time of receipt of the order to the moment it is settled, both for flows received and sent.

In this context, the activity of oversight by the Institute on behalf of the intermediated banks should also be remembered, both at the operational level by minimising the costs that every single CB would have to incur for implementing these trades (connections, technological infrastructures, procedures, etc.), and at the level of regulatory oversight (participation in ABI, Banca d'Italia, CIPA, Target work groups, etc.).

In 2012, the pricing policy was reviewed from the point of view of:

- reducing costs to intermediated banks and enabling an effective commercial action with regard to their own customers, on products with lower cost income;
- make the prices offered the customer competitive by focusing on an integration with the information systems for exchange of information and minimising the impact of the international regulatory adjustments on the CBs;
- optimising the nature and the role of the Cooperative Credit Industry Circuit, both in terms of commissions (no commissions applied against these transactions), and with the objective of further speeding up of exchanges and related regulations.

In this changing context, interventions have been implemented in the various sectors of payment systems aimed at adapting to the new system rules and the development of new products. To this end, the following must be included:

- electronic invoicing and storage with the objective, on the one hand, of reducing the costs for the CB and their customers connected with the managing/filing of paper and, on the other hand, for the CB to generate new business opportunities and customer loyalty. Thanks to the drastic reduction of CO_2 which the product provides, Iccrea has created a partnership with Legambiente which has "guaranteed" the service as an "eco-sustainable" solution and collaborates in the Iccrea Banca "sheet to leaf" initiative to support the Cooperative Credit Banks in planting trees in their territory;
- the project that will enable agreements to be reached with Major Customers for the collection of transactions guaranteed with regards to debtor customers to CBs, implementing a value added circuit within our Movement.
- On E-Money subject, within the scope of the strengthening of the Iccrea Banca - Cooperative Credit Banks partnership, in 2012 the activity continued (tested on certain CBs at the end of 2011) of support to the CBs for the placement of the CartaBCC 'Powered' line through a network of outside promoters (corner in branch). The results have demonstrated significant and tangible quantitative and qualitative benefits for the CBs. In fact, in 2012 the corner project involved 40 CBs overall and about 200 branches, with a total of 18,397 cards issued (of which about 12,000 Credit Cards). Productivity by branch increased thanks to the initiative, up to 300% compared to the physiological placement trend. This activity generated a current net value for the CBs estimated at Euro 1.68 million. Furthermore, the CBs experienced a significant 'education' effect in the e-money department: even after the conclusion of the promotional activity through a promoter, the branches involved in the project registered numbers of credit cards issued which were higher than the period preceding the start of the initiative.

Within the scope of the view of e-money as 'relational platform' between SME customers and BCs who use the payment acceptance services ('acquiring') and owners of Carta BCC to which to transmit services/discounts by approved operators, the 'CB Card Club' represents a unique and innovative relational opportunity for the CBs to propose to their operators an important promotional window through which to transmit to about 3 million CartaBCC holders distributed throughout the national territory.

In 2012, the promotional campaigns of the 'club' continued with both national (i.e. Giordano Vini, QC Terme - Binasco, Interflora, BestWestern Hotels, H3G) and local partners promoted/presented by the CBs.

The channels available for communication were, in fact, expanded beyond the dedicated area on the portal www.cartabcc/clubcartabcc (250,000 registered on the site), to the account statement (about 400,000 units/month send to CartaBCC holders); a dedicated monthly newsletter has been created (about 250,000 members) in which the CBs can suggest the inclusion of their customers/partners in the club.

With input also of the CBs, the "club" will evolve during 2013 to permit the direct purchase on the CartaBCC portal (e-commerce).

Attention to the subject of environmental protection, which inspired the agreement with Legambiente in electronic invoicing, in e-Money, has materialised into the important agreement signed between Iccrea Banca and Federparchi, the National Federation of Italian Parks, to support and promote tourism in Italian Protected Areas, by transmitting benefits and discounts reserved for members of the Club CartaBCC. This will allow the Cooperative Credit Banks to support and protect the territory in which they operate.

In 2012 the meetings continued with the CBs dedicated to training/information on e-money. Over 200 CBs which generate almost 90% of the total volume of cards and POS, met in 5 stages in the national territory. During the 'tour' real success stories in the card placement and customer loyalty business were shared through special videos filmed at the CBs.

During 2012, all the activities relative to Securities Services were combined into the Institutional Services Area. With this initiative, we wanted to undertake a path that has the objective of pursuing the optimisation of the cost to delivery of the services provided, raisin their level of quality and expanding the line of products / services offered. This path started with a specific intervention aimed at making the operative processes of the structure more efficient.

The Iccrea Banca offer in Securities Services continues to represent for the CBs an inexpensive and efficient opportunity compared to the internal management of the processes and the direct adhesion to the Central Regulatory and Guarantee Systems, allowing them to interface with a single counterparty thereby benefiting from significant synergies and economies of scale, obtaining savings in the access to the markets, limiting technological investments.

Relative to Administration of Securities, during 2012 the CBs were provided with an important administrative support for the management of the "Pool of Collateral" which generated a significant increase in the financial instruments deposited. This activity allowed the Cooperative Credit system to activate all the emergency instruments carried out by the institutions to face the current financial economic crisis, providing a significant contribution to securing the Cooperative Credit system. At 31 December, there were Euro 108 billion in securities being held and administered.

During the year, the adhesion of the CBs to the listing service of their issues (HI-MTF market) continued, for a total of 75 CBs with more that 1,300 issues listed.

In the Securities Database context, there are over 50,000 financial instruments listed. An implementation of the plans was realised for the distribution of new data resulting from tax management requirements and the need to be able to guarantee the CBs the performance of advanced consulting with their customers.

On the subject of Depository Bank, within the scope of the institutional role which the Bank holds, the custody, administration and controls services of the equity for the Investment Funds and Pension Funds were ensured. Still from the point of view of the protection and safety if the customers of the CB which subscribes to Funds, organisation interventions were planned necessary to adequately guarantee oversight of control.

In the Back Office Unit the implementation of projects was started for interventions connected to the adjustments required by the EMIR legislation on OTC derivatives and the start of the Target2 Securities being introduced by the European Central Bank. In the development of these important projects, solutions are being pursued which allow the CBs to ensure continued operations, by limiting the impacts of adjustment both in organisational terms and costs terms.

The action of implementation of the pricing platform of the financial instruments continued in 2012, in order to adapt the level of service for the CBs. As of 31 December, adhesion to the service was formalised by 186 CBs.

During the year, the methods for supplying services were refined concerning compliance on transparency and the monitoring of possible market abuse also through the introduction of a new contract system which better responds to the actual needs of the CB customers. At 31 December 2012 there were 164 CBs had joined the Transaction Reporting service while 139 CBs had joined the MAD service.

As regards the New Service Model (NMS), in 2012 the Commercial organisation was involved in a pilot programme first and then in a roll-out process throughout Italy of the model.

The realization on the commercial network of the NMS was gradual and led to the identification in the territory of the figures of the Institutional Relations Managers (GRI and GRIC), Large Customers and Non-Profit Managers (GGCNP) and Administered Accounting Support who operate within the various territories.

The GRI, GRIC and GGCNP are responsible for developing and managing relations with the CBs on the portfolio assigned in order to consolidate a trust relationship and achieve the commercial objectives. At present, the coverage of the roles has been almost totally completed (over 90%).

The structure of the Commercial Unit also includes the Commercial Planning Unit. Among the tasks assigned to it is the definition of the commercial plan (along with the lines provided by Business Intelligence), the preparation of the relative action plan aimed at achieving the budget objectives defined and the constant monitoring of this process.

Within the context of the performance of the activities, the dialogue between centre and commercial network was facilitated by the release into production of the first release of the new Customer Relationship Management (CRM) tool, the realization of which involved various organisational units of Iccrea Banca.

During 2013, the activities will continue aimed at improving/completing the current organisation/structure of the Commercial Unit.

Under the ALM profile, Iccrea Banca experienced significant evolutions during 2012 relative to the offer system to the CBs. In detail, the offer system was divided into three ALM modules:

- the standard ALM module consists in analysis of the principal management equilibrium with the regulatory data by comparing them with the average values of system, region, dimensional clusters;
- the base ALM module consists in analyses focused on the rate and liquidity risk through the use of management data;
- the advanced ALM module, in turn divided into specific sub-modules, allows the CBs to parametrise their risk analyses based on specific algorithms of calculation and to created customised analyses on forecast equilibrium.

In addition the ALM and Consulting Unit was assigned the possibility of providing the consulting service on investments (MIFID Compliant) which entailed a greater integration between the ALM analyses - directed at providing support to Corporate Management in understanding the sustainability of the financial, economic and equity balance - with that of consulting in the strict sense, that is of providing customised advice on which operations to carry out to achieve their objectives of optimising the return on capital relative to the anticipated risk profile.

A contract solution was planned which promotes the supply of the ALM service through the Federations in the hypothesis in which they manage to optimise the ALM support with all the associated CBs. In this way, it is possible to optimise the synergies in the territory by developing a shared ALM environment which allows the cognitive level on the equilibrium of the CBs to be standardised. Furthermore, with this solution Iccrea will be able to focus their own activity more on the consulting business.

In terms of Financial Information, during 2012 Market Trends was published daily with research regarding investments, supporting the choices within the scope of the CB investment activities.

Also in 2012, the environmental, market and customer analysis activity was started to support the actions of management and the launch of new products was supported by marketing campaigns.

In 2012, in line with the principles inspiring the new service model, Iccrea Banca continued the process of mapping and review of the tariff conditions applied to services started in 2011. As already mentioned with reference to credit intermediation, in view of the difficult economic and competitive context, in 2012 too, Iccrea Banca kept the prices of the main services unchanged, with the sole exception of traditional payment services, which have been further decreased.

In line with what was carried out in 2012, the Institute's 2013 pricing policy will be inspired by principles of competitiveness and transparency, in the firm belief that the added value services supplied must have coverage of industrial costs and margins necessary to support investments in the price. The Institute is committed on a daily basis to striving to make processes more and more efficient (see paragraph dedicated to Human Resources) and intends to partially transfer any recoveries of efficiency obtained to the prices of services to the CBs.

In 2012, the Human Resources and Organisation area continued its activity of promotion and support of the corporate transformation process in line with the strategic objectives of the Bank through a structured programme of interventions aimed at the growth of the human capital and the continuous improvement of the levels of effectiveness and efficiency of the organisation and the processes.

During the year, Iccrea Banca systematically developed initiatives, already started during the preceding financial year, aimed at pursuing a growing level of excellence, by developing a reflection structured on the own changing path according to two guidelines:

- excellence in the offer and service to the customers, through the complete implementation of the Service Model to the CBs and the evolution of the front-end structures;
- excellence in products/services, processes and instruments, with focus on the internal Centres of Competence.

At the same time as the implementation of the Service Model of the Bank, General Management and corporate management reviewed the significance of the term Excellence, arriving at defining its objective according to clear guidelines:

- improvement in the methods of operative management, with the logic of increasing the effectiveness and optimisation of the processes;
- innovation, both from the point of view of the continuous updating of the methods and the development/improvement of the products and services offered, also favouring an interdisciplinary approach to the innovation itself;
- development of the distinctive skills and sharing of the know-how that determine the reference positioning of Iccrea Banca for the system of the CBs.

From this a functional path was started for the pursuit of the objectives of Excellence and the consolidation in the management of the skills functional to the realisation of the change.

The path of improvement of the level of excellence relative to the Centres of Competence experience the activation of three lines of intervention:

- a "Visioning" phase - with the involvement of the managers in an assessment aimed at understanding the positioning of their structures relative to an organisational and procedural Model of Maturity, at identifying the principal strong and weak points and the principal development guidelines;
- a Training phase - to spread the culture of continuous improvement and the consolidation of skills and strengthening of the focus on innovation, through a specific training course directed at more than 80 people and centred on subjects of process optimisation, continuous improvement, management of change and empowerment of resources;
- an Experimentation phase - with application in the field of the techniques of process improvement discussed during the training.

In the context of these initiatives, the area relative to the optimisation, measurement and innovation of the processes emerged as the area of improvement transversal to the various Centres of Competence.

This aspect was first analysed in depth within the context of the training sessions involving the delivery of modules concentrated on innovative techniques for the focused optimisation of the processes, including basic training on the Lean Six Sigma methodology, a technique concerned with achievement of continuous improvement, particularly effective on "stable" processes and characterised by high and measurable volumes, which are a good part of the processes managed by the Centres of Competence.

In the light of these elements, within the context of the "Experimentation" phase, three improvement sites were implemented according to the Lean Six Sigma methodology, which involved more than 30 resources among Centres of Competence, and Organisation and IT Departments. In particular, the improvement sites concerned the E-Bank, Collection and Payments and Institutional Services areas.

In this context, the work groups analysed the processes and, together, successfully developed ideas instrumental to resolving the problems which emerged, by development action plans for improvement currently about to be implemented.

This first Experimentation phase produced very encouraging results demonstrating the value of an approach entirely based on listening to the needs of the customer and on the capacity to measure the size of the problem in order to objectively identify the causes of inefficiency and the relative solutions. At the same time, this work methodology clearly demonstrated all its potential for being a strong vehicle for involving people, stimulating their ability to be proactive and self-starting entrepreneurs and demolishing the organisational and cultural barriers which sometimes cause a vertical separation between various corporate areas.

Based on the positive results of the initiative described above and with its full continuity, it was decided to expand it into a real Lean Six Sigma Programme for the systematic optimisation of the processes of the Centres of Competence. This Programme, which will gradually involve ever wider areas of the Bank, is focused on guaranteeing the following objectives within limited periods of time:

- spread of the Lean Six Sigma culture, expansion of education and on-the-job methodology training to a wider population and development of internal skills in order to guarantee the growing autonomy of the Bank in the application of the methodology to additional fields of intervention;
- optimisation of the key processes of the Centres of Competence through the application in the field of the techniques being taught, in a logic of “learning by doing”.

In order to guarantee that these objectives are achieved, the Programme will be divided into the following approaches:

- Governance of the programme and communication - definition of the programme in terms of vision, objectives, sponsorship, definition of the structure and mech-

anisms of governance and coordination, program management, organisation of communication events;
- Qualification of internal Lean Six Sigma skills - advanced training for those (approximately 10 people) who will act as team leaders ("Green Belt") in the work groups aimed at creating an initial nucleus of specialised resources with specific and certified methodology skills; courses of alignment with the Lean instruments destined for other participants in the work groups during the execution of the improvement sites; extension to an additional 70/80 people of the basic training on the Lean Six Sigma methodology already distributed during 2012 to approximately 60 resources;
- Development of the Lean Six Sigma projects in specific Competence Centres - analysis and optimisation of the principal processes, through the application in the field of the techniques being taught, with the achievement at the same time of concrete results in terms of increase in quality and recovery of efficiency.

Relative to the organisational perimeter, a preliminary assessment and in-depth meetings with the Department Managers permitted a priority field of application to be identified represented by the Collections and Payments, Institutional Services Competence Centre.

Through the principles and the instruments made available by this methodology, it will be possible to make room for the propulsive force which will have to support the corporate Competence Centres on their path of consolidation to veritable Centres of Excellence.

Excellence to be made, as always, available and totally at the service of the CBs.

As regards the dynamics of the workforces, at year end the workforce numbered 726 units distributed as follows according to category:
- 2.1% Executives;
- 15.5% Senior Managers;
- 29.3% Junior Managers;
- 34.9% Professional Seniors;
- 18.1% Professional Juniors;

In 2012, in order to complete the implementation of the Service Model of the Bank, 7 employees assumed the functional role as Manager of Institutional Relations Coordinator (GRIC), 14 that of Manager of Institutional Relations (GRI) and 1 as Large Customers and No Profit Manager.

In addition, there were 14 new roles of organisational responsibility which involved the activation of growth and development paths of internal personnel with a view to greatly optimising the available human capital. Along with this there was a careful and timely use of the external market or to personnel already with responsibilities within the Iccrea Banking Group or the Movement.

A strong impulse was given to the processes of internal mobility with the intention of giving effective answers to the requirements of a qualified workforce which pervasively involved many corporate areas acting incisively on the leverage of enhancing the human capital within the company and the Group. In this context, all available instruments were used to promote an optimal level of job rotation coherent with the workforce needs on the one hand and, on the hand, the professional growth and development requirements of the resources. Among the incentives used, ample reference was made to the Group job posting instrument started in the summer of 2012 and with which, during the same year, Iccrea Banca "posted" 20 positions. It was possible with these initiatives to continue along the path, undertaken a while ago, of exchange and circulation of experiences, skills and resources between companies of the Banking Group.

Internal job rotation involved 50 individuals, whilst a further 62 resources were affected by changes connected with the alterations to the company's organisational structure.

There were a total of 35 fixed-term employment hirings in 2012, 33 of which with skills and experience already established in specific areas of need. Of these last, 26 comes from the Group or the Cooperative Credit Movement, while 7 were hired from the external market. Within the context of the aforementioned 35 fixed-term employment hirings, the impact due to the realisation of the Service

Model of the Bank, the new organisation of Finance and Group Risk Management and the merger by incorporation of BCC Multimedia was considerable. 25 of the aforementioned 35 fixed-term hirings came from these operations (plus another 2 with open-ended contracts).

The entrance of staff for any reason (both on permanent and fixed-term contracts) was distributed as follows in the various company areas:

- approximately 24% in the Commercial and Communication area;
- approximately 8% in Payment Systems and Cards;
- approximately 24% in Finance and Financial Risks;
- approximately 28% in Administration;
- approximately 16% in Information Technology.

During 2012, 18 trainee contracts were stipulated (2 still in place as of 31 December). Of these, 6 were converted into fixed-term contracts, 2 into project collaboration contracts.

During the year, the internship relationship of 1 resources was converted into a fixed-term contract, while 3 fixed term contracts were converted into open-ended contracts.

There were 7 employment terminations of which 4 were due to mobility to other organisations of the Group or the Cooperative Credit Movement.

Based on the corporate and Group developmental lines and in support of the business strategic projects, the 2013 resources plan was defined and will continue to see the adoption of broad spectrum lines of intervention based, as always, prevalently on the optimisation of the internal human capital of the Bank and the Group through the activation of all the incentives and instruments available (Group job posting, specific analyses with the Managers of the various Operative Units, individual management interviews, etc.).

In order to promote the growth and development of resources and support the company projects, specialised technical, legal, computing and behavioural/managerial training was delivered for a total of around 33,000 hours equal to approximately 4,140 days of training. The per capita average stands at around 46 hours and the addressees of the training were all employees. As regards managerial training, the criteria and key elements in order to start a Group training programme were defined, together with the Parent Company, which will involve starting in the first half of 2013 and gradually and continuously, the entire management of the Bank.

As support of the training needs for 2013, the trade union agreement was also signed at the beginning of February this year for the financing of the training through access to the services of the Solidarity Fund. By virtue of this accord, it will be possible to access the aforementioned Fund in order to contribute to the financing of approximately 35,000 hours of training to be provided during 2013.

In March 2012, the Individual Management Interviews were started, a specific process of interaction between the company and its employees aimed at acquiring ever greater knowledge of the people with the objective of supporting their professional development, supporting their performance and involvement and giving them necessary operative support, as well as improving the quality and effectiveness of internal communication. The plan of the interviews, which continues on a daily basis, by the end of 2012 allowed approximately 270 people to have at least one individual interview with a Human Resources Manager. This plan will continue at full speed in 2013, in this way managing to cover the entire corporate population by the summer, and then being able to start, in the last quarter of the year, the second cycle of interviews.

The premium policy of the company affected approximately 63.7% of employees through discretionary interventions of various different natures, whilst all resources received the result premium relating to the results of financial year 2011 in accordance with that established by current provisions of contract.

On the cost front, particular attention was placed on the monitoring and on the definition of governance and optimisation actions of the flexible costs base of the personnel with specific interventions aimed at a more and more careful management of the entries relative to overtime work, the planning and use of holidays and assignments. This action will proceed continuously during 2013.

The "Iccrea Banca in....Motion" initiative continued which was started at the end of 2011 inspired by the logics of the corporate service model and aimed at promoting and supporting the nearness and integration between the resources and the skills of Iccrea Banca with those of the Cooperative Credit Banks. This initiative, which in 2011 too more than 130 resources of the Bank to 3 CBs (Maremma, Genzano and Battipaglia), involved another 240 individuals during 2012 who had the opportunity to visit and meet with 6 CBs (Montepulciano, Spello and Bettona, Palestrina, Pontassieve, Pratola Peligna, Val di Chiana). The initiative will continue also in 2013.

With regard to the provisions of Italian Legislative Decree no. 81/08, in addition to multimedia-type training being provided to all the personnel, approximately 150 medical check-ups were organised for resources by virtue of their work at video terminals, which therefore requires their health to be monitored. Furthermore, during 2012, upon completion of the corporate management system relative to occupational health and safety, the representative of the employer, 3 sub-representatives, 6 managers and 40 supervisors were appointed.

In terms of Business Continuity, the HRRP system of business continuity was maintained, with the continual update of the lists of contacts as a consequence of changes to the workforce of the structures involved. In order to monitor the level of preparation of the resources operating on vital and critical processes, 4 tests were held involving around 59 resources. IT tools have been implemented to manage staff involved in business continuity. Furthermore, in order to protect the management of the corporate processes and information and therefore the related human resources by reducing the risk threshold also through the spatial separation of these same resources, a trade union agreement has been defined for the displacement of the resources to the secondary site of recovery. During 2013, the management and the use of the site will be brought up to speed in accordance with what is provided by the aforementioned agreement.

Still in terms of the trade unions and in conformity with what is required by the Supervisory Bodies, an agreement was reached with the Trade Unions regarding the installation of registration and playback equipment of the telephone conversation made by the Finance operators which enabled the preceding system installed in 1998, now obsolete and not longer adequate, to be replaced.

As regards Organisation, 2012 was a year characterised by significant organisational reforms which on one hand involved the service model adopted by the Bank, and on the other hand involved a different structure of the principal operative and control areas, described below.

In particular, for purposes of adopting the service model of the Bank, the following principal interventions of organisational-functional revision were carried out:

- Revision of the Commercial organisation, with resulting change in the territorial structure. Relative to the activity of contact and interface with the customer of the Institute, the positions of "Managers of Institutional Relations" and "Manager Clients and Not-for-Profits" were introduced which guarantee the management of their own portfolio of customers of reference;
- Introduction of a Business Intelligence structure which in particular, in addition to handling the operative and strategic marketing activities, proposes actions and financial solutions from the point of view of optimising management of the risk-return profiles of the customers and ensures, furthermore, also the supply of the ALM and Financial Consulting and Informational services previously carried out by the Finance structures;
- Establishment of a specific Communication Multi-Channel Owner organisational structure for business com-

munication activities, also following the merger by incorporation of BCC Multimedia.

Additional organisational interventions where then undertaken to rationalise the structure of the Bank and to make the operative and risk governance processes more functional. In particular, among the principal interventions, the following are mentioned:

- new structure of the Risk Management Department within the context of a review which involved the Iccrea Banking Group. In particular, the model anticipates:
  - a centralised Group Risk Management structure at the Parent Company, which performs the role of structure responsible for governance of the group risks and direction, coordination and consolidated view of the risks;
  - a structure within Iccrea Banca for oversight of the risks connected to the specific operations of the Bank. In particular, a "Financial Risks" structure was established further divided according to the different types of risks being monitored: risk banking counterparts, risk of liquidity and market risks. In addition the oversight of the operational risks of the Bank was assigned to the structure already in charge of activities of oversight of the risks of non-conformity and money laundering;
- new structure of the Operative Areas relative to Finance and Credits. These reorganisations, in addition to making the operative and governance processes of the structures more functional, also served to harmonise and make more efficient the activities involved also in the reorganisation of the Risk Management Department;
- establishment of the Institutional Services structure, in order to start a path aimed a making more efficient and strengthening the service activities of Iccrea Banca relative to the world of Finance.

In addition, interventions were carried out on the processes in order to adapt the operations aimed at the organisational changed involved by the introduction of the new service model and continuously improving and making more efficient the corporate processes relative, in particular, to the following Areas: e-Money; Collections and Payments; Commercial; Finance; IT; oversight and governance of the Risks and Corporation.

The path started in 2012 will be further consolidated in 2013 when certain interventions will be completed on the organisational structure of the Bank, with particular reference to: Information Systems, Administration, E-Money and completion of the review relative to the Institutional Services area.

Furthermore, from the point of view of continually improving and making the corporate processes more efficient and adapting to the changes anticipated by the regulatory innovations some principal interventions will be scheduled in the following areas: Finance (Treasury, Proprietary Finance, etc.); Credit (monitoring banking counterparts); Institutional Services (for the introduction of the EMIR and FATCA regulations); Payment Systems (completion of the migration process to SEPA); revision resulting from the introduction of the ERP SAP system on the processes connected to the "asset cycle" and the "liability cycle"; Strategic Planning; IT (adjustment to the modifications which have taken place in the organisational structure); Communication.

During April, Polaris, the new web portal serving the Cooperative Credit Banks was released. Through a single access point, the new Polaris extranet wants to serve as an important point of contact which guarantees the CB personnel the utmost ease of access to the services, the processes and the information of Iccrea Banca. Polaris, in fact, was born from the increasingly strategic need to communicate clearly and efficiently with the objective of designing over time a work environment as close as possible to the needs of those who use it every day.

An objective which Iccrea Banca is focused on reaching especially by facilitating the access and availability of the information which concern their own operations: news, circulars, documents, tutorial, skills, etc. The development and design model of Polaris furthermore makes is a site that is always open, where the supply of the offer is accompanied by instruments to measure its acceptance, gather commends, suggestions, criticisms.

At the basis of this model of relationship between Iccrea Banca and the CBs is the awareness that the new technologies create value and competitive advantage for the business, thanks to the fact that they make the "information" resource available. This resource has peculiar characteristics since the value of the information is increase, rather than decreased, by its being shared. This is why the multi-channel is becoming a key element for the success of the network services which are able to satisfy the increasing demand to communicate from everywhere, at any moment and by any means.

Today, Polaris is an important pilot of this "multi-channel communication" strategy which was further strengthened by the integration of BCC Multimedia, which took place in December, into the organisational structure of Iccrea Banca allowing an important detail to be added, on the one hand to the process of optimisation of the ICT structures of the Group enriched by specific skills in the web field, with the establishment of the Web Applications and Multi-Channel organisational unit, and on the other hand to give Iccrea Banca a new strong impulse to their service model with the creation of a special organisational unit named Communication and Multi-Channel.

The close connection between the two units (also in terms of name) represents, therefore, an important step in the construction of models of interaction between business organisations and ICT centres of competence which become better and better able to design, develop and manage solutions and environments in close connection. This turns out to be even more effective within the scope of the realisation of web portals strongly oriented towards Institutional and Product Communication such as Polaris.

An operation, therefore, aimed at optimising the resources that Iccrea Banca is concentrating more and more on products and solutions to improve relations with their own institutional customers and to promote the CBs in the relationship with their own customers using multi-channel instruments and solutions.

In this sense, multi-channel should not be understood only as "use of different channels", but as a real strategy of relationship with the users.

In order to guarantee the supply of the Iccrea Banca services at the Cooperative Credit Banks through a closer integration with the information systems managed by the Delegated Technical Structures (Iside, Phoenix, Cedecra, SBA, Fed. Marche,...), an intense activity of information, coordination and support was carried out during 2012.

This activity materialised into over 30 video conferences and meetings which used as reference all the principal projects of Iccrea Banca for the e-money, finance and payment systems departments. In addition, about 50 separate meetings were held with every Delegated Technical Structure to review in depth the subjects most specifically referable to the organisational and procedural characteristics of each of them.

The activity performed allows all the most important projects of 2012 to be concluded successfully as well as those being concluded in the first period of 2013, in addition to guaranteeing a constant flow of information on the innovations in the Information Technology field.

Report on Operations

2012

CONTENTS
Report on Operations

Corporate bodies

2010 - 2012

BOARD OF DIRECTORS

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

*member of the Executive Committee

BOARD OF AUDITORS

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

GENERAL MANAGER

RUBATTU Leonardo	General Manager since 16/03/2011

About us

Iccrea Banca is the Central Institute of Cooperative Credit, whose statutory aim is to "make the work of Cooperative Credit Banks (CBs) more complete, intense and efficient, supporting and strengthening their action..."

Iccrea Holding, the parent company of the Iccrea Banking Group holds 99.998% of the share capital of Iccrea Banca.

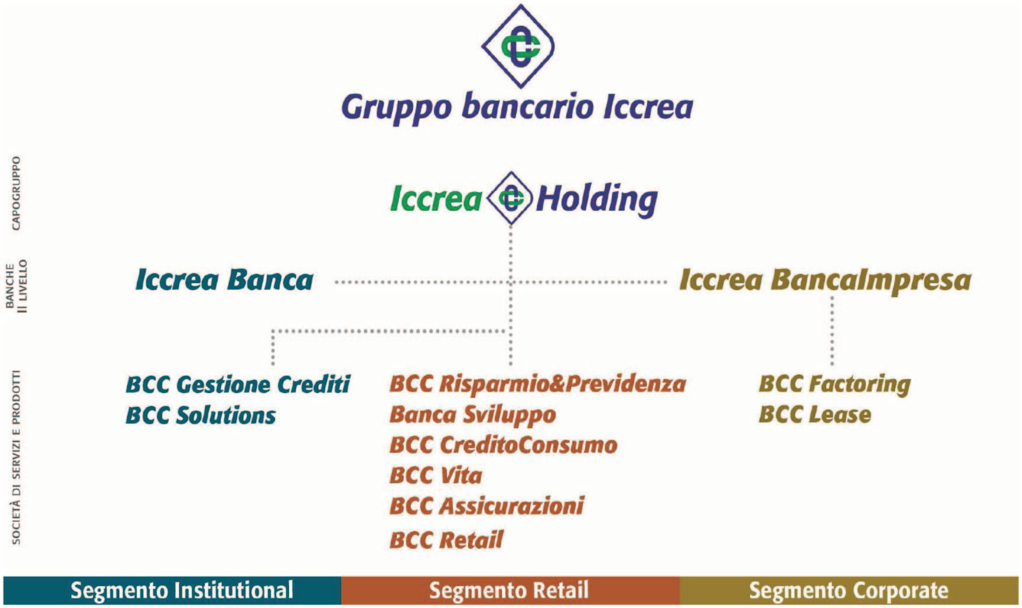
Iccrea Banca is a solid business offering services under the sphere of Finance, Payment Systems and payment cards, also providing loans in support of the needs of the Cooperative Credit System.

Iccrea Banca manages the technological infrastructure supporting, controlling and providing services in support of the business processes of the Iccrea Banking Group.

Iccrea Banca is the financial hub of the Iccrea Banking Group and the direct acquirer and issuer for the Ottomila circuit, which identifies the complete line of national and international credit cards, debit cards and prepaid cards.

The Iccrea Banking Group

The Iccrea Banking Group consists of a group of businesses established with a main objective: to support the banking activity of the Cooperative Credit Banks and Rural Banks and to meet the demands that emerge, on a territorial level, of their elected customers: corporate (small and medium enterprises) and retail (families). The services and products offered by the Group through the two second level banks (Iccrea Banca and Iccrea BancaImpresa), and through the other subsidiaries of the parent company Iccrea Holding and important partnerships with external entities, range from insurance (life and damages) to strictly financial and investments, including consulting and training on business strategies. The Iccrea Banking Group companies, therefore, do not operate directly with the market but rather prepare an integrated system of solutions to be the real partner of each Cooperative Credit Bank and Rural Bank in its territory, in order that each CB may be the local player in social and economic development.



1. Key performance data of the bank

Reclassified Balance Sheet	Assets	Dec 2012	Dec 2011	% change
Financial assets held for trading	20. Financial assets held for trading	732,669	633,351	15.68%
Financial assets designated as at fair value through profit and loss	30. Financial assets designated as at fair value through profit and loss	322,076	314,955	2.26%
Financial assets available for sale	40. Financial assets available for sale	3,009,412	2,135,150	40.95%
Financial assets held to maturity	50. Financial assets held to maturity	3,017,529	317,604	850.09%
Due from banks	60. Due from banks	27,022,845	15,946,240	69.46%
Loans to customers	70. Loans to customers	1,664,961	1,129,365	47.42%
Equity investments	100. Equity investments	51,263	51,013	0.49%
Other non-current assets		25,776	23,999	7.40%
	110. property and equipment	20,019	19,911	0.54%
	120. Intangible assets	5,756	4,088	40.81%
Tax assets				
	130. Tax assets	25,981	48,914	-46.88%
Other asset items		255,571	209,225	22.15%
	10. Cash and cash equivalents	110,654	79,360	39.43%
	80. Hedging derivatives	14,148	15,170	-6.74%
	140. Non-current assets and asset disposal groups held for sale	0	0	
	150. Other assets	130,769	114,695	14.01%
	Total assets	**36,128,084**	**20,809,815**	**73.61%**

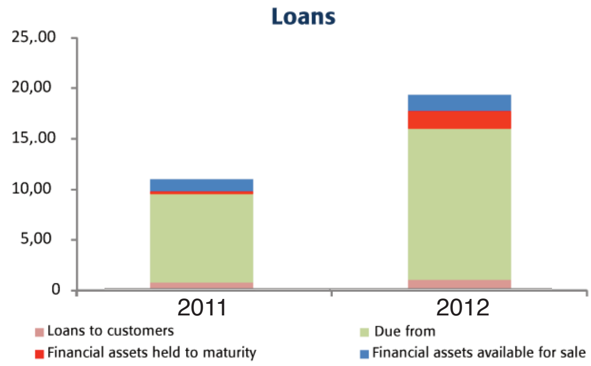
Reclassified Balance Sheet	Liabilities and shareholders' equity	Dec 2012	Dec 2011	% change
Due to banks	10. Due to banks	21,196,601	15,451,959	37.18%
Due to customers	20. Due to customers	9,270,697	1,738,714	433.19%
Securities issued	30. Securities issued	3,386,758	1,701,830	99.01%
Financial liabilities held for trading	40. Financial liabilities held for trading	640,452	525,616	21.85%
Financial liabilities designated as at fair value through profit or loss	50. Financial liabilities designated as at fair value through profit or loss	745,365	723,729	2.99%
Other liability items		365,998	243,730	50.17%
	80. Tax liabilities	23,087	9,938	132.31%
	60. Hedging derivatives	115,043	33,293	245.55%
	90. Liabilities associated with assets held for sale	0	0	
	100. Other liabilities	227,869	200,499	13.65%
Funds		19,337	19,010	1.72%
	110. Employee termination benefits	12,926	13,165	-1.82%
	120. Provisions for risks and charges	6,411	5,845	9.68%
Reserves		237,586	144,425	64.50%
	130. Valuation reserves	69,056	-7,505	-1020.14%
	160. Reserves	168,530	151,931	10.93%
Share capital				
	180. Share capital	216,913	216,913	0.00%
Profit (loss) for the period				
	220. Profit/(Loss) for the period (+/-)	48,376	43,889	10.22%
	Total liabilities and shareholders' equity	**36,128,084**	**20,809,815**	**73.61%**

Reclassified Income Statement	Income statement	Dec 2012	Dec 2011	% change
Net interest		83,772	64,256	30.37%
	10. Interest and similar income	443,366	264,272	67.77%
	20. Interest and similar expense	-359,594	-200,016	79.78%
Net fee and commission income		115,462	115,740	-0.24%
	40. Fee and commission income	338,695	327,449	3.43%
	50. Fee and commission expense	-223,233	-211,709	5.44%
Dividends	70. Dividends	3,267	4,656	-29.83%
Gains and losses on financial transactions		17,264	39,518	-56.31%
	80. Net gain (loss) on trading activities	17,886	8,444	111.82%
	90. Net gain (loss) on the hedging activities	428	502	-14.67%
	100. Net gains (losses) on disposal or repurchase	7,140	5,556	28.51%
	110. Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	-8,190	25,016	-132.74%
Other operating income/expenses				
	190. Other operating income/expenses	22,514	13,496	66.82%
	Total Revenues	**242,279**	**237,665**	**1.94%**
Administrative expenses				
	150. Administrative expenses	-153,498	-155,966	-1.58%
Amortisation and depreciation of fixed assets		-6,373	-4,658	36.82%
	170. Net adjustments of property and equipment	-2,765	-2,488	11.12%
	180. Net adjustments of intangible assets	-3,609	-2,170	66.29%
	Gross operating profit/(loss)	**82,408**	**77,041**	**6.97%**
Net allocations to provisions	160 Net provisions for risks and charges	-657	-367	79.06%
Net losses/recoveries on impairment	130. Net losses/recoveries on impairment	-4,109	-3,613	13.72%
Income taxes	260. Income tax expense from continuing operations	-29,266	-29,173	0.32%
Income from non-current assets in the process of being sold off	280. Profit (Loss) after tax on non current assets in the process of being sold off	0	0	
	Profit (loss) for the period	**48,376**	**43,888**	**10.23%**

Performance indicators

Loans

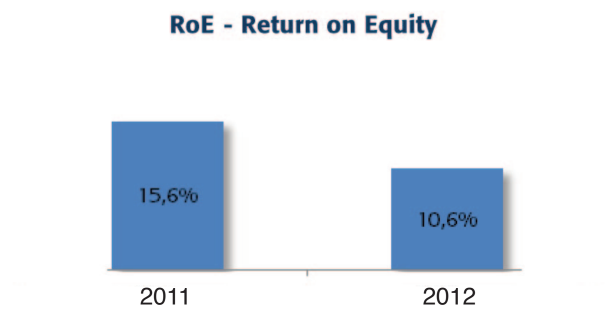
At the end of 2012, amounts due from banks and loans to customers respectively total 78% and 5% of total loans, including: loans to customers, amounts due from banks, financial assets held to maturity and financial assets available for sale, equal to 9% of the total.



Return on Equity (RoE)

RoE for 2012 comes to 10.6%, down compared to the 15.6% recorded in 2011. The reduction is basically due to the increase in the reserves from evaluation and the result of the assets and liabilities evaluated at fair value.

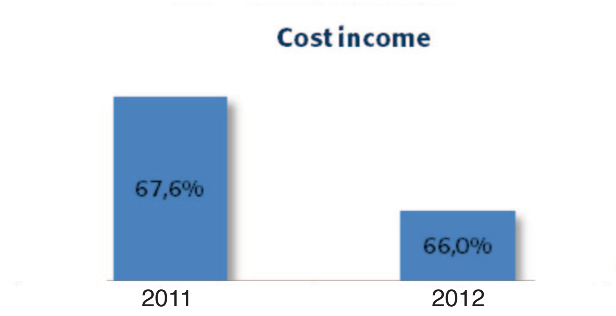
The *Return on equity* is calculated as the ratio between the net profit of the year and the year end equity. For the 2011 RoE the profit of the period and the 80 million increase in capital account, included in 2012, was not taken into account. This indicator expresses the return on equity.



Cost income

The Cost income ratio in 2012 comes to 66.0%, a drop compared to 2011 by virtue of the increased total revenues and the reduction in costs.

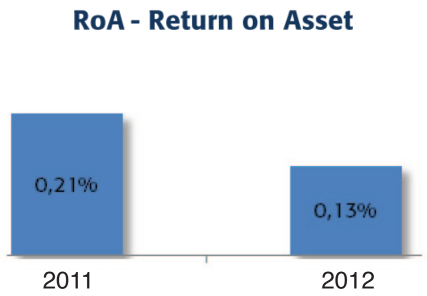
Cost income is calculated as the ratio of operating costs (administrative expenses and depreciation and amortisation) and total revenues. This indicator is a measure of productivity expressed as a percentage of the margin used by operating costs.



Return on Asset (RoA)

RoA for 2012 comes to 0.13%, a reduction compared to 2011. The change is due to an increase in assets that is more than proportional with respect to the increase in the profit.

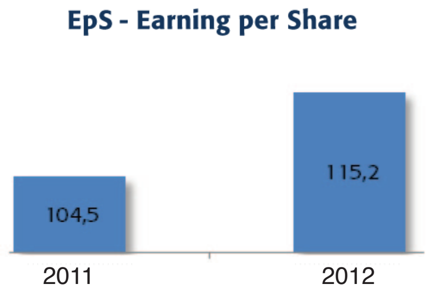
Return on Assets is calculated as the ratio of net profit and total assets recorded on the financial statements. This indicator expresses the return on total assets invested.



Earning per Share (EpS)

EpS for 2012 was 115.2 against 104.5 of 2011 and is affected by the greater value of the net profit.

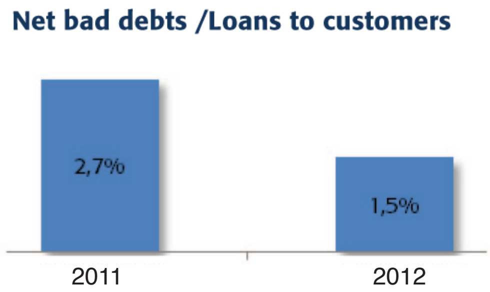
Earnings per Share equates to the ratio of net profit and the number of shares which compose the share capital.



Net non-performing loans/Loans to customers

The incidence of net non-performing loans out of loans to customers at end 2012 totals 1.5% as compared with 2.7% of 2011.

This indicator expresses the risk level of the loans portfolio.



2. THE REFERENCE CONTEXT

The macroeconomic context and the international credit system

In 2012, especially in the second half of the year, the trend in the world economy was controlled. International trade registered a modest growth. World economic activity continued to increase at a moderate pace, characterised by considerable fragility and diversity between the various geographic areas. Indicators of the climate of trust of consumers and businesses showed signs of improvement in the last quarter of 2012. Outside the Euro zone, the climate of trust of consumers improved in many advanced and emerging economies. At the same time, the world index of purchase managers (SME) closed the year in expansion (reaching 53.7 points) as did the component of the overall world PMI relative to new orders, which rose in December, reaching 52.9 points, or the highest level of the preceding nine months. On the other hand, the leading indicators of the cycle instead stabilised at low levels, highlighting the weakness of the economic conditions at the international level. The composite leading indicator of the OECD (which reveals the turning points of economic activity compared to the trend) improved slightly in the October release, continuing to indicate a stabilisation in the growth of all the countries of the OECD area plus Brazil, China, India, Indonesia, Russia and South Africa. The indicators relative to the individual countries still show divergent profiles in the principal economies. Despite the positive signs, coming in the last quarter from some emerging countries and from the United States, the prospects for global growth in 2013 and 2014 remain very uncertain. The evolution of the crisis in the Euro Zone, the continuing geopolitical tension in the Middle East and the protraction of difficulties in managing the imbalances of the public budget in the United States (where risks remain even though the sudden restriction at the beginning of this year connected to the so-called fiscal cliff was avoided) feed the risks for the world outlook.

In the United States, the growth of the GDP, in real terms, intensified in the second half of 2012, reaching a positive annual rate of change of 3.1% in the last survey. The greatest growth is attributable mainly to the dynamics of private consumer spending and to the increase in that of the public sector and for investments in supplies, as well as the acceleration in investments in residential construction and the positive contribution of net exports.

In the Euro Zone, economic growth remained negative, which led the area into full recession starting in the second quarter of the year. The indicators based on the economic surveys continued to show the persistent weakness of economic activity, which according to expectations should continue also into 2013, because of low consumer spending and investments revealed by the rather low level of confidence of consumers and companies and the moderate outside demand. On the other hand, the various economic indicators showed a substantial stabilisation of the cycle in the last quarter of the year, even though in a restrained manner, and the climate of confidence of the financial markets has improved considerably. The inflation of the area, measured as the annual rate of change of the index of consumer prices, ended up at 2.2% at the end of the year, a decrease compared to the first half of the year (2.6% in August, 2.7% at the beginning of the year). Based on current prices of futures contracts for oil, the figure should decrease further in 2012, below 2%.

The ECB monetary policy

The Advisory Committee of the ECB lowered the official rates in July 2012, taking them to 0.0% (interest rate for deposits at the central bank), and 0.75% (interest rate for major refinancing operations), and to 1.5% (interest rate for operations of marginal refinancing). In September, the ECB announced the conclusion of the SMP programme (purchase programme on the secondary market of Government securities in effect since May 2010) and the start of a new purchase programme of securities on the secondary market, OMT (*Outright Monetary Transactions*). The expectations of an additional drop in the rates pushed Euribor rates to particularly low levels during 2012 (the three month rate ended at 0.57% as annual average value but reached 0.187 as actual value at the end 2012) even if the decision approved unanimously in January 2013 to keep them unchanged created an immediate rise in futures on all maturities, which leads us to speculate that there will be a reversal of trend during the current year.

The Federal Open Market Committee (FOMC) of the Federal Reserve continued to express, at different times during the year, their concern regarding the possibility of economic growth that would not be sufficient to generate a lasting improvement in labour market conditions. There ensued a significant strengthening in the already accommodating tendency of the monetary policy. The FOMC decided to continue buying longer term Treasury Bonds at the rate of 45 billion United States Dollars a month following the end of the extension programme of the average maturity for securities already held (so-called "Operation Twist") at the end of 2012 and to continue buying mortgage-backed securities at the rate of 40 billion dollars per month. In addition, the objective for the official rate on Federal Funds was maintained unchanged in a range between zero and 0.25%, specifying that exceptionally low values would be justified at least until unemployment remains above 6.5% and inflation at one-two years is not expected to rise above 2.5%.

The macroeconomic situation in Italy

The growth of the Italian economy suffers the slowing of the global economy and strong tension on the sovereign debt market.

In Italy, the negative dynamic of the GDP observed in the first half of the year (around 1.0% in the first two quarters) registered a slowdown at the end of the year (-0.2% in the third quarter). Net foreign demand improved, while domestic demand contracted, reflecting the continuing weakness in family consumption and gross fixed investments. Inflation, measured by the annual variation in the national consumer price index, gradually dropped to 2.3% in December both due to the deceleration in the prices of energy products, and because the impact of the increase in indirect taxes in the autumn of 2011 ceased to apply.

Industrial production continued to decrease, even if at a less intense rate overall than the second half of 2012. This weakness in activity involved all the main industrial sectors, particularly those of durable consumer goods. Business investments dropped at a lower rate in the third quarter of 2012 compared to the first half of the year (-1.4% on a quarterly basis), thanks to the mitigation of the drop in spending in equipment, machinery, means of transport and intangible goods. Accumulation activity suffered especially from the uncertain outlook in demand and the large and growing margins of unused production capacity.

The unemployment rate reached maximum historic levels at 11.1% (+1.8% compared to one year ago).

The Italian credit system

During 2012, the credit supply benefited from the gradual removal of the liquidity restrictions which were burdening the Italian banks, also thanks to the policies implemented by the Eurosystem. Financing supply is still however being held back by the high level of risk perceived by the brokers relative to the effects of the recession on the financial statements of the companies. Impaired loans increased significantly. But positive signs are emerging: retail funding is increasing, liquidity conditions have improved and some brokers have gone back to issuing on the wholesale markets. The Core Tier 1 and the Total Capital ratio of the major banking groups has increased.

In particular, during the year, the trend in credit suffered from the weakness, albeit diminishing, in the demand by companies and families and by the still tense conditions of supply. During the last quarter of the year, the average cost of new loans to companies rose to 3.6%. The increase concerned in particular the rates applied to loans of over Euro one million. The indications provided by the banks in terms of the quarterly survey on bank credit suggest that this increase is connected to the worsening in the quality of the credit and to strong concerns over borrower risks. The variance between the average cost of the loans to Italian companies and to German companies was the same, in November, at 1.4 percentage points. The cost of credit to families instead continued to dip slightly.

As regards the quality of credit disbursed by the Italian banks, the rate of loans to families becoming past due remains relative low, at 1.4%, the same as last year. Loan rates to companies reached 3.3% and should peak in mid 2013 and then decrease. Relative to funding activity, deposit conditions on the wholesale markets for the Italian brokers, even if not yet back to normal, have improved slightly, benefiting from the attenuation of tensions on the sovereign debt markets. The growth in deposits of resident customs, remained bullish during the year. The cost of the more stable types of deposits remained unchanged: the average interest rate applied to current accounts of businesses and families, the main component of the retail deposits, ended up at 0.5% in November, unchanged compared to August. The return paid to the families on new one year deposits, very sensitive to the tensions on the wholesale collection markets, decreased by one tenth of a percentage point, to 2.7%. Returns on the new bond issues dropped by about one percentage point both for the fixed rate securities (3.3%) and for the variable rate ones (3.1%). In terms of income, information on the income statement trends of the banking system at September 2012[1] indicates a 2.5% growth in the margin of interest. Gross banking income grew by 6.9% benefiting to a large extent from the increase in the profits of trading activities, achieved mainly in the first quarter. Operating profit increased by 21.8%, also thanks to the reduction in operating costs.

As regards the five major banking groups, in the first nine months of 2012 the return on capital and on reserves (ROE), expressed on an annual basis and valued net of the extraordinary entries connected with the devaluations of goodwill, increased by about one percentage point compared to the same period in 2011, to 3.3%.

Equity strengthening continued into the third quarter of 2012. At the end of September, the coefficients relative to basic equity (Tier 1 ratio) and to the total capital ratio came to 11.5% and 14.3% respectively.

The Cooperative Credit Banks (BCCs)

The persistent unfavourable macro economic picture has reduced the economy's demand for credit, while the need to reduce risks and increase equity has led many banking groups to reduce or strongly contain the disbursement of new credit.

This delicate period has underlined the capacity of the CBs to "make a system" and to develop a quality network by consolidating their own market position in terms of traditional brokerage, maintaining a rate of change in the volumes intermediated greater than the average of the banking system.

During the last year, the system of Cooperative Credit further expanded territorial coverage in agreement with the principle of nearness and proximity, which is part of the model of customer service specific to a cooperative bank with local roots.

During the last twelve months (September 2011 - September 2012) the branches of the CB-RBs increased by 31 (+0.7 % compared to a reduction of 1% registered in the overall banking system) reaching 4,442 in September 2012, or 13.3% of the banking system.

At the end of the third quarter of the year, the CB-RBs are located in 2,718 municipalities, in particular small and medium sized, and in 101 provinces. At the same date, the CB-RBs still represent the only banking presence in 551 Italian municipalities, while in another 549 municipalities they only have one competitor.

Employees (including also those of the Companies of

1 Source: BASTRA B.I Flow

the system) totalled almost 37,000 in September 2012, basically unchanged on an annual basis.

The total number of members came to 1,124,833, an increase of 3.7% on an annual basis. Members granted credit amount to 452,626 (+1.1%).

	Companies			Branches		
	Coop. Banks	Banks	holding %	Coop. Banks	Banks*	holding %
regions	**(a)**	**(b)**	**(a)/(b)**	**(a)**	**(b)**	**(a)/(b)**
Piemont-V.d'Ao-Lig.	10	35	28.6	224	3,760	6.0
Lombardy	45	171	26.3	810	6,540	12.4
Trentino	45	49	91.8	331	549	60.3
A.Adige	47	54	87.0	196	418	46.9
Veneto	38	53	71.7	676	3,581	18.9
Friuli	15	24	62.5	234	941	24.9
Emilia	23	55	41.8	440	3,517	12.5
Tuscany	30	49	61.2	345	2,537	13.6
Marche	20	30	66.7	198	1,192	16.6
Lazio-Umbria-Sard.	29	77	37.7	337	4,015	8.4
Abruzzo-Molise	10	17	58.8	101	839	12.0
Campania	21	34	61.8	135	1,637	8.2
Apulia-Basilicata	27	32	84.4	157	1,659	9.5
Calabria	15	18	83.3	88	508	17.3
Sicily	28	34	82.4	168	1,737	9.7
Total	**403**	**732**	**55.1**	**4,440**	**33,430**	**13.3**

Source: Federcasse processing of Bank of Italy data

*provisional data

In a particularly negative economic outlook, the CB-BRs continued to support the shareholders and the customers during 2012, especially small businesses and families, elective target of reference. Despite the intensification in the negative economic phase, in fact, the loans of the CB-BRs basically "held" during the year, compared to a considerable contraction noted in the banking system overall. On the funding front, thanks to a certain recovery in the growth dynamic of deposits from customers in the second half of the year, the banks of the Category registered an increase on an annual basis. The CB-BR quota in the loan market and in the direct deposit market ended the year at 7.1% and 7.3% respectively, a slight increase compared to the end of the preceding financial year.

3. BUSINESS PERFORMANCE AND TRENDS IN THE MAIN AGGREGATES OF THE STATEMENT BALANCE SHEET AND THE INCOME STATEMENT

The financial statement of Iccrea Banca S.p.A. at 31st December 2012 was drawn up in compliance with the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB), and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC) adopted by the European Commission according to the procedures pursuant to art. 6 of the EC Regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002 – and pursuant to the instructions of Circular no. 262 of the Bank of Italy of 22nd December 2005 "The Bank Financial Statement: presentation formats and rules" updated as of 18th November 2009. For application of the same, reference was made to the "Systematic framework for the preparation and presentation of the financial statement" (the so-called "Framework"). For interpretation, apart from the aforesaid instruments, the documents issued by the Italian Accounting Board (OIC – Organismo Italiano di Contabilità) and by the Italian Banking Association (ABI – Associazione Bancaria Italiana) have been taken into account.

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

Financial position

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

As of 31 December 2012, total assets and liabilities stood at 36,128.1 million as compared with the 20,809.8 million of December 2011 (+73.6%). In terms of assets, the growth was concentrated mainly in loans to banks +11,076.6 million (+69.5%) and in financial assets held until maturity +2,699.9 million. In terms of liabilities, instead, the increase can be attributed to an increase in the payables to customers (+7,532.0 million) and payables to banks of 37.2% (+5,744.6 million).

ASSETS AND LIABILITIES (in millions of Euro)				
AGGREGATE	**Dec 2012**	**Dec 2011**	**DELTA**	**DELTA %**
ASSETS				
Loans to Banks	27,022.8	15,946.2	11,076.6	69.5%
Customer loans	1,665.0	1,129.4	535.6	47.4%
Financial assets held for trading	732.7	633.4	99.3	15.7%
Financial assets designated as at fair value through profit or loss	322.1	315.0	7.1	2.2%
Financial assets available for sale	3,009.4	2,135.1	874.3	40.9%
Financial assets held to maturity	3,017.5	317.6	2,699.9	850.1%
Other assets	130.8	114.7	16.1	14.0%
Total interest bearing assets	**35,900.3**	**20,591.4**	**15,308.9**	**74.3%**
Other non-interest bearing assets	227.8	218.5	9.4	4.3%
TOTAL ASSETS	**36,128.1**	**20,809.8**	**15,318.3**	**73.6%**

ASSETS AND LIABILITIES (in millions of Euro)				
AGGREGATE	**Dec 2012**	**Dec 2011**	**DELTA**	**DELTA %**
Due to banks	21,196.6	15,452.0	5,744.6	37.2%
Due to customers	9,270.7	1,738.7	7,532.0	433.2%
Securities and financial liabilities	4,772.6	2,951.2	1,821.4	61.7%
Liabilities associated with assets held for sale	-	-	-	
Other liabilities	227.9	200.5	27.4	13.7%
Total interest-bearing liabilities	**35,467.7**	**20,375.6**	**15,092.1**	**74.1%**
Other non-interest bearing liabilities	151.1	56.4	94.7	167.8%
Equity and risk reserves	460.9	367.2	93.7	25.5%
Profit for the period	48.4	43.9	4.5	10.2%
TOTAL LIABILITIES	**36,128.1**	**20,809.8**	**15,318.3**	**73.6%**

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

Assets

The total of interest-bearing assets increased from 20,591.4 million in 2011 to 35,900.3 million in 2012 (+74.3 percent). The increase concerned amounts due from banks for 11,076.6 million (+69.5 percent). The operations of the CBs with Iccrea Banca are mainly represented by loans with guarantee of re-financeable securities (so-called pool collateral). The amount as of 31 December 2012 was 16,275 million; collateral securities given by the CB-RBs amount to 20,079 million net of the haircut applied for the various types of securities.

Following the new organisational model of the Banking Group, the Bank, as manager of the Group's financial resources, deals with deposits and loans for all Group companies. More specifically, securities issued by Iccrea BancaImpresa for a total of 3,326.8 million were subscribed and classified under "Amounts due from banks - Debt securities". Within the aggregate of amounts due from banks, those due from Cooperative and Rural Banks grew by 73.2% (from 10,011.9 million to 17,338.9 million), whilst amounts due from other credit institutions grew from 5,934.4 million to 9,683.9 million (63.2%).

Due from banks (in thousands)	Dec 2012	Dec 2011	DELTA	DELTA %
CBs-RBs	17,338,901	10,011,883	7,327,018	73.2%
Other credit institutions	9,683,944	5,934,358	3,749,586	63.2%
Total	**27,022,845**	**15,946,240**	**11,076,605**	**69.5%**

Breakdown of due from banks (in thousands)	Dec 2012	Dec 2011	DELTA	DELTA %
Due from Central Banks	**96,111**	**215,898**	**- 119,787**	**-55.5%**
Obligatory reserve	96,111	215,898	- 119,787	-55.5%
Due from Banks	**26,926,734**	**15,730,342**	**11,196,392**	**71.2%**
Current accounts and demand deposits	1,139,427	959,479	179,948	18.8%
Time deposits	347,291	463,898	- 116,607	-25.1%
Other	21,481,615	10,217,896	11,263,719	110.2%
Debt securities	3,958,401	4,089,069	- 130,668	-3.2%
Total Due from Banks	**27,022,845**	**15,946,240**	**11,076,605**	**69.5%**

Loans to ordinary customers have grown 47.4 percent, from 1.129.4 million in 2011 to 1,665.0 million. The increase is mainly due to the item “other loans” of 732 million. Impaired assets, equal to 30.8 million, have decreased by 15.3 percent compared to 2011 (equal to 36.4 million).

Compositions amount due from customers (in thousands)	Dec 2012	Dec 2011	DELTA	DELTA %
Current accounts	437,081	660,673	- 223,592	-33.8%
Mortgage loans	157,592	170,929	- 13,337	-7.8%
Reverse repurchase agreements	19,048		19,048	
Other loans	950,177	218,017	732,160	335.8%
Debt securities	70,222	43,339	26,883	62.0%
Impaired assets	30,841	36,407	- 5,566	-15.3%
Total Due from customers	**1,664,961**	**1,129,365**	**535,596**	**47.4%**

The financial assets portfolio held for trading increased by 99.3 million (from 633.4 million to 732.7 million) representing a 15.7% increase on the previous year.

Breakdown of financial asset held for trading (/000)	Dec 2012	Dec 2011	DELTA	DELTA %
Debt securities	17,937	45,249	- 27,312	-60.4%
Equity securities	403	431	- 28	-6.5%
UCITS units	1,975	2,397	- 422	-17.6%
Total cash assets	**20,315**	**48,077**	**- 27,762**	**-57.7%**
Derivative instruments	712,354	585,274	127,080	21.7%
Total derivative instruments	**712,354**	**585,274**	**127,080**	**21.7%**
Total Financial Assets	**732,669**	**633,351**	**99,318**	**15.7%**

In December 2012, the portfolio of financial assets available for sale had changed to 3,009.4 million from 2,135.1 million in December 2011.

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

LIABILITIES

Interest-bearing deposits amounted to a total of 35,467.7 million, an increase of 74.1 percent on an annual basis (+15,092.1 million).

The balance of interbank deposits is 21,196.6 million, with an increase of 37.2 percent on December 2011 (+5,744.6 million).

Due to banks (in thousands)	Dec 2012	Dec 2011	Delta	Delta %
CBs-RBs	7,144,769	5,707,716	1,437,053	25.2%
Other credit institutions	14,051,832	9,744,243	4,307,589	44.2%
Total	**21,196,601**	**15,451,959**	**5,744,642**	**37.2%**

Within this aggregate, CB-RBs deposits increased by 25.2% (from 5,707.7 million to 7,144.8 million) with 44.2% growth in amounts due to other banks (from 9,744.2 million to 14,051.8 million). The item "Amounts due to central banks" (12,706.4 million) is represented by loans obtained from the ECB for advances on securities as a guarantee both of the CB-RBs and the Bank. "Time deposits" also includes deposits received from other banks for Euro 679.6 million regarding the indirect discharge of obligatory reserve liabilities.

Composition amount due to banks (in thousands)	Dec 2012	Dec 2011	Delta	Delta %
Due to central bank	12,706,391	8,204,893	4,501,498	54.9%
Current accounts and demand deposits	4,956,987	3,800,638	1,156,349	30.4%
Time deposits	3,459,949	3,087,793	372,156	12.1%
Loans	72,317	354,115	- 281,798	-79.6%
Other payables	957	4,520	- 3,563	-78.8%
Total Due to banks	**21,196,601**	**15,451,959**	**5,744,642**	**37.2%**

Composition amount due to customers (in thousands)	Dec 2012	Dec 2011	Delta	Delta %
Current accounts and demand deposits	656,291	718,312	- 62,021	-8.6%
Time deposits	12,429	15,355	- 2,926	-19.1%
Loans	8,221,709	469,733	7,751,976	1650.3%
Other payables	380,268	535,314	- 155,046	-29.0%
Total Due to customers	**9,270,697**	**1,738,714**	**7,531,983**	**433.2%**

Deposits from ordinary customers increased compared to 2011, going from 1,738.7 million in December 2011 to 9,270.7 million in December 2012. The increase is due mainly to the operations of repurchase agreements made with the Cassa di Compensazione e Garanzia.

Securities in issue

Funding in the form of securities increased significantly (from 1,701.9 million in December 2011 to 3,386.7 million in December 2012). This funding took place both through issues under the Italian prospectus, destined for retail and institutional customers, and with an issue under the EMTN program on international markets. This item includes both debenture bonds issued by the Bank hedged against interest rate risk by means of derivative contracts, the amount of which is adjusted for the change in the hedged risk matured at the reporting date (fair value hedge) and bond loans issued at variable rate and hedged from the risk of change to cash flows. The item also includes bond loans issued and not hedged, accounted for at their amortized cost.

EQUITY

At 31 December 2012, the solidity of the Bank's numbers is expressed primarily by the equity which came to, excluding the period profit, 454.5 million.

The share capital, consisting of 420,000 ordinary shares, each of a value of Euro 516.46, has remained unchanged,

at 216.9 million. The reserves component came to 168.5 million (+11%) from 151.9 million.
The item Valuation Reserves shows a positive balance of 69.1 million with an increase of 76.6 million.

Income statement

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

Reclassified Income Statement	Income statement	Dec 2012	Dec 2011	% change
Net interest Income		83,772	64,256	30.37%
	10. Interest and similar income	443,366	264,272	67.77%
	20. Interest and similar expense	-359,594	-200,016	79.78%
Net fees and commission income		115,462	115,740	-0.24%
	40. Fee and commission income	338,695	327,449	3.43%
	50. Fee and commission expense	-223,233	-211,709	5.44%%
Dividends				
	70. Dividends and similar income	3,267	4,656	-29.83%
Gains and losses on financial transactions		17,264	39,518	-56.31%
	80. Net gain (loss) on trading activities	17,886	8,444	111.82%
	90. Net gain (loss) on the hedging activities	428	502	-14.67%
	100. Net gains (loss) on disposal or repurchase	7,140	5,556	28.51%
	110. Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	-8,190	25,016	-132.74%
Other operating income/expenses				
	190. Other operating income/expenses	22,514	13,496	66.82%
	Total Revenues	**242,279**	**237,665**	**1.94%**
Administrative expenses	150. Administrative expenses	-153,498	-155,966	-1.58%
Amortisation and depreciation of fixed assets		-6,373	-4,658	36.82%
	170. Net adjustments of property and equipment	-2,765	-2,488	11.12%
	180. Net adjustments of intangible assets	-3,609	-2,170	66.29%
	Gross operating profit/(loss)	**82,408**	**77,041**	**6.97%**
Net allocations to provisions	160. Net provisions for risks and charges	-657	-367	79.06%
Net losses/recoveries on impairment	130. Net losses/recoveries on impairment	-4,109	-3,613	13.72%
Income taxes	260. Income tax expense from continuing operations	-29,266	-29,173	0.32%
Income from non-current assets in the process of being sold off	270. Income from non-current assets in the process of being sold off	0	0	
	Profit (loss) for the period	**48,376**	**43,888**	**10.23%**

Net interest income

The net interest receivable at 31st December 2012 was 83.8 million, representing an increase of 30.4 percent compared to 31st December 2011 (64.3 million). Its growth is mainly due to the greater quantities intermediated.

In ratio to total revenues, the incidence of the net interest income went from 27.0 percent in December 2011 to 34.6 percent in December 2012.

Fees

Net commissions from services, at 31 December 2012, came to 115.5 million, basically in line with those of December 2011.

Gains and losses on financial transactions

In 2012, profit from financial operations, which includes Net gains (losses) on trading activities (17.9 million), Net gains (losses) on hedging activities (0.4 million), profit (loss) from sales/repurchases (7.1 million) and net gains (losses) of financial assets/liabilities carried at fair value (-8.2 million) stands at 17.3 million, down 22.3 million (-56.3 percent) with respect to 2011 (39.5 million). This change is attributable mainly to the net results of the assets and liabilities valued at fair value resulting from the evaluation of our credit rating.

Total revenue

In 2012, the Bank achieved total revenue of 242.3 million, up about 2% on the results posted for December 2011 (237.7 million). This is due to the greater contribution of the interest margin.

Operating costs

Operating costs for 2011 amounted to 159.9 million (160.6 million in December 2011), including personnel expenses, administrative expenses, indirect taxes and net adjustment of property and equipment and intangible assets.

Compared to the preceding year, total administrative expenses show a reduction of 0.7 million connected to a reduction in personnel costs of 9.6 million and an increase in other administrative expenses of 7.2 million.

Personnel expenses

Bank personnel expenses in December 2012 came to 59.2 million as compared with 68.8 million in 2011, showing a change of 9.6 million (-14.0%).

Salary and wages expenses decreased by approximately 3.2 million, showing a change of -7% (40.0 million in 2012 as compared with 43.0 million in 2011).

Other administrative expenses

At the end of December 2012 other administrative expenses came to 94.3 million, an increase of 8.2 percent over the previous year period (87.1 million). For more details, please refer to the Explanatory Notes – Section 9 – Administrative Expenses Item 150 table 9.5.

Net adjustments of property and equipment and intangible assets

Total net adjustments of around 6.4 million as of 31 December 2012, 3.6 million of which was amortisation of intangible assets and 2.8 million depreciation of property and equipment.

Gross operating profit

As a result of the performance described, the gross profit on ordinary operations came in at 82.4 million, up 7.0 percent compared with December 2011 (77.0 million).

Profit for the period

The profit for the period on ordinary current and non-current assets, net of the change in direct taxes for the period, was 43.9 million, compared with 20.2 million in 2010, an increase of 116.7 percent.

The cost income ratio went from 76.2 percent in 2010 to 67.6 percent in December 2011.

4. BANK ACTIVITIES

Below is information on the principal activities carried out during 2012 by the various company organisations.

FINANCE

During 2012, Iccrea Banca consolidated its role as System Financial Centre, strengthening the activities supporting the CBs and the Companies of the Group with a series of important initiatives on the national and foreign monetary and financial markets as well on the collateralised markets.

In this context, the development of the investment activities on the proprietary portfolio enabled significant profit margins to be achieved, needed to support the levels of return offered to the CBs in the various loan modes, both short and medium-long term.

With reference to the management of the liquidity of the System, in 2012 the use was further developed by the CBs of the collateralised funding activities. In order to allow the Cooperative Credit Banks to take advantage of the opportunities offered by Art. 8 of Law 214/2011, the technical organisations of Finance support approximately 200 CBs in the issue of bonds guaranteed by the Government for an overall equivalent value of more than 4.5 billion, subsequently used for the participation in the second three-year auction of the ECB. The total participation in the two three-year auctions came to € 12.6 billion. The total of the securitised loans disbursed by Iccrea Banca to the CBs through the collateral pool instrument went from € 7.8 billion at the end of 2011 to € 16.3 billion in December 2012.

In addition, two securitisation operations were completed, one (CF10) of residential credits, the other (CF11) of commercial credits.

As regards the supply of investment instruments, an integrated and flexible supply system was defined, with particularly competitive terms, divided into restricted deposits, investment accounts and debenture loans, destined both for the property of the Banks and for distribution to their customers.

The bonds offered to the CBs furthermore have the requirement of being able to be refinanced at ECB, also in order to guarantee their computability between the liquidity reserves anticipated by the Supervisory provisions and by the company policies.

Furthermore, Iccrea Banca returned to the international markets, with a public issue of 350 million applied to the EMTN programme carried out in November 2012 with approximately 30% underwritten by foreign investors.

Among the other initiatives carried out is the issue of a total of € 165 million in savings bonds for the Southern economy (so-called TREM), listed with retail customers and directed at ensuring the disbursement of a corresponding incremental flow of loans to SME operating in the South.

With reference to the brokerage activities of government bonds, there was a significant increase in the volumes traded, which reached Euro 120 billion, placing Iccrea among the principal operators in the sector.

Proprietary and Trading Finance

The Proprietary and Trading Finance Office is organised into four organisational units, each concerned with its scope of competence, involved in:

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

During 2012, the Operative Unit guaranteed the market making activity on the Hi-Mtf market on approximately 550 Euro-bond securities and 62 Italian government securities, and since March 2012 on the EuroTlx market with 210 Euro-bond securities and 42 Italian government securities, trading overall volumes of Euro 1.4 billion and 7.1 billion. In addition, approximately Euro 59 billion of Italian government securities were also traded, divided up between the MTS and Bond Vision platforms, an increase of 87% compared to the previous year.

As regards operations in derivatives, the year was marked by a strong contraction of the volumes traded with the CBs, confirming a trend which had already appeared at the end of 2011. Overall, contracts for a nominal total of about Euro 3.5 billion were concluded mainly for the management of the book financial risks for the offer of hedging instruments to the CBs, a reduction of 58% compared to the preceding year. The nominal traded figure just with the CB system came to Euro 446 million, a decrease compared to 2011 of 89%.

The business mainly focused on plain vanilla products, in line with the trend seen in the reference market following the crisis affecting the international financial markets. The reasons for this contraction are mainly due to two simultaneous factors:

- continuation of the sovereign risk crisis, with consequent increase in the BTP-BUND spread;
- strong reduction in interest rates against forecasts for economic growth that have been significantly lowered.

Within the context of the funding initiatives undertaken during 2012, overall bond collection came to Euro 2.4 billion with an average residual term at issue of 2.96 years. In this collection, there is a 46% (1.1 billion) concentration during the fourth quarter due to an improvement in market conditions as well as the excellent acknowledgement, in terms of desirability for investment, received from the market compared to other comparable issuers.

The activity of diversification of the sources of financing continued overall: in fact, in addition to the use of the CB property channel in the amount of 47% of the overall nominal amount, there was also a good response on the CB retail channel (20.6%), a new issue under the EMTN Program on the international markets (15%) and the use of other sources (guaranteed bonds and private placement) of 17.5%.

With reference to the proprietary portfolio, the increase in net interest income continued compared to 2011, the result of the growth of stock in place, which has gone from Euro 7.1 billion in 2011 to Euro 10.1 billion in 2012, recording a 43.2% increase.

Specifically, the component relative to Italian government securities went from a face value of Euro 2.4 billion in 2011 to Euro 5.9 billion in 2012, recording an increase of 146%. The total portfolio is classified at 50% in AFS and the other 50% in HTM.

The volatility of the market during the year allowed, both in the rolling phase of the portfolio and in its increase, to gather interesting market opportunities in terms of return also considering the average duration of portfolio of less than two years.

Treasury and Exchanges

The Treasury and Exchanges Office is divided into two organisational units committed to guaranteeing for the CBs, the companies of the Group and other customers:

- activities on the exchange and precious metals markets, guaranteeing operative oversight and risk exchange management;
- activities on the monetary markets (cash and secured), guaranteeing oversight of the funding/short term loan requirements and the management of short term rate liquidity risks.

In 2012, strong attention on the liquidity risks of the Bank, the Banking Group and the Cooperative Credit continued overall especially in order to best use the initiatives of the ECB of the European Union and the Italian Government to meet the systemic crises (banking, national, European) already in effect since 2011.

These opportunities were met with a further push on innovation of operative instruments and the product investment line, placing particular attention on maintaining, in IB, reserves sufficient to meet possible the worsening of the Italy risk. The principal initiatives in support of this strategy were:

- the offer of a specific investment account (RCC Account) dedicated to the investment of the quota of Obligatory Reserve released by the ECB in January.
- the activation in June of the Intra-day Line within the scope of the Credit Lines guaranteed by Collateral Pool, which permitted having available both sufficient resources to cover Italy's downgrade risk and be able to improve the oversight of the daily balancing by substituting also the Credit Line in support of the DBA.

In the exchange sector activity, the usual service activity to the CBs and customers continued through the contract portal where the following were carried out:

- around 105,000 FX-spot and FX-outright contracts for an overall equivalent value of approximately Euro 2.8 billion
- around 3,300 FX-swap operations for an overall equivalent value of approximately Euro 4.4 billion

In the of precious metals sector, relations were activated with other counterparts (HSBC and BSI) with the double objective of reducing the cost of procurement and diversifying the offer. On the second subject, a project of technical implementation was activated which will be completed in 2013.

In the treasury sector, the most dynamic activity was operations with collateral again in 2012;. In addition to the consistent operations with the Central Bank mentioned above, during the year the request by the CBs was developed for securitised loans at market conditions. The volumes reached by the securitised loans to the CBs at 31 December totalled 16.3 billion, disbursed partly at the terms of the auctions announced by the ECB and partly at market conditions.

Added to the BC volumes were those traded in support of the investment strategy of the Group ensuring both the short term funding and the structural funding for specific operations, by activating in the second part of the year also operations with terms longer than 12 months.

The existing stock at 31 December of Repo operations carried out on the markets is as follows:

- for operations of IccreaBancaImpresa Euro 3 billion;
- for term loans of securities in portfolios to Iccrea Banca Euro 2 billion;
- for Iccrea Banca short term funding needs, Euro 1.2 billion;

In terms of liabilities, the policy of support to the CBs continued again in 2012 with specific collection initiatives which kept the profitability offered to the system high and at the same time maintained group funding. The main initiatives were:

- at the same time as the second 3 year LTRO, the offer of a restricted deposit at 3% to invest funds aimed at the reimbursement of the CBO3 which collected Euro 600 million;
- at the same time as the reduction in rates carried out by the ECB in July, the introduction of a "floor" at 0.25 on the parameter rate of remuneration of the DBA;

- the offer of a restricted 16 month deposit made at the end of September which collected Euro 300 million.

Other initiatives on the deposit front were undertaken to diversify the procurement channels; arranging agreements for recurring short term deposit operations with certain counterparts (i.e.: CCeG, UBAE) and activating new operations such as for example the OPTES system for short term operations of the MEF.

The “unsecured” deposits market was kept active in 2012 as well by continuing to take funds mainly with Overnight deposits contracted on the e-Mid platform with Italian counterparts, given also the relative convenience of this type of funding.

Institutional Sales

The Institutional Sales Department continued, during 2012, to develop their model of investment services based on the continuous evolution of the needs of the CBs and their customers, in a context still characterised by the strong volatility of the financial markets triggered by the debt crisis in the Eurozone.

After the launch of significant technological solutions which further confirmed the role of Iccrea Banca as financial broker of reference of Cooperative Credit, during the year in question certain important projects were started, some of which deserve to be mentioned:

- the participation of the “EMIR” Work Group, whose objective is to search for the best technical-operative solutions for the management of the “Clearing”of the derivative contracts concluded by the CBs with the Institute;
- the participation in the technological migration of Borsa Italiana to the “Millennium Exchange”platform;
- the multimedia communication campaign called “Transformation of Variable Rate Loans” which made full use of the cooperation between Institutional Sales and Business Intelligence, putting into effect the principles of the New Service Model of Iccrea Banca through which an element of great innovation was introduced into the methods of involvement of the CBs in the subjects connected to the development of new business;
- the participation in the “direct” placement on the MOT market of Borsa Italiana of the “BTP Italia”, a new financial instrument conceived by the Treasury and linked to the Italian consumer prices index;
- the introduction of the “Asset Swap on Italian government securities linked to the European inflation”operation, which made available to the CBs another investment instrument in order to optimise the return of their propriety portfolio.

Despite a moderate recovery being registered in the values of the index of reference, the strong volatility of the quotations of Italian shares entailed a significant decrease in the volumes of orders collected, confirming the negative trend of the three-year period: € 3.2 billion in 2012 compared to € 4.3 billion in 2011 and € 4.7 billion in 2010.

The FTSE MIB index of Borsa Italiana, which in 2010/2011 had dropped by 35.9%, in 2012 recorded a recovery of 5.3%.

Instead, distinctly higher volumes than expected were recorded in the fixed income segment, thanks to the strong recovery in the quotations of our government securities which occurred in particular in the second half of the year.

The total equivalent value of the CBs trading in bonds quoted on Borsa Italiana, HI-MTF and EuroTLX in fact reached the record value of € 35.5 billion.

Listing activity registered a significant increase in volume thanks to the three operations on the BTP Italia, on which total orders of € 1.4 billion were concentrated.

The strong listing activity of the Iccrea bonds continued during the year in question, totalling € 2.2 billion, confirming the strong interest by the CBs in Iccrea Bank issues, both for their direct investments and on behalf of their customers.

Negative forecasts were instead confirmed concerning the OTC derivative activity. The combined action of economic factors such as:

- the minimum level of interest rates and the margins between the swap curve and Euribor curve;
- the collapse of loans (disbursement of loans at -50% compared to the corresponding period of the previous year);
- the reduction in the traditional technical forms of deposit used by the CBs (from the P.O. to the deposit accounts, C.D. etc.)

drastically reduced the demand by the CBs for operations to cover the rate risk.

Securitisation

The Securitisation Unit develops, in coordination with the Bank's other operating units, securitisation initiatives for CBs and Iccrea Banking Group companies, taking care of the execution of the related up-front and ongoing activities.

The main activities performed in 2012 are as follows:

- structuring of a new securitisation operation of residential mortgages with 30 CBs participating for an amount of approximately Euro 1.6 billion named Credico Finance 10;
- structuring of a new securitisation operation of commercial and unsecured mortgages with 22 CBs participating for an amount of approximately Euro 746 million named Credico Finance 11;
- feasibility study and implementation of the activities connected to the so-called Loan by Loan requested by the ECB for Credico Finance 8, Credico Finance 9, Credico Finance 10 and Credico Finance 11 operations;
- Start of the restructuring activities of the operations called Credico Finance 12 (residential mortgages) and Credico Finance 14 (commercial credits) with 37 CBs participating for an amount of approximately Euro1.3 billion and 11 CBs participating for an amount of approximately Euro 500 million respectively;
- Start of the closing activities of the Credico Finance 2 operation.

Loans and receivables

In the current scenario, the credit activity of Iccrea Banca shows, because of the operative specialisation that characterised it, its capacity to offer credit solutions in response to the operative difficulties caused by the markets.

In this context, the Loans and Receivables segment of Iccrea Banca confirmed again for 2012 a capacity to anticipate the needs of the CBs, preparing credit facilities sized to their capacity and liquidity needs that later appeared. The operations described demonstrates the new policy which we intend to adopt with special reference to the complex subject of credit.

In fact, in the credit department one also finds an evolution of the range of action of Iccrea Banca which, from simple availability and capacity to provide a service, assumes more and more a position of partnership with the CBs in order to anticipate their possible needs.

From this point of view and continuing the work started, also in compliance with the "New Provisions for Prudential Supervision for Banks" regarding the management of the "risk of liquidity", the assessment processes have been refined further in the granting of lines of credit without overlooking the capacity for a prompt response to the requests of the CBs.

During 2012, 562 resolutions were completed, 279 of which related to increases or lines for operations in the "collateral pool".

The resulting increases registered in the loans reflect the acknowledgement by the CBs of the new role offered by Iccrea Banca.

Iccrea Banca's policy for granting credit is also differentiated by the support activity carried out in favour of certain CBs in particularly critical situations, where intervention of support were studies in cooperation with other central organisations of the movement. During 2012 this activity, which distinguishes Iccrea Banca from all the other Banks of the system, materialized in the disbursement in various technical forms of financing, of Euro 297 million, with 95 million of this guaranteed by the Investor Guarantee Fund of the Cooperative Credit.

During 2012, Iccrea Banca continued to provide credit support to their customers, ensuring 979 financing operations, 562 of which, as indicated previously, to CBs and Banks.

As regards the activity carried out in the foreign segment, a distinction must be made between the activities for which Iccrea Banca is responsible for the risk - confirmations of documentary loans counter-guaranteed totally by Iccrea Banca Impresa, refinancing of letters of credit and syndicated loans - and those in which Iccrea Banca performs the role of credit assessment centre. In 2012, ceilings were authorised for documentary loan confirmations to 5 Indian banks, 7 Turkish banks and 5 Chinese banks for Euro 46 million overall.

In addition, the refinancing of letter of credit totalling € 1.8 million and participation in a syndicated international loan of Euro 2,9 million in favour of a Turkish bank were authorised.

Lastly, the support to Iccrea Banca Impresa was assured for the assessment of the credit rating of foreign Banks for the granting of "silent confirmation" and discounts without recourse totalling Euro 2.2 million.

Endorsement loans issued in the interests of non-banking customers as of 31 December 2012 came to Euro 9.7 million, of which 8.2 million towards Group companies. As regards the security issued in the interests of bank customers, we have an amount of 842 million, 5 million of which to CBs, 1 million to Banks and 836 million to IccreaBancaImpresa (530 million for 3 sureties issued in the favour of Cassa Depositi e Prestiti and 302 million in favour of the EIB for the securitisation transaction through Iccrea Sme Cart).

Total uses of facilities for cash granted for "banking" customers came to Euro 21,827 million (€16,275 million for operations on treasury credit line by collateral pool, 3,958 million for debenture loans and 1,594 million in the form of treasury credit openings), of which Euro 16,632 million to CBs, 323 million to Banks and 5,522 million to IccreaBancaImpresa (3,327 million as debenture loans, 1,580 million as treasury credit openings, 322 million in current accounts).

In 2012, inquiry commissions and those on financing operations granted to CBs/Banks came to Euro 1.2 million.

As regards the bankers' draft emission service provided with regard to the CBs and banks using our institute as an "intermediary bank", it is highlighted that the amount of the ceiling limits authorised in 2012 came to Euro 566 million, with 26 positions resolved for a total stock as of 31 December of 5,172 million for 297 counterparts.

Correspondent Banking

During 2012, Correspondent Banking concentrated their activity on expanding the network of relations and consolidating the management of the reputation risks.

In 2012, about 70 counter parts were met, more than 25 of whom had never had relations with the Iccrea Banking Group. Relational activity led to the granting of ceilings on trade activities in favour of selected Indian, Turkish and Chinese counter parties. This granting allows the CBs to know in advance the availability of Iccrea Banca to assume bank and country risk in order to be able to give quick and efficient responses to the exporter customers.

The Italian Government Mission in Turkey, with a large delegation of Italian businesses, and the participation in the most important meetings (Sibos, Euromoney, etc.) of international banks were key moments of network development. As a result of ever closer relations with certain counterparts, Iccrea Banca is contacted more and more frequently in order to finalise trade operations in favour of Italian operators, customers and non-customers of the CBs. In particular, we emphasize that the participation in the syndicated loan to the Garanti Bank (Turkey) which allows Iccrea Banca to be numbered among the "preferred partners"of the aforementioned bank and to offer itself as point of reference to the operators in the Turkish market must be viewed precisely from this point of view of development of the origination activity of trade.

Within the context of this revitalisation activity of the network, Correspondent Banking also started a review action of the conditions of the accounts with the banks in order to improve their efficiency and profitability in the field of international payments, in particular outside the EU.

PAYMENT SYSTEMS

Collections and payments

The Collections and Payments Office has the task of managing products and services that the Institute offers to banks brokered on the market of domestic and international payment systems, except for documented transactions related to the import/export of goods.

Activities during 2012 continued in the completion of SEPA Credit transfer, Direct Debit and Cash products to ensure complete coherence by 2014 of the internal procedures with the evolution of national and international market standards. In this context, the work carried out aims to achieve the following objectives in the interests of the intermediated CBs:

- to implement the trade and regulation of collections/payments towards banks situated in and outside the EU;
- to minimise the costs that each individual CB would in any case incur to make the trade both on an operative level (connections, technological infrastructures, procedures, etc.) and on the level of regulatory monitoring (participation in work groups on an ABI, Bank of Italy, CIPA, Target level, etc.)

The pricing policy was reviewed from the point of view of:

- reducing costs to intermediated banks and enabling an effective commercial action with regard to customers, on products with lower cost income;
- minimising costs (increasing efficiency) of the activity of both the CBs and Iccrea Banca. To make the prices applied to customers competitive, striving to integrate with the information systems continuing the adaptation to international PSD (Payment Services Directive), SEPA (direct debit, credit transfer, cash) regulations, focussing on minimising the impact of said rules on the CBs, preparing the necessary changes for an exchange of data;
- optimising the nature and the role of the Cooperative Credit Industry Circuit, both in terms of commissions (no commissions applied against these transactions), and with the objective of further speeding up of exchanges and related regulations.

In this changing context, interventions have been implemented in the various sectors of payment systems aimed at adapting to the new system rules and the development of new products. To this end, the following must be included:

- electronic invoicing with the aim of giving the invoicing customer of the CB an instrument that reduces the costs of management/archiving of paper (invoice), delivery to the debtor (by means of various channels, including CBI, post, certified e-mail) and payment recognition. The project is completed from the operative point of view and now its marketing is in progress;
- the project that will enable agreements to be reached with Major Customers for the collection of transactions guaranteed with regards to debtor customers to CBs, implementing a value added circuit within our movement that causes the group to be perceived as a single entity. The necessary agreements with the partners of the initiative are almost completed

- In the traditional payments sector, operations of the "Collections and Payments" Unit are aimed at improving the quality of the services offered by the Cooperative Banks, with the intent of operating to satisfy the needs of the same and to contribute toward favouring their increased market penetration. In this sense, the specifications to be provided to the system at the associative stage for the project, total cessation of cheques and sending of images, are being completed.

CAIS applications

The Standardised Inter-banking Application Centre Applications Unit has the task of promoting and developing matters concerning the typical activities of the "Inter-banking Application Centre" and of ACH SEPA Compliant and supporting, in information aspects, the work of "Intermediated Bank" carried out by the Collections and Payments Unit.

Because of important structural changes in the competitive scenario of the "Italy system" in the context of control and transmittal services for information regarding payment systems, the functionality of the Applications Centre is gradually coming closer to the functionality of the European range which supposes a consolidation of those synergies pursued in the years that have just finished.

At present, the following initiatives are under way:

- Implementation of the "HUB of Payments" application platform in cooperation with the Market Applications Unit
- extension of reachability for European collections (SDD)
- new WEB application for the management of message exchanges with STDs
- M-Facility;
- total cessation of cheques and sending of images

On the affiliated Banks front, a reduction of their numbers continued to be registered due to the acquisitions and concentrations which occurred in the CB system.

E-Banking

In 2012, sustained growth continued in all sectors of payment cards, both on the issuing side, with 2.7 million cards in operation and approximately Euro 13.8 billion and on the POS and ATM acquiring side, with more than 115,000 Pagobancomat POS, 4,200 ATMs active and approximately Euro 15.4 billion.

Regarding the Issuing sector, all three components (debit, prepaid, and credit) recorded an appreciable increase that can be summarised as follows at the end of 2012:

- operative debit cards with chip technology reached the threshold of 1.8 million compared to 1.6 million in 2011, an increase of 7.3%;
- the stock of operative credit cards posted an increase of 7.7%, moving from 597,000 cards at the end of 2011 to 642,000 in 2012;
- active prepaid cards went from 246,000 at the end of 2011 to 271,000 at the end of 2012, with an increase of 10.1%.

In a similar fashion, in the acquiring sector, significant growth has been recorded in reference volumes, reaching 15.4 billion in 2012 (of which 11.2 billion relating to the 8000 PagoBANCOMAT / BANCOMAT and 4.2 billion referring to the international circuit) as compared with 14.2 billion in 2011, with a 7.9% increase.

In addition, during the year various sites were started for the development of new products, which will be launched in the first half of 2013:

- the new IBAN Card, which combines a prepaid card with all the principal features of a c/c;
- a pilot project on Mobile Payments which will allow the CartaBCC holders to purchase services directly from their mobile device;
- the migration of the entire MasterCard credit card stock to Contact-less technology, to allow CartaBCC holders o make purchases on the new generation POS terminals through NFC technology.

The activity of association with the CBs continued through the "Corner in Branch" project which in December 2012 involved about 44 CBs in more than 200 branches permitting a broader increase in the number of cards issued.

As regards the commission margins generated by the payment card products, an overall reduction in net commissions in favour of the CBs was registered in 2012 in a amount of 202.4 million.

INSTITUTIONAL SERVICES

During 2012, the activities included in the field of Securities Services were combined under the newly formed Institutional Services Area. Today, this operative area includes the following Units: Administration Securities; Deposit Bank, Back Office Finance and Accessory Financial Services. This initiative intends to create the bases for undertaking, both through the reorganization of the structure, and through a specific intervention aimed at making more efficient the operative processes, a functional path to pursue the optimisation of the cost to delivery of the services provided, raising their level of quality and expanding the range of offers, also functionally with an increase in the number of outside customers with a diversification relative to the network of the CBs.

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

Iccrea's activity in Securities Services, then, continues to be for CBs and clients an affordable and efficient opportunity compared with internal process management and direct adhesion to Central Regulatory and Guarantee Systems. The offering also allows customers to interface with a single counterparty, and so benefiting from significant synergies and economies of scale, obtaining savings on market access; technological investments; management, maintenance, and development of applications; and processing and operating activities.

Securities Administration

The Securities Administration supports the activity of the Cooperative Credit Banks with:

- the financial instruments records service (A.T.C.I.) for the accurate database of the new issues and the constant updating of the variable data;
- the management of the administrative activities for the securities deposited;
- the reconciliation of the positions of the depositor Banks with accounts opened by the institute on the centralised Depositories.

During the year, the CBs were guaranteed specific administrative support for the activity connected to the management of the "Collateral Pool" which, by facilitating access to the collateralised financing operations, in particular with the European Central Bank through the treasury desk, generated a significant increase in the financial instruments deposited. This activity allowed the Cooperative Credit system to activate all the emergency instruments carried out by the institutions to face the current financial economic crisis, providing a significant contribution to securing the Cooperative Credit system.

At 31 December, there were Euro 108 billion in securities being held and administered.

The subscription continued during the year of the CBs to the listing service of their issues on the order driven segment of the HI-MTF market aimed at attributing to them the liquidity conditions provided by the Consob legislation. At the end of the year, there are 75 CBs present on HI-MTF with more than 1,300 issues listed.

In the "Securities Database" context, there are over 50,000 financial instruments listed. The plans were implemented for the distribution of new data resulting from tax management requirements and the need to be able to guarantee the CBs the performance of advanced consulting with their customers.

In addition, during the year the rationalisation action was started of the depositories, through the concentration of the positions on a reduced number of subject, with the goal of simplifying the operative processes and achieving a savings in the costs of safekeeping.

Deposit Bank

The Institute has played its institutional role of Deposit Bank of assets managed for the companies of the banking group and, more generally, with the strategic aim of conferring value to Cooperative Credit, safeguarding the interests of subscribers of investment funds and participants in pension funds. Under this scope, it has ensured a custody, administration and control service of equity in compliance with the law, regulations and provisions of the Supervisory Bodies for the funds managed respectively:

- in the equity funds sector: BCC Risparmio & Previdenza e Intermonte BCC Private Equity;
- in the Pensions sector: National Pension Fund of the CBs/CRA; BCC Risparmio & Previdenza, Filcoop and Bancassurance Popolari;
- in the real estate sector: Beni Stabili Gestioni, Investire Immobiliare SGR, Numeria SGR and Polis Fondi SGR.

In May 2012, in the wake of the European legislation, Banca d'Italia updated the measures of prudential supervision for banks that serve as Deposit Banks and as a result changed the Regulation on the collective management of savings.

For the purpose of safeguarding the subscriber of the Funds and therefore with particular concern for the security of the customers of the Cooperative Credit Banks, an analysis was performed of the new provisions for control on investments and as a result organisational essential interventions were planned to guarantee adequate oversight.

The year saw the launch of the reorganisation project of Aureo Gestioni, which changed its corporate name to BCC Risparmio & Previdenza, focusing in this way, also in its corporate name, the primary requirements of the CB customers in the sector. In particular, two new coupon funds were started and as well as a restyling of the product line which concentrated the offering on eight new funds. In addition, in order to rationalise costs, on 31 December 2012, BCC Risparmio & Previdenza changed their computer accounting system. These changes significantly involved the Institute. Furthermore, the occasion was used to improve the quality of the data and to rationalise the computer flows for better quality in the controls performed.

From the economic and commercial point of view, the crisis continued in the deposits of the Italian UCITs while the reform which aligned tax treatment with the European ones did not provide the benefits hoped for. Only in the second half of the year was it possible to observe some signals, albeit weak, of a reversal of trend.

This reversal of trend appeared in the portfolio of BCC Risparmio & Previdenza especially thanks to the offer on the market of the two new Coupon funds, a type of fund which was not present before in the product line and which anticipate in fact the payment of an annual coupon.

The continuing crisis in the real estate market blocked the start of new funds in the sector. The quality of the real estate held in portfolio did however guarantee the stability of the property funds for which we serve as depository.

The signs of admittedly weak trend reversal perceived in the second half of the year and the trend of similar Luxembourg products lead us to think that the instruments of collective management of savings, appropriately managed and marketed, retain their reason for being. This is even more true in a world, such as that of Cooperative Credit, which unites small and medium savers, significantly undersized in the sector.

These last positive notes, lead us to believe that in the future, with even a gradual recovery in the economy and the markets, it will be possible to count again on the profitability of the position of depository. In particular, the committed and active participation in the support of the reorganisation and commercial reconversion project of BCC Risparmio & Previdenza could lead to interesting economic returns if the project is successful.

The saver's need for guarantees and therefore the significance of an efficient and attentive Deposit Bank, leads one furthermore to consider it important to focus on the validity of a service which contributes to guaranteeing a secure and prudent management of the savings of the Cooperative Credit customers.

Back Office Finance

The Back Office Unit in 2012 developed the following activities:

- T2S – Bilateral Cancellation;
- T2S – Second layer matching;
- Implementation of IQUA function on the CAD application;
- analysis, test and commissioning of the After Hours migration of Borsa Italiana to the MillenniumIT platform;
- analysis, test and commissioning migration of the MTA, ETF Plus, MOT and SeDeX markets of Borsa Italiana to the MillenniumIT platform;
- analysis, test and commissioning of management operations in Fail on the CAD application of the operations on foreign markets with settlement at the C.H. Euroclear;
- participation GdL ABI - Assosim - ECB: post-trading adjustments to the European standard and to the new T2S settlement system.

The Bank's Past Trading service was set up so as to ensure a complete and integrated service to satisfy the entire range of needs for administrative and regulatory services for securities, providing in this way adequate proposals and responses to the needs of the CB-RBs.

During the year the Back Office Unit started implementation of projects for interventions connected to the adjustments required by the EMIR legislation on OTC derivatives and the start of the Target2 Securities being introduced by the European Central Bank. In the development of these important projects, we intend to pursue solutions that can consolidate and strengthen the role of Iccrea Banca as Services Centre between the market and the CBs, allowing the CBs to be able to guarantee operative continuity, while at the same time limiting the impacts of adjustment both in terms of organisation and costs.

The Fund Operations Unit:

- oversees the activities of Subject in Charge of Payments and Subject which Handles the Offer in Italy (Regul. B.I. 8 May 2012, Issuers Regulation, Broker Regulation) for foreign funds;
- operates within the scope of the services supply contract with Aureo SGR of 01/04/2009, which includes the project and organisational activities of the IT integrations under way with the Computer Systems of the Movement in reference to the activities of the OICR and the other activities supporting the distribution of the OICR of third parties;
- oversees the so-called activities of Agent Bank (circular S.T. 59/2011) and the Clearing, Order Routing and Custody activities relative to the activities of the institutional customers on foreign funds. Among these, of particular importance is the complete management of the orders carried out by Aureo SGR relative to the GPF and Funds of Funds.

The principal activities of 2012 can be summarised as:

- evolution and implementation of processes of computer integration with the Information Systems connected with the CBs (Iside, Sba, Phoenix, Cedecra, Cedacri, Fed. Marche);

- participation in the European project for the Standardisation of operative processes relative to the Asset Management industry (still in progress);
- extension of the project for the accounting of the operations in “currency out” (currency of denomination) of the foreign funds with the operations of the retail customers;
- activity of initial adjustment to the regulations issued regarding taxes (stamps) and implementation of the UCITS IV Directive (May 2012).
- increase of the Sicavs for which SIP activity is carried out (No. 16).

The results achieved during 2012 are valid at the level of the Institute as well as at the System level. Not only during 2012, the Fund Operations Unit continued its march towards achieving positive economic results and effectively tried to place itself, in terms of activities and services to the CBs, in the new role shown in the service model, as supplier and manager of a relationship (partner).

The particular appreciation demonstrated not only by the Bank partners, but also by other important subjects operating within the Cooperative Credit (STD, Local Federations) represents the correct interpretation of the role assumed by the Institute in this activity.

Accessory Financial Services

In order to adapt the level of service for the CBs, in relation to the evolving market context, we continued with the implementation of the pricing platform of financial instruments, with particular attention to the issuances of the cooperative credit banks, through the introduction of parametric mechanisms capable of permitting customised solutions for different specific needs depending on the policies adopted. As of 31 December, adhesion to the service was formalised by 186 CBs.

In order to set up the record structure of the financial instruments entered on the general records and traded on behalf of customers functional to the evolution of the advisory service, according to the advanced approach introduced by Consob regulations, the structure of the records attributes continued to be reviewed by further refining the information relating to the development of evolved products for the supply of Advanced Advisory services, facilitating the positive approach by the CBs with regard to its customers as concerns portfolio management.

During the year, the methods for supplying services were refined concerning compliance on transparency and the monitoring of possible market abuse also through the introduction of a new contract system which better responds to the actual needs of the CB customers. At 31 December 2012 there were 164 CBs had joined the Transaction Reporting service while 139 CBs had joined the MAD service.

CENTRAL SERVICES

Human resources and organisation

In 2012, the Human Resources and Organisation area continued its activity of promotion and support of the corporate transformation process in line with the strategic objectives of the Bank through a structured programme of interventions aimed at the growth of the human capital and the continuous improvement of the levels of effectiveness and efficiency of the organisation and the processes.

During the year, Iccrea Banca systematically developed initiatives, already started during the preceding financial year, aimed at pursuing a growing level of excellence.

At the same time as the implementation of the Service Model of the Bank, General Management and corporate management reviewed the significance of the term Excellence, arriving at defining its objective according to clear guidelines:

- improvement in the methods of operative management, with the logic of increasing the effectiveness and optimisation of the processes;

- innovation, both from the point of view of the continuous updating of the methods and the development/improvement of the products and services offered, also favouring an interdisciplinary approach to the innovation itself;
- development of the distinctive skills and sharing of the know-how that determine the reference positioning of Iccrea Banca for the system of the CBs.

From this a functional path was started for the pursuit of the objectives of Excellence and the consolidation in the management of the skills functional to the realisation of the change.

In this context, the area relative to the optimisation, measurement and innovation of the processes emerged as the area of improvement transversal to the various Centres of Competence.

This aspect was first analysed in depth within the context of the training sessions involving the delivery of modules concentrated on innovative techniques for the focused optimisation of the processes, including basic training on the Lean Six Sigma methodology, a technique concerned with achievement of continuous improvement, particularly effective on "stable" processes and characterised by high and measurable volumes, which are a good part of the processes managed by the Centres of Competence.

In the light of these elements, within the context of the "Experimentation" phase, three improvement sites were implemented according to the Lean Six Sigma methodology, which involved more than 30 resources among Centres of Competence, and Organisation and IT Departments.

This first Experimentation phase produced very encouraging results demonstrating the value of an approach based on listening to the needs of the customer and on the capacity to measure the size of the problem in order to objectively identify the causes of inefficiency and the relative solutions. At the same time, this work methodology clearly demonstrated all its potential for being a strong vehicle for involving people, stimulating their ability to be proactive and self-starting entrepreneurs and demolishing the organisational and cultural barriers which sometimes cause a vertical separation between various corporate areas.

Based on the positive results of the initiative described above, it was decided to expand it into a real Lean Six Sigma Programme for the systematic optimisation of the processes of the Centres of Competence. This Programme, which will gradually involve ever wider areas of the Bank, is focused on guaranteeing the following objectives within limited periods of time:

- spread of the Lean Six Sigma culture, expansion of education and on-the-job methodology training to a wider population and development of internal skills in order to guarantee the growing autonomy of the Bank in the application of the methodology to additional fields of intervention;
- optimisation of the key processes of the Centres of Competence through the application in the field of the techniques being taught, in a logic of "*learning by doing*".

In order to guarantee that these objectives are achieved, the Programme will be divided into the following approaches:

- Governance of the programme and communication;
- Qualification of internal Lean Six Sigma skills - advanced training for those who will act as team leaders ("Green Belt") in the work groups aimed at creating an initial nucleus of specialised resources with specific and certified methodology skills; courses of alignment with the Lean instruments destined for other participants in the work groups during the execution of the improvement sites; extension to an additional 70/80 people of the basic training on the Lean Six Sigma methodology already distributed during 2012 to approximately 60 resources;
- Development of the Lean Six Sigma projects in specific Competence Centres - analysis and optimisation of the principal processes, through the application in the field

of the techniques being taught, with the achievement at the same time of concrete results in terms of increase in quality and recovery of efficiency.

Through the principles and the instruments made available by this methodology, it will be possible to make room for the propulsive force which will have to support the corporate Competence Centres on their path of consolidation to veritable Centres of Excellence.

Excellence to be made, as always, available and totally at the service of the CBs.

As regards the dynamics of the workforces, at year end the workforce numbered 726 units (net of those leaving as of 31 December) distributed as follows according to category:

- 2.1% Executives;
- 15.5% Senior Managers;
- 29.3% Junior Managers;
- 34.9% Professional Seniors;
- 18.1% Professional Juniors;

In 2012, in order to complete the implementation of the Service Model of the Bank, 7 employees assumed the functional role as Manager of Institutional Relations Coordinator (GRIC), 14 that of Manager of Institutional Relations (GRI) and 1 as Large Customers and No Profit Manager.

In addition, there were 14 new roles of organisational responsibility which involved the activation of growth and development paths of internal personnel with a view to greatly optimising the available human capital. Along with this there was a careful and timely use of the external market or to personnel already with responsibilities within the Iccrea Banking Group or the Movement.

A strong impulse was given to the processes of internal mobility with the intention of giving effective answers to the requirements of a qualified workforce which pervasively involved many corporate areas acting incisively on the leverage of enhancing the human capital within the company and the Group. In this context, all available instruments were used to promote an optimal level of job rotation coherent with the workforce needs on the one hand and, on the hand, the professional growth and development requirements of the resources.

There were a total of 35 fixed-term employment hirings in 2012, 33 of which with skills and experience already established in specific areas of need. Of these last, 26 comes from the Group or the Cooperative Credit Movement, while 7 were hired from the external market. Within the context of the aforementioned 35 fixed-term employment hirings, the impact due to the realisation of the Service Model of the Bank, the new organisation of Finance and Group Risk Management and the merger by incorporation of BCC Multimedia was considerable. 25 of the aforementioned 35 fixed-term hirings came from these operations (plus another 2 with open-ended contracts).

There were 7 employment terminations of which 4 were due to mobility to other organisations of the Group or the Cooperative Credit Movement.

Based on the corporate and Group developmental lines and in support of the business strategic projects, the 2013 resources plan was defined and will continue to see the adoption of broad spectrum lines of intervention based, as always, prevalently on the optimisation of the internal human capital of the Bank and the Group through the activation of all the incentives and instruments available (Group job posting, specific analyses with the Managers of the various Operative Units, individual management interviews, etc.).

In order to promote the growth and development of resources and support the company projects, specialised technical, legal, computing and behavioural/managerial training was delivered for a total of around 33,000 hours equal to approximately 4,140 days of training. The per capita average stands at around 46 hours and the addressees of the training were all employees. As regards managerial training, the criteria and key elements in order to start a Group training programme were defined, together with the Parent Company, which will involve starting in the first half of 2013 and gradually and continuously, the entire management of the Bank.

As support of the training needs for 2013, the trade union agreement was also signed at the beginning of February this year for the financing of the training through access to the services of the Solidarity Fund. By virtue of this accord, it will be possible to access the aforementioned Fund in order to contribute to the financing of approximately 35,000 hours of training to be provided during 2013.

In March 2012, the Individual Management Interviews were started, a specific process of interaction between the company and its employees aimed at acquiring ever greater knowledge of the people with the objective of supporting their professional development, supporting their performance and involvement and giving them necessary operative support, as well as improving the quality and effectiveness of internal communication. The plan of the interviews, which continues on a daily basis, by the end of 2012 allowed approximately 270 people to have at least one individual interview with a Human Resources Manager. This plan will continue at full speed in 2013, in this way managing to cover the entire corporate population by the summer, and then being able to start, in the last quarter of the year, the second cycle of interviews.

The premium policy of the company affected approximately 63.7% of employees through discretionary interventions of various different natures, whilst all resources received the result premium relating to the results of financial year 2011 in accordance with that established by current provisions of contract.

On the cost front, particular attention was placed on the monitoring and on the definition of governance and optimisation actions of the flexible costs base of the personnel with specific interventions aimed at a more and more careful management of the entries relative to overtime work, the planning and use of holidays and assignments. This action will proceed continuously during 2013.

With regard to the provisions of Italian Legislative Decree no. 81/08, in addition to multimedia-type training being provided to all the personnel, approximately 150 medical check-ups were organised for resources by virtue of their work at video terminals, which therefore requires their health to be monitored. Furthermore, during 2012, upon completion of the corporate management system relative to occupational health and safety, the representative of the employer, 3 sub-representatives, 6 managers and 40 supervisors were appointed.

Relative to *Business Continuity*, the HRRP system of the corporate operative continuity was maintained. Furthermore, in order to protect the management of the corporate processes and information and therefore the related human resources by reducing the risk threshold also through the spatial separation of these same resources, a trade union agreement has been defined for the displacement of the resources to the secondary site of recovery. During 2013, the management and the use of the site will be brought up to speed in accordance with what is provided by the aforementioned agreement.

As regards Organisation, 2012 was a year characterised by significant organisational reforms which on one hand involved the service model adopted by the Bank, and on the other hand involved a different structure of the principal operative and control areas, described below.

In particular, for purposes of adopting the service model of the Bank, the following principal interventions of organisational-functional revision were carried out:

- revision of the Commercial structure. Relative to the activity of contact and interface with the customer of the Institute, the positions of “Managers of Institutional Relations” and “Manager Clients and Not-for-Profits” were introduced which guarantee the management of their own portfolio of customers of reference;
- introduction of a Business Intelligence structure which in particular, in addition to handling the operative and strategic marketing activities, proposes actions and financial solutions from the point of view of optimising management of the risk-return profiles of the customers and ensures, furthermore, also the supply of the ALM and Financial Consulting and Informational services previously carried out by the Finance structures;

- establishment of a specific Communication Multi-Channel Owner organisational structure for business communication activities, also following the merger by incorporation of BCC Multimedia.

Additional organisational interventions where then undertaken to rationalise the structure of the Bank and to make the operative and risk governance processes more functional. In particular, among the principal interventions, the following are mentioned:

- new structure of the Risk Management Department within the context of a review which involved the Iccrea Banking Group;
- new structure of the Operative Areas relative to Finance and Credits. These reorganisations, in addition to making the operative and governance processes of the structures more functional, also served to harmonise and make more efficient the activities involved also in the reorganisation of the Risk Management Department;
- establishment of the Institutional Services structure, in order to start a path aimed a making more efficient and strengthening the service activities of Iccrea Banca relative to the world of Finance.

The path started in 2012 will be further consolidated in 2013 when certain interventions will be completed on the organisational structure of the Bank, with particular reference to: Information Systems, Administration, E-Money and completion of the review relative to the Institutional Services area.

BUSINESS INTELLIGENCE

Business Intelligence has the task of guaranteeing the oversight of the activities of analysis integrated with the qualitative and quantitative information on the customers and of proposing actions and financial solutions in order to optimise the management of the risk-return profiles. It guarantees the monitoring of the markets and the competition establishing the evolution of the offer in terms of development and/or updating of products and services. Takes care of devising innovative finance instruments, in line with the needs of the CBs. Ensures the realisation of the marketing interventions relative to the products/services offered by the Bank. Distributes to the CBs and to the other customer Banks consulting on subjects of advanced financial management, including the theoretical estimate of the economic value of the financial instruments, even complex ones, in addition to the related risk profiles and the “Consulting Service” regarding investments.

Business Intelligence is composed of ALM and Consulting, Financial Information, Marketing and Financial Solutions Units.

The ALM Unit

The ALM and Consulting Unit, very briefly, has the task of supporting Business Intelligence in the analysis of the management equilibrium of the CBs, functional for the identification of their needs in terms of solutions and financial products. Through the supply of the ALM service, it supports the Federations and CBs, in the current and prospective analysis of the economic, equity, financial and risk balance; it provides, through the financial consulting service, customised advice on the risks and benefits of specific financial operations relative to the investment objectives defined with the CB.

Activity of the ALM and Consulting Unit, during 2012, underwent significant evolution both from the internal organisational point of view and with reference to the offer system to the CBs. With reference to the first aspect, the ALM and Consulting Unit was placed in the Business Intelligence Unit, by contributing through the use of the available information set, to the analysis of the needs of the CBs and, as a result, to the realisation of the strategies of focus carried out by the Institute for the definition of their products and services to the CBs.

There were several occasions when support was provided for the analyses of the situation of equity and financial solidity (liquidity and interest rate risk) at the system level and for individual banks.

The ALM system (data and web application) was shared internally also to support the credit line activities of the CBs and to populate - for the part for which they are responsible - the CRM system used actively by the institutional relations managers in their relations with the CBs.

As regards the system of offers to the CBs, the ALM and Consulting Unit was given the possibility of providing the consulting service on investment subjects pursuant to Art. 1, paragraph 5, letter f) of Legislative Decree No. 58/1998 (so-called “MIFID consulting”). The result was:

• a greater integration between the ALM analyses, directed at providing support to Corporate Management in understanding the sustainability of the financial, economic and equity balance in which they tend to carry out their activity and that of consulting in the strict sense, or of providing customised advice on which operations to carry out to reach their own objectives of optimisation of the return on capital compared to the anticipated risk profile;

• the review of the contract structure for the ALM and Consulting services, also anticipating a framework agreement of cooperation with the Federations for the supply of ALM services to the associated companies. Through this last agreement, it will be possible to put into practice the synergies which can be realized in the territory and make coherent the trend and control activities of the Federations to the CBs with the operative support provided by the ALM and Consulting services In line with this, during 2012 various training meetings were held on ALM subjects at the regional level with the active involvement of the Federations and the CBs.

In order to effectively carry out the activity described, partnership and cooperation agreements were reached with the principal technical organisations delegated to share management data which guarantee greater rapidity and accuracy of the information and analysis.

Lastly, we confirm the good cooperation with the Fund of Institutional Guarantee and Federcasse relative to the development of criteria and methods for measuring the liquidity risk. In this regard, the times of support provided to the CBs have been continuous in the preparation of the policies of management and control of the liquidity risk based on the guidelines provided centrally.

The Financial Information Unit

The Financial Information Unit has the principal task of preparing and publishing research on investments in favour of the CBs, operating independently from Finance as well as the related activities. From the organisational profile, during 2012 the Financial Information Unit was moved from the Finance Unit to the Business Intelligence Unit.

The principal added value generated for the CBs by the Financial Information Unit is represented by the daily publication of the research on investments called Market Trends, accessible on the intranet through the Infofin portal and directed at the finance managers to support their choices within the context of the investment activities of the bank and the CB consultants to support their consulting activity directed at the building of investment portfolios which reflect the risk profile and the objectives of the customer.

The indices representing the various asset classes with which to compose investment portfolios, such as the government and European and International corporate bonds, the world stocks (Euro Zone, USA, Asia and the countries classified as emerging), the REITs which offer indirect exposure to the global property market, the general indices on raw materials and the principal precious metals,are analysed. A fundamental characteristic of all the indices monitored is that they can be replicated directly by investing in ETF with full replication listed on the Milan exchange. The data is subjected to a prior control of quality and the indices quoted in foreign currency are converted into Euro before performing the analysis in order to maintain the point of view of the Italian investor. Total return type indices are used which, unless the more common ones based on just price, permit the direct comparison between the various asset class.

Every index is accompanied by a description and by the chart relative to the last two years based on daily data, complete with certain indicators of technical analysis (mobile average at 50 and 200 days, and rate of change at 65 and 260 days), and by the multi-timeframe risk return analysis with the peculiarity that in addition to the classic one based on the use of the standard deviation as measurement of risk there is also that of the historical drawdowns, capable of giving a much more realistic image of the level of risk and to direct towards a more conservative strategic allocation asset.

The Financial Information Unit, which also has the task of supporting the GRI/GRIC and the other Units of Business Intelligence and Finance regarding the study of the trend of the world financial markets, generates additional value for the CBs by offering them operative indications following telephone or e-mail requests, always making sure to never cross that line which separates the research activity regarding investments from the customised consulting (Art. 27 of the Regulation of Banca d'Italia and Consob of 29 October 2007).

Every quarter, joint presentations are held with BCC Risparmio e Previdenza at the Federazione Lombarda on the trend of the world financial markets and the outlook for the immediate future. The Manager of the Financial Information Unit, ordinary IAF and SIAT shareholder, furthermore holds lectures for Federcasse treasurers covering the technical analysis of financial instruments.

The Marketing Unit

2012 was the start-up year for the activity of the Marketing Unit with the training of the team and the structuring of the organisational process.

The Marketing Unit has the task of enhancing the Iccrea Banca offer to its own customers by analysing and anticipating their requirements and guaranteeing the constant monitoring of the market of reference with Business Intelligence activities. The Marketing Unit supports the other Units of Iccrea Banca in the development and/or updating of the products and services by producing market analyses and preparing all the marketing and communication activities connected to them.

The Marketing Unit manages both the functions typical of strategic marketing ("market analysis and definition" and "product offering") and those of operative marketing.

Strategic Marketing Activity

During 2012, the environmental, market and customer analysis activity was started support the actions of management and the Units. In cooperation with the Management Control Unit and the Commercial Planning Unit, the analysis chart was created by individual CB. The chart offers general information on the CB highlighting the position of the bank with the companies of the GBI and with IB.

In cooperation with the Statistical Notifications Unit and ALM Unit the report "Deposits Performance" is prepared in which every month, at the time the supervisory matrices are sent by the CBs, the trend of the deposits is reported that the CBs make within and outside the Movement

The additional activities of analysis of the CBs are listed in the summary chart of support to the GRI/GRIC which sent weekly shows the economic, financial and equity situation of every CB as well as the principal operations in effect with Iccrea Banca.

Supporting the activity offered by the Finance Unit on the Renegotiation of the Loans that the CBs can offer their Customers, the The Marketing Unit performed an analysis of the service by identifying targets of reference, deep needs to be intercepted, objectives in terms of volumes.

The Marketing Unit arranged for the review of the pricing of the BCC Merci service which allows the CBs to send messages on the "SWIFT" platform to the foreigncounterparts.

Operative Marketing Activity

In 2012, Marketing was directly involved in the campaigns launching new products which include also all the product communication activities.

For the launch of the Electronic Invoicing and Electronic Storage Service, Marketing created the advertising material for the CBs and their Customers, the publications on all the principal newspapers and web sites of the Cooperative Credit, the registration of the trademark “sheet to leaf”, activated cooperation with Legambiente for the environmental certification of the service and participation in Festambiente 2012.

For the promotion of the Loan Renegotiation Service a special newsletter was prepared as well as the animation of the Polaris site.

In the other cases such as CF11 and reduction in the cost of CartaBCC, banners or specific communications on the various channels available were created.

Product communication was carried out also through the innovative Polaris TV channel which allows the subjects to be broadcast through the form of video interview of the managers of the Iccrea Banca Units. Marketing, during 2012, also identified in agreement with the business lines and the Commercial Department, the criteria for determining the commercial objectives for 2013.

The Marketing Unit supported the Units in the structuring and organisation of internal events. In cooperation with Human Resources, the Lean Six Sigma day-long event was realized animated by video interviews and slide shows. With the e-Bank Unit, the subscription event of the memorandum of understanding with Federparchi was conceived and realised, highlighted on the principal newspapers of the Cooperative Credit.

Within the context of the Patto BCC project for the strengthening of the partnership with the CBs, the Movement every month provides the classification which measures the intensity of relations of the Banks with IB.

Lastly, 2012 saw the start of the activities relative to the development of the CRM Sales Force platform.

The Financial Solutions Unit

2012 was for the Financial Solutions Unit the start-up year following its organisational place in the Business Intelligence Unit; the institutional mission is to develop specialized analyses - mainly quantitative - in order to plan and realize financial solutions respectively to:

- meet the widespread needs of business and services of the CBs and of the property of the Institute;
- optimise the management of the profiles relative to the financial, credit, interest and liquidity risk of the CBs.

In this direction, the Financial Services Unit has defined the perimeter of intervention in the following activities:

- methodological-type support in the analysis and in the search for solution on subjects of particular significant at system level such as in the first place the management of the non-performing loans;
- development and quantitative analyses supporting the CBs on the funding conditions connected in particular to lower tier 2 type bond issues;
- review and implementation, together with the ALM and Consulting Unit, of new and more advanced instruments for the analysis on the risk-return profile of the financial portfolios of the CBs;
- methodological-type development and analysis regarding counterparty risk mitigation in support of the CBs within the context of the works for the implementation of the new regulatory requirements provided by the EMIR Legislation;
- support and quantitative analysis of the implementation process of the new evaluative framework for the assessment of the derivative instruments subject of securitisation;
- assessment at the request of the CBs and of the ownership of the Institute of financial instruments, also complex ones, providing analyses on the related risk profiles;
- support to the IT functions of the Bank in the implementation of new evaluative processes and method-

ologies aimed at satisfying the requirements for measurement and management of the risks of the CBs.

Strategic planning

The Management Control and Planning Unit has the task of supporting General Management and the Bank's Collegial Bodies in business choices and decisions aimed at maximising the value generated and distributed to all stakeholders (shareholders, customers, employees).

During 2012, also following the full implementation of the new service model, the Unit was involved in ensuring, within the management models in use, the incorporation of the process innovations introduced with the new method of liaison with the market and with the various internal centres of excellence.

In addition, the site was launched for the realization of a centralised management database through which to populate homogeneously the management control system of ALM and CRM. During the coming months this intervention will be completed by improving the usability of the management data by ensuring furthermore greater integration with the subjects of allocation and remuneration of the capital as well as with the metrics and measurement models defined by the group.

In agreement with the Parent Company, a review has furthermore been completed over the cost allocation methods with particular reference to the ICT subject. This intervention reached the objective of arriving at measurements on product profitability which are more and more complete also in support of the pricing logics.

The correct recording of the various phenomena associated with the products/services supplied to the CBs will also contribute to ever greater disclosure, also to the benefit of the CBs.

Information Systems

The Information System of the Institute developed along two principal guidelines, the first aimed at extending IT support to the business areas (IT activities referable to payment, notification, and risk management areas are mentioned in the paragraph with the same name), the second focused on strengthening the governance systems of the bank.

The main achievements, relative to the first guideline (Business support extension), refer to:

- new credit line application (institutional segment);
- electronic invoicing and electronic storage;
- collateral pooling;
- "Millennium" platform of Borsa Italiana;
- access to the MEF money market (OPTES);
- market maker on MTF TLX;
- calculation/monitoring corporate securities credit risk;
- exchanges;
- foreign trade finance.

Regulatory compliance was confirmed again in 2012 as one of the principal areas of intervention, in particular for the adoption of the new procedures aimed at:

- anti-money laundering in the e-money sector: "Gianos monetica", "Gianos 3d"
- UCITS IV legislation for deposit bank.

Within the context of the planning/start of the new "service model" to the CBs, the realization of the CRM management functions of the sales force assumed particular significance. The application, selected from among the best solutions available on the market, is based on Cloud technology and can be easily adapted to the needs of Iccrea Banca in addition to being scalable to all the companies of the GBI.

The action of development of the governance systems was equally intense.

Based on the architecture defined for the Iccrea Banking Group, the realization of a new system was launched for the control of management capable of gathering, validating and correlating the operative and economic/financial data of the various sectional procedures, permitting a particularly effective multidimensional analysis of them.

In the technologies sector, the action of development is focused both on the technological updating of the infrastructure, and on the standardisation of the basic products used in the GBI. More particularly, we proceeded with:

- acquiring new telephone platform for the Finance front-office;
- extending the use of cryptography in the storage systems;
- standardising the reporting products and BI of the GBI by adopting the SAP-BO platform;
- starting a path of progressive adaptation to the PCI-DSS standards, to continue with the certification of the international circuits in the e-money area;
- extending the use of the applications of the SAP-ERP suite;
- adopting Oracle systems to high performance (EXADATA)
- updating storage technologies.

During the financial year, the centralization on Iccrea Banca of the management and development tasks of all the computer infrastructures of the GBI was fully implemented. In this context, 18 active contracts were stipulated for a total equivalent value of 4.9 million + VAT.

At the direction of the Parent Company, Iccrea Banca also acquired the responsibilities of planning and managing the P01NET network to which all the CBs, the federative bodies and various companies of the Cooperative Credit are connected.

For the distribution of the related services of connectivity and transport, Iccrea stipulated 29 active contracts for an annual equivalent value of 0.8 + VAT.

Audit Departments

In 2012, the Bank continued to implement the internal audit system. The Internal Auditing activities were developed within the framework of the Inspection and Internal Revision services.

The verifications on Anti-Money Laundering extended to all the sectors assumed significance - with particular attention to the Foreign sector.

Within the context of the payment systems, the continuation of the SEPA project was ensured as well as that of the principal initiatives (some also of arrangement relative to the preceding critical issues detected) of the e-money sector (organisational procedures, development controls, PCI DSS, etc.) realizing also their own remote indicators of control on the specific section. Additionally, we continued to ensure, in line with the evolving regulatory framework and in favour of the Federations/CBs, the structured monitoring of relations entertained with the Trustee Deposits working under outsourcing agreements, appointed to manage cash, has been ensured.

Within the context of the Finance Area, the attention of the Audit Unit (based on the 2012 Audit Plan) centred on the Management of the Treasury, signalling possible fields of improvement and development of IT support tools also in support of the “catalogue” of the services offered in this section.

In another context, positive responses with regard to the various different reference regulatory profiles (conflicts of interest, best execution, etc.) were received with respect to the audits performed on investment services provided to Group companies performed by “Remote Audits”.

Lastly, the usual support activity was performed (Summit Project, Delegated Powers, preparation of opinions, assessment of internal regulations etc.) also with the direct participation in the work groups.

Compliance

The organisational structure in which the Compliance and Anti-Money Laundering Department is placed was audited during the second half of 2012. In particular, this structure in addition to the functions listed above housed the Oversight Department of Operative Risks, by changing their name to Operative Risks, Compliance and Anti-Money Laundering.

The Compliance Department, within the context of internal audits, expresses an assessment of the regular application, within the corporate context, of specific legislations, especially for protection of consumers. The last objective pursued by the Department is to mitigate legal and reputation risks. The relative interventions, furthermore, are translated into opinions on the risks of non-conformity in relation to the new commercial initiatives and in relation to the introduction of new regulations on the operations of the Institute as well as on monitoring of compliance with the regulatory fulfilments.

In 2012, the scope of action of greatest significance in which the Compliance Department intervened, taking into account the planned audit activities and relative to the significant innovations introduced by Italian legislation, mainly concerned regulations regarding anti-money laundering, banking transparency, investment services and privacy.

With particular reference to the anti-money laundering discipline, the Compliance Department participated in the updating activity, during the second half of the year, of the Regulation of the Anti-Money Laundering Department and subsequently the relative legislation. These interventions were a direct result of the changed organisational oversight model of control, on the subject in question, that the Bank adopted by creating an audit infrastructure composed of the combined use of internal regulatory rules, restructuring of the positioning of the controls, implementation of the automation of the control points. In particular, points of reference were established functional to the Compliance Department, identified in the control structures established within the individual Business Units, by assigning to the Compliance Department the task of ensuring a unitary direction through the coordination of the structures identified and formalising the audit activities assigned to them. These control activities, regulated through the establishment of "Anti-Money Laundering Control Sheets", available on the company intranet and updated from time to time, form the corollary of the internal regulations and attribute in a concrete manner tasks and responsibilities relative to each of the settings on which the legislation is articulated: adequate verification and monitoring of customers, verification of the accuracy and promptness of the data recorded in AUI. It is pointed out that the Compliance Department is involved in management processes by participating in the Management Committee and in audit processes by participating in the 231 Supervisory Body and in the Internal Audits Committee.

Also in 2012, the Parent Company established the "Anti-Money Laundering Coordination Department", subsequently merged into a structure with broader duties regarding Compliance and Operative Risks, to which were assigned duties aimed at ensuring the direction and the coordination of the compliance functions at the Companies of the Iccrea Banking Group, in order to ensure adequate oversight of the money laundering and terrorism funding risk.

Specific support was provided in the segment of payment systems (e-money and intermediation services) and "Foreign" operations. Guaranteed backing was given to continuous monitoring of the capacity of the AUI and to consulting for the CBs.

In addition, the usual support activity was carried out:

- with direct participation in work groups to follow initiatives directed at improving the audit system on the subjects falling within the perimeter of control of Compliance and for the analysis and development of new products/services
- with the preparation of opinions, evaluations of regulations
- by guaranteeing the continuous monitoring on the keeping of the AUI;
- providing consulting support in the preparation and/or modification of contracts;
- managing complaints on a continuous basis.

In addition, it should be noted that the Compliance Department continued to be involved by intervening in the following main initiatives aimed at:

- raising awareness in the company of the regulatory impacts on the activities performed in relation to the services provided. In this sense, the Institute provided general training to Bank employees through classroom courses (included in the multi-year training cycle) and secondary initiatives of self-training courses. Particular attention was paid to anti-money laundering, privacy, administrative responsibility of organisations and transparency regulations
- to carry out maintenance and adaptive interventions on the applications used.

Risk management

In 2012, with regard to credit, operating, and market risks, the evolutionary course of the adaptation of the methods and instruments to protect against risks continued, in respect of both external provisions and the internal management and monitoring needs. In this context, with the objective of increasing the effectiveness of risk governance and the efficiency of the overall system of internal audits, and in order to respond to changes in the market regulatory context as well as the organisational, operative and company structures of the Group, the governance and organisational model of the Risk Management activities was revised, providing for functional responsibility to be centred on the Parent Company and introducing the position of Chief Risk Officer (CRO) responsible for the Group Risk Management reporting to the Boards of Directors and General Managements of the Companies regarding risk management. At Iccrea Banca, in order to oversee the most significant types of financial risks, also in relation to the role of "Officer Specialised on Group Finance", the Financial Risks structure was established, which reports directly to the CRO, with duties of measurement and audit of financial risks divided into three additional organisational units.

With reference to the credit risks, the oversight and monitoring is ensured by the Bank Counterparts Risk Unit, which during 2012 continued the activity of analysis and monthly reporting on the trend of the portfolio with reference to the two principal types of counterparts: Banks and Ordinary Customers. The daily monitoring activity of the bank counterparts continued through the production of *early warning* indicators referred to the Institute's operations with the aforementioned counterparts, and updates were made to the internal ratings of the banking counterparts with which the Institute operates (CBs and other Banks) through the system used by the organisation. Finally, the method of assessing the risk parameters used in collective write-downs was updated, providing adequate accounting on the relative results to the Board of Statutory Auditors and to the Board of Directors. In the second half of 2012, a review project of the assessment methodology and the monitoring system of the bank counterparts was started with the goal of greater integration of the assessment model into the Application Process and the Monitoring Process. As regards the limits of exposure to credit and counterpart risk, the calculation methods of use were reviewed through metrics capable of estimating the exposure of perspective risk.

With reference to market risks, oversight and monitoring is provided by the Market Risks Unit, which during 2012 continued the activity of strengthening the instruments of support to the management and monitoring of these risks. In this context, the significant activity was the continuous maintenance of the application procedure (so-called RiskSuite) used in the assessment and production processes of the monitoring reporting on the risk position. This activity allowed for guaranteeing a punctual and daily monitoring of the trading portfolio and the Bank's functioning. The Summit Risk Management project has also continued, for the preparation of a risk system that is able to consolidate the trading portfolio positions on a daily basis and in an independent calculation environment, in order to further improve risk analyses. During 2012, the oversight of risks was also strengthened through the introduction of risk limits on the entire trading operations measured through value at risk type (VaR) probability measurements.

Within the context of the ALM and liquidity risk activities, oversight and monitoring is provided by the ALM and Liquidity Risk Unit which during 2012 continued to monitor the balancing profiles of the structure of the assets and liabilities of the Bank. More specifically, in order to comply both with the regulations and the needs of a managerial nature, two Group policies have been defined, with relevant guidelines, principles for prudent management, roles and responsibilities of business organisations and operative structures and auditing processes, both with reference to the interest rate risk of the bank portfolio and the liquidity risk.

In particular, with reference to the bank portfolio interest rate risk, an important project was launched aimed at migrating the ALM system to a new higher performing and more evolving platform. In fact, as regards behavioural models, the new system will anticipate models for demand items with a view to further improving measurement standards.

With reference to the liquidity risk, the department has established daily oversight to support the analyses and monitoring indicators aimed at monitoring the liquidity position "at 1 day" and "up to 1 month" respectively at the individual and consolidated level and all the risk indicators anticipated in the Delegated Powers.

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

With reference to operational risks, the collection of operational losses data continued and there were updates on analyses of legal disputes not shown by credit activities. During the year, in implementing the organisational review of Risk Management at the Group level, the organisation oversight of the Operative Risks was transferred to the Compliance and Anti-Money Laundering Department of the Institute. At the same time, a Technical Committee for coordination of Operative Risks, Compliance and Anti-Money Laundering was established at Group level, in which the Institute's eponymous department participates permanently. Among the initiatives shared by the Committee is a project which was started and which includes the objective of defining and implementing a new framework for recognition and assessment of the Operative Risks. The activities were started at the end of 2012 and will continue throughout 2013.

Accounting and Financial Statements

The Accounting and Financial Statements Unit, in addition to providing, as usual, support and administrative cooperation (accounting, notification and tax) to the CBs, the Federations and the Companies of the Group, was heavily involved during 2012 in the realisation of various projects and activities which are listed briefly below:

- The "Fast Closing" project, started by the Parent Company, in order to be able to evaluate the critical issues in compliance with the more pressing time lines required by the European Banking Authority) for new accounting disclosures on the Balance Sheet and Income Statement (Finrep), and prudential matters (Corep) to be produced through the so-called *Implementing Technical Standards* (ITS).
- "Pool collateral" project, the volumes of which have increased considerably also following the extraordinary measures adopted by the ECB aimed at ensuring greater liquidity to the banks. This activity required a particular commitment both in the parametrisation of accounts and in the provision of accounting notification support to the CBs.
- The Efficacy Test Service, produced by the organisation, which is currently provided to 100 CBs with the preparation of about 2,200 tests.
  • Start of the EMIR project.

- Constant support to the CBs for the verification of liquidity, by monitoring on a daily basis the accounts held in the Daily Balancing Account.
- Introduction of the notification process of the Institute to departments.
- Preparation of the supply process of the flows matrix for the Institutional Guarantee Fund.
- Project relative to the "Plan of the Accounts and Group Co.Ge.", started by the Parent Company, with the objective of providing a unified and coordinated view of the accounting results of all the companies of the Group.

In addition, during the first months of 2013, the Operative Manual of Statistical Notifications was issued.

Security and Logistics

The Security and Logistics Department carries out logistics support activities, particularly for Business Continuity, and monitors significant activities pursuant to Legislative Decree 81/2008 (health and safety of workers). The following 2012 operational results are worthy of note:

- 100% availability of production sites due to lack of a drop in supply or logistic issues;
- monitoring of climatic events in view of the National Civil Defence rainfall warning, which has enabled preventive action to ensure continued operations in complete compliance with workers safety regulations;
- contribution to successfully passing the certification of Business Continuity BS 25999 and ISO 27001;

Realisation of activities related to Legislative Decree 81/2008 and in particular:

- formalisation of the tasks to the sub-delegates, Managers and Supervisors following specific training;
- updating of the Risk Assessment document dated 24/07/1957;
- supply of training courses on the Risk of Robbery, Electrical Risk and use of breathing equipment;
- start of the course for achieving conformity with the UNI INAIL model, through consulting of the company Com Metodi;
- formalisation of the Process Regulation for significant activities pursuant to 81/2008.

5. RELATED PARTY TRANSACTIONS

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

This said, in 2012 operations with related parties were performed with methods and according to criteria in line with those found in the normal development of banking relationships maintained with banking and corporate customers. The transactions were carried out on the basis of assessments of specific economic advantage.

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

In the "related party transactions" paragraph of the explanatory notes, there is a summary table concerning related parties transactions. During the financial year, no positions or transactions are noted as deriving from non-typical and/or unusual transactions.

In relation to Consob communications DAC/98015375 of 27th February 1998 and DEM/1025564 of 6th April 2001, the term "non-typical and/or unusual" is used to refer to transactions whose relevance, nature of the counterparts, subject of the transitions, method of defining the transfer price and timing of events may cause doubt with regard to the accuracy and completeness of the information posted on the financial statements, conflicts of interest, the safeguarding of the company's equity and the protection of shareholders.

Again in the explanatory notes, under Part H – Related Party transactions, both the fees paid to Directors, Auditors, the General Manager and Managers with strategic responsibilities and the loans and guarantees granted are recorded, in accordance with art. 136 of Italian Legislative Decree no. 385 of 1st September 1993.

In application of art. 79 of Consob resolution no. 11971 of 14th May 1999, as subsequently amended and supplemented, the specific prospectus states the holdings in the bank and companies of it controlled by the Directors, Auditors, General Manager and Managers with strategic responsibilities, directly or through subsidiaries, trustee companies and third parties, including those held by non-legally separated spouses and under-age children.

It should also be noted that in the first half of 2012 intra-group transactions were carried out on the basis of assessments of mutual economic advantage and the terms to be applied were defined observing substantial correctness considering the common objective of creating value for the entire group.

In particular, within the scope of a process of strategic reorganisation of the investments within the Group, Iccrea Holding provided for the transfer into their portfolio of all the shares of the "Securfondo" property fund held by Iccrea Banca. The Board of Directors of the Institute on 20 June 2012, acknowledging the guidelines of the Parent Company, resolved the sale of 30,417 shares held for an equivalent value of Euro 52,712 thousand, which represents the book value at 31 December 2011.

The payment for the operation in consideration of the small number of exchanges recorded on this security on the market of reference (Borsa Italiana) and the current unstable situation of the financial markets was subject to an opinion of financial congruence by a third party independent expert (KPMG Advisory S.p.A.) by using the Dividend Discount Model method applied to the 2012-2014 Financial Business Plan, prepared by the management of Beni Stabili. The sale was made through an over the counter trade between Iccrea Banca and Iccrea Holding on 27 June 2012 and was reported to Consob relative to the discipline governing transaction reporting and post-trade transparency.

Still within the context of the Group reorganisation process, the Parent Company resolved the integration project of BCC Multimedia into Iccrea Banca. The integration took place on 11 December 2012 with deed of merger of the Notary De Angelis. For more detail see Part G (Operations of Aggregation).

6. OTHER BUSINESS INFORMATION

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

Dear Shareholders,

Pursuant to the Bank of Italy's Instructions on the Financial Statements of Credit Institutions (circular no. 262/95 and successive amendments, chapter 2, paragraph 7), we inform you that:

- the Bank does not engage resources in research and development activities in the strict sense;
- the Bank does not hold, and has not directly or indirectly, through trusts or proxies, bought or sold any of its own or the Holding Company's shares;
- full information is given, in the specific sections of the Explanatory Notes to the Bank's Financial Statement, on:
- the corporate aims and policies regarding the assumption, management and hedging of financial risks (Part E "Comments on risks and related hedging policies");
- fees paid to directors and managers (Part H – Section 1);
- transactions with allied parties (which refer to the subjects indicated in the accounting standard IAS NO. 24), infra–group transactions, with separate indication for subsidiaries, holding companies, other companies sub-

ject to the control of the latter, and companies subject to considerable influence of the same (Part H – Section 2). These relations in any case come under the scope of normal operations and have been concluded on the basis of mutual economic convenience. The administrative organs have adopted rules of conduct that ensure transparency and substantial and procedural correctness of related parties transaction.

During 2012, the following changes are reported relative to relations with the rating agencies:

- on 6 February, the Fitch Ratings agency downgraded both the medium/long term debt rating from "A-" to "BBB+" and the outlook from "Stable" to "Negative";
- Standard & Poor's, following the review started at the end of 2011 of the credit rating of the Italian financing system, reduced the rating on medium/long term debt from "BBB+" to "BBB" on 10 February and subsequently from "BBB" to "BBB- " on 2 August maintaining the outlook at "negative".

Lastly, it must be reported that on 04 February 2013 Fitch Ratings confirmed the rating on medium/long term debt at "BBB+" while maintaining the outlook "Negative".

7. OTHER BUSINESS INFORMATION

Management outlook

In order to assess the management prospects of Iccrea Banca, it is considered useful to refer to the strategic guidelines issued by the Parent Company.

Through the strategic guidelines, the objectives are defined of the Iccrea Banking Group for the three-year period 2013-2015 in order to support the CBs through the offer of:

- specific products and services for the bank (payment systems, payment cards, finance, equity intermediation, etc.);
- specialised loan products (leasing, extraordinary finance products, foreign, factoring, hire, debt collection);
- support financing products (ordinary credit, consumer credit, residential mortgages);
- financial and insurance products;
- administrative services.

The Plan's key objectives provide for:

- the focus on the mission of support to the CBs in the development of their markets of reference through the confirmation of the market "of reference" established by the CBs and by their "elective" customers both current and potential (expansion of the customer base on their "own" territories) and the search for greater penetration with existing customers;
- the full application of the new service model (from supplier to partner) through the capacity of GBI to make available their products/services/expertise as direct support of the CB branch (integration of GBI in the distribution chain of the CB) and the search for greater penetration with the customers of GBI offer (cross selling between companies of GBI);
- equity suitability, oversight of the liquidity in line with the service role held by GBI, joint management of the risks;
- containment of the costs through the search for economies of scale, rationalisations and simplification of the organisational and company structure;
- realisation of alliances.

In order to cause the current relations model to evolve, based on the concept of the "product factory" towards the affirmation of a role of a lasting, permanent partnership, Iccrea Banca will also continue to review its "service model" in close agreement with the parent company.

Joint Bank of Italy/Consob/Isvap document no. 2 of 06/02/2009 and no. 4 of 03/03/2010

These financial statements have been prepared in compliance with the general principles established by IAS 1

"Presentation of the financial statements". They therefore provide information with a view to the company as a going concern, allocating costs and revenues according to their economic competence, avoiding offsetting assets and liabilities and costs and income.

IAS 1, paragraph 24 requires that all factors and circumstances be considered that may be important for the assessment of compliance with the requirements of the company as a going concern. Other indicators may be particularly significant in the current economic context.

To this end, considering the indicators in relation to the Bank and stated in paragraph 8 of Document 570 "Going concern", listed below:

Financial indicators:

- no situation has been seen of equity deficit or net negative working capital;
- there are no fixed-term loans close to expiry with no likelihood of renewal or repayment;
- there is no excessive dependence on short-term loans to finance long-term activities;
- there are no indications of a cessation of financial support from lenders and other creditors;
- there are no historical or prospective financial statements showing negative cash flows;
- the main economic-financial indicators are not negative;
- there are no consistent operative losses or significant impairment of assets generating cash flow;
- there has been no lack of or discontinuity in distributing dividends;
- there is the capacity to repay debt at expiry dates;
- there is the capacity to comply with the contractual clauses of loans;
- there is no change in the forms of payment granted to suppliers from a "credit" position to "payment at delivery" position;
- there is the capacity to obtain loans to develop new products or make any further investment necessary.

Managerial indicators:

- there is no loss of directors or key managers who cannot be replaced;
- there is no loss of fundamental markets, distribution contracts, concessions or important suppliers;
- there are no difficulties in the staff organisation or difficulties in maintaining a normal supply flow from important suppliers.

Other indicators

- there has not been a reduction in own capital to below legal limits or not in compliance with other provisions of law;
- there are no legal and tax disputes under way which, if lost, may involve obligations to pay compensation that the Bank is unable to meet;
- there are no legislative or governance policy changes for which unfavourable effects are forecast for the Bank.

There is the reasonable expectation that the Bank shall therefore continue operating in the future and it is pointed out that the Directors have paid particularly careful attention to assessing this aspect, and therefore consider that they can confirm the bank as a going concern on the basis of the arguments given in the Management Report – Objectives and policies on the assumption, management and hedging of risks" of these financial statements.

8. PRINCIPAL RISKS AND UNCERTAINTIES

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

In particular, the risks related to the global economic performance, the equity markets, and the choices that the supranational bodies and governments will want to make to combat the crisis are indicated in the introduction to the

Management report: in the chapter on the macroeconomic scenario and in the chapter on the foreseeable evolution of management, the assumptions are indicated on which the assessments and the forecasts are based.

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

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

PROPOSAL FOR THE ALLOCATION OF THE NET PROFIT

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

Dear Shareholders,

We invite you to approve the Financial Statements for the year ending on 31 December 2012, accompanied by the Management Report, managed and audited by the company Reconta Ernst & Young S.p.A.

Before moving onto the proposed allocation, we would like to specify that in relation to the restricted reserve pursuant to Art. 6 of Italian Legislative Decree 38/2005 at 31 December 2012, the amount of Euro 5,873,500 was made available following a decrease or realisation of capital gain of financial assets designated as at fair value through profit or loss, allocated in 2009/2010/2011 as unrealised capital gain. We therefore propose allocating the restricted reserve released to Extraordinary Reserve.

With reference to the aforementioned proposal, we wish to inform you that the Restricted Reserve pursuant to Legislative Decree No. 38 of 28 February 2005 of Euro 13,404,472 is equal to the amount of the unrealised capital gains recorded in the income statement up to 31 December 2012, net of the relative tax charge, resulting from the application of the fair value criteria (so-called “fair-value”) on the financial instruments (structured securities) not operationally hedged by derivative contracts and those on financial instruments hedged for the part that exceeds the related capital losses.

For the period profit, which totals Euro 48,376,340, we propose the following distribution:

Euro 13,000,000 to Extraordinary Reserve;
Euro 35,070,000 as remuneration of the shareholders’ equity of Euro 83.50;
Euro 306,340 available for the Board of Directors.

Rome, 6 March 2013
THE BOARD OF DIRECTORS

Board of Auditors' Report

FINANCIAL YEAR
1 JANUARY - 31 DECEMBER 2012

"DEAR SHAREHOLDERS,

"Dear Shareholders,

During the financial year, the Board of Auditors has, as always, supervised the observance of the law, of the articles of association and respect for the principles of correct administration.

The Board of Auditors has attended all the meetings of the Board of Directors and the Executive Committee, which were carried out in compliance with the legislative, statutory, and regulatory provisions which regulate its operations. On the basis of the information thus obtained, the resolutions and transactions consequently implemented are compliant with the law and the company's articles of association and do not show any potential conflict of interest with the Company. They are not clearly imprudent or reckless nor in contrast with the resolutions taken by the Shareholders' Meeting or such as to risk the integrity of the company's equity.

In 2012, the Board monitored the suitability of the Company's organisational structure. Direct audits were carried out for this purpose, and information collected from the managers of the various company departments. With regards to the accounting administrative system and its suitability to providing a correct representation of management events, the Board has collected the necessary information not only from the company structures but also through the auditing firm, and has thus obtained confirmation of the level of overall adequacy of the systems in place, albeit in a framework of constant improvement due to the growing disclosure needs.

The Board followed the Internal Audit activities, implemented by the Group companies Controls Organisational Unit. A large number of works have been carried out, as described briefly in the Report on Operations, in application of coordinated annual plans with the Compliance Department, which look to be focused on a careful assessment of the risks underlying the various business areas.

With particular reference to the Compliance Department, it was audited during the second half of 2012, incorporating also the oversight of the operational risks. The Compliance Department was coordinated by a homologous structure established at the Parent Company in order to ensure homogeneous guidelines in the various companies. The recent establishment of the Compliance Department, the broad regulatory perimeter and the diversity that characterises the activities of the Group, makes the necessary coordination between the Departments assigned to the different operating Companies demanding, which appears to be still in the experimental phase. It is the Board of Auditors's hope that this coordination will soon be completed, also in order to optimise the distribution of the available professional resources and achieve proper levels of efficiency. The references offered by the Department in ICCREA BANCA, based on the activity conducted in 2012, emphasize the significance and the incisiveness of the interventions carried out during the year by the Company, in a context marked by a growing awareness of the importance of monitoring and mitigating risks of non-compliance as a fundamental component of business operations.

Within the context of reviewing the Group governance model, the Risk Management activity is coordinated by the Chief Risk Officer in charge of Group Risk Management and reporting to the Board of Directors and the General Managements of the Companies regarding risk management. The reference points offered regarding credit, market and operational risks, albeit in a context of continuous reassessment and improvement of the audit models, did not give rise to information worthy of note.

The evidence of the Control Departments and the activity of the Board demonstrates the preparation and the progressive achievement of the shared plans of intervention, coordinated by General Management and monitored by the Directors.

Furthermore, the complexity of the activities development, also from the Information Technology point of view, the number of interlocutors, the growing volumes administered, the risks connected to a negative outlook which does not shows signs of reversing at least in the short term, the volatility of the markets, the incessant evolution of special disciplines often difficult to interpret and apply, make it necessary to maintain an high level of attention and to constantly search for models and rules capable of monitoring and prevent risks of various types. Within this context, the training activity of the personnel also becomes important, not only the training devoted to controls. The directors acknowledged this in a specific section of the report on operations.

The Board of Directors set up the Internal Audits Committee since 2010. This Committee consists of directors, with consulting tasks, responsible for investigating the many, complex matters of the company internal auditing system. The Board of Auditors is always invited to the meetings, and consequently is able to compare notes usefully with the shared intent to avoid any duplication of activities to the detriment of audit efficient. The Board was able to verify, also during 2012, by following the activity of the Committee, positive contributions both relative to the monitoring of the control system and relative to the constant demand of the structures and the entire Board of Directors on the subject. The contribution of General Management was effective and precise, constantly and concretely committed to the difficult task of combing the effectiveness of the controls with the efficiency of the results.

In 2012, Iccrea Banca further increased, absolutely significantly, the volumes of its business in fulfilling its mission to support the Cooperative Credit Banks in a difficult, uncertain outlook. 2013 also see significant increases forecast, partly already developed. The Report on Operations illustrates the various fields of action and their evolution. The role within the Iccrea Group continues to grow, both from the quantitative point of view and qualitative aspects. The necessary funding to the entire Group is now guaranteed by Iccrea Banca alone, based on the directives and roles assigned by the Parent Company. Also with regard to Information Technology, it is up to Iccrea Banca to provide the relative services, by centralizing the tasks of management and development of all the IT infrastructures of the Group.

These conditions require the control oversight and the planning and management control instrumentation to systematically evolve. The evolution must concern the tools, professionalism and organisational solutions, both on an individual and Group level.

The directors delivered to the Board of Auditors the draft of the financial statements as of 31/12/2012 and the Report on Operations on the day of their approval by the Board of Directors, i.e. March 6, 2013.

As the Board is not required to control the analytical side and merits of the financial statements, the general layout, conformity with the law and in particular with the provisions of the Bank of Italy as concerns preparation and structure, is examined with the Administrative Department and the independent auditing firm.

The Board has verified that the financial statements correspond to the facts and information which we obtained during the execution of our duties, as explained by the Board of Directors and by the Departments of the Company.

The Report on Operations prepared by the Board of Directors illustrates the Institute’s situation and the trend of operations carried out in 2012, specifies the main results and developments of the various company structures and the management outlook following year end.

Infra-group transactions and related party transactions appear to be compliant with and in the interests of the Company under the scope of the role it plays within the ICCREA Group. With regards to the transactions in question, the directors have provided due explanations and clarifications of the accounting data both in the Report on Operations and Explanatory Notes, including the consequences on the items of the income statement and balance sheet concerned.

The Board of Auditors has monitored the legal auditing of the accounts through regular meetings with the managers of the firm specifically appointed to this purpose, Reconta Ernst & Young S.p.A., which has explained the audits performed and the related outcome, the audit strategy and the main issues revealed as result of the activities.

The independent audit firm has delivered the Board the report envisaged by Art. 19 of Italian Legislative Decree no. 39/2010. This report does not indicate any significant deficiencies noted in the internal audit system in relation to the financial information process.

The same Company has issued the report in accordance with Articles 14 and 16 of Italian Legislative Decree no. 39 of 27 January 2010 for the statutory financial statements of 31 December 2012. This report, which does not contain any findings or recalls of disclosures, shows that the statutory financial statements of Iccrea Banca S.p.A. are prepared clearly and provide a truthful, correct representation of the equity and economic position and the economic result, the changes in shareholders' equity and cash flows for the financial year closed on December 31, 2012. The Independent Auditing Firm report also states that the Report on Operations is consistent with the financial statement as of December 31, 2012.

Reconta Ernst & Young has also issued the declaration prescribed by art. 17 of Italian Legislative Decree no. 39/2010 on independence. The further tasks entrusted to REY during the year concern duties relating to the certification of the EMTN programmes service against payment of 72 euro/000, services related to the auditing of the accounts for 63 euro/000 and tax assistance provided by the Tax and Law Firm belonging to the REY network for 52 euro/000.

Given and having stated all the above, on conclusion of the checks performed, this Board of Auditors expresses a favourable opinion for the approval of the financial statements as of 31/12/2012, acknowledging that the Board of Directors' proposal for the allocation of the profits does not conflict with the dictates of law or the company's articles of association.

Rome, 04 April 2013
THE BOARD OF STATUTORY AUDITORS

The Company's Financial Statement Schedules

BALANCE SHEET

ASSET	31/12/2012		31/12/2011	
10. Cash and cash equivalents		110,654,336		79,360,184
20. Financial assets held for trading		732,669,227		633,351,105
30. Financial assets designated as at fair value through profit or loss		322,075,890		314,954,556
40. Financial assets available for sale		3,009,411,696		2,135,149,545
50. Financial assets held to maturity		3,017,529,491		317,603,972
60. Due from banks		27,022,845,050		15,946,240,440
70. Loans to customers		1,664,961,402		1,129,364,547
80. Hedging derivatives		14,148,147		15,169,949
100. Equity investments		51,262,750		51,012,750
110. Property and equipment		20,019,339		19,911,027
120. Intangible assets		5,756,191		4,087,794
130. Tax assets		25,981,476		48,914,422
a) current	7,743,173		4,853,535	
b) deferred	18,238,303		44,060,887	
150. Other assets		130,768,867		114,694,782
TOTAL ASSETS	**36,128,083,862**		**20,809,815,073**	

LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2012		31/12/2011	
10. Due to banks		21,196,600,807		15,451,958,758
20. Due to customers		21,196,600,807		15,451,958,758
30. Securities issued		3,386,758,419		1,701,830,389
40. Financial liabilities held for trading		640,452,044		525,616,104
50. Financial liabilities designated as at fair value through profit or loss		745,365,388		723,728,865
60. Hedging derivatives		115,042,518		33,293,225
80. Tax liabilities		23,086,510		9,937,811
a) current	7,549,747		8,495,731	
b) deferred	15,536,763		1,442,080	
100. Other liabilities		227,868,973		200,498,505
110. Employee termination benefits		12,925,679		13,165,319
120. Provisions for risks and charges:		6,410,844		5,845,126
b) other provisions	6,410,844		5,845,126	
130. Valuation reserves		69,056,182		(7,505,231)
160. Reserves		168,529,768		151,930,623
180. Share capital		216,913,200		216,913,200
200. Profit (loss) for the period (+/-)		48,376,340		43,888,543
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**36,128,083,862**		**20,809,815,073**

INCOME STATEMENT

ITEM	31/12/2012		31/12/2011	
10. Interest and similar income		443,365,843		264,271,593
20. Interest and similar expenses		(359,593,980)		(200,015,918)
30. Net interest income		**83,771,863**		**64,255,675**
40. Fee and commission income		338,695,098		327,449,098
50. Fee and commission expense		(223,233,285)		(211,709,395)
60. Net fees and commission income		**115,461,813**		**115,739,703**
70. Dividends and similar income		3,266,950		4,655,506
80. Net gain (losses) on trading activities		17,885,978		8,443,953
90. Net gain (losses) on hedging activities		428,367		502,472
100. Gains (losses) on the disposal or repurchase of:		7,139,758		5,555,650
a) loans	1,722		1,301,195	
b) financial assets available for sale	6,573,479		3,972,565	
d) financial liabilities	564,557		281,890	
110. Net gain (loss) on financial assets and liabilities designated as atfair value through profit or loss		(8,190,032)		25,015,812
120. Gross income		**219,764,697**		**224,168,771**
130. Net losses/recoveries on impairment:		(4,108,536)		(3,613,067)
a) loans	(4,108,536)		263,048	
b) financial assets available for sale	-		(3,876,115)	
140. Net income (loss) from financial operations		**215,656,161**		**220,555,704**
150. Administrative expenses:		(153,498,273)		(155,965,605)
a) personnel expenses	(59,186,489)		(68,820,553)	
b) other administrative expenses	(94,311,784)		(87,145,052)	
160. Net provisions for risks and charges		(657,132)		(366,528)
170. Net adjustments of property and equipment		(2,764,581)		(2,487,877)
180. Net adjustments of intangible assets		(3,608,560)		(2,170,224)
190. Other operating income/expenses		22,514,455		13,496,244
200. Operating expenses		**(138,014,091)**		**(147,493,990)**
250. Profit (loss) before tax on continuing operations		**77,642,070**		**73,061,714**
260. Income tax expense from continuing operations		(29,265,730)		(29,173,171)
270. Profit (loss) after tax on continuing operations		**48,376,340**		**43,888,543**
290. Net profit (loss) for the period		**48,376,340**		**43,888,543**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2012	31/12/2011
10.	**Net Profit (Loss) for the period**	**48,376,340**	**43,888,543**
	Other comprehensive income net of taxes		
20.	Financial assets available for sale	77,128,273	(38,489,673)
60.	Cash flow hedges	(566,860)	693,670
110.	**Total other comprehensive income net of taxes**	**76,561,413**	**(37,796,003)**
120	**Comprehensive income (Items 10+110)**	**124,937,753**	**6,092,540**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 2012

	AS AT 31/12/2011	CHANGES TO OPENING BALANCE	BALANCES AS AT 01/01/2012	ALLOCATION OF NET PROFIT FOR THE PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Share premiums	-		-	-	
Reserves:					
a) earnings	70,087,623	-	70,087,623	16,835,306	
b) others	81,843,000	-	81,843,000	-	
Valuation reserves	(7,505,231)	-	(7,505,231)		
Equity instruments	-		-		
Treasury shares	-		-		
Profit (loss) for the period	**43,888,543**	**-**	**43,888,543**	**(16,835,306)**	**(27,053,237)**
Shareholders' equity	**405,227,133**		**405,227,133**		**(27,053,237)**

The amount of "other reserves" corresponds to the goodwill realised under the scope of the sale of the Corporate business unit (2007) and the payment made by the parent company Iccrea Holding on Capital account and the merger by incorporation of BCC Multimedia.

	CHANGES IN THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31/12/2012
	CHANGES IN RESERVES	OPERATIONS ON SHAREHOLDERS' EQUITY						COMPREHENSIVE INCOME AT 31/12/2012	
		ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS		
		-	-						216,913,200
		-	-						-
		-							-
	-	-	-	-					86,922,929
	(236,161)	-		-		-	-		81,606,839
	-							76,561,413	69,056,182
					-				-
		-	-						-
								48,376,340	**48,376,340**
	(236,161)	**-**	**-**	**-**	**-**	**-**	**-**	**124,937,753**	**502,875,490**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 2010

	AT 31/12/2010	CHANGES TO OPENING BALANCE	BALANCES AS AT 01/01/2011	ALLOCATION OF NET PROFIT FOR THE PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Share premium reserve	-		-	-	
Reserves:					
a) earnings	69,294,780	-	69,294,780	792,843	
b) others	1,843,000	-	1,843,000	-	
Valuation reserves	30,290,771	-	30,290,771		
Equity instruments	-		-		
Treasury shares	-		-		
Profit/(Loss) for the period	**20,255,947**	**-**	**20,255,947**	**(792,843)**	**(19,463,104)**
Shareholders' equity	**338,597,698**		**338,597,698**		**(19,463,104)**

The amount of "other reserves" corresponds to the goodwill realised under the scope of the sale of the Corporate business unit (2007) and the payment made by the parent company Iccrea Holding on Capital account.

	CHANGES IN THE PERIOD								
		OPERATIONS ON SHAREHOLDERS' EQUITY							
	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME AT 31/12/2011	SHAREHOLDERS' EQUITY AS AT 31/12/2011
		-	-						216,913,200
		-	-						-
		-							-
	-	-	-	-					70,087,623
	80,000,000	-		-		-	-		81,843,000
	-							(37,796,003)	(7,505,231)
					-				-
		-	-						-
								43,888,543	**43,888,543**
	80,000,000	**-**	**-**	**-**	**-**	**-**	**-**	**6,092,540**	**405,227,133**

STATEMENT OF CASH FLOWS: INDIRECT METHOD

A. OPERATING ACTIVITIES	31/12/2012	31/12/2011
1. Operations	**173,422,631**	**11,001,957**
- net profit (loss) for the period (+/-)	48,376,340	43,888,543
- gains (losses) on financial assets held for trading and on financial assets/liabilities designated as at fair value through profit or loss (+/-)	4,041,372	(49,481,352)
- gains/losses on hedging activities (-/+)	(428,367)	(502,472)
- net value adjustments for impairment (+/-)	3,364,757	(1,388,547)
- net value adjustments of property, plant and equipment and intangible assets (+/-)	6,373,141	4,658,101
- net provisions for risks and charges and other expenses/income (+/-)	1,280,281	(1,177,874)
- unpaid taxes and duties (+)	26,877,898	29,185,300
- net value adjustments of asset disposal groups held for sale net of tax effects (+/-)	-	-
- other adjustments (+/-)	83,537,209	(14,179,741)
2. Cash provided/used by financial assets	**(12,359,279,483)**	**(10,256,123,591)**
- financial assets held for trading	(93,772,205)	(172,848,527)
- financial assets designated at fair value through profit or loss	10,720,116	(302,106,536)
- financial assets available for sale	(707,322,769)	(1,394,956,582)
- due from banks: on demand	331,564,709	(492,610,386)
- due from banks: other receivables	(11,368,869,111)	(7,558,708,225)
- due from customers	(535,848,414)	(293,239,163)
- other assets	4,248,191	(41,654,171)
3. Cash provided/used by financial liabilities	**14,936,996,845**	**10,503,467,624**
- due to banks: on demand	1,724,819,982	140,648,339
- due to banks: other payables	3,891,252,431	9,742,861,515
- due to customers	7,527,152,426	(873,220,387)
- securities in issue	1,672,482,732	858,215,472
- financial liabilities held for trading	114,835,928	156,229,515
- financial liabilities designated at fair value through profit or loss	(4,689,808)	448,575,867
- other liabilities	11,143,154	30,157,303
Net cash flows from/used in operating activities (A)	**2,751,139,993**	**258,345,990**

B. INVESTING ACTIVITIES	**31/12/2012**	**31/12/2011**
1. Cash provided by	**325,404,469**	**50,050,716**
- sales of equity investments	1,969,399	48,067
- dividends collected on equity investments	181,673	-
- sales/ refunds of financial assets held to maturity	323,248,950	-
- sales of property, plant and equipment	4,126	2,648
- sales of intangible assets	321	-
- sales of subsidiaries and business units	-	50,000,000
2. Cash used by	**(3,017,960,912)**	**(369,082,794)**
- purchases of equity investments	(2,219,399)	(50,003,750)
- purchases of financial assets held to maturity	(3,007,587,216)	(312,372,621)
- purchases of property, plant and equipment	(2,877,340)	(3,629,829)
- purchases of intangible assets	(5,276,957)	(3,076,594)
- purchases of subsidiaries and business units	-	-
Net cash flow provided by/used in investment activities (B)	**(2,692,556,443)**	**(319,032,078)**

C. FINANCING ACTIVITIES	**31/12/2012**	**31/12/2011**
- issue/purchases of treasury shares	-	-
- issue/purchases of equity instruments	(236,161)	80,000,000
- distribution of dividends and other purposes	(27,053,237)	(19,463,104)
Net cash flow provided by/used in financing activities (C) (+/-)	**(27,289,398)**	**60,536,896**
NET CASH PROVIDED BY/USED IN THE PERIOD (D)=A+/-B+/-C	**31,294,152**	**(149,192)**

RECONCILIATION

BALANCE SHEET ITEMS	**31/12/2012**	**31/12/2011**
Cash and cash equivalents at beginning period (E)	79,360,184	79,509,376
Total cash provided/used in the period (D)	31,294,152	(149,192)
Cash and cash equivalents: foreign exchange difference (F)	-	-
Cash and cash equivalents at end of the period (G)=E+/-D+/-F	110,654,336	79,360,184

Explanatory Notes

CONTENTS

Part - A

Accounting Policies

PART A – ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

The main Accounting Standards adopted for presentation of the financial statements as of 31 December 2012. The accounting standards, which are shared by the whole Group, are set out under the headings of classification, recognition, valuation and cancellation of the various asset and liability items. Where relevant, a description of their financial effects is provided for each of the aforesaid stages.

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

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

The financial statements at 31 December 2012 have been drawn up on the basis of Circular no. 262 of 22 December 2005 "Financial statements of banks: presentation formats and rules" - 1st revision of 18 November 2009- issued by the Bank of Italy.

The table below describes the new international accounting standards or the changes to current accounting standards with the related regulations of endorsement by the European Commission that came into force as from 2012.

REGULATION APPROVAL	TITLE
1205/2011	Changes to the IFRS 7 - Financial instruments: Supplemental information - Transfers of financial assets.
1255/2012	IAS 12 Income taxes - Deferred taxes: recovery of the underlying assets IFRS 1 - First adopting of the International Financial Reporting Standard: Serious hyperinflation and elimination of fixed data for first-time adopters.
1256/2012	Modification IFRS 7 - Art. 1 c. 4: elimination of Paragraph 13 in conformity with the modifications to IFRS 7 adopted with the implementation of the EU Regulation No. 1205/2011.

With Regulation No. 1205/2011 the amendment to IFRS 7 was adopted, enacted by the IASB on 7 October 2010. This amendment involves the publication of more information regarding the transfer operations of financial assets which, in accordance with the provision of Banca d'Italia, were included in Part E of the Explanatory Notes. The changes relative both to the IAS 12 and the IFRS 1 did not impact the Financial Statement of the Institute.

The following table lists the new international accounting standards or the changes to the accounting standards already issued by the IASB but not effective yet:

REGULATION APPROVAL	IAS/IFRS	BRIEF DESCRIPTION	APPLICATION DATE
475/2012	IAS 1 Presentation of the financial statement	Presentation in the financial statement of the entries of the other components of overall costs: a separate presentation is requested for the entries presented in the other comprehensive income components (*Other Comprehensive Income*) which can be reclassified in *profit & loss* from those which can never be reclassified.	First financial year starting 1st July 2012
475/2012	IAS 19 Benefits for employees - changes	The numerous changes to the IAS 19 anticipate, among other things, the elimination of the so-called *corridor approach* with the listing of the actuarial gains and losses only in *Other Comprehensive Income*, the improvement in the *disclosures* relative to the risks referable to the defined benefits plans, the introduction of a precise time limit (12 months) for the *short term benefits* and some clarifications relative to *termination benefits*	First financial year starting 1st January 2013
1255/2012	IFRS 13 *Evaluation of fair value*	The standard defines the new notion of fair value providing at the same time the criteria for measuring the fair value of both financial and non financial instruments, where provided by the other accounting standards	First financial year starting 1st January 2013
1256/2012	IFRS 7 Financial instruments: Supplemental information	Changes to the IFRS 7 - Compensation of financial assets: the information to be provided is regulated in evaluating the effects connected to the compensation agreements (*offsetting*) on financial instruments, if they have requirements provided by the IAS 32	First financial year starting 1st January 2013
1256/2012	IAS 32 Financial instruments: Presentation in financial statement	Changes to IAS 32 - Compensation of financial assets: the methods and criteria are defined in order to make the compensation of financial assets and liabilities possible (*offsetting*) and their disclosure in the financial statement	First financial year starting 1st January 2014
1254/2012	IFRS 10 Consolidated financial statement	It is the new standard that establishes the criteria for the preparation and presentation of the consolidated financial statement The new audit concepts are defined superseding the models proposed by IAS 27 and SIC 12	First financial year starting 1st January 2014
1254/2012	IFRS 11 Joint control agreements	Defines the standards for the accounting processing of the joint control (so-called *joint arrangements*) replacing what was established by IAS 31 and by SIC13	First financial year starting 1st January 2014
1254/2012	IFRS 12 Information on investments in other entities	The standard establishes the information which must be provided in the financial statement with reference to investments and, among others, to the SPV. Its objective is to provide information on the nature of the risks associated with the investments in other entities	First financial year starting 1st January 2014
1254/2012	IAS 27 Separate financial statement	Following the introduction of the IFRS 10 and IFRS 12 it limits itself to defining the criteria for the processing in the separate financial statement of the investments of control, in associates and of joint control.	First financial year starting 1st January 2014

REGULATION APPROVAL	IAS/IFRS	BRIEF DESCRIPTION	APPLICATION DATE
1254/2012	IAS 28 Investments in associated companies and joint ventures	Following the introduction of the IFRS 11 and IFRS 12 the standard was renamed Investments in associated companies and *joint ventures*" regulating the accounting processing of these entities	First financial year starting 1st January 2014
Data to be defined	IFRS 9 Financial instruments	Defines the classification and measurement methods of the financial assets and liabilities for which, a new *Re-Exposure* is anticipated during 2013. Also with reference to the criteria relative to *impairment* a *Re-Exposure* is anticipated for 2013, while for the concepts of general hedge accounting the new standard is anticipated in the first quarter of 2013. Instead, with reference to *macro hedge accounting* a Discussion Paper is expected for 2013.	First financial year starting 1st January 2015
Data to be defined	IFRS 1 - First adoption of the International Financial Reporting Standard; IAS 1 Presentation of the financial statement; IAS 16 Properties, plants and machinery; IAS 32 Financial Instruments - Disclosure in the financial statement; IAS 34 Intermediate financial statements	The IASB in May 2012 approved a series of amendments, so-called annual improvements to the IAS/IFRS after the consultation which took place with the *Exposure Draft* published in June 2011. In summary: the change to the IFRS 1 clarifies the aspects connected to the possibility of applying once again the IFRS if the entity previously ceased to apply them; IAS 1 clarifies the aspects connected to the additional voluntary information comparison and the minimum information comparison; IAS 16 provides clarification regarding the classification of spare parts and machinery used for maintenance; IAS 32 specifies that the effects of taxation stemming from distributions to the shareholders are booked according to what is regulated by IAS 12; lastly, the change of IAS 34 aligns the requirements of segment information among the asset totals and the liabilities totals for the intermediate financial statement	First financial year starting 1st January 2013
Data to be defined	IFRS 10 Consolidated financial statement; IFRS 12 Information on investments in other entities; IAS 27 Separate financial statement	In October 2012 the IASB approved the *annual improvements* to the IAS/IFRS after the consultation held with the *Exposure Draft* on *Investment Entities* published in August 2012. In particular, the changes concern the definition of *investment entities* and introduce an exception to the rules of consolidation provided that the *investment entities* evaluate specific subsidiaries at fair value with effect on income statement instead of consolidating them	First financial year starting 1st January 2014

As requested by Paragraph 30 of the IAS 8, the Institute reports that the impact from the forthcoming application of IAS 19 can be estimated at a negative amount of about Euro 1.3 million to be registered in special Equity reserve while, as regards the application of IFRS 13, it is reported that analysis activities have already started and that at present the financial impact cannot be quantified.

Section 2: General accounting principles

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

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

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

The Financial Statements and Notes to the Statements give not only the amounts for to the period of reference but also the corresponding data at 31 December 2011 for comparison.

CONTENTS OF THE FINANCIAL STATEMENTS

BALANCE SHEET AND INCOME STATEMENT

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

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income is presented according to the format prescribed by Bank of Italy Circular 262/2005 - 1st revision of 18 November 2009. This Statement presents the economic effects of income and expenses not recognized in the income statement but rather in equity as prescribed by IAS 1, endorsed with Regulation (EC) N° 1274/2008.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

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

STATEMENT OF CASH FLOWS

The statement of cash flows for the period of reference and the previous period has been drawn up using the indirect method, according to which cash flows from operating activities are represented by the profit or loss for the period adjusted for the effects of non-monetary operations. Cash flows arising from operating activities, investing activities, and financing activities are indicated separately. Cash provided during the financial period is shown in the statement with no sign, while cash used is indicated in brackets.

CONTENTS OF THE NOTES TO THE STATEMENTS

The Notes to the Statements give the information as prescribed by Bank of Italy Circular no. 262/2005 - 1st revision of 18 November 2009 - and other information as prescribed by the International Accounting Standards. For the sake of full information with respect to the formats defined by the Bank of Italy, there are also listings of titles of sections relative to the financial statement entries that do not have any amount in the period of reference or in the previous period.

Section 3: Events subsequent to the reporting date

In relation to the provisions of IAS 10, please note that after the end of the reporting period no events have occurred such as to have entailed an adjustment to the figures presented in the financial statements.

For information on events that occurred after the reporting period, see the Report on Operations.

These financial statements are authorised for publication and cannot be altered after having been approved by the Shareholders' Meeting.

Section 4: Other aspects

OPTION FOR NATIONAL TAX CONSOLIDATION

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

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

OTHER ASPECTS

The institute's financial statements are submitted to auditing by Reconta Ernst & Young S.p.A., which has been appointed for the period 2010-2018 in implementation of the resolution taken by the shareholders' meeting on 22 April 2010.

A.2 – THE MAIN ACCOUNTING ITEMS

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

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

Moreover, as required by the changes made by the IASB to IFRS 7 in March 2009, endorsed by the European Commission with Regulation (EC) no. 1165/2009 on 27 November 2009 and transposed by the Bank of Italy in Circ. no. 262/2005 with its 1st revision of 18 November 2009, for the purposes of correct disclosure, Iccrea Banca presents in its financial statements the level of quality of the fair value of financial instruments (the so-called fair value hierarchy). The method by which the fair value is determined and its hierarchy are regulated by a specific paragraph of point 17 "Other information" below.

1 – Financial assets held for trading

Classification criteria

Financial assets held for short-term trading purposes are included in this category, regardless of their technical form. Derivatives with positive values are included. These also include those from the unbundling of embedded derivatives that are not part of effective hedging relationships.

Recognition criteria

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

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

Measurement criteria

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

Equity securities, units of collective investment undertakings and derivative instruments concerning equity securities not listed on an active market, for which the fair value cannot be reliably determined in accordance with the guidelines indicated above, are carried at cost.

Derecognition criteria

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

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

Criteria for recognising income components

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

2 – Financial assets available for sale

Classification criteria

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

The item specifically includes: non-controlling equity interests, interests with joint control, and interests in associated companies not held for trading; units of listed or non-listed mutual funds or funds with few movements; specific bond instruments, identified on a case-by-case basis according to the purposes for which they are purchased/held.

Recognition criteria

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

Measurement criteria

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

Derecognition criteria

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

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

Criteria for recognising income components

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

Financial assets available for sale are subjected to an impairment test to check for the existence of objective evidence of impairment. If such evidence is found, the accumulated loss which has been recognised directly in equity is reversed and recognised in the income statement; the amount of the loss is calculated as the difference between the purchase cost, net of any reimbursement of capital and net of depreciation, and the current fair value, after deduction of any impairment loss previously recorded in the income statement. If the reasons for the impairment loss no longer exist following an event occurring after recognition of the loss, the increase in the value of securities or debt instruments is booked to the Income Statement, and of equity instruments to Shareholders' Equity. The amount of the reversal cannot, however, exceed the amortized cost that the instrument would have had if the previous adjustments had not been applied.

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

3 - Financial assets held to maturity

Classification criteria

Listed debt securities with fixed payments or payments that can be determined and have fixed due dates, which are intended to be held to maturity.

In the situations permitted by the accounting standards, the only reclassifications allowed are to Financial assets available for sale. If, during the course of a financial year, a significant amount of the investments classified in this category should be sold or reclassified prior to maturity, the remaining Financial assets held to maturity would be reclassified as Financial assets available for sale and the use of the portfolio in question would be precluded for the next two financial years, unless sales or reclassifications:

- as so close to maturity or the option date of the financial asset that the oscillations of the market interest rate would not have a significant effect on the fair value of the asset;
- they have occurred after substantially having collected all the original capital of the financial asset through ordinary scheduled or advance payments; or
- they are due to an isolated, uncontrollable event, which is not recurring and cannot therefore be reasonably foreseen.

Recognition criteria

Financial assets are first recognised on the settlement date.

On the initial recognition date, the financial assets classified under this category are recorded at fair value, including any costs and income directly assigned to them.

If recording in this category takes place by reclassification from Financial assets available for sale or in the presence of unusual events, from Financial assets held for trading, the fair value of the asset on the reclassification date is taken as a new amortised cost of the asset.

Measurement criteria

Subsequent to the initial recording, Financial assets held to maturity are measured at the amortised cost, using the effective interest rate method.

Assets held to maturity are subjected to an impairment test to check for the existence of objective evidence of a loss.

If such evidence exists, the amount of the loss is measured as the difference between the book value of the asset and the current value of forecast future cash flow, discounted at the original effective interest rate. The amount of the loss is stated on the statement of income.

If the reasons for the impairment loss cease to apply following an event occurring after recognition of the impairment, the reversal is recognised in profit or loss. The write-back cannot exceed the amortised cost that would have applied to the financial instrument, had the previous impairment not been applied.

Derecognition criteria

Financial assets are derecognised only when the sale has involved the substantial transfer of all the risks and rewards associated with them. However, if a significant part of the risks and rewards of financial assets sold are maintained, they will continue to be recognised, even if ownership of such assets has effectively been transferred.

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

Finally, financial assets disposed of are derecognised if the contractual rights to receive the associated cash flows are maintained but with the commitment to pay such flows, and only those, to third parties.

Criteria for recognising income components

Profit and loss relating to assets held to maturity are recorded on the statement of income when the assets are derecognised or impaired, as well as through a process that amortises the difference between the book value and the value that can be redeemed at maturity.

4 – Loans and receivables

Classification criteria

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

Recognition criteria

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

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

Measurement criteria

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

The amortised cost criterion is not applied to short-term receivables, technical instruments without a defined maturity date and revocable loans, for which the application of such a criterion would be devoid of significance. These accounts are carried at cost.

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

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

The measurement of receivables takes into consideration: the "maximum recoverable" amount, corresponding to the most precise calculation possible of expected cash flows and interest from the receivable; the realisable value of any guarantees net of expenses for recovery; recovery times, estimated on the basis of the contractual expiry dates if present, and on reasonable estimates if there are no contractual agreements; the discount rate, i.e. the original effective interest rate; and for impaired receivables existing at the transition date for which it would be excessively costly to obtain data, reasonable estimates such as the average interest rate of the loans which have became non-performing in the year, or the restructuring rate.

In the analytical measurement, cash flows for which recovery is expected in the short term are not discounted. The original effective interest rate of each receivable does not change over time, even if the contractual rate has been changed subsequent to debt restructuring, and even if the contractual interest is no longer being paid.

Receivables without objective evidence of impairment losses are subject to collective measurement by the creation of groups of positions with a similar risk profile. They are then written down on the basis of the historical trend of losses for each specific group. In order to determine the historical series, positions subject to analytical measurement are not included in such groups. The consequent collective value adjustments are recognised in profit or loss. Impairment of unsecured loans is also subjected to analytical measurement according to the same criteria. Adjustments of value are posted to the Income Statement.

Derecognition criteria

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

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

IFRS 1 envisaged a specific exception to the application of the rules on the derecognition of the transfers of financial assets, including securitisation transactions if carried out prior to 1 January 2004. By virtue of this exception, for securitisation transactions implemented prior to this date, the company may decide to continue to apply the previous accounting standards, or alternatively to apply the provisions of IAS 39 retroactively from a date chosen by the company. This applies on the condition that the information needed to apply the said IAS standard to the assets previous derecognized is available at the time of initially booking these transactions. To that end, in accordance with the rules of the Group's accounting policies, the Institution has decided to apply current accounting rules also for securitisation carried out before 1 January 2004.

Criteria for recognizing gains or losses

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

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

Impairment losses, as defined in the previous paragraph on the measurement of receivables, are recognized in the Income Statement. If the reasons for the impairment loss no longer exist, following an event occurring after recognition of the reduction in value, writebacks are booked to the Income Statement. Reversals may never determine a higher carrying amount than the amortized cost that the receivable would have had if the impairment loss had never been recognised. Reinstatements of value linked to the passing of time, corresponding to interest accrued during the financial period on the basis of the original effective interest rate previously used to calculate the impairment loss, are recognised as reversals of impairment losses.

5 – Financial assets designated as at fair value through profit or loss

Classification criteria

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

Recognition criteria

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

Measurement criteria

After initial recognition, financial assets included under this item are carried at fair value. In order to determine fair value, the criteria previously noted in the paragraph on financial assets held for trading are applied.

Derecognition criteria

Financial assets carried at fair value are derecognised if the contractual rights to the cash flows have expired or if all the risks and benefits connected to ownership have been transferred to third parties. However, if most of the risks and rewards of financial assets sold are maintained, they will continue to be recognised, even if ownership of such assets has effectively been transferred.

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

Criteria for recognising income components

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

6 – Hedging activities

Classification criteria

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

Recognition criteria

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

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

Measurement and recognition criteria for income components

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

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

Derecognition criteria

If the tests carried out do not confirm the effectiveness of the hedge, the accounting of the hedging activities is discontinued according to the criteria in this paragraph, the accounting principles envisaged for the category to which the derivative belongs are applied, and the derivative is reclassified as a trading instrument; subsequent changes in fair value are recognised in the income statement. For cash flow hedges, if the transaction hedged is no longer expected to be carried out, the accumulated gain or loss entered in the shareholders' equity reserve is transferred to the income statement.

7 – Equity investments

Classification criteria

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

Jointly-controlled companies are those in which control is shared with other parties pursuant to contract. Associated companies are those of which at least 20 per cent of the voting rights are held directly or indirectly, or, even if a lower percentage of voting rights is held, considerable influence can be shown in the sense of influencing financial and management policies without, however, having control or joint control. Control, joint control, or association are considered terminated when definition of the financial and management policies of the subsidiary/joint/associated company can no longer be influenced by the administrative organ and is attributed to a single governing body or a court, and in similar situations. Equity investments in these cases will be accounted for in accordance with IAS 39 as prescribed for financial instruments.

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

Recognition criteria

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

Measurement criteria

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

Derecognition criteria

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

Criteria for recognising income components

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

8 – Property and equipment

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

PROPERTY AND EQUIPMENT FOR OPERATING PURPOSES

Classification criteria

Property and equipment items include land, buildings for business purposes, technical systems, furniture and fittings and equipment of all kinds. These are tangible assets for use in production or for the supply of goods and services or for administrative uses, which are expected to be used for more than one financial period.

Recognition criteria

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

Measurement criteria

Property, plant and equipment items, including real estate investments, are carried at cost after deducting any depreciation and impairment losses. Depreciation is determined on a straight-line basis over the remaining useful lifetime of the asset. The depreciable value is represented by the cost of the goods, since the residual value at the end of the depreciation process is deemed insignificant. Depreciation rates are determined according to the remaining possibility of use of the asset, taking into consideration their deterioration and wear, which in the case of buildings entails a rate of 3%.

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

Derecognition criteria

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

Criteria for recognising income components

Depreciation is recognised in the Income Statement. If there are indications pointing to a potential impairment loss of a property and equipment item, a comparison is made between the carrying amount and the recoverable amount, the latter being the greater of the value in use, understood as the present value of future cash flows originating from the asset, and the fair value net of divestment costs; any negative difference between the carrying amount and the recoverable amount is recognised in the Income Statement. If the reasons that led to the value adjustment are no longer valid, the value is written back on the statement of income. However, the write-back may not result in a value greater than that which the asset would have had if it had not been previously subjected to impairment.

REAL ESTATE INVESTMENTS

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

9 – Intangible assets

Classification criteria

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

Recognition criteria

Intangible assets are recognized in the Balance sheet at cost, adjusted for any ancillary expenses, only if probable future economic benefits ascribable to the asset can feasibly be expected and if the cost of the asset itself can be reliably determined. Otherwise, the cost of intangible assets is recognised in the Income Statement in the period in which the expenditure is effectively incurred.

Measurement criteria

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

Derecognition criteria

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

Criteria for recognising income components

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

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

Recognition and classification criteria

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

Measurement and recognition criteria for income components

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

11 - Current and deferred taxation

Classification criteria

Prepaid and deferred taxes are recognized in the Balance sheet with open balances and with no offsets, the former under “Tax assets” and the latter under “Tax liabilities”.

Recognition criteria

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

Measurement criteria

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

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

Criteria for recognising income components

Income tax expenses are recognised in the Income Statement, except those relating to items debited or credited directly to Shareholders' Equity. Current income taxes are calculated on the basis of the taxable profit for the period. Current tax debits and credits are recognised at the value that is expected to be paid to/received from the tax authorities applying the tax rates and laws in force. Deferred and prepaid taxes are calculated, based on the tax rates anticipated, on the temporary differences between the book values of the assets and the liabilities recognised and the corresponding amounts recognised for tax purposes.

12 – Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

Recognition and classification criteria

Provisions for risks and charges are recognized in the Income Statement and recorded as liabilities in Shareholders' Equity if there is an existing, legal, or implied obligation arising from a past event for which it is likely that the obligation must be honoured, on condition that the loss associated with the liability can be reliably estimated. These provisions are recognised at the value that represents the best estimate of the amount required to settle the obligation, or to transfer it to third parties, at the end of the reporting period.

When the financial effect linked to the passing of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted to the present at the market rates in force at the end of the reporting period.

Measurement and recognition criteria for income components

Amounts recognised as provisions are reviewed at the end of each reporting period and are adjusted to reflect updated estimates of the expenses necessary to fulfil the obligations existing at the end of the reporting period. The effects of the passing of time and the variation in interest rates are recognised in the Income Statement under net provisions for the period.

Derecognition criteria

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

13 – Debt instruments and securities issued

Classification criteria

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

Recognition criteria

Initial recognition is on the basis of the fair value of the liability, normally the amount paid or the issue price, increased/decreased by any costs or revenues directly attributable to the transaction and not refunded by the creditor counterparty, and excluding internal administrative costs. Any liabilities issued at other than prevalent market conditions are recognised at fair value according to the best estimate, and the difference between this value and the amount paid or the issue value is recognised in profit or loss.

Measurement and recognition criteria for income components

After initial recognition, these items are carried at their amortized cost, calculated using the effective interest rate method, except for short term liabilities which, if the conditions are fulfil-led according to the general criteria of significance and relevance, are recognised at the amount received. The criteria for calculating the amortized cost are those indicated in the paragraph on loans and receivables above.

Derecognition criteria

Financial liabilities recognized under the present items are derecognized not only after extinction or maturity, but also in the case of repurchase of securities issued previously. In this case, the difference between the carrying amount of a liability and the amount paid for purchase is recorded in the Income Statement. The re-placing on the market of own securities after buyback is considered as a new issue with entry at the new placing price and with no effect on the Income Statement.

14 – Financial liabilities held for trading

Classification criteria

This item includes the negative value of derivative contracts not for hedging and the negative value of derivatives embedded in compound contracts. Liabilities deriving from technical overdrafts generated by security trading activities are recognized under "Financial liabilities held for trading".

Recognition criteria

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

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

Measurement criteria

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

Derecognition criteria

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

Criteria for recognizing gains or losses

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

15 – Financial liabilities designated as at fair value through profit or loss

Classification criteria

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

Recognition criteria

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

Measurement criteria

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

Derecognition criteria

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

Criteria for recognising income components

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

16 – Currency transactions

Recognition criteria

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

Measurement criteria

At the end of the reporting period, foreign currency items are measured as follows:

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

Criteria for recognising income components

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

17 – Other information

EMPLOYEE TERMINATION BENEFITS

The complementary pension reform, introduced in Lgs. Decree 252 of 5 December 2005, changed the methods of recognizing termination benefits. Severance indemnity units matured at 31 December 2006 are classified as "defined-benefit" schemes, since the company must pay the employee, in the cases prescribed by law, the amount determined under Art. 2120 of the Civil Code. The changes compared to the situation prior to 31 December 2006, regard the cases of actuarial calculations of the model, which must include the revaluation envisaged in Art. 2120 of the Civil Code (application of a rate of which 1.5 percent is a fixed sum and 75 percent depends on the ISTAT inflation index) and not that estimated by the company. Consequently the provisions, as from 31 December 2006, must be valued on a new model which no longer takes into account any variable such as the average annual rate of salary increase, the remuneration framework, seniority, or percentage salary increases on promotion.

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

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

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

RECOGNITION OF REVENUES

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

In particular:

- interest is recognised on an accruals basis using the contractual interest rate or the effective interest rate where the amortised cost method is applied;
- default interest, if contractually provided for, is recognised in the Income Statement only when it is effectively collected;
- dividends are recognised in the Income Statement when their distribution is approved;
- fees for revenues from services are recognised in the period in which the services are performed;
- revenues from the placing of financial instruments, calculated as the difference between the price of the transaction and the fair value of the instrument, are recognised in the Income Statement when the transaction is recorded if the fair value can be determined according to recently observed parameters or transactions on the same market in which the instrument is traded. If such values are difficult to obtain or if they present reduced liquidity, the financial instrument is recognised at the transaction price, after deduction of the mark up; the difference between this and fair value is recognised in the Income Statement for the entire period of the transaction, with gradual reduction, in the measurement model, of the corrective factor linked to the reduced liquidity of the instrument;

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

ACCRUALS AND DEFERRALS

Accruals and deferrals encompassing income and expense accruing to the period, maturing on assets and liabilities are recognised as adjustments of the assets and liabilities to which they refer.

EXPENDITURE FOR IMPROVEMENTS TO LEASED ASSETS

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

FAIR VALUE DETERMINATION METHODS

The fair value is the figure at which an asset (or liability) can be exchanged between counterparts of a market, aware and expert and not subject to any constraints. In defining the fair value, one must be able to assume that an entity is fully operative (compliance with the requirement of being a going concern) and that there is no intent or need to liquidate, significantly reduce assets or undertake operations at unfavourable conditions. In other words, the fair value is not the amount that an entity would receive or pay in the event of a forced operation, non-voluntary liquidation or a sale below cost. The fair value reflects the credit quality of the instrument insofar as it incorporates the counterparty risk.

For financial instruments, fair value is calculated on the basis of prices acquired from financial markets for instruments quoted on active markets, or by using internal valuation models for other financial instruments. A financial instrument is considered as listed on an active market if list prices, which reflect normal market operations, are readily and duly available through Stock Exchangers, Mediators, Brokers, Sector companies, Listing services, Authorised bodies or Regulating entities or Multilateral Trading Facilities (MTF), and if these prices represent effective, regular market operations occurring on the basis of a normal period of reference. With reference to the above, for an asset held or liability to be issued, generally speaking the fair value is the current offer price ('bid'), while for an asset to be purchased or a liability held, it is the current offer ('ask'). Where there is no quotation on an active market, or for lack of regular market operations, i.e. when the market does not have a sufficient and continuous number of transactions, and the bid-ask spread and volatility are insufficiently limited, the fair value of financial instruments is mainly determined by means of valuation techniques aiming to establish the price of an independent hypothetical transaction, motivated by normal market considerations on the measurement date.

Under the scope of valuation techniques, we consider:

- if available, the prices of recent transactions on similar instruments, duly corrected in order to reflect the altered market conditions and technical differences between the instrument being measured and the instrument selected as similar (the so-called 'comparable approach');
- valuation models, widely used by the financial community, which have shown, over time, that they are able to produce reliable price estimates with reference to the current market conditions.

Financial instruments are split into three different hierarchical levels, articulated according to the characteristics and significance of the inputs used in the measurement process.

- **Level 1:** when quoted prices are available (unadjusted) in active markets for financial assets or liabilities being assessed;
- **Level 2:** when listings are available on active markets for similar assets or liabilities or prices calculated through measurement techniques where all significant inputs are based on parameters that can be (directly or indirectly) observed on the market;
- **Level 3:** when prices are available calculated by means of measurement techniques using significant inputs based on parameters that cannot be observed on the market.

The choice of these categories is not made at the discretion of the company and the measurement techniques used maximise the use of factors that can be observed on the market, relying on subjective parameters as little as possible.

In hierarchical order, for the financial assets and liabilities to be valued, for lack of active markets (effective market quotes – **Level 1**), we use valuation techniques that refer to parameters that can be directly or indirectly seen on the market, other than the listing of financial instruments (comparable approach – **Level 2**). For lack, or in the event of inputs presumed only partially from parameters that can be observed on the market, the fair value is calculated on the basis of widely used valuation techniques by the financial communities, and therefore with greater levels of discretion (the Mark-to-Model approach – **Level 3**).

The following are generally considered as listed on an active market (**Level 1**):

- listed share securities;
- government securities listed on regulated markets;
- bond securities with significant price contribution;
- listed funds or funds with NAV (net asset values) calculated on a daily basis;
- derivative contracts for which listings are available on a regulated market (so-called listed derivatives).

For financial instruments listed on active markets, the 'current' offer price (cash) is used for financial assets, and the current required price (letter) for financial liabilities, noted on the main trading market to which we have access at the end of the period of reference. In the case of financial instruments for which the bid-ask spread is virtually irrelevant, or for financial assets and liabilities with characteristics that are such as to basically be offset by market risk, an average market price is used (again at the last day of the reference period) in lieu of the bid or ask price.

Where no prices are available from active markets, the fair value of the financial instruments is determined through the comparable approach (Level 2), which involves the use of valuation models involving market parameters. In this case, the valuation is not based on quotations of the financial instrument being measured, but rather on credit spreads or prices taken from official quotations of instruments that are basically similar in terms of risk factors, using a given calculation method (the pricing model). The measurement techniques of the comparable approach in determining the fair value of financial instruments must maximise the use of the inputs that can be observed; they must not entail significant adjustments to the price obtained and cannot be based on the personal assumptions of the party making the measurement. In particular, they establish:

- recourse to current market prices of other, substantially similar instruments, where it is considered that their is a high degree of comparability (on the basis of the country and sector of origin, rating, maturity and the level of security seniority), thereby avoiding substantial changes to the prices;
- use of the prices of similar instruments in terms of calibration;
- discounted cash flow models;
- pricing models for options.

For derivative contracts, in view of the number and complexity of these, a systematic framework of reference has been identified, which represents common lines (calculation algorithms, processing models, market data used, basic model assumptions) on which the measurement of each category of derivative instrument is based.

Interest rate, exchange rate, equity and inflation derivatives not traded on regulated markets are considered 'Over The Counter' (OTC) instruments, that is to say bilaterally negotiated with market counterparts. They are measured by me-ans of appropriate pricing models, driven by input parameters (namely rate curves, exchange rates, volatility) observable on the market.

With reference to structured credit products and ABS, if no significant prices are available, measurement techniques are used that consider the parameters that can be assumed from the market.

In order to calculate the fair value of some types of financial instruments, valuation models must be used involving parameters that cannot be directly observed on the market and which therefore involve estimates and assumptions by the valuer (Level 3). More specifically, the "mark to model approach" applies to all financial instruments not listed on an active market, when:

- despite having data that can be observed available, significant adjustments need to be made to them, based on data that cannot be observed;
- the estimate is based on internal institute assumptions with regards to future cash flow and adjustment for the risk of the discount curve.

In any case, the aim is to obtain a value for the instrument that is in line with the assumptions that market participants would make in preparing a price; assumptions that also concern the risk relating to a specific measurement technique and/or the inputs used.

The valuation method defined for a financial instrument is adopted continuously over time and only amended following significant variations in market conditions or subjective conditions of the issuer of the financial instrument.

For the purposes of providing a disclosure on financial instruments measured at fair value, the above hierarchy used to determine the fair value, is adopted in the same way for the allocation of the accounts portfolios according to fair value levels (see paragraph A.3 of Part A).

Further information on the models used by the institute in calculating the fair value is given in Part E of the explanatory notes.

The full rules and responsibilities for measuring financial instruments of the institute are governed by the Fair Value Policy, a document that identifies the main components of the entire methodological framework in terms of:

- roles and responsibilities of the company bodies and departments involved:
- rules for the classification of hierarchical levels of the sources of fair value established by accounting standards IAS/IFRS;
- techniques and methods for the measurement of financial instruments;
- information flows.

METHODS OF CALCULATING IMPAIRMENT

At each reporting date, the institute determines whether or not there is objective evidence that a financial asset or a group of financial assets has suffered "lasting" loss of value.

An asset or a group of financial assets suffers a reduction in value and losses due to reduction of value are incurred if, and only if, there is objective evidence of a reduction in value following one or more events occurring after the initial recognition of the asset (a "loss event") and if this loss event (or events) affects the future cash flow forecast for the financial asset or group of financial assets that can be reliably forecast.

The objective evidence that a financial asset or group of assets has suffered a reduction in value includes data that can be collected in relation to the following loss events:

- significant financial difficulties of the issuer or debtor;
- breach of contract, such as default or failure to make payment of interest or principal
- for economic or legal reasons linked to the beneficiary's financial difficulties, the lender grants the beneficiary a concession which the lender would not otherwise have taken into consideration;
- it is probable that the beneficiary will declare bankruptcy or other such financial restructuring procedures;
- the disappearance of an active market of that financial asset due to financial difficulties;
- data that can be collected indicating the existence of a significant drop in the forecast future cash flow for a group of financial assets from the time when those assets were originally recognised, even if the decrease cannot yet be identified with the group's individual financial assets.

Therefore, in the event of a "lasting" loss of value, the procedure is as follows:

- for financial assets booked at the amortised cost (Loans & Receivables and Held to Maturity), if there is objective evidence that an impairment loss has been incurred on loans and receivables or investments held to maturity registered at amortised cost, the amount of the loss is measured as the difference between the book value of the asset and the current value of the forecast future cash flow (excluding future loan losses that have not been incurred), discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated at the initial recognition). The book value of the asset must be reduced either directly or by making an allocation. The amount of the loss is stated on the statement of income;
- when a reduction in the fair value of a financial asset available for sale has been recorded directly in shareholders' equity, and there is objective evidence that the asset has suffered a loss of value, the cumulative loss recorded directly in shareholders' equity must be reversed and noted on the statement of income, even if the financial asset has not been eliminated;

  Any write-backs shall be assigned as follows:

- for financial instruments classified in the IAS Held to Maturity and Loans & Receivables categories, to the statement of income;
- for financial instruments classified in the IAS Available for Sale category, to shareholders' equity for equity instruments and to the statement of income for debt instruments.

For impaired financial instruments, the price is determined as follows:

- for financial instruments classified in the IAS Held to Maturity and Loans & Receivables categories, it is the current value of forecast cash flow (not considering any future losses that have not yet been suffered), discounted at the original internal rate of return of the instrument;
- for financial instruments classified in the IAS Available for Sale category, it is the fair value.

Impaired financial asset are debt securities and equity securities classified in the following IAS categories:

- Held to Maturity (HTM);
- Loans and Receivables (L&R);
- Available for Sale (AFS).

In order to analytically measure impairment, the following aspects must be considered:

- general market context
- relationship between the loss of value of the individual financial instruments and the generalised reduction of market indexes (comparable analysis).

Debt securities

For debt securities, it is essential to assess the relevance of a potential deterioration in the issuer on the basis of a careful, timely reading and interpretation of the information available from the market.

To this end, we must consider the availability of specialised sources (such as, for example, indications of investment supplied by specialised financial institutions, rating reports, etc.) or information available on information providers (Bloomberg, Reuters, etc.).

In order to identify the existence of objective elements of loss that would entail the impairment of the financial instrument, monitoring must be performed; indicators of potential impairment include:

- default of the financial asset;
- significant financial difficulties of the issuer;
- default or failure to make payment of interest or principal;
- the possibility that the beneficiary declares bankruptcy or is involved in other such liquidation proceedings;
- the disappearance of an active market for the asset.

Equity securities

IAS 39 establishes impairment testing where two separate criteria are met at the same time:

- one or more negative events has occurred subsequent to the first booking of the financial asset;
- the fact that this event has a negative impact on future forecast cash flow.

In addition to these circumstances, objective evidence of a reduction in value for equity securities, classified as Available for Sale (AFS), includes a "significant" or "prolonged" decrease in the fair value to below its cost, which is determined as follows: decrease of fair value in excess of 30% of the equity securities with respect to the equivalent book value or a decrease that has lasted constantly for more than 18 months.

FINANCIAL GUARANTEES

As part of core banking business, the institute grants financial type security, consisting of letters of credit, acceptance and other guarantees. Fee income received on guarantees issued, net of the share representing the recovery of costs incurred during the period of issue, are noted on the statement of income "pro-rata temporis", under "Fee income", considering the duration and residual value of the guarantees.

Subsequent to the initial booking, the liability relating to each guarantee is measured at the greatest of the amount initially recorded less the accumulated amortisation recorded on the statement of income and the best estimate of the expense required to meet the financial obligation arising following the guarantee provided.

Any losses and adjustments of value recorded on these guarantees are stated amongst "value adjustments". Impairment due to the deterioration of guarantees issued are stated amongst "Other liabilities".

The guarantees issued are "off balance sheet" transactions and are described on the Explanatory Notes amongst the "Other information" of Part B.

A.3 – FAIR VALUE DISCLOSURE

A.3.1 TRANSFERS BETWEEN PORTFOLIOS

A.3.1.1 FINANCIAL ASSETS RECLASSIFIED: BOOK VALUE, FAIR VALUE AND EFFECTS ON COMPREHENSIVE INCOME

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL PORTFOLIO	DESTINATION PORTFOLIO	BOOK VALUE AS AT 31/12/2012	FAIR VALUE AT 31/12/2012	COMPREHENSIVE INCOME IN ABSENCE OF THE TRANSFER (PRE-TAX)		COMPREHENSIVE INCOME POSTED DURING THE PERIOD (PRE-TAX)	
					ASSESSMENTS	OTHERS	ASSESSMENTS	OTHERS
Debt securities	Assets held for trading	Assets available for sale	79,404	79,404	6,239	1,355	6,069	1,525

A.3.1.2 Reclassified financial assets: effects on comprehensive income before transfer

The table has not been compiled since there were no balances for this item at the reporting date, as during the course of the period no transfer of financial assets occurred.

A.3.1.3 Transfer of financial assets: ransfer of financial assets held for trading

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

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

ISIN CODE	DESCRIPTION OF SECURITY	INTERNAL RATE OF RETURN AT 31/12/2011	EXPECTED FUTURE FLOWS AT 31/12/2011
IT0004224041	CCT 1.3.2014	1.942193	BOT 6 months + 0.15
XS0247770224	ITALY 22.3.2018	1.502728	The lower of (2.25 x European inflation rate) and (Euribor 6 months + 0.60)

A.3.2 HIERARCHY OF FAIR VALUE

A.3.2.1 Accounting portfolios: division by fair value levels

FINANCIAL ASSETS/LIABILITIES DESIGNATED AS AT FAIR VALUE THORUGH PROFIT OR LOSS	31/12/2012			31/12/2011		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	19,745	712,622	302	47,357	585,709	285
2. Financial assets designated as at fair value through profit and loss	-	314,003	8,073	-	307,573	7,382
3. Financial assets available for sale	2,922,387	83,382	3,643	2,060,287	64,230	10,633
4. Hedging derivatives	-	14,148	-	-	15,170	-
Total	**2,942,132**	**1,124,155**	**12,018**	**2,107,644**	**972,682**	**18,300**
1. Financial assets held for trading	423	640,029	-	462	525,154	-
2. Financial liabilities designated at fair value through profit or loss	739,162	6,203	-	717,387	6,342	-
3. Hedging derivatives	-	115,042	-	-	33,293	-
Total	**739,585**	**761,274**	**-**	**717,849**	**564,789**	**-**

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

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

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

It should also be noted that the valuation techniques used to determine fair value are constantly calibrated and validated, using variables observable on the market, in order to ensure an adequate representation of market conditions.

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

A.3.2.2 ANNUAL CHANGES OF FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (LEVEL 3)

	FINANCIAL ASSETS			
	HELD FOR TRADING	DESIGNED AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE FOR SALE	HEDGING
1. Opening balances	**285**	**7,382**	**10,633**	**-**
2. Increases	**91,091**	**703**	**28**	**-**
2.1 Purchases	90,869	-	23	-
2.2 Profits connected to:	222	703	5	-
2.2.1 Income Statement	222	703	5	-
- of which: capital gains	27	703	-	-
2.2.2 Shareholders' equity	X	X	-	-
2.3 Transfers from other levels	-	-	-	-
2.4 Other increase variations	-	-	-	-
3. Decreases	**91,074**	**12**	**7,018**	**-**
3.1 Sales	91,063	-	7,006	-
3.2 Redemptions	-	-	-	-
3.3 Losses booked to:	10	-	12	-
3.3.1 Income Statement	10	-	-	-
- of which: capital losses	10	-	-	-
3.3.2 Shareholders' equity	X	X	12	-
3.4 Transfers to other levels	-	-	-	-
3.5 Other decrease	1	12	-	-
4. Closing balance	**302**	**8,073**	**3,643**	**-**

With reference to paragraph 27B of IFRS7, the Table represents, relative to fair value measurements of Tier 3 and for each category of financial instrument, the following information:

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

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

A.3.2.3 Annual changes of financial liabilitiea designated as at fair value through profit or loss (level 3)

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

A.3.3 DISCLOSURE ON THE SO-CALLED "DAY ONE PROFIT/LOSS"

Pursuant to Paragraph 28 of IFRS 7, during the period in question, with reference to certain asset swap operations on BTP Government securities indexed to inflation, differences occurred between fair value at the time of the first survey and value recalculated on the same date using evaluative techniques, as regulated by IAS 39 (Paragraphs AG 74 to AG 79) and by IFRS 7 (Paragraph IG 14). In particular, the net effect relative to the purchase of the aforementioned type of securities and the related hedging operations performed through, as stated, asset swaps, produced a negative impact, reported entirely in income statement, of Euro 716 thousand. Paragraph AG 76 Point a) of IAS 39 in fact provides that the company must report in the income statement the difference between fair value on the initial date they were recognised (both in the case of price listed on an active market – Level 1, and in the case of technical evaluation obtained with observable parameters – Level 2) and the transaction price.

Part - B

Information on the Balance Sheet

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM 10

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

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

ITEMS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
a) Cash	110,654	79,360
b) Demand deposits with central banks	-	-
TOTAL	**110,654**	**79,360**

The sub-item “cash” includes foreign currency for a counter value of Euro 24,203 thousand.

SECTION 2 – FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

ITEM/AMOUNT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A Cash assets						
1. Debt securities	**17,032**	**720**	**185**	**44,212**	**848**	**189**
1.1 Structured securities	256	719	185	4,938	693	189
1.2 Other debt securities	16,776	1	-	39,274	155	-
2. Equity securities	**286**	**-**	**117**	**335**	**-**	**96**
3. UCITS units	**1,975**	**-**	**-**	**2,397**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
TOTAL A	**19,293**	**720**	**302**	**46,944**	**848**	**285**
B Derivatives						
1. Financial derivatives	**452**	**711,902**	**-**	**413**	**584,861**	**-**
1.1 held for trading	452	678,426	-	413	563,476	-
1.2 linked to fair value option	-	33,476	-	-	21,385	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 linked to fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
TOTAL B	**452**	**711,902**	**-**	**413**	**584,861**	**-**
TOTAL (A+B)	**19,745**	**712,622**	**302**	**47,357**	**585,709**	**285**

The amount under letter B point 1.2 refers to derivative contracts linked to the use of the fair value option. The related equity entries are classified both in assets and in financial liabilities valued at fair value (for greater detail see Section 3 of assets).

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTORS/ISSUERS

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A Cash assets		
1. Debt securities	**17,937**	**45,249**
a) Governments and Central Banks	829	32,058
b) Other government agencies	-	-
c) Banks	16,042	12,157
d) Other issuers	1,066	1,034
2. Equity securities	**403**	**431**
a) Banks	-	-
d) Other issuers:	403	431
- insurance companies	-	-
- financial companies	10	10
- non-financial companies	393	421
- others	-	-
3. UCITS units	**1,975**	**2,397**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other	-	-
TOTAL A	**20,315**	**48,077**
B. Derivatives		
a) Banks	679,241	544,190
- *fair value*	679,241	544,190
b) Customers	33,113	41,084
- *fair value*	33,113	41,084
TOTAL B	**712,354**	**585,274**
TOTAL (A+B)	**732,669**	**633,351**

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

At the end of the reporting period the item “UCITS units” was made up open-ended equity funds.

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

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2012
A. Opening balances	**45,249**	**431**	**2,397**	**-**	**48,077**
B. Increases	**73,323,693**	**1,749**	**1,493**	**-**	**73,326,935**
B1. Purchases	73,307,160	1,707	1,291	-	73,310,158
B2. Positive changes in fair value	340	39	85	-	464
B3. Other changes	16,193	3	117	-	16,313
C. Decreases	**73,351,005**	**1,777**	**1,915**	**-**	**73,354,697**
C1. Sales	73,315,328	1,709	1,896	-	73,318,933
C2. Redemptions	34,400	-	-	-	34,400
C3. Negative changes in fair value	10	67	-	-	77
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other changes	1,267	1	19	-	1,287
D. Closing balance	**17,937**	**403**	**1,975**	**-**	**20,315**

SECTION 3 – FINANCIAL ASSETS DESIGNATED AT FAIR VALUE – ITEM 30

This item comprises financial assets carried at fair value through profit or loss, on the basis of the fair value option given to companies by IAS 39. Debt securities with embedded derivatives are classified in this category.

3.1 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE: BREAKDOWN BY TYPE

ITEM/AMOUNT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**314,003**	**8,073**	**-**	**307,573**	**7,382**
1.1 Structured securities	-	16,404	8,073	-	13,037	7,382
1.2 Other debt securities	-	297,599	-	-	294,536	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. UCITS units	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
TOTAL	**-**	**314,003**	**8,073**	**-**	**307,573**	**7,382**
COST	**-**	**304,710**	**7,367**	**-**	**334,092**	**7,735**

The amounts indicated alongside "cost" refer to the purchase cost of the financial assets remaining at the end of the reporting period.

Please note that in total, the Institute has used the "Fair Value Option" for the following transactions:

- two structured debt securities held in the portfolio, in order to avoid the unbundling of the embedded derivative (listed in the above table at Point 1.1);
- two structured loans issued by the Bank which are operationally linked derivative instruments, so as to avoid accounting mismatching, achieving so-called "natural hedge" (see section 5 of the liabilities);
- a structured loan issued by the institute in order to avoid the unbundling of the embedded derivative (see section 5 of the liabilities);
- a group of financial instruments in order to significantly reduce the overall mismatching in the accounts (see section 5 of the liabilities), consisting of:
  – a debenture loan issued by the institute containing an embedded derivative component that can be unbundled;
  – a debt security issued by Iccrea BancaImpresa and held in the portfolio (listed in the above table at Point 1.2);
  – derivative contracts connected with the above instruments which enable a natural hedge.

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

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Debt securities	**322,076**	**314,955**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	314,003	294,536
d) Other issuers	8,073	20,419
2. Equity securities	**-**	**-**
a) Banks	-	-
d) Other issuers:	-	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- other	-	-
3. UCITS units	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**322,076**	**314,955**

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

3.3 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2012
A. Opening balances	**314,955**	**-**	**-**	**-**	**314,955**
B. Increases	**8,143**	**-**	**-**	**-**	**8,143**
B1. Purchases	-	-	-	-	-
B2. Fair value increases	7,514	-	-	-	7,514
B3. Other changes	629	-	-	-	629
C. Decreases	**1,022**	**-**	**-**	**-**	**1,022**
C1. Sales	-	-	-	-	-
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	-	-	-	-	-
C4. Other changes	1,022	-	-	-	1,022
D. Closing balance	**322,076**	**-**	**-**	**-**	**322,076**

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

This item includes all financial assets (debt securities, equity securities, etc.) classified in the “available for sale” portfolio. The equity securities are mainly equity investments no longer classified as such pursuant to the international accounting standards.

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN BY TYPE

ITEM/AMOUNT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**2,919,917**	**83,382**	**-**	**2,003,079**	**64,230**	**-**
1.1 Structured securities	786,767	77,572	-	-	64,230	-
1.2 Other debt securities	2,133,150	5,810	-	2,003,079	-	-
2. Equity securities	**2,470**	**-**	**3,146**	**2,483**	**-**	**3,124**
2.1 Designated at fair value	2,470	-	-	2,483	-	-
2.2 Carried at cost	-	-	3,146	-	-	3,124
3. UCITS units	**-**	**-**	**497**	**54,725**	**-**	**7,509**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**2,922,387**	**83,382**	**3,643**	**2,060,287**	**64,230**	**10,633**

Within the scope of a process of strategic reorganisation of the investments within the Group, Iccrea Holding provided for the transfer into their portfolio of all the shares of the “Securfondo” property fund held by the Institute. The Board of Directors of the Iccrea Banca on 20 June 2012, acknowledging the guidelines of the Parent Company, deliberated the sale of 30,417 shares held for an equivalent value of Euro 52,712 thousand. For greater detail, please see Paragraph “5. Related party transactions” of the Report on Operations.

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

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Debt securities	**3,003,299**	**2,067,309**
a) Governments and Central Banks	2,997,489	2,067,309
b) Other government agencies	-	-
c) Banks	5,810	-
d) Other issuers	-	-
2. Equity securities	**5,616**	**5,607**
a) Banks	1	1
b) Other issuers:	5,615	5,606
- insurance companies	-	780
- financial companies	3,068	2,278
- non-financial companies	2,547	2,548
- other	-	-
3. UCITS units	**497**	**62,234**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other	-	-
TOTAL	**3,009,412**	**2,135,150**

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

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE: ASSETS HEDGED SPECIFICALLY

ASSET/TYPE OF HEDGING	HEDGED ASSETS			
	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	FAIR VALUE	CASH FLOWS	FAIR VALUE	CASH FLOWS
1. Debt securities	692,525	32,710	57,777	-
2. Equity securities	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
TOTAL	**692,525**	**32,710**	**57,777**	**-**

The amounts refer to BTP Government securities, both fixed rate and those indexed to inflation, hedged through asset swap operations in order to both immunise them against the rate risk (fair value hedging), and to stabilise the financial flows (cash flow hedging).

4.4 FINANCIAL ASSETS AVAILABLE FOR SALE: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2012
A. Opening balances	**2,067,309**	**5,607**	**62,234**	**-**	**2,135,150**
B. Increases	**2,603,467**	**3,458**	**30**	**-**	**2,606,955**
B1. Purchases	2,422,419	2,664	25	-	2,425,108
B2. Increases in fair value	128,839	786	-	-	129,625
B3. Reversals	-	-	-	-	-
- recognised in profit or loss	-	X	-	-	-
- recognized through equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other changes	52,209	8	5	-	52,222
C. Decreases	**1,667,477**	**3,449**	**61,767**	**-**	**1,732,693**
C1. Sales	1,119,419	3,421	59,717	-	1,182,557
C2. Redemptions	520,992	-	2,038	-	523,030
C3. Fair value losses	19,604	-	12	-	19,616
C4. Impairments losses	-	-	-	-	-
- recognised in profit or loss	-	-	-	-	-
recognised in shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	-	-	-	-
C6. Other changes	7,462	28	-	-	7,490
D. Closing balance	**3,003,299**	**5,616**	**497**	**-**	**3,009,412**

The sub–items "Other changes – Debt Securities", both in increases and decreases include securities underlying reverse repurchase agreements.

SECTION 5 – FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

Listed debt securities with fixed payments or payments that can be determined and have fixed due dates, which are intended to be held to maturity.

5.1 FINANCIAL ASSETS HELD TO MATURITY: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012				TOTAL AT 31/12/2011			
	Book value	FAIR VALUE			Book value	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,017,529**	**3,048,579**	**-**	**-**	**317,604**	**320,818**	**-**	**-**
- structured	-	-	-	-	-	-	-	-
- other	3,017,529	3,048,579	-	-	317,604	320,818	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**3,017,529**	**3,048,579**	**-**	**-**	**317,604**	**320,818**	**-**	**-**

5.2 FINANCIAL ASSETS HELD TO MATURITY: BREAKDOWN BY DEBTORS/ISSUERS

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Debt securities	**3,017,529**	**317,604**
a) Governments and Central Banks	3,017,529	317,604
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**3,017,529**	**317,604**
TOTAL (FAIR VALUE)	**3,048,579**	**320,818**

5.3 FINANCIAL ASSETS HELD TO MATURITY: ASSETS HEDGED SPECIFICALLY

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

5.4 FINANCIAL ASSETS HELD TO MATURITY: ANNUAL CHANGE

	DEBT SECURITIES	LOANS	TOTAL AT 31/12/2012
A. Opening balances	**317,604**	**-**	**317,604**
B. Increases	**3,029,353**	**-**	**3,029,353**
B1. Purchases	2,978,411	-	2,978,411
B2. Writebacks	-	-	-
B3. Transfers from other portfolios	-	-	-
B4. Other changes	50,942	-	50,942
C. Decreases	**329,428**	**-**	**329,428**
C1. Sales	-	-	-
C2. Redemptions	323,249	-	323,249
C3. Value adjustments	-	-	-
C4. Transfers to other portfolios	-	-	-
C5. Other changes	6,179	-	6,179
D. Closing balance	**3,017,529**	**-**	**3,017,529**

SECTION 6 – DUE FROM BANKS – ITEM 60

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

6.1 DUE FROM BANKS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Claims on Central Banks	**96,111**	**215,898**
1. Time deposits	-	-
2. Obligatory reserve	96,111	215,898
3. Repurchase agreements	-	-
4. Others	-	-
B. Due from Banks	**26,926,734**	**15,730,342**
1. Current accounts and demand deposits	1,139,427	959,479
2. Time deposits	347,291	463,898
3. Other loans:	21,481,615	10,217,896
3.1 Repurchase agreements	3,795,712	1,470,606
3.2 Financial leasing	-	-
3.3 Others	17,685,903	8,747,290
4. Debt securities	3,958,401	4,089,069
4.1 Structured securities	125,739	99,007
4.2 Other debt securities	3,832,662	3,990,062
TOTAL (BOOK VALUE)	**27,022,845**	**15,946,240**
TOTAL (FAIR VALUE)	**27,331,433**	**15,682,551**

Amounts due from banks are recognised net of impairment losses.

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

The sub-item “Compulsory reserve” includes the reserve managed by appointment for BCC/CRA, the counter-entry of which is allocated to Item 10 of the Balance Sheet liabilities “Due to banks”. The sub-item “current accounts and demand deposits” includes the deposit relating to the funds of the former Central Guarantee Fund, of Euro 1,356 thousand.

The amounts due from banks “Other loans – Other” includes impaired assets classified as “non-performing” for the Irish banks:

- Landsbanki Island hf. Euro 15,534 thousand due, entirely impaired;
- Kaupthing Bank hf. Euro 3,039 thousand due, impaired for Euro 2,537 thousand.

Loans disbursed to the CB-RBs connected to the operations with the European Central Bank, with specific regards to advances received from it with guarantee of refinanceable securities (so-called pool collateral) total Euro 16,275 million and are included in letter “B”, entry “Other loans – Others”. Securities sold as guarantee by the CB-RBs total Euro 20,079 million net of the haircut applied for the various types of securities.

Following the new organisational model of the Banking Group, the Institute, as manager of the Group’s financial resources, deals with deposits and to finance all Iccrea Banking Group companies. In particular the following securities issued by Iccrea BancaImpresa were subscribed and classified in the sub-item “Due from banks – Debt securities – Others”:

ISIN	NOMINAL	COUPON AS AT 31/12/2012	ISSUANCE	EXPIRY
IT0004563372	400.000.000	0,69860%	30/12/2009	- 30/12/2014
IT0004511561	180,000,000	3.40200%	- 01/07/2009	- 01/07/2014
IT0004511512	720,000,000	0.69800%	- 01/07/2009	- 01/07/2014
IT0004493067	81,000,000	3.22500%	- 15/05/2009	- 01/04/2014
IT0004494719	666,000,000	0.69930%	- 15/05/2009	- 01/04/2014
IT0004494859	99,000,000	0.72844%	- 15/05/2009	- 01/04/2014
IT0004494842	54,000,000	0.94200%	- 15/05/2009	- 01/04/2014
IT0004628035	245,000,000	1.14700%	- 02/08/2010	- 02/08/2015
IT0004675127	13,928,000	3.60000%	- 01/01/2011	- 01/05/2016
IT0004725682	300,000,000	2.31140%	- 20/05/2011	- 20/05/2013
IT0004709876	323,900,000	1.97800%	- 01/04/2011	- 01/04/2013
IT0004813041	29,800,000	3.20100%	16/04/2012	01/04/2015
IT0004813033	21,000,000	3.73100%	16/04/2012	03/04/2017
IT0004816564	7,430,000	3.20100%	10/05/2012	01/04/2015
IT0004816598	13,000,000	3.73100%	10/05/2012	03/04/2017
IT0004840556	20,800,000	3.01100%	12/07/2012	01/07/2015
IT0004840523	11,300,000	3.68935%	12/07/2012	01/07/2022
IT0004840549	16,300,000	3.32100%	12/07/2012	03/07/2017
IT0004840531	11,500,000	3.74100%	12/07/2012	01/07/2019
IT0004865611	31,000,000	2.55700%	23/10/2012	01/10/2015
IT0004865595	17,000,000	2.39700%	23/10/2012	02/10/2017
IT0004865603	14,000,000	3.49700%	23/10/2012	01/10/2025
IT0004870785	12,300,000	2.70200%	21/11/2012	01/07/2027
IT0004870777	11,500,000	1.05200%	21/11/2012	01/07/2015
IT0004870793	10,000,000	1.54000%	21/11/2012	01/10/2015
IT0004870769	17,000,000	1.22200%	21/11/2012	01/10/2015
TOTAL	**3,326,758,000**			

The nominal value shown is expressed in euro units.

6.2 DUE FROM BANKS: MICRO-HEDGED ASSETS

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Receivables with micro-hedging of fair value:	**344,456**	**275,624**
a) interest rate risk	344,456	275,624
b) exchange rate risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Receivables with micro-hedging of cash flows:	**626,307**	**627,688**
a) interest rate risk	626,307	627,688
b) exchange rate risk	-	-
c) other	-	-
TOTAL	**970,763**	**903,312**

The item consists of 2 fixed-rate securities issued by Iccrea BancaImpresa hedged by Interest Rate Swap (IRS) type derivatives and 4 fixed rate treasury deposits hedged by Overnight Indexed Swap (OIS) type derivatives for fair value hedge, in addition to 2 variable rate securities issued by Iccrea BancaImpresa hedged by Interest Rate Basis Swap type derivatives for which cash flows are hedged.

6.3 FINANCIAL LEASING

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

SECTION 7 – LOANS TO CUSTOMERS – ITEM 70

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

7.1 LOANS TO CUSTOMERS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION/AMOUNT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHER		PURCHASED	OTHER
1. Current accounts	437,081	-	3,548	660,673	-	4,300
2. Reverse repurchase agreements	19,048	-	-	-	-	-
3. Mortgage loans	157,592	-	25,552	170,929	-	27,431
4. Credit cards, personal loans and salary-backed loans	-	-	-	-	-	265
5. Financial leases	-	-	-	-	-	-
6. Factoring	-	-	-	-	-	-
7. Other loans	950,177	-	1,741	218,017	-	3,537
8. Debt securities	70,222	-	-	43,339	-	874
8.1 Structured securities	-	-	-	-	-	-
8.2 Other debt securities	70,222	-	-	43,339	-	874
TOTAL (BOOK VALUE)	**1,634,120**	**-**	**30,841**	**1,092,958**	**-**	**36,407**
TOTAL (FAIR VALUE)	**1,721,558**	**-**	**30,841**	**1,050,062**	**-**	**36,407**

Amounts due from customers are recognised net of impairment losses.

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

The sub-item “Other debt securities” includes securities from the securitisation transaction named “CBO3” for an amount of € 70,119 thousand.

Impaired assets include non-performing positions for € 5,932 thousand with regards to the Lehman Brothers Group, written-down for € 5,744 thousand. Regarding this last aspect, it is specified that during March 2012 the Institute disposed of the receivable represented by the security held in portfolio at a nominal value of Euro 3,200 thousand earning a capital gain of Euro 317 thousand for the period to Deutsche Bank.

In the second half of the year, following the payment of two allotments, the receivables resulting from the operations in derivative financial instruments were collected. The remaining receivable (about Euro 188 thousand) with regards to Lehman Brothers International Europe comes from the positive balance of the margins of change in cash. Considering that the provisions cover the remaining receivable in full with regards to Lehman Brothers Special Financing, any additional allocations will give rise to adjustments.

7.2 LOANS TO CUSTOMERS: BREAKDOWN BY DEBTORS/ISSUERS

TYPE OF TRANSACTION/AMOUNT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHER		PURCHASED	OTHER
1. Debt securities:	**70,222**	**-**	**-**	**43,339**	**-**	**874**
a) Governments	-	-	-	-	-	-
b) Other public bodies	-	-	-	-	-	-
c) Other issuers	70.222	-	-	43.339	-	874
- non-financial companies	103	-	-	100	-	-
- financial companies	70.119	-	-	43.239	-	874
- insurance companies	-	-	-	-	-	-
- others	-	-	-	-	-	-
2. Loans to:	**1.563.898**	**-**	**30.841**	**1.049.619**	**-**	**35.533**
a) Governments	-	-	-	-	-	-
b) Other public bodies	86	-	-	1.954	-	-
c) Other subjects	1.563.812	-	30.841	1.047.665	-	35.533
- non-financial companies	74.199	-	19.725	72.644	-	24.132
- financial companies	1.392.533	-	4.127	874.357	-	2.960
- insurance companies	3	-	-	2	-	-
- others	97.077	-	6.989	100.662	-	8.441
TOTAL	**1.634.120**	**-**	**30.841**	**1.092.958**	**-**	**36.407**

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

7.3 DUE FROM CUSTOMERS: MICRO-HEDGED ASSETS

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Receivables with micro-hedging of fair value:	**51,776**	**51,766**
a) interest rate risk	51,776	51,766
b) exchange rate risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
Receivables with micro-hedging of cash flows:	**-**	**-**
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other risks	-	-
TOTAL	**51,776**	**51,766**

Receivables with micro-hedging of fair value are recognised at cost adjusted for the fair value change accrued for the hedged risk up to the reporting date. The amount, in particular, refers to two fixed rate mortgages – the first of which was stipulated with BCC Solutions totalling Euro 25,907 thousand (residual debt at 31st December 2012) and the second stipulated with BCC CreditoConsumo for Euro 19,679 thousand (residual debt at 31st December 2012) – hedged against interest rate risk (fair value hedge).

7.4 FINANCIAL LEASING

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

SECTION 8 – HEDGING DERIVATIVES – ITEM 80

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

8.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGING AND BY LEVEL

	FV AT 31/12/2012			NV AT	FV AT 31/12/2011			NV AT
	L1	L2	L3	31/12/2012	L1	L2	L3	31/12/2011
A) Financial derivatives	**-**	**14,148**	**-**	**951,600**	**-**	**15,170**	**-**	**982,800**
1) Fair value	-	7,715	-	327,700	-	4,383	-	358,900
2) Cash flows	-	6,433	-	623,900	-	10,787	-	623,900
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**14,148**	**-**	**951,600**	**-**	**15,170**	**-**	**982,800**

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

These amounts refer to financial derivatives (Interest Rate Swaps and Overnight Indexed Swap) with the purpose of covering risks of variations in the current value, or cash flow from financial instruments relating to financial assets and financial liabilities, as detailed in the following table.

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

TRANSACTION/TYPE OF HEDGING	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans and receivables	17	-	-	X	-	X	6,433	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
TOTAL ASSETS AT 31/12/2011	**17**	**-**	**-**	**-**	**-**	**-**	**6,433**	**-**	**-**
1. Financial liabilities	7,698	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2012	**7,698**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X		

The Institute has two existing hedging operations on the financial flows (so-called cash flow hedging) carried out operating both on items of the assets (2 securities issued by Iccrea BancaImpresa) and the liabilities (2 loans issued by the institute) with the aim of bringing index-linked cash flows into line with a single parameter (see also section 6 of the liabilities).

The “financial liabilities” relate to 2 fixed rate debenture loans and 3 blended rate loans issued by the Institute subject to hedging of the interest rate (fair value hedge) by means of Interest Rate Swap (IRS) type derivative contracts and Interest Rate Options (FLOOR). The “receivables” are represented by 4 treasury deposits also subject to hedging of the interest rate risk (fair value hedge) by means of Overnight Indexed Swap (OIS) type derivative contracts.

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

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

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

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

COMPANY	REGISTERED OFFICE	% OF EQUITY HELD	% OF VOTES HELD
A. Wholly-owned subsidiaries			
2. BCC Securis s.r.l.	Rome	90.00	90.00
B. Joint ventures			
C. Companies subject to significant influence			
1. M-Facility s.r.l.	Rome	37.50	37.50
2. Hi-Mtf S.p.A.	Milan	25.00	25.00
3. Iccrea BancaImpresa S.p.A.	Rome	8.24	8.24

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

COMPANY	TOTAL ASSETS	TOTAL REVENUES	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	BOOK VALUE	FAIR VALUE
A. Wholly-owned subsidiaries						
1. BCC Securis s.r.l.	29	66	-	11	9	X
B. Joint ventures						
C. Companies subject to significant influence						
1. M-Facility s.r.l.	10	-	(3)	7	4	-
2. Hi-Mtf S.p.A.	5,876	2,878	451	5,210	1,250	-
3. Iccrea BancaImpresa S.p.A.	12,511,029	391,777	1,598	576,730	50,000	-
TOTAL AT 31/12/2012					**51,263**	**-**

The above figures refer to 31 December 2012.

The Institute, taking advantage of the right provided by the IAS/IFRS 27, 10 par. d) and pursuant to Legislative Decree 87/92 does not prepare the consolidated financial statement since the parent company, Iccrea Holding, submits the consolidated financial statement for public use in conformity with the International Financial Reporting Standards.

10.3 EQUITY INVESTMENTS: ANNUAL CHANGE

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Opening balances	**51,013**	**1,057**
B. Increases	**2,219**	**50,005**
B.1 Purchases	2,219	50,004
B.2 Reversals	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	1
C. Decreases	**1,969**	**49**
C.1 Sales	-	-
C.2 Value adjustments	-	-
C.3 Other changes	1,969	49
D. Closing balance	**51,263**	**51,013**
E. Total revaluations	**-**	**-**
F. Total value adjustments	**-**	**-**

The Board of Directors of the Parent Company, in order to create greater efficiency and more savings within the Group, approved an integration project of BCC Multimedia in Iccrea Banca to be carried out in two phases. The first phase provided for the acquisition by the Institute of the entire capital of the Company and took place on 22 June 2012; the second, relative to the merger project approved by the Board of Directors of Iccrea Banca on 20 June 2012. On 11 December 2012, following authorisations received from Banca d'Italia, the deed of merger by incorporation of BCC Multimedia was carried out. The merger became effective for tax purposes starting 1st January 2012.

10.4 COMMITMENTS RELATING TO EQUITY INVESTMENTS IN SUBSIDIARIES

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

10.5 COMMITMENTS RELATING TO EQUITY INVESTMENTS IN JOINT VENTURES

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

10.6 COMMITMENTS IN RESPECT OF EQUITY INVESTMENTS IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

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

SECTION 11 – PROPERTY AND EQUIPMENT – ITEM 110

This item comprises property and equipment for operating purposes (properties, furniture, plant, machinery and other tangible assets) and governed by IAS 16 and investment property pursuant toIAS40.

11.1 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS CARRIED AT COST

ASSET/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Operating assets		
1.1 company owned	**8,167**	**7,543**
a) land	-	-
b) buildings	-	-
c) furniture	342	326
d) electronic systems	7,084	6,646
e) other	741	571
1.2 acquired under financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
TOTAL A	**8,167**	**7,543**
B. Assets held as investments		
2.1 company owned	**11,852**	**12,368**
a) land	-	-
b) buildings	11,852	12,368
2.2 purchased in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
TOTAL B	**11,852**	**12,368**
TOTAL (A+B)	**20,019**	**19,911**

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

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

11.3 PROPERTY, PLANT AND EQUIPMENT FOR OPERATING PURPOSES: ANNUAL CHANGES

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHERS	TOTAL AT 31/12/2012
A. Gross opening balances	**-**	**-**	**2,711**	**24,439**	**6,746**	**33,896**
A.1 Total net value adjustments	-	-	2,385	17,793	6,175	26,353
A.2 Net opening balances	-	-	326	6,646	571	7,543
B. Increases:	**-**	**-**	**76**	**2,426**	**375**	**2,877**
B.1 Purchases	-	-	76	2,426	375	2,877
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Reversals	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**-**	**60**	**1,988**	**205**	**2,253**
C.1 Sales	-	-	4	-	-	4
C.2 Depreciation	-	-	56	1,988	205	2,249
C.3 Impairment losses recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Decreases in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**342**	**7,084**	**741**	**8,167**
D.1 Total net value adjustments	-	-	2,445	19,781	6,380	28,606
D.2 Gross closing balance	-	-	2,787	26,865	7,121	36,773
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

11.4 PROPERTY AND EQUIPMENT HELD FOR INVESTMENTS: ANNUAL CHANGE

	TOTAL AT 31/12/2012	
	LAND	BUILDINGS
A. Opening balances	**-**	**12,368**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Capitalised expenditure on improvements	-	-
B.3 Fair value increases	-	-
B.4 Reversals	-	-
B.5 Positive exchange differences	-	-
B.6 Transfers from property for operating purposes	-	-
B.7 Other changes	-	-
C. Decreases	**-**	**516**
C.1 Sales	-	-
C.2 Depreciation	-	516
C.3 Negative changes in fair value	-	-
C.4 Impairment losses	-	-
C.5 Negative exchange differences	-	-
C.6 Transfer to other assets	-	-
a) property for operating purposes	-	-
b) non-current assets available for sale	-	-
C.7 Other changes	-	-
D. Closing balance	**-**	**11,852**
E. Measurement at fair value	**-**	**12,750**

11.5 COMMITMENTS TO PURCHASE PROPERTY AND EQUIPMENT (IAS 16/74.C)

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

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

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

12.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

ASSET/AMOUNT	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	DEFINED DURATION	UNDEFINED DURATION	DEFINED DURATION	UNDEFINED DURATION
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**5,756**	**-**	**4,088**	**-**
A.2.1 Assets carried at cost:	5,756	-	4,088	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	5,756	-	4,088	-
A.2.2 Assets designated as at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
TOTAL	**5,756**	**-**	**4,088**	**-**

In accordance withIAS38, software is classified entirely under intangible assets with a limited life; the relevant amortisation is calculated on a straight-line basis over a three year period.

12.2 INTANGIBLE ASSETS: ANNUAL CHANGE

	GOODWILL	OTHER INTANGIBLE ASSETS:GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		TOTAL AT 31/12/2012
		FIN	INDEF	FIN	INDEF	
A. Opening balances	**-**	**-**	**-**	**4,088**	**-**	**4,088**
A.1 Total net value adjustments	-	-	-	-	-	-
A.2 Net opening balances	-	-	-	4,088	-	4,088
B. Increases	**-**	**-**	**-**	**5,277**	**-**	**5,277**
B.1 Purchases	-	-	-	5,277	-	5,277
- business combination operations	-	-	-	629	-	629
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Reversals	X	-	-	-	-	-
B.4 Positive changes in fair value:		-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**3,609**	**-**	**3,609**
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	-	-	3,609	-	3,609
- Amortization	X	-	-	3,609	-	3,609
- Impairments losses:	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Negative changes to fair value:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Reclassification to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**-**	**5,756**	**-**	**5,756**
D.1 Total net value adjustments	-	-	-	-	-	-
E. Gross closing balance	**-**	**-**	**-**	**5,756**	**-**	**5,756**
F. Measured at cost	**-**	**-**	**-**	**-**	**-**	**-**

Key Fin: finite life / Indef: indefinite life

12.3 OTHER INFORMATION

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

- • there are no revalued intangible assets; consequently, there are no impediments to the distribution of capital gains to shareholders relating to revalued intangible assets (IAS38, paragraph 124, letter b);
- there are no intangible assets acquired though government concessions (IAS38, paragraph 122, letter c);
- there are no intangible assets used as collateral for debt (IAS 38, paragraph 122, letter d);
- there are no intangible assets on lease.

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

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

13.1 DEFERRED TAX ASSETS: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Loans and receivables	9,871	10,163
Other financial instruments	6,280	30,245
Goodwill	-	-
Long term charges	-	-
Property, plant and equipment	106	91
Provisions for risks and charges	1,698	1,531
Agency costs	-	-
Personnel costs	283	2,031
Tax losses	-	-
Non-deductible tax credit	-	-
Others	-	-
TOTAL	**18,238**	**44,061**

13.2 DEFERRED TAX LIABILITIES: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Capital gains to be spread over several periods	-	-
Goodwill	-	-
Property, plant and equipment	-	-
Financial instruments	15,537	1,442
Personnel costs	-	-
Others	-	-
TOTAL	**15,537**	**1,442**

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

DEFERRED TAXES NOT RECOGNIZED

Amounts of and changes in the taxable temporary differences (and of their components) which do not fulfil the conditions for recognition as deferred tax liabilities, as they are characterized by a low probability of liquidation::

- no deferred tax liabilities were accounted for on the revaluation reserve established in financial year 2003 under the terms of Law 342 of 22/11/2000 and already net of the substitution tax paid (11,227 thousand Euro). As distribution of the above reserve to shareholders is not envisaged, the related deferred taxes of approximately Euro 8.3 million were not set aside.

13.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN PROFIT OR LOSS)

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Opening balance	**14,346**	**15,044**
2. Increases	**274**	**1,071**
2.1 Deferred taxes recognised in the year	274	1,036
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) reversals	-	-
d) others	274	1,036
2.2 New taxes or increases in tax rates	-	35
2.3 Other increases	-	-
3. Decreases	**2,662**	**1,769**
3.1 Prepaid taxes cancelled in the period	2,662	1,769
a) reversals	2,662	1,769
b) writeoffs for uncollectability	-	-
c) due to changes in accounting standards	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**11,958**	**14,346**

13.3.1 Change in deferred tax assets pursuant to law 214/2011 (recognised in profit and loss)

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

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

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Opening balance	**-**	**531**
2. Increases	**-**	**7**
2.1 Deferred taxes recognised in the year	-	-
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	7
2.3 Other increases	-	-
3. Decreases	**-**	**538**
3.1 Deferred tax liabilities derecognized during the period	-	538
a) reversal	-	538
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**-**	**-**

13.5 CHANGES IN PREPAID TAXES (OFFSET IN SHAREHOLDERS' EQUITY)

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Opening balance	**29,715**	**9,825**
2. Increases	**175**	**21,216**
2.1 Deferred taxes recognised in the year	175	21,032
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	175	21,032
2.2 New taxes or increases in tax rates	-	184
2.3 Other increases	-	-
3. Decreases	**23,610**	**1,326**
3.1 deferred tax assets recognized during the period	23,610	1,326
a) reversal	23,610	1,326
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**6,280**	**29,715**

13.6 CHANGES IN DEFERRED TAXES (OFFSET SHAREHOLDERS' IN EQUITY)

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Opening balance	**1,442**	**789**
2. Increases	**15,290**	**1,347**
2.1 Deferred taxes recognised in the year	15,290	1,323
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	15,290	1,323
2.2 New taxes or increases in tax rates	-	24
2.3 Other increases	-	-
3. Decreases	**1,195**	**694**
3.1 Deferred tax liabilities derecognized during the period	1,195	694
a) reversal	1,195	694
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**15,537**	**1,442**

13.7 OTHER INFORMATION

As regards the Bank's tax position we can note:

- for financial years 2008, 2009, 2010 and 2011 (for which the assessment period has not expired), no formal notice of assessment has yet been received;
- in relation to financial year 2004 the Finance Police, Regional Office of the Tax Police of Lazio, has prepared a formal notice of assessment. On 26 May 2009, the Revenue Office, Regional Directorate of Lazio sent us a questionnaire, as provided by Art. 37 bis, 4th para-

graph, Presidential Decree 600 of 29 September 1973, subsequently replaced and integrated with another questionnaire of 9 July 2009, to whom our comments and counterarguments were promptly sent (24 July 2009). On 1 October 2009 the Revenues Agency, Regional Directorate of Lazio – Large Taxpayers Office sent us a notice of assessment regarding IRAP regional business tax for 119,700 Euro for taxes together with a fine of 119,700 Euro. On 31 December 2009 the Revenues Agency – Rome 1 Office sent to the Parent Company Iccrea Holding, in its capacity as subject responsible for filing the Tax Consolidation Return, a notice of assessment for IRES corporation tax of 752,400 Euro for taxes. On 4 January 2010 the Revenues Agency – Rome 1 Office sent a notice of levy of fines of 752,400 Euro following the assessment notified to the Parent Company Iccrea Holding as the consolidator. On 26 February 2010 appeals were presented against the above notices of assessment in order to challenge the claims of the Financial Administration. On 14 December 2012, the Parent Company Iccrea Holding defined with the Revenue Office, Provincial Directorate I of Rome a Group proposal for settlement in court in order to close all the disputes with the companies (Iccrea BancaImpresa, Iccrea Banca and Iccrea Holding) pending before the Provincial Tax Commission of Rome. The proposal anticipates a total IRES payment of Euro 3,344,130.33 of which Euro 925,926.12 by Iccrea Banca; at the same time, we arranged for the IRAP payment for a total of Euro 147,146.55. The amounts listed above include interest, while penalties were not applied given the uncertainty of the rules being disputed;

- for financial year 2007 on 1 February 2010 the Revenues Agency, Regional Directorate of Lazio – Large Taxpayers Office, requested information, clarification and documentation both on a number of corporate operations (sale of the business unit to Iccrea BancaImpresa, SIA-SSB merger, Borsa Italiana-London Stock Exchange swap) and on the increase and decreases made in order to determine taxable earnings. On 23 February 2010 all the documentation requested was regularly delivered within the deadlines. Following these requests, on 3 November 2010, with the authorisation of the Revenues Agency, Regional Directorate of Lazio, an audit began at our offices by the Agency functionaries with a view to examining the following operations:
- supply of equity to the closed-end mutual investment fund named “Melograno” fund and subsequent sale of the shares to the National Pension Fund for BCC/CR staff;
- sale of the Corporate company branch to Iccrea BancaImpresa S.p.A.;
- control of increases and decreases made during IRES/IRAP declarations of the 2008 Consolidated Model.

On 30 June 2011, the Tax Authority - Major Taxpayers Department prepared a Notice of Findings with an IRAP dispute of Euro 61,389 plus sanctions and interest. On 9 August 2011, the institute sent the Agency its considerations, stressing its position as already noted at the time of preparing the notice of findings. On 2 February 2012 the Institute received a notice of assessment for Euro 33,893 plus penalties and interest, totalling Euro 43,766. Since the Agency partially accepted our considerations, given the small amount disputed on 6 March 2012, we arranged to make the payment in order to resolve the assessment received.

- The Bank received a notice of liquidation for registry tax on the sale of the “corporate” business unit to Iccrea BancaImpresa. The payment was made and at the same time an appeal was lodged with the Provincial Tax Commission of Rome, because the demands of the financial administration seem groundless both from a legal point of view and as regards administrative practice; On 15 December 2011, by sentence 499/26/11, the Provincial Tax Commission of Rome upheld our appeal in full, declaring that the Tax Authority was in clear breach of a specific regulation of the Consolidated Registration Tax Law.

- The Institute on 14 November 2012 received notice of assessment from the Revenue Office, Regional Directorate of Lazio - Large Taxpayer Office for financial year 2007 with which the taxable VAT declared on activities performed as Depository Bank was adjusted. The assessment stems from a Formal Notice of Assessment relative to the audit activities performed by that Office relative to Beni Stabili Gestione SGR. The largest verified tax demand comes to Euro 33,520 for VAT plus penalties of Euro 41,900. On 11 January 2013 appeals were presented against the above notice of assessment in order to challenge the claims of the Financial Administration.

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

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

SECTION 15 – OTHER ASSETS – ITEM 150

This item comprises assets not classifiable under other asset items in the Balance sheet.

15.1 OTHER ASSETS: BREAKDOWN

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Items being processed	18,585	13,742
Receivables for future premiums	24,826	25,604
Commissions	22,481	23,361
Receivables due from parent company for tax consolidation	22,541	11,721
Definitive items not related to other items	26,725	25,239
Tax receivables due from Inland Revenue and other tax bodies	15,611	15,028
TOTAL	**130,769**	**114,695**

The sub-item "Definitive items that cannot be posted to other items" includes transactions that were implemented in the first few days of 2013.

LIABILITIES

SECTION 1 – DUE TO BANKS – ITEM 10

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

1.1 DUE TO BANKS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Due to central banks	**12,706,391**	**8,204,893**
2. Due to banks	**8,490,210**	**7,247,066**
2.1 Current accounts and demand deposits	4,956,987	3,800,638
2.2 Time deposits	3,459,949	3,087,793
2.3 Loans	72,317	354,115
2.3.1 Repurchase agreements	48,808	320,921
2.3.2 Other	23,509	33,194
2.4 Payables for commitments to repurchase own equity instruments	-	-
2.5 Other payables	957	4,520
TOTAL	**21,196,601**	**15,451,959**
FAIR VALUE	**21,092,967**	**15,436,637**

The item "Amounts due to central banks" is represented by loans obtained from the ECB for advances guaranteed by securities owned both by the CB-RBs and the Institute. This amount also includes the advance received of Euro 271,150 thousand for the liabilities guaranteed issued in accordance with Art. 8 of Italian Law Decree no. 201 of 6 December 2011, converted into Italian Law no. 214 of 22 December 2011 for Euro 290 million. On 30 January 2013, a first repayment was made on the ECB advance of Euro 600 million.

The sub-item "Time deposits" also includes deposits received from other CB-RBs for about Euro 680 million regarding the indirect discharge of obligatory reserve liabilities.

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

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

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

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

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

1.4. PAYABLES SUBJECT TO MICRO HEDGING

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

1.5. FINANCIAL LEASING PAYABLES

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

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

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

2.1 DUE TO CUSTOMERS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Current accounts and demand deposits	656,291	718,312
2. Time deposits	12,429	15,355
3. Loans	8,221,709	469,733
3.1 Repurchase agreements	8,221,709	469,733
3.2 Others	-	-
4. Payables for commitments to repurchase own equity instruments	-	-
5. Other payables	380,268	535,314
TOTAL	**9,270,697**	**1,738,714**
FAIR VALUE	**9,295,893**	**1,740,840**

The sub-item “Repurchase agreements” exclusively includes transactions with the counterpart of Cassa di Compensazione e Garanzia.

The sub-item “other payables” includes bank drafts issued and not yet presented for payment.

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

2.2. BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: SUBORDINATED PAYMENTS

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

2.3. BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: STRUCTURED DEBTS

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

2.4. MICRO- HEDGED PAYABLES DUE TO CUSTOMERS

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

2.5. FINANCIAL LEASING PAYABLES

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

SECTION 3 – SECURITIES ISSUED – ITEM 30

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

3.1 SECURITIES ISSUED: BREAKDOWN BY TYPE

TYPE OF SECURITY / AMOUNT	TOTAL AT 31/12/2012				TOTAL AT 31/12/2011			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	**3,386,758**	**1,229,310**	**2,176,923**	**-**	**1,701,830**	**440,087**	**1,243,706**	**-**
1.1 structured	111,239	97,575	8,100	-	121,252	97,334	22,095	-
1.2 others	3,275,519	1,131,735	2,168,823	-	1,580,578	342,753	1,221,611	-
2. Other securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
TOTAL	**3,386,758**	**1,229,310**	**2,176,923**	**-**	**1,701,830**	**440,087**	**1,243,706**	**-**

This item includes both debenture bonds issued by the Bank hedged against interest rate risk by means of derivative contracts, the amount of which is adjusted for the change in the hedged risk matured at the reporting date (*fair value hedge*) and bond loans issued at variable rate and hedged from the risk of change to cash flows (see table 3.3 below). The item also includes bond loans issued and not hedged, accounted for at their amortized cost. The fair value of securities issued is calculated by discounting back the future cash flows, using the interest rate swap curve at the reporting date in question.

3.2 BREAKDOWN OF ITEM 30 “SECURITIES ISSUED”: SUBORDINATE SECURITIES

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

3.3 SECURITIES ISSUED SUBJECT TO MICRO HEDGING

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Securities covered by specific fair value hedges:	**262,292**	**255,108**
a) interest rate risk	262,292	255,108
b) exchange rate risk	-	-
c) more than one risk	-	-
2. Securities with micro-hedging of cash flows:	**591,218**	**626,986**
a) interest rate risk	591,218	626,986
b) exchange rate risk	-	-
c) other	-	-

The amounts refer to 5 debenture loans issued by the Bank, subject to interest rate risk hedging by means of derivative contracts on rate and 2 debenture loans issued by the Institute, subject to financial flow hedging.

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

This item comprises derivative financial instruments held for trading.

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012					TOTAL AT 31/12/2011				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	4	3	-	-	-
2. Due to customers	-	-	-	-	-	2	1	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	
3.1 Bonds	-	-	-	-		-	-	-	-	
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
TOTAL A	-	-	-	-	-	6	4	-	-	-
B. Derivatives										
1. Financial derivatives		423	640,029	-	-		458	525,154	-	-
1.1 Held for trading	X	423	640,029	-	X	X	458	525,154	-	X
1.2 Linked to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-			-	-	-	
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Linked to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
TOTAL B	X	423	640,029	-	X	X	458	525,154	-	X
TOTAL (A+B)	X	423	640,029	-	X	X	462	525,154	-	X

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

Part A of the table shows "technical overdrafts" on debt securities (classified under Due to banks or customers depending on the issuer).

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

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

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

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

4.4 FINANCIAL LIABILITIES HELD FOR TRADING IN CASH (EXCLUDING "UNCOVERED SHORT POSITION"): ANNUAL CHANGE

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

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

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

5.1 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2012					TOTAL AT 31/12/2011				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-		-	-	-	-	
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Others	-	-	-	-	X	-	-	-	-	X
2. Due to customers	-	-	-	-		-	-	-	-	
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Others	-	-	-	-	X	-	-	-	-	X
3. Debt securities	751,645	739,162	6,203	-	797,137	757,394	717,387	6,342	-	787,396
3.1 Structured	751,645	739,162	6,203	-	X	757,394	717,387	6,342	-	X
3.2 Others	-	-	-	-	X	-	-	-	-	X
TOTAL	**751,645**	**739,162**	**6,203**	**-**	**797,137**	**757,394**	**717,387**	**6,342**	**-**	**787,396**

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

The "Financial liabilities designated as at fair value" are referred to:

- 2 structured debenture loans issued by the Institute with managerially connected derivatives to enable "natural hedging";
- a debenture loan connected with a set of financial instruments in order to significantly reduce the overall accounting mismatching (see section 3, part B Assets);
- a structured debenture loan issued by the institute in order to avoid the unbundling of the embedded derivative.

5.2 BREAKDOWN OF ITEM 50 "FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE": SUBORDINATE LIABILITIES

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

5.3 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE: ANNUAL CHANGES

	DUE TO BANKS	DUE TO CUSTOMERS	SECURITIES ISSUED	TOTAL AT 31/12/2012
A. Opening balances	**-**	**-**	**723,729**	**723,729**
B. Increases	**-**	**-**	**50,267**	**50,267**
B1. Issues	-	-	-	-
B2. Sales	-	-	23,369	23,369
B3. Positive changes in fair value	-	-	26,400	26,400
B4. Other changes	-	-	498	498
C. Decreases	**-**	**-**	**28,631**	**28,631**
C1. Purchases	-	-	28,502	28,502
C2. Redemptions	-	-	-	-
C3. Negative changes in fair value	-	-	64	64
C4. Other changes	-	-	65	65
D. Closing balance	**-**	**-**	**745,365**	**745,365**

SECTION 6 – HEDGING DERIVATIVES – ITEM 60

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

6.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGING AND BY LEVEL

	FAIR VALUE AT 31/12/2012			NV AT	FAIR VALUE AT 31/12/2011			NV AT
	L1	L2	L3	31/12/2011	L1	L2	L3	31/12/2011
A) Financial derivatives	**-**	**115,043**	**-**	**1,637,762**	**-**	**33,293**	**-**	**996,318**
1) Fair value	-	105,427	-	981,693	-	23,640	-	372,418
2) Cash flows	-	9,616	-	656,069	-	9,653	-	623,900
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**115,043**	**-**	**1,637,762**	**-**	**33,293**	**-**	**996,318**

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

These amounts refer to financial derivatives to cover risks of variations in current value, due to the volatility of interest rates, of financial instruments in the “financial assets available for sale”, “receivables” and “financial liabilities” portfolio, as detailed in the following table. With reference to cash flow hedges, please refer to that described in Section 8.1 of the Assets.

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

TRANSACTION/TYPE OF HEDGING	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	85,882	-	-	-	-	X	3,487	X	X
2. Loans and receivables	19,545	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
TOTAL ASSETS AT 31/12/2012	**105,427**	**-**	**-**	**-**	**-**	**-**	**3,487**	**-**	**-**
1. Financial liabilities	-	-	-	X	-	X	6,129	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2012	**-**	**-**	**-**	**X**	**-**	**-**	**6,129**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	-	-

The receivables hedged by the rate risk refer to 2 fixed-rate loans stipulated with BCC Solutions and BCC Credito-Consumo hedged by means of Interest Rate Swap (IRS) derivative contracts and to 2 securities held in the portfolio at fixed rate, issued by Iccrea BancaImpresa and hedged by means of Interest Rate Swap (IRS) derivative contracts.

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

The amounts relative to the “financial flows” hedging of the “Financial Liabilities” refer to 2 debentures loans issued by the Institute (see also Section 8.1 of the Assets) while those relative to “financial assets available for sale” concern BTP indexed to inflation.

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

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

SECTION 8 – TAX LIABILITIES – ITEM 80

See Section 13 of the Assets.

SECTION 9 - LIABILITIES ASSOCIATED WITH GROUPS OF ASSETS IN THE PROCESS OF BEING SOLD OFF – ITEM 90

See Section 14 of the Assets.

SECTION 10 – OTHER LIABILITIES – ITEM 100

This item includes liabilities not ascribable to other liability items in the Balance sheet.

10.1 OTHER LIABILITIES: BREAKDOWN

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Due to national insurance institutions	10,924	12,718
Amounts at the disposal of customers	35,357	46,647
Former Central Guarantee Fund reserve	1,356	1,331
Items being processed	14,071	19,345
Securities to be settled	32,819	-
Definitive items not related to other items	17,050	21,489
Payables for future premiums	16,753	17,635
Due to parent company for tax consolidation	22,434	21,611
Tax payables	8,344	7,846
Due to employees	4,731	7,631
Invoices to be paid not yet received	23,453	21,025
Failed purchasing operations	33,557	20,115
Non-liquid items in portfolio	7,020	3,106
TOTAL	**227,869**	**200,499**

The sub-item “Securities to be settled”and “Definitive items that cannot be posted to other items” include transactions that were implemented in the first few days of 2013.

The item “Former Central Guarantee Fund Reserve” refers to the residual balance of the net operating assets of the former fund created in 1979 in order to safeguard the image of the CBs and RBs. After the constitution of the new Investor Guarantee Fund, all the time deposits of the participating CBs have been gradually reimbursed.

The assets and liabilities of this item at 31 December 2012 are the following:

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Assets		
Deposits with banks	1,331	1,340
Loans	-	-
Other assets	37	-
TOTAL ASSETS	**1,368**	**1,340**
Liabilities		
Taxes payable	12	9
Payables to CGF reserve	1,356	1,331
TOTAL LIABILITIES	**1,368**	**1,340**

Management of the fund has no economic effects on the Bank's financial statements. On 20 December 2012, the Executive Committee of Federcasse deliberated to allocate the remainder of the Reserve on hand at Iccrea Banca to the Investor Guarantee Fund of Cooperative Credit. Following the request of FGD on 14 February 2013, we arranged to credit the amount of Euro 1,355,965.58 into the account of the Fund held at the Institute.

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

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

11.1 EMPLOYEE TERMINATION BENEFITS: ANNUAL CHANGES

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Opening balances	**13,165**	**14,676**
B. Increases	**689**	**727**
B.1 Provision for the period	689	727
B.2 Other changes	-	-
C. Decreases	**929**	**2,238**
C.1 Benefits paid	929	2,238
C.2 Other changes	-	-
D. Closing balances	**12,925**	**13,165**
TOTAL	**12,925**	**13,165**

11.2 OTHER INFORMATION

The provision for employee termination benefits covers the amounts accrued by employees at balance sheet date, in compliance with current legislation, collective labour agreement and specific company agreement. The amount calculated according to Article 2120 of the Civil Code totalled Euro 14,500 thousand (Euro 14,939 thousand at 31 December 2011).

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

- **Demographic factors:** the ISTAT 2004 mortality tables and INPS disability/invalidity tables have been used. In relation to the probability of leaving work for causes other than death, turnover probabilities in line with historic evolution of the phenomenon have been used. More specifically, the probability of leaving work has been established as 2.75% per annum;
- **Financial factors:** the estimates were made on the basis of an interest rate of 3,30%;
- **Economic factors:** Economic factors: an inflation rate of 2,00% was presumed, while the annual salary increase rate was estimated at 2.38 % for all categories of employees and is used only for factoring in seniority of service.

It is reported that the independent actuary determined the discount rate by using as reference basket the index for the Eurozone Iboxx Bonds Corporate A at 31 December 2012 with average financial term comparable to that of the collective being evaluated. This choice was made in particular consideration of the high volatility of the markets and of the indications provided during the month of December 2012 by the National Order of Actuaries. Lastly, it is specified that the effects resulting from the comparison with the value of the same liability determined using as reference a benchmark basket of corporate bonds with AA rating appear not to be significant.

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

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

12.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Company pension plans	**-**	**-**
2. Other provisions for risks and charges	**6,411**	**5,845**
2.1 litigation	6,411	5,845
2.2 charges for personnel	-	-
2.3 others	-	-
TOTAL	**6,411**	**5,845**

The sub-item “Legal disputes” includes Euro 4,253 thousand for Revocatory actions and Euro 2,158 thousand for Litigation and Lawsuits. consequently the relevant expense was also reclassified for financial year 2010.

12.2 PROVISIONS FOR RISKS AND CHARGES: ANNUAL CHANGE

	RETIREMENT BENEFITS	OTHER PROVISIONS	TOTALE AT 31/12/2012
A. Opening balances	**-**	**5,845**	**5,845**
B. Increases	**-**	**668**	**668**
B.1 Provision for the period	-	507	507
B.2 Changes due to the passing of time	-	69	69
B.3 Differences due to discount-rate changes	-	92	92
B.4 Other changes	-	-	-
C. Decreases	**-**	**102**	**102**
C.1 Use during the period	-	100	100
C.2 Differences due to discount-rate changes	-	-	-
C.3 Other changes	-	2	2
D. Closing balance	**-**	**6,411**	**6,411**

12.3 COMPANY RETIREMENT PROVISIONS AS DEFINED BENEFITS

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

12.4 PROVISIONS FOR RISKS AND CHARGES – OTHER PROVISIONS

TYPE	OPENING BALANCES	UTILISATION	PROVISIONS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Provision for revocatory actions	4,112	-	141	4,253	4,112
Reserve for legal action and disputes	1,733	102	527	2,158	1,733
CLOSING BALANCE	**5,845**	**102**	**668**	**6,411**	**5,845**

SECTION 13 – REDEEMABLE SHARES – ITEM 140

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

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

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

At the reporting date, the share capital was divided into 420,000 ordinary shares with a value of Euro 516.46 each – held by the Parent Company Iccrea Holding S.p.A., and by the Lombardy Federation of Cooperative Banks –

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

14.2 SHARE CAPITAL – NUMBER OF SHARES: ANNUAL CHANGE

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

14.3 SHARE CAPITAL: OTHER INFORMATION

On 30 December 2011, the parent company Iccrea Holding paid Euro 80,000 thousand on capital account. This non-interest bearing, non-refundable amount has been classified under Item 160 of the Balance Sheet liabilities amongst the “other reserves”.

14.4 PROFIT RESERVES: OTHER INFORMATION

The reserves amount to Euro 88,530 thousand and include: the legal reserve (48,201 thousand), the statutory reserve (205 thousand), the extraordinary reserve (3,861 thousand), a reserve (1,843 thousand) generated following the sale of the corporate business unit to Iccrea BancaImpresa in 2007, a negative reserve (236 thousand) relative to the merger by incorporation of BCC Multimedia, a restricted reserve relating to unrealised capital gains on financial instruments measured at the so-called Fair Value Option (19,278 thousand) in application of Art. 6 of Italian Legislative Decree no. 38/2005 and the effect generated during the transition to the international accounting standards (15,378 thousand). Following partial realisations and decreases of previous capital gains, the restricted reserve allocated, pursuant to Art. 6 of Legislative Decree No. 38/2005, was reduced by Euro 5,873 thousand, the allocation of which will be deliberated by the Shareholders' Meeting.

According to statutory provisions at least three tenths of profit must be allocated to the legal reserve up to a limit of one fifth of the share capital; the remaining seven tenths are available for distribution to shareholders, and for allocation of a portion of them by the Board of Directors to charity and advertising expenditure. The Legal reserve reached one-fifth of the share capital.

DISTRIBUTABILITY, AVAILABILITY AND FORMATION OF CAPITAL RESERVES

In compliance with the provisions of Art. 2427, N° 4 and 7-bis of the Civil Code, the breakdown of the Bank's shareholders' equity is shown below, with indication of the source, level of availability, and possibility of distribution of the various items.

ITEM	AMOUNT	POSSIBILITY OF USE (*)	PORTION AVAILABLE	SUMMARY OF USE IN THE LAST THREE FINANCIAL PERIODS	
				TO COVER LOSSES	FOR OTHER REASONS
Share capital	216,913				
Reserves:					
a) legal reserve	48,201	B	48,201		
b) statutory reserve	205	A – B – C	205		
c) extraordinary reserve	3,861	A – B – C	3,861		
d) other reserves	100,885	A – B – C	7,716		
e) other reserves (first time adoption)	15,378	A – B – C	15,378		
Valuation reserves:					
a) Financial assets available for sale	21,063		–		
b) Cash flow hedges	127		–		
Revaluation reserves:					
(Law 342 of 22/11/2000)	47,866	A – B – C (**)	47,866		
Profit for the period	43,376				
TOTAL	**502,875**				

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

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

If the reserve is not allocated to the capital, it can be reduced only in compliance with paragraphs 2 and 3 of Article 2445 of the Civil Code. If distributed to shareholders it constitutes taxable income for both the company and shareholders.

14.5 EQUITY INSTRUMENTS: BREAKDOWN AND ANNUAL VARIATION

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

OTHER INFORMATION

1. GUARANTEES GRANTED AND COMMITMENTS

TRANSACTIONS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1) Guarantees granted of a financial nature	**869,069**	**971,719**
a) Banks	859,380	953,829
b) Customers	9,689	17,890
2) Guarantees granted of a commercial nature	**38,865**	**34,276**
a) Banks	38,857	34,268
b) Customers	8	8
3) Irrevocable payment commitments	**1,036,157**	**1,265,432**
a) Banks	657,795	864,464
i) with certain use	286,415	296,482
ii) with uncertain use	371,380	567,982
b) Customers	378,362	400,968
i) with certain use	178,362	200,568
ii) with uncertain use	200,000	200,400
4) Commitments underlying credit derivatives: protection sales	**18,000**	**18,000**
5) Assets pledged to guarantee third-party obligations	**1,418**	**894**
6) Other commitments	**-**	**-**
TOTAL	**1,963,509**	**2,290,321**

The amount of the guarantees granted by the bank is indicated at nominal value net of cash usages and any value adjustments, Irrevocable commitments to disburse funds are indicated on the basis of the commitment assumed net of sums already paid out and of any value adjustments.

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

The amount of "Commitments underlying credit derivatives: protection sales" refers to the notional value net of sums disbursed and any value adjustments.

2. ASSETS PLEDGED AS COLLATERAL FOR OWN LIABILITIES AND COMMITMENTS

PORTFOLIOS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Financial assets held for trading	-	2,532
2. Financial assets designated at fair value	-	-
3. Financial assets available for sale	2,196,407	757,517
4. Financial assets held to maturity	1,979,189	317,604
5. Due from banks	50,136	50,181
6. Due from customers	435,530	53,585
7. Property, plant and equipment	-	-

The items also include securities deposited as guarantees with the Bank of Italy, and specifically Euro 70,879 thousand for bank drafts, Euro 588,544 thousand for the settlement of securities and derivatives, Euro 3,936,972 thousand for repurchase agreements, Euro 14,730 thousand for trading on the MIC (Collateralised Interbank Market) and, finally, Euro 50,137 thousand for refinancing operations with the European Central Bank,

In addition to the above activities, the ECB has also been given state-backed institute bonds for Euro 290 million as guarantee, in accordance with Art. 8 of Italian Law Decree no. 201 of 6 December 2011, converted into Italian Law no. 214 of 22 December 2011.

3. INFORMATION ON OPERATING LEASES

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

4. MANAGEMENT AND BROKING FOR THIRD PARTIES

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

TYPE OF SERVICES	TOTAL AT 31/12/2012
1. Trading in financial instruments on behalf of third parties	**128,888,407**
a) Purchases	73465.513
1. settled	72,308,351
2. not settled	1,157,162
b) Sales	55,422,894
1. settled	55,057,396
2. not settled	365,498
2. Portfolio management	**1,194,797**
a) individual	1,194,797
b) collective	-
3. Custody and administration of securities	**328,614,638**
a) third party securities on deposit: associated with operations as depositary bank (excluding asset management)	2,359,944
1. securities issued by the reporting bank	-
2. other securities	2,359,944
b) third-party securities on deposit (excluding portfolio management): other	122,109,303
1. securities issued by the reporting bank	3,430,080
2. other securities	118,679,223
c) third-party securities on deposited with third parties	117,726,199
d) owned securities on deposited with third parties	86,419,192
4. Other transactions	**-**

Part - C

Information on the Income Statement

PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST – ITEMS 10 AND 20

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

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

1.1 INTEREST AND SIMILAR INCOME: BREAKDOWN

ITEM/TECHNICAL TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1 Financial assets held for trading	502	-	8,238	8,740	5,610
2 Financial assets available for sale	87,424	-	-	87,424	37,466
3 Financial assets held to maturity	44,387	-	-	44,387	825
4 Due from banks	82,480	181,348	-	263,828	191,393
5 Due from customers	2,708	28,028	-	30,736	21,211
6 Financial assets designated at fair value	8,251	-	-	8,251	7,767
7 Hedging derivatives	X	X	-	-	-
8 Other assets	X	X	-	-	-
TOTAL	**225,752**	**209,376**	**8,238**	**443,366**	**264,272**

1.2 INTEREST AND SIMILAR INCOME: SPREADS ON HEDGING TRANSACTIONS

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

1.3 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

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

1.3.1 Interest and similar income of financial assets in foreign currency

ITEMS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1.Debt securities	6	3
2.Due from banks	559	478
3.Due from CBs and RBs	3,294	2,726
4.Due from customers	200	-
TOTAL	**4,059**	**3,207**

1.3.2 Interest and similar income on leasing operations

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

1.4 INTEREST AND SIMILAR EXPENSE: BREAKDOWN

ITEM/TECHNICAL TYPE	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Due to central banks	(105,777)	X	-	(105,777)	(15,390)
2. Due to banks	(116,947)	X	-	(116,947)	(85,590)
3. Due to customers	(29,748)	X	-	(29,748)	(35,889)
4. Securities in issue	X	(81,308)	-	(81,308)	(38,464)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value	-	(24,615)	-	(24,615)	(19,379)
7. Other liabilities and provisions	X	X	-	-	-
8. Hedging derivatives	X	X	(1,199)	(1,199)	(5,304)
TOTAL	**(252,472)**	**(105,923)**	**(1,199)**	**(359,594)**	**(200,016)**

1.5 INTEREST AND SIMILAR EXPENSE: SPREADS ON HEDGING TRANSACTIONS

ITEMS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Positive spreads on hedging transactions:	28,921	7,922
B. Negative spreads on hedging transactions:	(30,120)	(13,226)
C. Balance (A-B)	**(1,199)**	**(5,304)**

1.6 INTEREST AND SIMILAR EXPENSE: OTHER INFORMATION

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

1.6.1 Interest paid on liabilities in foreign currency

ITEMS	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1.Due to banks	(1,526)	(1,123)
2.Due to CBs and RBs	(1,180)	(723)
3.Due to customers	-	-
TOTAL	**(2,706)**	**(1,846)**

1.6.2 Interest and similar expense on liabilities of for operations of financial leasing

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

SECTION 2 – FEES AND COMMISSION – ITEMS 40 AND 50

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

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

TYPE OF SERVICE / AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
a) guarantees issued	**742**	**616**
b) credit derivatives	**-**	**-**
c) management, broking and consulting services:	**22,690**	**20,199**
1. trading in financial instruments	7,076	5,408
2. foreign exchange trading	214	374
3. asset management	277	465
3.1. individual	277	465
3.2. collective	-	-
4. custody and administration of securities	6,960	6,459
5. depository bank	3,521	3,830
6. placing of securities	1,911	1,033
7. receiving and transmitting orders	1,372	1,284
8. advisory services	1,359	1,346
8.1. about investments	48	218
8.2. about financial structure	1,311	1,128
9. distribution of third-party services	-	-
9.1. portfolio management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	-	-
d) collection and payment services	**54,279**	**57,222**
e) servicing activities for securitisations	**133**	**132**
f) services for factoring transactions	**-**	**-**
g) management of rate- and tax-collection agencies	**-**	**-**
h) management of multilateral trading systems	**-**	**-**
i) management of current accounts	**277**	**263**
j) other services	**260,574**	**249,017**
TOTAL	**338,695**	**327,449**

2.2 FEE AND COMMISSION INCOME: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

CHANNEL/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
a) through own branches:	**2,188**	**1,498**
1. portfolio management	277	465
2. placing of securities	1,911	1,033
3. third-party services and products	-	-
b) offered externally:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party services and products	-	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party services and products	-	-

2.3 FEE AND COMMISSION EXPENSE: BREAKDOWN

SERVICE/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
a) guarantees received	**(2,924)**	**(87)**
b) credit derivatives	**-**	**-**
c) management and broking services:	**(6,274)**	**(5,980)**
1. trading in financial instruments	(1,072)	(935)
2. foreign exchange trading	(55)	(30)
3. portfolio management:	-	-
3.1 own	-	-
3.2 third-party	-	-
4. custody and administration of securities	(3,572)	(3,347)
5. placing of financial instruments	(1,575)	(1,668)
6. financial instruments, products, and services offered externally	-	-
d) collection and payment services	**(10,369)**	**(11,449)**
e) other services	**(203,666)**	**(194,193)**
TOTAL	**(223,233)**	**(211,709)**

SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70

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

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN

ITEM/INCOME	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	DIVIDENDS	INCOME FROM UCITS UNITS	DIVIDENDS	INCOME FROM UCITS UNITS
A. Financial assets held for trading	6	-	6	-
B. Financial assets available for sale	24	3,055	73	4,577
C. Financial assets designated at fair value	-	-	-	-
D. Equity investments	182	X	-	X
TOTAL	**212**	**3,055**	**79**	**4,577**

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

This item includes as the "total imbalance":

a) the balance between gains and losses on transactions classified under "financial assets held for trading" and "financial liabilities held for trading", including gains on the measurement of such transactions; gains and losses on derivative contracts connected to the fair value optionare excluded, being partly recognized as interest under items 10 and 20, and partly in "net gain (loss) on financial assets and liabilities carried at fair value", under item 110 on the Income Statement;
b) the balance between gains and losses on financial transactions other than those carried at fair value and those for hedging, in foreign currency, including gains on the measurement of such transactions.

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: BREAKDOWN

TRANSACTION/INCOME COMPONENT	CAPITAL GAINS (A)	TRADING EARNINGS (B)	CAPITAL LOSSES (C)	TRADING LOSSES (D)	NET GAIN [(A+B) - (C+D)]
1. Financial assets held for trading	**464**	**17,363**	**(77)**	**(1,419)**	**16,331**
1.1 Debt securities	340	17,243	(10)	(1,418)	16,155
1.2 Equity securities	39	3	(67)	(1)	(26)
1.3 UCITS units	85	117	-	-	202
1.4 Loans	-	-	-	-	-
1,5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**(19)**	**(19)**
2.1 Debt securities	-	-	-	(19)	(19)
2.2 Debt	-	-	-	-	-
2,3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange gains/losses	**X**	**X**	**X**	**X**	**13,634**
4. Derivative instruments	**162,963**	**272,357**	**(167,018)**	**(270,051)**	**(12,060)**
4,1 Financial derivatives:	162,963	272,357	(167,018)	(270,051)	(12,060)
- on debt securities and interest rates	157,014	256,761	(155,401)	(251,953)	6,421
- on equity securities and share indices	859	1,215	(820)	(726)	528
- On currencies and gold	X	X	X	X	(10,311)
- Other	5,090	14,381	(10,797)	(17,372)	(8,698)
4,2 Credit derivatives	-	-	-	-	-
TOTAL	**163,427**	**289,720**	**(167,095)**	**(271,470)**	**17,886**

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

The following are included in this item, as the total “imbalance”:

a) gains/losses on fair *value hedging transactions;*
b) gains/losses on measurement of financial assets and liabilities subject to *fair value hedging*;
c) positive and negative spreads and margins on hedging derivatives other than those classified as interest.

5.1 NET GAINS (LOSSES) ON THE HEDGING ACTIVITIES: BREAKDOWN

COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Income relating to:		
A.1 Fair value hedging derivatives	2,564	3,905
A.2 Hedged financial assets (fair value)	84,679	7,802
A.3 Hedged financial liabilities (fair value)	72	-
A.4 Cash flow hedging derivatives	-	10
A.5 Assets and liabilities in foreign currencies	-	-
TOTAL INCOME FROM HEDGING ACTIVITIES (A)	**87,315**	**11,717**
B. Expenses relating to:		
B.1 Fair value hedging derivatives	(77,884)	(6,410)
B.2 Hedged financial assets (fair value)	(2,550)	-
B.3 Hedged financial liabilities (fair value)	(2,889)	(4,740)
B.4 Cash flow hedging derivatives	(3,564)	(65)
B.5 Assets and liabilities in foreign currencies	-	-
TOTAL CHARGES OF HEDGING ACTIVITY (A)	**(86,887)**	**(11,215)**
C. NET GAINS (LOSSES) ON HEDGING ACTIVITIES (A – B)	**428**	**502**

The amounts concern the following operations:

- hedging on debt securities held in portfolio, issued by Iccrea BancaImpresa, obtained using derivatives contracts of the Interest Rate Swap (IRS) type;
- hedging on BTP Government securities, both fixed rate and indexed to inflation realised through Asset Swap operations;
- hedging on 5 debenture loans issued by the Institute through Interest Rate Swap (IRS) and Interest Rate Option (IRO) type derivative contracts;
- hedging on loans disbursed to BCC Solutions and BCC CreditoConsumo realised through Interest Rate Swap (IRS) type derivative contracts;
- hedging on treasury deposits obtained through Overnight Indexed Swap (OIS) type contracts;
- hedging of financial flows on debt securities issued by the Institute and on debt securities issued by Iccrea BancaImpresa and held in portfolio.

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

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

6.1 NET GAIN (LOSS) ON THE DISPOSAL OR REPURCHASE: BREAKDOWN

ITEM/INCOME COMPONENT	TOTAL AT 31/12/2012			TOTAL AT 31/12/2011		
	GAINS	LOSSES	NET GAINS / (LOSSES)	GAINS	LOSSES	NET GAINS / (LOSSES)
Financial assets						
1. Due from banks	2	(1)	1	2	(4)	(2)
2. Due from customers	-	-	-	1,303	-	1,303
3. Financial assets available for sale	13,799	(7,225)	6,574	5,024	(1,051)	3,973
3.1 Debt securities	13,794	(7,214)	6,580	4,732	(876)	3,856
3.2 Equity securities	-	(11)	(11)	292	(175)	117
3.3 UCITS units	5	-	5	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
TOTAL ASSETS	**13,801**	**(7,226)**	**6,575**	**6,329**	**(1,055)**	**5,274**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	961	(396)	565	301	(19)	282
TOTAL LIABILITIES	**961**	**(396)**	**565**	**301**	**(19)**	**282**

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

This section represents the positive or negative balances between gains and losses on financial assets/liabilities designated as at fair value through profit or loss and the instruments operationally linked to the same for which the fair value option has been exercised, including the results of measurement of such instruments at fair value (see also sections 3 of the assets and 5 of the liabilities).

7.1 NET GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE: BREAKDOWN

	CAPITAL GAINS (A)	GAINS ON DISPOSAL (B)	CAPITAL LOSSES (C)	LOSSES ON DISPOSAL (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets	**7,514**	**-**	**-**	**-**	**7,514**
1.1 Debt securities	7,514	-	-	-	7,514
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**64**	**6**	**(26,399)**	**(449)**	**(26,778)**
2.1 Debt securities	64	6	(26,399)	(449)	(26,778)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities denominated in foreign currencies: exchange gains/losses	**X**	**X**	**X**	**X**	**-**
4. Financial and credit derivatives	**11,132**	**-**	**(58)**	**-**	**11,074**
TOTAL AT 31/12/2012	**18,710**	**6**	**(26,457)**	**(449)**	**(8,190)**

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

Presents the balances of impairment losses and reversals related to the impairment of receivables due from customers and banks, financial assets available for sale, financial assets held to maturity and other financial activities.

8.1 NET LOSSES/RECOVERIES ON IMPAIRMENT OF RECEIVABLES: BREAKDOWN

TRANSACTION/INCOME COMPONENT	LOSSES (1)			RECOVERIES (2)				TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITEOFFS	OTHER		A	B	A	B		
A. Due from banks	**-**	**-**	**-**	**-**	**19**	**-**	**-**	**19**	**26**
- loans	-	-	-	-	19	-	-	19	26
- debt securities	-	-	-	-	-	-	-	-	-
B. Due from customers:	**(105)**	**(6,642)**	**(2)**	**1,416**	**1,156**	**-**	**49**	**(4,128)**	**237**
Other receivables									
- loans	(105)	(6,642)	(2)	1,416	1,156	-	49	(4,128)	23
- debt securities	-	-	-	-	-	-	-	-	-
C. TOTAL	**(105)**	**(6,642)**	**(2)**	**1,416**	**1,175**	**-**	**49**	**(4,109)**	**263**

Key: A = from interest / B = other reversals

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

8.2 NET VALUE ADJUSTMENTS FOR IMPAIRMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN

TRANSACTION/INCOME COMPONENT	LOSSES (1)		RECOVERIES (2)		TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
	SPECIFIC		SPECIFIC			
	WRITEOFFS	OTHER	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	X	X	-	-
C. UCITS units	-	-	X	-	-	(3,876)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. TOTAL	**-**	**-**	**-**	**-**	**-**	**(3,876)**

Key: A = from interest / B = other reversals

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

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

8.4 NET LOSSES/RECOVERIES ON IMPAIRMENT OF OTHER FINANCIAL ACTIVITIES: BREAKDOWN

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

SECTION 9 – ADMINISTRATIVE EXPENSES – ITEM 150

Personnel expenses include not only expenditure relating to employees but also:

- costs for Bank employees seconded to other companies and the related refunds of expenses;
- expenses related to atypical employment contracts;
- refunds of expenses for employees of other companies seconded to the Bank;
- directors' and statutory auditors' fees;

9.1 PERSONNEL EXPENSES: BREAKDOWN

TYPE OF EXPENSE/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1) Employees	**(57,643)**	**(67,863)**
a) wages and salaries	(39,986)	(42,988)
b) social security contributions	(10,405)	(11,452)
c) termination benefits	(2,793)	(2,804)
d) other pension schemes	-	-
e) allocation to employee termination benefit provision	(682)	(804)
f) provision for retirement and similar benefits:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to complementary external pension funds:	(1,700)	(1,714)
- defined contribution	(1,700)	(1,714)
- defined benefit	-	-
h) costs pursuant to share-based payment agreements	-	-
i) other employee benefits	(2,079)	(8,101)
2) Other personnel	**(49)**	**(39)**
3) Directors and auditors	**(802)**	**(699)**
4) Retired personnel	**-**	**-**
5) Refunds of expenses for employees seconded to other companies	**228**	**434**
6) Refunds of expenses for others' employees seconded to the company	**(920)**	**(654)**
TOTAL	**(59,186)**	**(68,821)**

The decrease is attributable to the lower costs resulting from the agreement of 21 January 2010 for the redundancy incentives expired on 31 December 2011 and from the lower provisions for the incentives to the personnel following the signing of the new CCNL for the personnel of the CBs which sets new parameters for the calculation. The entry includes the costs for the personnel of the incorporated BCC Multimedia of about Euro 0.86 million.

9.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Employees:	**685**	**680**
a) executives	13	16
b) total middle managers	308	290
c) other employees	364	374
Other personnel	**6**	**5**

9. 3 COMPANY RETIREMENT PROVISIONS AS DEFINED BENEFITS: TOTAL COSTS

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

9.4 OTHER EMPLOYEE BENEFITS

The item "other employee benefits" mainly includes indemnity such as tickets, insurance policies and training courses in addition to expenses deriving from the trade union agreement of 21 January 2010 for staff leaving.

9.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

TYPE OF EXPENSE/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Electronic data processing	**(43,013)**	**(34,898)**
Buildings and furniture	**(8,957)**	**(9,509)**
Rental expenses	(8,084)	(8,625)
Cleaning of premises	(486)	(470)
Surveillance	(387)	(414)
Purchase of non-professional goods and services	**(13,818)**	**(15,912)**
Telephone and data transmission	(1,899)	(1,586)
Postage	(4,001)	(5,809)
Work outsourced to third parties	(2,492)	(2,518)
Transportation and control of valuables	(68)	(123)
Electricity, heating and water	(1,249)	(932)
Transport	(685)	(683)
Stationery and printed matter	(3,187)	(4,167)
Subscriptions, magazines and newspapers	(237)	(94)
Purchase of professional goods and services	**(13,727)**	**(12,650)**
Professional fees	(4,644)	(4,445)
Legal fees, information and reports	(71)	(60)
Insurance premiums	(785)	(1,226)
Services rendered by third parties	(8,227)	(6,919)
Advertising, promotion, marketing and agency fees	**(340)**	**(606)**
Membership fees	**(3,495)**	**(3,120)**
Other expenses	**(1,010)**	**(799)**
Indirect duties and taxes	**(9,952)**	**(9,651)**
Stamp duty	(9,075)	(9,131)
Substitution tax Pres. Decree 601/73	(589)	(359)
Local property rates	(222)	(91)
Other indirect duties and taxes	(66)	(70)
TOTAL OTHER ADMINISTRATIVE EXPENSES	**(94,312)**	**(87,145)**

The entry includes the costs relative to the incorporated BCC Multimedia of about Euro 4.3 million.

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

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

10.1 NET PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Net provisions for risks and charges	(657)	(367)

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

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

11.1 NET VALUE ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

ITEM/COMPREHENSIVE INCOME	DEPRECIATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Property and equipment				
A.1 Company owned	(2,765)	-	-	(2,765)
- for operating use	(2,249)	-	-	(2,249)
- for investment	(516)	-	-	(516)
A.2 Held on financial leasing	-	-	-	-
- for operating use	-	-	-	-
- for investment	-	-	-	-
TOTAL	**(2,765)**	**-**	**-**	**(2,765)**

SECTION 12 – NET ADJUSTMENTS OF INTANGIBLE ASSETS – ITEM 180

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

12.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: BREAKDOWN

ITEM/COMPREHENSIVE INCOME	AMORTISATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Intangible assets				
A.1 Company owned	(3,609)	-	-	(3,609)
- generated internally by the company	-	-	-	-
- others	(3,609)	-	-	(3,609)
A.2 Held on financial lease	-	-	-	-
TOTAL	**(3,609)**	**-**	**-**	**(3,609)**

SECTION 13 – OTHER OPERATING EXPENSES AND INCOME – ITEM 190

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

13.1 OTHER OPERATING EXPENSES: BREAKDOWN

INCOME COMPONENT/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Other expenses	(705)	(442)
TOTAL	**(705)**	**(442)**

13.2 OTHER OPERATING INCOME: BREAKDOWN

INCOME COMPONENT/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Property rental income	286	289
Recovery:		
Stamp duty	7,075	6,634
Substitute tax	604	359
Revenues for Milano Finanza Web services	354	389
Revenues for subsidised loan services	-	82
Income for personnel administration services	493	439
Income from insourcing	6,413	3,315
Other income	3,234	2,431
Other income BCC Multimedia	4,760	-
TOTAL	**23,219**	**13,938**

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

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

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

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

SECTION 16 – WRITEDOWNS OF GOODWILL – ITEM 230

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

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

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

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

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

18.1 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS: BREAKDOWN

INCOME COMPONENT/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Current taxes (-)	(28,938)	(29,186)
2. Changes in current taxes of previous periods (+/-)	2,060	180
3. Reductions in current taxes for the period (+)	-	-
3. bis Reduction in current taxes of the financial year for tax credits as per Law No. 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	(2,388)	(698)
5. Changes in deferred taxes liabilities (+/-)	-	531
6. TAXES FOR THE PERIOD (-) (-1+/-2+3+/-4+/-5)	**(29,266)**	**(29,173)**

18.2 RECONCILIATION BETWEEN THEORETICAL TAX BURDEN AND EFFECTIVE TAX BURDEN RECOGNIZED

RECONCILIATION BETWEEN THE THEORETICAL TAX BURDEN AND EFFECTIVE TAX BURDEN RECOGNIZED	CORPORATE INCOME TAX		REGIONAL BUSINESS TAX	
	TAXABLE INCOME	TAX	TAXABLE INCOME	TAX
Profit before tax	**77,642**			
Theoretical tax burden (27.5%)		**(21,352)**		
Difference between value and cost of production			**129,507**	
Theoretical tax burden (5.57%)				**(7,214)**
Temporary differences taxable in future periods	-	-	-	-
Temporary differences deductible in future periods	988	(272)	46	(3)
Reversal of temporary differences from preceding periods:				
Cancellation of deductible temporary differences	(7,749)	2,131	(9,806)	546
Cancellation of taxable temporary differences	-	-	-	-
Differences not transferable to future periods:				
Permanent negative changes in taxable income	(4,714)	1,296	(20,067)	1,118
Permanent positive changes in taxable income	15,410	(4,237)	21,646	(1,204)
Taxable income	**81,577**			
Current income taxes for the period		**(22,434)**		
Taxable income for Regional Business Tax			**121,326**	
Current Regional Business Tax for the period				**(6,757)**

SUMMARY:	
Corporate income tax	(22,434)
Regional business tax	(6,757)
Expenses recovered: 3% infragroup interest expense	-
Expenses recovered: 4% infragroup interest expense	253
TOTAL CURRENT TAXES	**(28,938)**

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

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

SECTION 20 – OTHER INFORMATION

It has been considered unnecessary to add further information to that provided in the tables above.

SECTION 21 - EARNINGS PER SHARE

21.1 AVERAGE NUMBER OF DILUTED CAPITAL ORDINARY SHARES

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

21.2 OTHER INFORMATION

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
Profit for the period	48,376,340	43,888,543
Attributable profit	35,070,000	27,006,000
Average number of ordinary shares outstanding	420,000	420,000
Earnings per share	115.18	104.50
Attributable earnings per share	83.50	64.30

The above amounts are in euro units.

Part - D

Statement of Comprensive Income

PART D – STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10.	**Profit/(Loss) for the period**	**X**	**X**	**48,376,340**
	Other income component			
20.	**Financial assets available for sale:**	**114,937,790**	**(37,809,520)**	**77,128,270**
	a) fair value changes	109,989,764	(36,173,208)	73,816,556
	b) reversals to income statement	4,948,026	(1,636,312)	3,311,714
	- impairment losses	-	-	-
	- gains/losses on disposal	4,948,026	(1,636,312)	3,311,714
	c) other changes	-	-	-
30.	**Property and equipment**	**-**	**-**	**-**
40.	**Intangible assets**	**-**	**-**	**-**
50.	**Hedges of foreign investments:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
60.	**Cash flow hedges:**	**(846,940)**	**280,083**	**(566,857)**
	a) fair value changes	(1,037,100)	342,969	(694,131)
	b) reversals to income statement	190,160	(62,886)	127,274
	c) other changes	-	-	-
70.	**Exchange differences:**	**-**	**-**	**-**
	a) value changes	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
80.	**Non-current assets held for sale:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
90.	**Actuarial gains (losses) on defined benefit plans**	**-**	**-**	**-**
100.	**Proportion of valuation reserves connected with investments carried at equity:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	- impairment adjustments	-	-	-
	- profits/losses on sale	-	-	-
	c) other changes	-	-	-
110.	**Total other income components**	**114,090,850**	**(37,529,437)**	**76,561,413**
120	**Comprehensive income (10+110)**	**114,090,850**	**(37,529,437)**	**124,937,753**

Part - E

Information on Risks and Related Hedging Policies

PART E – INFORMATION ON RISKS AND RELATED HEDGING POLICIES

The ICCREA Group attributes great importance to risk protection and to the control systems that constitute fundamental requirements for guaranteeing reliable and sustainable generation of value, protecting financial solidity over time and permitting adequate management of the portfolios of assets and liabilities.

In recent years the Group has embarked on a gradual upgrading of methods and tools with reference both to external regulations and to internal management and monitoring needs as regards credit, market and operational risks.

In this context, with the objective of increasing the effectiveness of the governance of the risks and making the overall system of internal audits more efficient and in order to meet the change in the market regulatory context as well as the organisational, operative and company structures of the Group, the governance and organisational model of the Risk Management activities was revised providing for the functional responsibility to be centred on the Parent Company and introducing the position of Chief Risk Officer (CRO) responsible for the Group Risk Management reporting to the Boards of Directors and General Managements of the Companies regarding risk management. At Iccrea Banca, in order to oversee the most significant types of financial risks, also in relation to the role of "Officer Specialised on Group Finance", the Financial Risks structure was established, which reports directly to the CRO, with duties of measurement and audit of the financial risks divided into three additional organisational units.

SECTION 1 – CREDIT RISK

Qualitative information

1. GENERAL ASPECTS

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

- the funding needs of the CBs by granting overdrafts, ceilings and maximum operational limits.
- the expansion of business in the "large corporate" compartment, consistent with the development of relations between these companies, the CBs and the payment and electronic money services offered by the Bank.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspect

Organizational structures involved

The organizational structure of Iccrea Banca SpA responsible for assuming and managing credit risk is the Credit Unit which has the responsibility for defining, in conformity with the strategic objectives of the Bank, the operative plans regarding credit and ensure the implementation by coordinating the Units that compose it. Furthermore, in conformity with the guidelines defined, they manage both the credit operations for the purpose of granting credit lines and operative maximums functional to the operations of the different business lines and the relations with the foreign correspondents. Participates, furthermore, in the coordination with the Financial Risks Unit, in the oversight of the risks connected with the granting of lines and operative maximums.

Within the Credit structure, the Institutional and Retail Credit organisation has the task of handling and managing the credit process referred to the segments of specific customers, within the GBI and ensures the monitoring of the trend of the credit positions. Furthermore, they carry out the activities relative to the application for the mandate for issuing of bankers' drafts of Iccrea Banca S.p.A. and for the granting of operative ceiling limits and credit lines to bank counterparts and handles the management of the substandard loans and the entering/control in the computer system of the positions.

Within the Financial Risks Unit, the Bank Counterparts Risk Unit ensures the oversight and monitoring of the risks relative to banking counterparts and other financial brokers, manages the monitoring systems and the models for assessing the credit rating of the bank counterparts and develops Policy proposals of hiring and risk management. Furthermore, they ensure the second level oversight on their risks.

In particular, they have the task of promoting the adoption of methods of assumption, management and control of the credit risks suitable for guaranteeing, in coherence with the principles defined by the supervisory regulations and with the requirements of a managerial nature, an effective oversight of the risks and produces an independent reporting on the subject, participating in the updating and the development of the regulations relative to the credit risk, with particular concern for the delegations and operative limits.

During 2012, the daily monitoring activity continued of the bank counterparts through the production of early warning indicators referred to the operations of the Institute with the aforementioned counterparts. These indicators, defined within the context of a project initiative that experienced the participation of the operative structures and the Control Unit, are updated daily and forwarded to the operative structures for the exercise of their activities.

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

Credit exposure segmentation criteria

For the purpose of managing credit risk, credit exposure is segmented into portfolios on the basis of the type of credit line/ceiling and type of counterparty (CBs, other banks, private customers).

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

Creditworthiness assessment process

The counterpart's creditworthiness is assessed on the basis of analysis and opinion in terms of the solidity of the equity and the economic and financial equilibrium of the potential borrower, taking into account quantitative data by determining operating economic indices, and evaluating the qualitative information on the management's standing together with forecasts for medium/long-term transactions.

The instruments used in the inquiry stage differ according to the type of counterparty and action requested, taking into consideration, in the case of a customer which has already been granted credit, the trend of past and/or present repayments.

The creditworthiness of banking counterparts is assessed, for the purpose of granting credit and setting limits, on the basis of the accounting and statistical indicators, the bank's internal and external ratings, if any, and performance data.

In the second half of 2012, a review project of the assessment methodology and the monitoring system of the bank counterparts was started with the goal of a greater integration of the actual assessment model into the Application Process and the Monitoring Process. As regards the limits of exposure to the risk of credit and counterpart, the calculation methods were reviewed of the uses through metrics capable of estimating the exposure of perspective risk.

2.2 Management, assessment and audit systems

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

The risk is assessed using a position weighting factor, with reference to the nominal value of the amounts disbursed in loans and deposits, the nominal value of securities, the notional value of treasury and foreign exchange derivative contracts, and the current positive value of the other derivative contracts.

The systematic surveillance process, aimed at assessing anomalies, and monitoring trends to correctly classify and activate the consequent action to be taken, makes use of a specific software program. In particular, the control procedure reports performance anomalies monthly, allocating the positions in different classes of anomaly. The discovery of anomalies activates the process of systematic supervision and operational assessment of loans to customers.

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

Within the Group, bearing in mind the specific experience and specializations of the main subsidiaries, work has continued on developing internal rating systems applicable to banking counterparts. The system is constantly maintained and updated by the Financial Risks Unit. The results of the assessments performed through the ratings system are made available to the Finance and Credits operative structures.

2.3 Credit risk mitigation techniques

A series of measures have already been defined for adaptation of the bank's organisational structures and its software in order to create structural frameworks and processes which can be effective and adequate to ensure full compliance with the organisational, economic and legal requisites pursuant to the new regulations and to guarantee the protection of the entire acquisition, assessment, audit and construction processes of the instruments used to mitigate credit risk.

The guarantees available for mitigation of credit risk are defined in an "Analytic Guarantee Form" which gives a specific description of all the information necessary for correct use of the guarantees. The types of guarantee must be approved by the Board of Directors.

In addition, the Institute has financial guarantees acquired for the "Pool of Collateral" operations understood as credit opening instrument and consequently financing instrument to the CBs. These financial guarantees, pursuant to what is established by Legislative Decree No. 170/2004, are included, according to what is regulated by the supervisory instructions, among the Credit Risk Mitigation techniques (see Circular of Banca d'Italia No. 263 Title II, Chapter 2)/

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

Iccrea Banca has provided for the "close out netting" mechanism with the Cooperative Banks, involving the specific right to close pending relationships immediately with offsetting of the reciprocal positions and payment of the net balance in the event of the counterpart's insolvency or bankruptcy. This mechanism is used in contracts aimed at regulating trading in unlisted financial instruments (OTC). Furthermore, the Institute has set the objective of realising over time the fulfilments necessary for the recognition of the contract compensation for purposes of the calculation of the capital absorptions, in accordance with what is dictated by the regulations of prudential supervision (see Circular of Banca d'Italia No. 263 Tile II, Chapter 3, Paragraph 10.2)

In compliance with the rules of law regarding mortgage cancellations on repaid loans, the Credit Unit promptly started to work electronically with the competent State Administration to authorise the cancellations of liens with regard to repaid loans.

In order to mitigate the credit risk connected to operations with bank counterparts (counterpart risk) Iccrea

Banca uses netting agreements (bilateral) which permit, if the counterpart defaults, the compensation of the credit and debit positions relative to operations in derivative financial instruments, in addition the activities have been completed for inclusion also of SFT (Securities Financing Transactions) type operations.

From the operational point of view, the mitigation of the risk occurs through the signing of ISDA (for operations in derivatives) and GMRA (P/T direct with market counterparts) type agreements. Both these protocols enable the management and mitigation of the credit risk and, in compliance with the conditions established by the Supervisory regulations, permit the reduction of capital absorptions.

With reference to operations in OTC derivatives, the activity continued aimed at completing the Credit Support Annex (CSA) with the principal financial counterparts. At 31 December 2012 lending exposure related to trading in derivative contracts are hedged by guarantees received in the area of 32 CSA contracts for about 97 percent. As regards Repo operations. two GMRA (Global Master Repurchase Agreement) contracts were stipulated and the activity is operational with a counterpart.

2.4 Impaired financial assets

Procedure for classifying assets according to debtor quality

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

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

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

- significant financial difficulties of the debtor;
- breach of contractual agreements, such as default or failure to pay interest or principal;
- for economic or legal reasons linked to the beneficiary's financial difficulties, the lender grants the debtor a concession which the lender would not otherwise have taken into consideration;
- high probability of the debtor's bankruptcy or other financial reorganization;
- disappearance of an active market for the financial asset following the debtor's financial difficulties (case not relevant for the current types of amounts due from banks/customers);
- existence of evidence indicating a quantifiable decrease of estimated future cash flows for a group of assets, after initial recognition, even though this reduction cannot yet be ascribed to the individual position:
  - reduction of the debtor's ability to pay with regard to the group of assets held by the same;
  - international, national or local conditions that could generate default for a group of receivables.

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

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

- bad loans: loans to parties in a state of insolvency (even if bankruptcy has not been declared by a court) or in substantially equivalent situations, regardless of any expectations of loss formulated by the company;
- sub-standard loans: loans showing a temporary situation of objective difficulty, the removal of which can be foreseen within a reasonable period of time;
- restructured loans: loans for which, owing to deterioration in the financial and economic conditions of the debtor, a pool of banks (or a single bank) allows for modifications to the original contractual conditions giving rise to a loss;
- for past-due receivables and borrowings over the limit, the Bank applies the provisions of the current Supervisory Regulations.

Factors which allow for reclassification from impaired loans to performing loans:

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

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

Procedure for assessment of the adequacy of value adjustments:

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

Calculation of the expected loss is based on analytical and statistical methodologies; the latter used for the category of non-performing personal loans and for calculating the physiological risk.

The analytical valuation of non-performing loans is based on standard criteria approved by the Board of Directors, inspired by prudential assessments of any collateral guaranteeing repayment.

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

- expectation of future recovery of the credit – with the exclusion of future losses not yet manifest – using different procedures according to the type of loan:
  - the recovery forecast for non-performing personal loans is determined using a statistical method based on stratification according to age bracket, considering sums collected and losses on past cases from which, with appropriate calculations, an estimated loss percentage can be deduced to apply to the entire existing portfolio;
  - for other loans, flat-rate devaluation is applied on the basis of statistical techniques which, using the values calculated for the credit impairment rate and for the recoverability rate, contribute to the calculation of the percentage level of cover which must be ensured for prudence;
- recovery times;
- the possibility of realizing any collateral, complete with the estimated collection/liquidation expenses which must be incorporated into the expected future cash flows.

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

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

Quantitative information

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING CREDIT EXPOSURE: AMOUNTS, VALUE ADJUSTMENTS, TRENDS, ECONOMIC AND GEOGRAPHICAL DISTRIBUTION

A.1.1 Distribution of credit exposure by portfolio and by credit quality (book values)

PORTFOLIO/QUALITY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	730,291	730,291
2. Financial assets available for sale	-	-	-	-	3,003,299	3,003,299
3. Financial assets held to maturity	-	-	-	-	3,017,529	3,017,529
4. Due from banks	502	-	-	-	27,022,343	27,022,845
5. Due from customers	24,272	2,799	-	3,770	1,634,120	1,664,961
6. Financial assets designated at fair value	-	-	-	-	322,076	322,076
7. Financial assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	14,148	14,148
TOTAL AT 31/12/2012	**24,774**	**2,799**	**-**	**3,770**	**35,743,806**	**35,775,149**
TOTAL AT 31/12/2011	**30,725**	**5,442**	**-**	**723**	**20,384,276**	**20,421,166**

A.1.2 Distribution of credit exposure by portfolio and by credit quality: gross and net amounts

PORTFOLIO/QUALITY	IMPAIRED ASSETS			PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO WRITEDOWNS	NET EXPOSURE	
1. Financial assets held for trading	-	-	-	X	X	730,291	730,291
2. Financial assets available for sale	-	-	-	3,003,299	-	3,003,299	3,003,299
3. Financial assets held to maturity	-	-	-	3,017,529	-	3,017,529	3,017,529
4. Due from banks	18,573	18,071	502	27,022,343	-	27,022,343	27,022,845
5. Due from customers	75,300	44,459	30,841	1,634,733	613	1,634,120	1,664,961
6. Financial assets designated at fair value	-	-	-	X	X	322,076	322,076
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	14,148	14,148
TOTAL AT 31/12/2012	**93,873**	**62,530**	**31,343**	**34,677,904**	**613**	**35,743,806**	**35,775,149**
TOTAL AT 31/12/2011	**96,802**	**59,912**	**36,890**	**19,424,240**	**612**	**20,384,276**	**20,421,166**

Due from customers - exposure subject to renegotiation within the scope of collective agreements

PORTFOLIO/QUALITY	PERFORMING						TOTAL AT 31/12/2012
	RENEGOTIATED EXPOSURES				OTHER EXPOSURES		
	UP TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	UP TO 3 MONTHS	NOT PASTE DUE	
Gross exposures	-	-	-	176	1,681	1,632,876	1,634,733
Portfolio writedowns				1	5	607	613
Net exposures	-	-	-	175	1,676	1,632,269	1,634,120

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

TYPE OF EXPOSURE / AMOUNT	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. ON-BALANCE-SHEET EXPOSURE				
a) Bad loans	18,573	18,071	X	502
b) Substandard loans	-	-	X	-
c) Restructured loans	-	-	X	-
d) Past-due loans	-	-	X	-
e) Other assets	27,358,197	X	-	27,358,197
TOTAL A AT 31/12/2012	**27,376,770**	**18,071**	**-**	**27,358,699**
B. OFF-BALANCE-SHEET EXPOSURE				
a) Impaired	-	-	X	-
b) Others	1,689,305	X	-	1,689,305
TOTAL B AT 31/12/2012	**1,689,305**	**-**	**-**	**1,689,305**

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

REASON/CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Opening gross exposure	**18,573**	**-**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**
B.1 inflows from performing loans	-	-	-	-
B.2 transfers from other categories of impaired loans categories	-	-	-	-
B.3 other increases	-	-	-	-
C. Decreases	**-**	**-**	**-**	**-**
C.1 outflows to performing positions	-	-	-	-
C.2 write-offs	-	-	-	-
C.3 collections	-	-	-	-
C.4 disposals	-	-	-	-
transfers to other categories of impaired loans categories	-	-	-	-
C.6 other decreases	-	-	-	-
D. Closing gross exposure	**18,573**	**-**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-

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

CAUSE/CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Total opening adjustments	**18,090**	**-**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**
B.1 adjustments	-	-	-	-
B.2 transfers from other impaired loans categories	-	-	-	-
B.3 other increases	-	-	-	-
C. Decreases	**19**	**-**	**-**	**-**
C.1 writebacks from valuation	19	-	-	-
C.2 writebacks for collection	-	-	-	-
C.3 write-offs	-	-	-	-
C.4 transfers to other impaired loans categories	-	-	-	-
C.5 other decreases	-	-	-	-
D. Total closing adjustments	**18,071**	**-**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-

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

TYPE OF EXPOSURE / AMOUNT	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. CASH EXPOSURE				
a) Bad loans	68,731	44,459	X	24,272
b) Substandard loans	2,799	-	X	2,799
c) Restructured loans	-	-	X	-
d) Past-due loans	3,770	-	X	3,770
e) Other assets	7,659,720	X	613	7,659,107
TOTAL A AT 31/12/2012	**7,735,020**	**44,459**	**613**	**7,689,948**
B. OFF-BALANCE-SHEET EXPOSURE				
a) Impaired	-	-	X	-
b) Others	681,176	X	-	681,176
TOTAL B AT 31/12/2012	**681,176**	**-**	**-**	**681,176**

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

REASON/CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Opening gross exposure	**72,015**	**5,485**	**-**	**729**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**4,898**	**2,624**	**-**	**6,086**
B.1 from performing credit exposures	-	1,993	-	5,553
B.2 transfers from other impaired loan categories	4,876	580	-	-
B.3 other increases	22	51	-	533
C. Decreases	**8,182**	**5,310**	**-**	**3,045**
C.1 to performing credit exposures	-	178	-	2,334
C.2 writeoffs	1,444	-	-	-
C.3 collections	6,738	256	-	131
C.4 disposals	-	-	-	-
C.5 transfers to other impaired loan categories	-	4,876	-	580
C.6 other decreases	-	-	-	-
D. Closing gross exposure	**68,731**	**2,799**	**-**	**3,770**
- of which: exposures assigned but not derecognized	-	-	-	-

A.1.8 On-balance-sheet exposures to customers: trend of total value adjustments

REASON/CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Total opening value adjustments	**41,773**	**43**	**-**	**6**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**6,818**	**13**	**-**	**17**
B.1 impairment losses	6,778	-	-	-
b.1 bis losses on disposals	-	-	-	-
B.2 transfers from other impaired loan categories	40	4	-	-
B.3 other increases	-	9	-	17
C. Decreases	**4,132**	**56**	**-**	**23**
C.1 reversals on valuation	1849	16	-	3
C.2 reversals on collection	839	-	-	-
b.1 bis profits on disposals	-	-	-	-
C.3 writeoffs	1,444	-	-	-
C.4 transfers to other impaired loan categories	-	40	-	4
C.5 other decreases	-	-	-	16
D. Total closing adjustments	**44,459**	**-**	**-**	**-**
- of which: exposures assigned but not derecognized	-	-	-	-

A.2 CLASSIFICATION OF EXPOSURES ACCORDING TO EXTERNAL AND INTERNAL RATINGS

A.2.1 Distribution of on and "off-balance" sheet loans according to external ratings

EXPOSURES	EXTERNAL RATING CLASSES						NO RATING	TOTAL AT 31/12/2012
	AAA/AA-	A+/A-	BBB+/ BBB-	BB+/BB-	B+/B-	LOWER THAN B-		
A. On balance sheet exposures	**26,904**	**4,075,246**	**9,536,452**	**101**	**-**	**-**	**21,410,534**	**35,049,237**
B. Derivatives	**52,297**	**99,204**	**71,000**	**1,701**	**-**	**-**	**198,518**	**422,720**
B.1 Financial derivatives	52,297	99,204	71,000	1,701	-	-	180,518	404,720
B.2 Credit derivatives	-	-	-	-	-	-	18,000	18,000
C. Guarantees issued	**67**	**430**	**891,702**	**83**	**-**	**-**	**15,652**	**907,934**
D. Commitments to disburse funds	**1,078**	**359,546**	**422**	**2**	**90**	**-**	**693,005**	**1,054,143**
E. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**80,346**	**4,534,426**	**10,499,576**	**1,887**	**90**	**-**	**22,317,709**	**37,434,03**

The distributions of the exposures listed in the table shows the distribution by credit rating classes of the debtors as per the prudential regulations of Banca d'Italia and are provided by the Fitch rating agency as ECAI (External Credit Assessment Institution).

A.2.2 Distribution of on and "off-balance" sheet loans according to internal ratings

The table has not been drafted since external ratings were used when the financial statements were drawn up.

A.3 DISTRIBUTION OF GUARANTEED LOANS BY TYPE OF GUARANTEE

A.3.1 Secured credit exposure to banks

	Value of net exposure	Real guarantees (1)				Personal guarantees (2)									Total at 31/12/2012 (1)+(2)
						Credit derivatives					Guarantees				
							Other derivatives								
		Real estate mortgages	Real estate financial leasing	Securities	Other real guarantees	CLN	Governments and central banks	Other government agencies	Banks	Other subjects	Governments and central banks	Other government agencies	Banks	Other subjects	
1. Secured on-balance-sheet exposures:															
1.1 fully secured	20.148.416	8.713	-	28.452.536	-	-	-	-	-	-	-	-	-	1.867	**28.463.116**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	7.681	1.493	-	429	-	-	-	-	-	-	-	-	-	2.000	**3.922**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2. Secured off-balance-sheet exposures:															
1.1 fully secured	33.752	-	-	-	33.320	-	-	-	-	-	-	-	-	-	**33.320**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	152.568	-	-	-	147.070	-	-	-	-	-	-	-	-	-	**147.070**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

A.3.2 Secured credit exposure to customers

	Value of net exposure	Real guarantees (1)				Personal guarantees (2)									Total at 31/12/2012 (1)+(2)
						Credit derivatives					Guarantees				
							Altri derivati								
		Real estate mortgages	Real estate financial leasing	Securities	Other real guarantees	CLN	Governments and central banks	Other government agencies	Banks	Other subjects	Governments and central banks	Other government agencies	Banks	Other subjects	
1. Secured on-balance-sheet exposures:															
1.1 fully secured	151.275	209.207	-	54.837	4.867	-	-	-	-	-	-	-	94	16.149	**285.154**
- of which impaired	24.469	25.639	-	-	4.209	-	-	-	-	-	-	-	-	673	**30.521**
1.2 partially secured	6.636	1.308	-	2.801	-	-	-	-	-	-	-	-	53	945	**5.107**
- of which impaired	187	11	-	-	-	-	-	-	-	-	-	-	27	75	**113**
2. Secured off-balance-sheet exposures:															
2.1 fully secured	10.185	-	-	-	10.450	-	-	-	-	-	-	-	-	-	**10.450**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially secured	655	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

B. CREDIT EXPOSURE DISTRIBUTION AND CONCENTRATION

B.1 DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" LOANS TO CUSTOMERS ACCORDING TO SECTOR (BOOK VALUE)

EXPOSURE/COUNTERPARTY	GOVERNMENTS			OTHER GOVERNMENT AGENCIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC IMPAIRMENT LOSSES	PORTFOLIO IMPAIRMENT LOSSES	NET EXPOSURE	SPECIFIC IMPAIRMENT LOSSES	PORTFOLIO IMPAIRMENT LOSSES	NET EXPOSURE	SPECIFIC IMPAIRMENT LOSSES	PORTFOLIO IMPAIRMENT LOSSES
A. On balance sheet exposures									
A.1 Bad loans	-	-	X	-	-	X	758	5,831	X
A.2 Substandard loans	-	-	X	-	-	X	-	-	X
A.3 Restructured loans	-	-	X	-	-	X	-	-	X
A.4 Past-due loans	-	-	X	-	-	X	3,369	-	X
A.5 Other exposures	6,015,848	X	-	86	X	-	1,471,693	X	48
TOTAL A	**6,015,848**	**-**	**-**	**86**	**-**	**-**	**1,475,820**	**5,831**	**48**
B. Off balance sheet exposures									
B.1 Bad loans	-	-	X	-	-	X	-	-	X
B.2 Substandard loans	-	-	X	-	-	X	-	-	X
B.3 Other impaired assets	-	-	X	-	-	X	-	-	X
B.4 Other exposures	359,680	X	-	764	X	-	302,620	X	-
TOTAL B	**359,680**	**-**	**-**	**764**	**-**	**-**	**302,620**	**-**	**-**
TOTAL (A+B) AT 31/12/2012	**6,375,528**	**-**	**-**	**850**	**-**	**-**	**1,778,440**	**5,831**	**48**
TOTAL (A+B) AT 31/12/2011	**2,790,202**	**-**	**-**	**2,712**	**-**	**-**	**1,276,505**	**6,113**	**59**

	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER SUBJECTS		
	NET EXPOSURE	SPECIFIC IMPAIRMENT LOSSES	PORTFOLIO IMPAIRMENT LOSSES	NET EXPOSURE	SPECIFIC IMPAIRMENT LOSSES	PORTFOLIO IMPAIRMENT LOSSES	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO IMPAIRMENT LOSSES
	-	-	X	17,444	30,855	X	6,070	7,773	X
	-	-	X	2,280	-	X	519	-	X
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	401	-	X
	3	X	-	74,302	X	133	97,175	X	432
	3	**-**	**-**	**94,026**	**30,855**	**133**	**104,165**	**7,773**	**432**
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	-	X	-	119	X	-	17,993	X	-
	-	**-**	**-**	**119**	**-**	**-**	**17,993**	**-**	**-**
	3	**-**	**-**	**94,145**	**30,855**	**133**	**122,158**	**7,773**	**432**
	37	**-**	**-**	**104,032**	**30,139**	**126**	**113,380**	**5,570**	**427**

B.2 TERRITORIAL DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" LOANS TO CUSTOMERS (BOOK VALUE)

EXPOSURE/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. On balance sheet exposures										
A.1 Bad loans	24,084	38,716	188	443	-	5,300	-	-	-	-
A.2 Substandard loans	2,799	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	3,770	-	-	-	-	-	-	-	-	-
A.5 Other exposures	7,647,091	613	10,382	-	1,536	-	-	-	98	-
TOTAL A	**7,677,744**	**39,329**	**10,570**	**443**	**1,536**	**5,300**	**-**	**-**	**98**	**-**
B. "Off balance" sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	669,511	-	11,079	-	586	-	-	-	-	-
TOTAL B	**669,511**	**-**	**11,079**	**-**	**586**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) AT 31/12/2012	**8,347,255**	**39,329**	**21,649**	**443**	**2,122**	**5,300**	**-**	**-**	**98**	**-**
TOTAL (A+B) AT 31/12/2011	**4,243,920**	**36,408**	**39,103**	**468**	**3,825**	**5,558**	**-**	**-**	**20**	**-**

B.3 TERRITORIAL DISTRIBUTION OF CASH AND "OFF-BALANCE SHEET" BANK LOANS (BOOK VALUE)

EXPOSURE/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. On balance sheet exposures										
A.1 Bad loans	-	-	502	18,071	-	-	-	-	-	-
A.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	27,172,354	-	169,146	-	7,310	-	8,566	-	821	-
TOTAL A	**27,172,354**	**-**	**169,648**	**18,071**	**7,310**	**-**	**8,566**	**-**	**821**	**-**
B. Off balance exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	1,480,207	-	176,399	-	27,825	-	430	-	758	-
TOTAL B	**1,480,207**	**-**	**176,399**	**-**	**27,825**	**-**	**430**	**-**	**758**	**-**
TOTAL (A+B) AT 31/12/2012	**28,652,561**	**-**	**346,047**	**18,071**	**35,135**	**-**	**8,996**	**-**	**1,579**	**-**
TOTAL (A+B) AT 31/12/2011	**17,888,155**	**-**	**253,581**	**18,090**	**5,752**	**-**	**5,740**	**-**	**2,615**	**-**

B.4 MAJOR RISKS

a) Number of positions	**180**
b) Book value	**37,090,146**
c) Weighted value	**3,549,422**

The legislation in force defines as "major risks" risk positions which amount to 10% or more of supervisory capital. The changes made during the financial year by Banca d'Italia (6th update of 27 December 2010 of Circular 263 of

27 December 2006) changed, among other things, the methods of presenting major risks. More specifically, these changes concern:

- the notification of the book value in lieu of the weighted value;
- the notification of intra-group transactions previously not disclosed.

Please also note that the positions mainly refer to transactions with banking counterparts by virtue of the role played by our institute as category central and manager of Group finance.

C. SECURITISATION AND ASSET SALE TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

Qualitative information

During 2007, pursuant to Law 130 of 30 April 1999 on credit securitisation, Iccrea Bank carried out one sale transaction of securities issued by the Cooperative Banks. The transaction was carried out to meet the needs of the CBs to raise capital directly in the medium/long-term in order to:

- reduce the interest rate risk of the BCCs by acting on the transformation of maturity dates;
- rebalance the assets and liabilities in the accounts;
- broaden the possibilities of use.

The sale, on 7 June 2007, was of bonds with a nominal value of Euro 1,222,500 thousand, to Credico Funding 3 s.r.l. of Milan. This is a special purpose entity founded pursuant to Law 130 of 30 April 1999, included on the general list held by the Italian Exchange Bureau pursuant to Art. 106 of Lgs. Decree of 1 September 1993, under N° 35207, and on the special list held by the Bank of Italy pursuant to Art. 107 of the Consolidated Banking Act under No. 32861.

The equity of Credico Funding 3 s.r.l. is held entirely by the Dutch company Stichting Bayswater.

The securities were sold to the SPV at par value. In order to find the necessary funding for the purchase of the securities involved in the securitisation operation, the Issuing Company issued the following asset-backed securities, pursuant to and under the terms of Law 130:

- Class A1 for a value of Euro 1,033,000 thousand, with a variable rate indexed to the 3-month Euribor plus 0.17% and a quarterly coupon;
- Class A2 for a value of € 33,000, with a variable rate indexed to the 3-month Euribor plus 0.20% and a quarterly coupon;
- Class B for a value of Euro 23,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.23% with a quarterly coupon;
- Class C for a value of Euro 48,900 thousand, at a variable rate indexed to the 3-month Euribor plus 0.43% with a quarterly coupon;
- Class D for a value of Euro 45,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.95% with a quarterly coupon;
- Class E for a value of Euro 4,900 thousand, at a variable rate indexed to the 3-month Euribor plus 1.90% with a quarterly coupon;
- Class F for a value of Euro 34,200 thousand, at a variable rate indexed to the 3-month Euribor plus 2.50% with a quarterly coupon.

The following ratings are assigned to the security classes as of the reporting date in question:

	Standard & Poor's	Moody's
Class A1	BBB	Ba1
Class A2	BB+	
Class B	BB+	
Class C	B-	
Class D	CCC-	
Class E	CCC-	

Class A securities were placed with institutional investors while those relating to the other classes, including Class F which has no rating, were entirely underwritten internally by the Bank and partly placed with BCCs.

At 31 December 2012, there are Class F securities in the portfolio for a nominal value of Euro 15,874 thousand (the same amount as at 31 December 2011) while for the remaining Classes the nominal value of the securities is Euro 50,950 thousand (Euro 24,950 thousand at 31 December 2011).

Credico Funding 3 s.r.l appointed ICCREA Banca S.p.A. to perform the related Servicing activities. In the name and on behalf of the Issuer, the Servicer carries out the administration, management and recovery of the underlying securities and monitors collection of the associated receivables, including collection of coupons and repayments of principal on the underlying securities. So far, all payments have been made punctually and there have been no cases of default for the BCCs involved in the operation.

Organizational structure of the securitization transactions

The organizational profiles of the securitisation process are governed by special internal regulations which involve various company line and auditing departments. In particular at the Securitisation Unit, within the Finance Unit of Iccrea Banca, the origination and coordination activities are centred for the securitisation activities.

Quantitative information

C.1.1 Exposure from securitisation transactions according to the quality of the underlying assets

TYPE OF UNDERLYING ASSETS/EXPOSURE	ON BALANCE SHEET EXPOSURES						GUARANTEES ISSUED						CREDIT LINES					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**45,044**	**45,044**	**5,223**	**5,223**	**19,852**	**19,852**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	45,044	45,044	5,223	5,223	19,852	19,852	-	-	-	-	-	-	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,000**	**200,000**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000

C.1.2 Exposure for own main securitisation transactions according to the type of securitised asset and type of exposure

TYPE OF SECURITISED ASSET/EXPOSURE	ON BALANCE SHEET EXPOSURES						GUARANTEES ISSUED						CREDIT LINES					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A. Assets completely derecognized from the balance sheet	**45,044**	**-**	**5,223**	**-**	**19,852**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Credico funding 3 s.r.l CBO3																		
- debt securities	45,044	-	5,223	-	19,852	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 securitisation name …																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 securitisation name …																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Assets partially derecognized from the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 securitisation name 1																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 securitisation name 2																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 securitisation name …																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognized from the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 securitisation name 1																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.2 securitisation name 2																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.3 securitisation name …																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.1.3 Exposure for "third-party" main securitisation transactions according to the type of securitised asset and type of exposure

TYPE OF SECURITISED ASSET/EXPOSURE	ON BALANCE SHEET EXPOSURES						GUARANTEES GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A.1 Agricart 4 Finance 2009																		
- crediti leasing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.000	-
A.2 Iccrea SME Cart																		
- leasing receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.000	-
A.3 securitisation name ..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The above values can be traded to subordinate cash lines loaned to Iccrea BancaImpresa under the scope of the securitisation transactions "Agricart 4 Finance 2009" and "Iccrea SME cart" for the exclusive benefit of Class A securities should the funds available for the vehicle not be sufficient to pay the expenses, interest and capital on said securities.

C.1.4 Exposure for securisation operations according to portfolio and type

EXPOSURE/PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FAIR VALUE OPTION FINANCIAL ASSETS	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	LOANS AND RECEIVABLES	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. On-balance sheet exposures	**-**	**-**	**-**	**-**	**70,119**	**70,119**	**43,239**
- "senior"	-	-	-	-	45,044	45,044	19,297
- "mezzanine"	-	-	-	-	5,223	5,223	4,952
- "junior"	-	-	-	-	19,852	19,852	18,990
2. Off-balance sheet exposure	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- "senior"	-	-	-	-	-	-	-
- "mezzanine"	-	-	-	-	-	-	-
- "junior"	-	-	-	-	-	-	-

C.1.5 Total amount of securitised asset underlying junior securities or other credit forms

ASSETS/AMOUNTS	TRADITIONAL SECURITISATION	SYNTHETIC SECURITISATION
A. Own underlying assets:	**567,426**	**-**
A.1 Completely derecognised from the balance sheet	567,426	
1. Bad loans	-	X
2. Sub-standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	567,426	X
A.2 Partially derecognized	-	
1. Bad loans	-	X
2. Sub-standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	-	X
A.3 Not derecognized	-	-
1. Bad loans	-	-
2. Sub-standard loans	-	-
3. Restructured loans	-	-
4. Past due loans	-	-
5. Other assets	-	-
B. Third-party underlying assets:	**-**	**-**
B.1 Bad loans	-	-
B.2 Sub-standard loans	-	-
B.3 Restructured positions	-	-
B.4 Past due loans	-	-
B.5 Other assets	-	-

C.1.6 Equity held in special purpose entity

The table has not been drafted since there were no balances for this item relative to the special purpose entities involved in operation CBO3 when the financial statements were drawn up. The Bank holds a stake in the special purpose entity Credico Finance s.r.l., as indicated in table 10.1 of the balance sheet assets.

C.1.7 Servicer activities – collection of securitised loans and redemption of securities issued by the special purpose entity

Special purpose entity	Securitised assets (end of period)		Credit collected during the period		Percentage of securities redeemed (end of period)					
					Senior		Mezzanine		Junior	
	Impaired	Performing	Impaired	Performing	Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets
Credico funding 3 s.r.l. CBO3	-	1.222.500	-	-	-	-	-	-	-	-

C.2 SALE TRANSACTIONS

C.2.1 FINANCIAL ASSETS SOLD BUT NOT DERECOGNIZED TECHNICAL TYPE/PORTFOLIO

TECHNICAL TYPE/PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS DESIGNATED AT *FAIR VALUE*			FINANCIAL ASSETS AVAILABLE FOR SALE			FINANCIAL ASSETS HELD TO MATURITY			DUE FROM BANKS			DUE FROM CUSTOMERS			TOTAL AT	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2012	31/12/2011
A. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**1.272.224**	**-**	**-**	**1.979.189**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.251.413**	**319.512**
1. Debt securities	-	-	-	-	-	-	1.272.224	-	-	1.979.189	-	-	-	-	-	-	-	-	3.251.413	319.512
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
3. UCITS	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
TOTAL AT 31/12/2012	**-**	**-**	**-**	**-**	**-**	**-**	**1.272.224**	**-**	**-**	**1.979.189**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.251.413**	**X**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL AT 31/12/2011	**-**	**-**	**-**	**-**	**-**	**-**	**319.512**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**X**	**319.512**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key:
A = financial assets sold and recognized in full (book value)
B = financial assets sold and recognized in part (book value)
C = financial assets sold and recognized in part (full value)

C.2.2 FINANCIAL LIABILITIES AGAINST FINANCIAL ASSETS SOLD BUT NOT DERECOGNIZED

LIABILITIES/ASSET PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	DUE FROM BANKS	DUE FROM CUSTOMERS	TOTAL AT 31/12/2012
1. Due to customers	**-**	**-**	**1,219,473**	**1,781,004**	**-**	**-**	**3,000,477**
a) against fully recognized assets	-	-	1,219,473	1,781,004	-	-	3,000,477
b) against partially recognized assets	-	-	-	-	-	-	-
2. Due to banks	**-**	**-**	**48,808**	**-**	**-**	**-**	**48,808**
a) against fully recognized assets	-	-	48,808	-	-	-	48,808
b) against partially recognized assets	-	-	-	-	-	-	-
TOTAL AT 31/12/2012	**-**	**-**	**1,268,281**	**1,781,004**	**-**	**-**	**3,049,285**
TOTAL AT 31/12/2011	**-**	**-**	**317,748**	**-**	**-**	**-**	**317,748**

C.2.3. DISPOSAL OPERATIONS WITH LIABILITIES WITH COMPENSATION EXCLUSIVELY ON THE ASSETS DISPOSED: FAIR VALUE

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

C.3 COVERED BOND TRANSACTIONS

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

D. CREDIT RISK: MEASUREMENT MODELS

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

SECTION 2 – MARKET RISKS

Intermediation for CBs is the main strategic aim of Iccrea Bank and is pursued by seeking management methods, in terms of size and content of the financial portfolios, in line with the needs of the CBs and with the evolution of the markets. Positioning activities are carried out using standard financial instruments as well as derivative contracts; management of the transformation of maturity dates both in the medium/long-term and in the context of treasury operations is always carried out in compliance with a financial risk containment policy.

At a level of the Iccrea Banking Group, operative management of Finance is centralised in Iccrea Banca with the responsibility for collection and assumption, overseeing and management centralised on an individual and consolidated level of rate, exchange and liquidity risks, in order to ensure that Group companies are basically immune to these and overall costs of funding and hedging are optimised.

The assumption and management of the market risks is the responsibility of the Finance Office which manages assets owned in compliance with the Bank's strategic objectives and by agreement with the coordination bodies established on a Group level.

In this context, the Finance Office is the centre of competence and relations with the money and financial markets of the Iccrea Banking Group and Cooperative Credit.

The main activities performed are:

- funding and lending on the interbank market;
- trading as a primary dealer on the Hi-MTF and MTS market;
- role of market maker and direct adherent (for the intermediation of the orders coming from the CBs) on the Hi-MTF and EuroTLX multilateral trading systems;
- participation on the primary market in share and bond placing and at auctions and underwriting of Government securities;
- negotiation of repurchase agreements on both OTC markets and regulated markets, and of derivatives on regulated markets;
- structuring, creation and management of financial derivatives traded on non-regulated markets, mainly to satisfy specific needs of the Bank's clientèle;
- offer to the CBs of financial investment services, performing trading activities on their own accounts, execution on behalf of the customers, receipt and transmission of the order, third party account trading and listing of own or third party financial instruments;
- the offer to CBs of access to standing facilities transactions with the ECB;
- management of liquidity and of the short-term interest rate profile deriving from transactions on the interbank, foreign exchange and precious metals markets;
- structuring of medium/long-term collections on domestic and international markets.

2.1 INTEREST RATE AND PRICE RISK – REGULATORY TRADING BOOK

Qualitative information

A. General aspects

Within the Iccrea banking group, trading activities are carried out by Iccrea Banca, whose interest rate position mainly originates from transactions on interbank markets, derivatives trading in regulated markets and OTC and securities trading on the MTS, BondVision, HI-MTF and EuroTLX markets.

In the context of the operating powers, specific operating limits are defined for trading which generate exposure to market risks. This risk is assumed on domestic government securities and futures contracts traded on official markets with offset and guarantee mechanisms, and derivative contracts on interest rates, mainly plain vanilla derivatives, for the purpose of hedging the risk of the BCCs.

Within the scope of transactions in interest rate derivative products, interest rate swaps with institutional counterparts are also carried out in support of the special purpose entities in the transformation of interest rate flows generated by the BCC loan securitisation transactions. The company's overall exposure to company interest rate risk is concentrated in Euro operations, and therefore the effects of correlation between trends in interest rate curves referring to different currency areas are marginal.

B. INTEREST RATE AND PRICE RISK MANAGEMENT AND MEASUREMENT METHODS

Within the Finance Office, risk positions are assumed and managed by the following organisational units:

- Proprietary Finance and Trading Service, which has the task of managing activities connected with the Trading Book and identifying funding needs at the individual and consolidated level, monitoring the interest-rate, exchange-rate and liquidity risks of the Banking Book. It manages interest-rate and liquidity risks in the medium to long term. It performs the roles of Market Maker on multilateral trading systems, Specialist and Primary Dealer, as well as the structuring and own-account trading of OTC financial derivatives. It works in accordance with the policies defined and the guidelines set for the management of the portfolios within the risk limits and with a view to the yield targets;
- oney Markets Service , which operates through interest and exchange rates derivative instruments in order to manage the short-term interest and exchange rate risk profile arising from trading on the interbank money market and/or with intra-group operations.

The monitoring of the risk profiles resulting from the position belonging to the trading portfolio is performed, on a daily basis, by the Financial Risks Office, through the use of metrics in line with market best practices: analysis of sensitivity, estimates of Value at Risk and Stress Test. The process of monitoring the limits entails the measurement and the systematic auditing of exposures assumed in the contexts of different portfolios and verification of observance of the VaR limits and of other operating limits established by the Delegated Powers.

The current operating limits are structured in keeping with the organizational/operational structure of the Finance Department and consist of:

- size limits on the portfolios;
- VaR limits on the trading book;
- limits on the average financial duration of the trading book and operation;
- position limits per counterparty/Group of counterparties and concentration limits (per rating class, sector, country, geographical area);
- size limits per type of financial instruments;
- VaR limits for trading in derivative contracts and linked securities;
- VaR limits for treasury and foreign exchange operations;
- maximum loss limits for trading in securities and derivative contracts, and treasury and foreign exchange operations;
- caution limits for losses on trading in securities and derivative contracts, and treasury and foreign exchange operations.

With reference to the proprietary portfolio, following particular market conditions which are characterising the Italian government securities and in order to manage effectively the liquidity resulting from the two LTRO auctions with the ECB, during 2012 an investment strategy was defined aimed at increasing the component of Italian government securities by about € 3 billion in compliance with average life limits of the portfolio set at 2.5 years and to minimize the exposure to the rate risk and the variability of the interest margin. In addition, a portfolio of Italian government securities (so-called liquidity portfolio) was established functional for the establishment and structural maintenance of the liquidity reserves in an amount not greater than € 1,8 billion.

With reference to the market risks, the oversight and the monitoring is provided by the Market Risks Unit which during 2012 continued the activity of strengthening the instruments of support to the management and monitoring of these risks.

In this context, the significant activity was the continuous maintenance of the application procedure (so-called RiskSuite) used in the assessment and production processes of the monitoring reporting on the risk position. This activity allowed for guaranteeing a punctual and daily monitoring of the trading portfolio and the Bank's functioning.

The Summit Risk Management project has also continued, for the preparation of a risk system that is able to consolidate the trading portfolio positions on a daily basis and in an independent calculation environment, in order to further improve risk analyses. During 2012, the oversight of the risks were also strengthened through the introduction of risk limits on the entire trading operations measured through value at risk type (VaR parametric methodology with time span of 1 day and 99% range of confidence) probability measurements.

Plain vanilla present in portfolio options were negotiated on shares on highly liquid stock market indexes (Eurostoxx50, Nikkei225, S&P-MIB) and in shares on names of major companies listed on the Italian stock exchange mainly connected with the structuring of BCC index-linked bonds of the CBs and BCC life insurance companies; these bonds sold are partly hedged with market counterparts and partly with delta hedging techniques. Sensitivity techniques are used with assumptions of sudden price changes of up to 24% (with steps of 8%) together with sudden volatility changes of up to 25% (with steps of 8%).

Also in support of the BCCs in terms of hedging their structured bond issues, options on unit trusts and cash fund units are bought and sold, in accordance with delta hedging management procedures. The profiles of these operations are monitored on a daily basis by checking compliance with the net position limits for each underlying instrument.

Quantitative information

1. Regulatory trading book: distribution by residual duration (re-pricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

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

2. Regulatory trading book: distribution of exposure in equity securities and equity indices by main quotation market countries

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

3. Regulatory trading book – internal models and other methods for sensitivity analysis

With reference to the interest rate risk, the following table shows the results of the sensitivity analysis on value following a shift of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	ESTIMATED IMPACT ON NET BANKING INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	3.32	-1.98	2.22	-1.32	0.59	-0.35

Figures in /mln at 31 December 2012

Regarding price risk, the results of the sensitivity analysis in assumptions of sudden prices changes of up to 24 percent (with steps of 8 percent) are indicated in the table below.

	ESTIMATED IMPACT ON NET BANKING INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	0.51	-0.63	0.34	-0.42	0.09	-0.11

Figures in ⇔/mln at 31 December 2011

2.2 INTEREST RATE AND PRICE RISK – BANKING BOOK

Qualitative information

A. Interest rate and price risk: general aspects, management procedures and measurement methods

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

In implementation of the new Group Finance model, since 2009 Iccrea Bank was made responsible for funding activities for the companies in the Banking Group.

Iccrea Banca is the interface between the individual CBs and the Group Companies and the domestic and international monetary and financial markets. Specifically, the bank:

- performs treasury activities managing the liquidity conferred by the CBs;
- operates on Italian and foreign stock markets, also as a primary dealer on the MTS market;
- ensures that the financial needs of the Group companies are met, through funding activities within the Cooperative credit system and on the financial markets;
- ensures, with the support of the Financial Risks Office, the monitoring and management of the interest rate risk at the individual and consolidated level and observance of the limits set in the strategic planning stage.

The management of the interest risk of the banking book is the responsibility of the Finance Office, which is directly responsible for achieving the economic and commercial objectives in terms of financial and credit intermediation, identifying and developing financial services and instruments in support of the needs of the BCCs and managing owned assets in compliance with the guidelines given by General Management.

In the context of treasury operations a quantitative limit is adopted, for each currency, which combines the imbalance of loans and deposits with the related interest rate maturities.

In 2012, in view of the current economic context and lack of trust in international markets, deposits and loans mainly took place on the collateralised market.

The activity continued with the CBs, started in June 2011, of the pooling service for access to the standing facilities operations with the ECB, by supporting the cooperative credit system, in the last two three-year auctions of the ECB, with a deposit amount of € 12.6 billion.

With reference to the short-term funding obtained from BCCs mainly through the use of daily balancing account (DBA), loans were mainly on the inter-banking market and/or to finance short-term forms of financing for Group companies; derivative contracts on rates with maturity of less than 12 months were managerially connected with Treasury operations.

With reference to medium/long-term funding, in 2012 Iccrea Banca listed debenture loans exclusively on the domestic market, mainly on the BCC channel.

With reference to support for funding operations by the BCCs, the amount of bonds issued by the BCCs and held by the Bank has remained substantially stable.

Under the scope of ALM activities, in order to comply both with the regulations and the needs of a managerial nature, a Group policy has been defined, with two guidelines, principles for prudent management, roles and responsibilities of business organisations and operating structures and auditing processes, with reference to the interest rate risk of the banking book. The Financial Risks Office, once a month estimates exposure to the interest rate risk according to the current earnings approach, with a short-term view and according to the economic value of the shareholders' equity, with a medium-long term view, using an interest rate change scenario of +/- 100 basis points. More specifically, with reference to the sensitivity analyses linked to the impacts of a change in market rates, limits are defined on the change of the prospective interest margin at 12 months and the market value of the Bank's shareholders' equity. Additionally, stress tests are carried out to identify events or factors that may seriously affect the Bank's equity balance. In order to understand the specific nature of its portfolio, the Bank has identified some very unfavourable stress situations: more specifically, a combination of the stress tests defined by the Bank of Italy have been used, along with those prepared internally according to the actual risk characteristics.

The Fair Value Option was used for:

- two structured debt securities held in the portfolio, in order to avoid the unbundling of the embedded derivative;
- two structured loans issued by the Bank which are operationally linked derivative instruments, so as to avoid accounting mismatching, achieving so-called "natural hedging";
- a structured loan issued by the institute in order to avoid the unbundling of the embedded derivative;
- a group of financial instruments in order to significantly reduce the overall mismatching in the accounts, consisting of:
  - a debenture loan issued by the institute containing an embedded derivative component that can be unbundled;
  - a debt security issued by Iccrea BancaImpresa and held in the portfolio;
  - derivative contracts connected with the above instruments which enable a "natural hedge".

With reference to the Price Risk, at 31 December 2012, there was a balance of Euro 0.5 million in units of real estate funds, (following the transfer to the Parent Company, Iccrea Holding, of the shares held in Securfondo) as well as an overall balance of Euro 5.6 million regarding shareholdings and equity investments.

The strategic nature of investment in real estate fund units has not yet made it appropriate to select specific price risk hedging policies. In any case, the impact of a prudential assumption of a sudden change of 8% in the present value of the balance is monitored by the Financial Risks Unit.

B. Hedging activity of the fair value

Interest rate risk is micro-hedged in accordance with the IAS Fair Value Hedge criteria.

In particular, at 31 December 2012 the following are hedged:

- A fixed-rate mortgage issued to BCC Solutions whose remaining debt is currently Euro 27.2 million hedged by means of an Interest Rate Swap (IRS) derivative contract;
- A fixed-rate mortgage issued to BCC Credito Consumo whose remaining debt is currently Euro 19.7 million hedged by means of an Interest Rate Swap (IRS) derivative contract;
- 2 fixed-rate bond loans issued by the Bank and subject to hedging through Interest Rate Swap (IRS) derivative contracts for a nominal value of Euro 11.4 million;
- 3 blended-rate bond loans issued by the Bank and subject to hedging through Interest Rate Swap (IRS) and Interest Rate Option (Floor) derivative contracts for a nominal value of Euro 243.9 million;
- 2 BTP fixed rate Government securities hedged through asset swap operations with a nominal value of Euro 65 million;

- 4 BTP Government securities indexed to inflation, covered through Interest Rate Swap (IRS) type derivative contracts and options with a nominal value of Euro 540 million;
- 2 fixed-rate portfolio securities issued by Iccrea BancaImpresa and hedged by means of Interest Rate Swap (IRS) derivative contracts for a nominal value of Euro 261 million;
- 4 fixed rate deposits hedged by derivative contracts of the Overnight Indexed Swap (OIS) type for a nominal value of Euro 70 million;

The effectiveness tests were carried out using the Dollar Offsetting method for the retrospective profile and the scenario method for the prospective profile.

C. Cash flow hedging activities

The Institute has two existing hedging operations of the financial flows (so-called Cash Flow Hedging, operating simultaneously on items of the assets (2 securities issued by Iccrea BancaImpresa for a total of Euro 623.9 million) and liabilities (2 loans issued by the Institute for a nominal total of Euro 589.1 million). In addition, during the financial year, the Institute subjected to hedging of the financial flows a BTP Government security, indexed to inflation, hedged through asset swap operation for a nominal amount of Euro 28 million.

Quantitative information

1. Banking book: distribution by residual duration (by re-pricing date) of financial assets and liabilities

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

2. Banking book: internal models and other methods for sensitivity analysis

With reference to the Interest Rate Risk, the following table shows the results of the sensitivity analysis on value following a shift of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	ESTIMATED IMPACT ON NET BANKING INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	0.13	-11.97	0.09	-8.01	0.02	-2.13

Figures in €/mln at 31 December 2012

Regarding Price Risk, the results of the sensitivity analysis in assumptions of sudden price changes of up to 24 percent (with steps of 8 percent) are indicated in the table below.

	ESTIMATED IMPACT ON NET BANKING INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	12,48	-12,48	8,35	-8,35	2,22	-2,22

Figures in €/mln at 31 December 2012

2.3 EXCHANGE RATE RISK

Qualitative information

A. Exchange rate risk: general aspects, management processes and measurement methods

The exchange rate risk is managed in a centralized manner by the Treasury and Exchanges Office. The Bank implements a policy of constant dimensioning of the positions assumed in the various currencies in a context of support for the functional currency operations of the BCCs and other Group companies.

Operations are mainly concentrated on currencies of greater market importance. Use is made of a system of daily operating limits on the overall foreign exchange composition, as well as on the net foreign exchange positions of the individual currencies, in accordance with a scheme for the partial utilization of the above overall position limit, appropriately graduated on the basis of the importance of the currency itself.

B. EXCHANGE RATE RISK HEDGING ACTIVITIES

Trading in exchange rate derivatives is carried on through a careful policy of substantial balancing of the positions.

Quantitative information

1. DISTRIBUTION BY CURRENCY OF DENOMINATION OF ASSETS, LIABILITIES AND DERIVATIVES

ITEM	CURRENCY					
	USA DOLLARS	STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
A. Financial assets	**103,959**	**6,217**	**77,980**	**868**	**98,943**	**19,692**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	2,015	455	-	-	-	-
A.3 Loans to banks	94,293	5,762	77,980	868	98,714	19,648
A.4 Loans to customers	7,651	-	-	-	229	44
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**5,879**	**4,962**	**702**	**2,241**	**6,946**	**3,472**
C. Financial liabilities	**384,630**	**12,581**	**4,043**	**8,224**	**30,162**	**31,081**
C.1 Due to banks	366,739	10,648	2,803	7,860	29,552	14,310
C.2 Due to customers	17,891	1,933	1,240	364	610	16,771
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**1**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
- Options						
+ long positions	-	-	3,520	3,802	-	-
+ short positions	-	-	3,520	3,802	-	-
- Other derivatives						
+ long positions	705,154	48,517	75,278	13,865	8,589	37,245
+ short positions	429,294	46,693	149,855	8,655	84,129	29,355
TOTAL ASSETS	**814,992**	**59,696**	**157,480**	**20,776**	**114,478**	**60,409**
TOTAL LIABILITIES	**813,925**	**59,274**	**157,418**	**20,681**	**114,291**	**60,436**
DIFFERENCES (+/-)	**1,067**	**422**	**62**	**95**	**187**	**(27)**

2. Internal models and other methods for sensitivity analysis

There is no information apart from that already given above.

2.4 DERIVATIVE FINANCIAL INSTRUMENTS

A. Financial derivates

A.1 Regulatory trading book: notional values at end of period and averages

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	OVER THE COUNTER	MAIN COUNTERPARTS	OVER THE COUNTER	MAIN COUNTERPARTS
1. Debt securities and interest rates	**31,839,453**	**67,925**	**39,341,759**	**51,700**
a) Options	4,208,860	-	3,104,424	-
b) Swaps	27,587,400	-	36,237,335	-
c) Forwards	43,193	60,725	-	-
d) Futures	-	7,200	-	51,700
e) Others	-	-	-	-
2. Equity securities and share indices	**52,378**	**326**	**159,381**	**605**
a) Options	52,378	-	159,381	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	326	-	605
e) Others	-	-	-	-
3. Currencies and gold	**1,086,506**	**-**	**1,853,609**	**-**
a) Options	7,330	-	-	-
b) Swaps	-	-	-	-
c) Forwards	1,079,176	-	1,853,609	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**32,978,337**	**68,251**	**41,354,749**	**52,305**
AVERAGE VALUES	**37,166,543**	**60,278**	**41,957,715**	**53,599**

A.2 BANKK BOOK: NOTIOLAN VALUES AT END OF PERIOD AND AVERAGES

A.2.1 HEDGING

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	OVER THE COUNTER	MAIN COUNTERPARTS	OVER THE COUNTER	MAIN COUNTERPARTS
1. Debt securities and interest rates	**3,258,562**	**-**	**1,979,118**	**-**
a) Options	669,200	-	101,200	-
b) Swaps	2,589,362	-	1,877,918	
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity securities and share indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**3,258,562**	**-**	**1,979,118**	**-**
AVERAGE VALUES	**2,618,840**	**-**	**1,339,331**	**-**

A.2.2 Other derivatives

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	OVER THE COUNTER	MAIN COUNTERPARTS	OVER THE COUNTER	MAIN COUNTERPARTS
1. Debt securities and interest rates	**1,244,076**	**-**	**1,272,076**	**-**
a) Options	622,038	-	636,038	-
b) Swaps	622,038	-	636,038	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity securities and share indices	**20,000**	**-**	**20,000**	**-**
a) Options	20,000	-	20,000	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**1,264,076**	**-**	**1,292,076**	**-**
AVERAGE VALUES	**1,278,076**	**-**	**971,076**	**-**

A.3 FINANCIAL DERIVATES: POSITIVE GROSS FAIR VALUE – DIVISION BY PRODUCT

PORTFOLIOS/TYPE OF DERIVATIVE	FAIR VALUE POSITIVE			
	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	OVER THE COUNTER	MAIN COUNTERPARTS	OVER THE COUNTER	MAIN COUNTERPARTS
A. Regulatory trading book	**678,419**	**15**	**563,412**	**32**
a) Options	14,952	-	16,959	-
b) Interest rate swaps	648,235	-	517,193	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	15,232	15	29,260	-
f) Futures	-	-	-	32
g) Others	-	-	-	-
B. Banking book - hedges	**14,148**	**-**	**15,170**	**-**
a) Options	-	-	-	-
b) Interest rate swaps	14,148	-	15,170	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**33,476**	**-**	**21,385**	**-**
a) Options	125	-	128	-
b) Interest rate swaps	33,351	-	21,257	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**726,043**	**15**	**599,967**	**32**

A.4 Financial derivatives: negative gross fair value – division by product

Portfolios/type of derivative	Fair value positive			
	Total at 31/12/2012		Total at 31/12/2011	
	Over the counter	Main counterparts	Over the counter	Main counterparts
A. Regulatory trading book	**639,916**	**110**	**525,024**	**226**
a) Options	16,427	-	22,302	-
b) Interest rate swaps	611,535	-	471,939	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	11,954	78	30,783	-
f) Futures	-	32	-	226
g) Others	-	-	-	-
B. Banking book - hedges	**115,043**	**-**	**33,293**	**-**
a) Options	-	-	-	-
b) Interest rate swap	115,043	-	33,293	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**1,929**	**-**	**2,670**	**-**
a) Options	1,929	-	2,670	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**756,888**	**110**	**560,987**	**226**

A.5 Financial derivatives OTC – regulatory trading book: notional values, fair value positive and negative gross value by counterparty - contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	6,968	11,834,756	29,583	82,450	-	266,095
- positive fair value	-	52	206,130	452	-	-	-
- negative fair value	-	-	308,578	1	20,790	-	1,743
- future exposure	-	20	41,516	100	-	-	-
2) Equity securities and share indices							
- notional value	-	-	37,556	-	-	-	-
- positive fair value	-	-	116	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	40	-	-	-	-
3) Currencies and gold							
- notional value	-	-	159,007	299,551	-	-	-
- positive fair value	-	-	2,631	72	-	-	-
- negative fair value	-	-	1,123	8,401	-	-	-
- future exposure	-	-	1,737	2,996	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.6 OTC Financial derivatives - regulatory trading book: notional values, positive and negative gross value by counterparty - contracts classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJES
1) Debt securities and interest rates							
- notional value	-	-	18,927,607	691,994	-	-	-
- positive fair value	-	-	423,753	32,049	-	-	-
- negative fair value	-	-	283,315	13,246	-	-	-
2) Equity securities and share indices							
- notional value	-	-	14,282	540	-	-	-
- positive fair value	-	-	402	16	-	-	-
- negative fair value	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	627,947	-	-	-	-
- positive fair value	-	-	12,746	-	-	-	-
- negative fair value	-	-	2,719	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.7 OTC Financial derivatives - banking book: notional values, positive and negative gross value by counterparty - contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJES
1) Debt securities and interest rates							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Equity securities and share indices							
- notional value	-	-	-	20,000	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	1,929	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC Financial derivatives - banking book: notional values, positive and negative gross value by counterparty - contracts classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJESS
1) Debt securities and interest rates							
- notional value	-	-	4,286,965	215,674	-	-	-
- positive fair value	-	-	47,329	295	-	-	-
- negative fair value	-	-	106,858	8,185	-	-	-
2) Equity securities and share indices							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 Residual life of OTC financial derivatives: notional values

UNDERLYING ASSET / REMAINING LIFE	UP TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	**12,690,902**	**15,298,737**	**4,988,698**	**32,978,337**
A.1 Financial derivatives on debt securities and interest rates	11,590,008	15,260,747	4,988,698	31,839,453
A.2 Financial derivatives on equity securities and share indices	16,684	35,694	-	52,378
A.3 Financial derivatives on exchange rates and gold	1,084,210	2,296	-	1,086,506
A.4 Financial derivatives on other valuables	-	-	-	-
B. Banking book	**2,490,910**	**1,948,835**	**82,893**	**4,522,638**
B.1 Financial derivatives on debt securities and interest rates	2,490,910	1,928,835	82,893	4,502,638
B.2 Financial derivatives on equity securities and share indices	-	20,000	-	20,000
B.3 Financial derivatives on exchange rates and gold	-	-	-	-
B.4 Financial derivatives on other valuables	-	-	-	-
TOTAL AT 31/12/2012	**15,181,812**	**17,247,572**	**5,071,591**	**37,500,975**
TOTAL AT 31/12/2011	**16,977,195**	**21,473,278**	**6,175,470**	**44,625,943**

A.10 OTC Financial derivatives: counterparty risk/financial risk – internal models

At the date of these financial statements, internal models were not used to measure counterparty/financial risk.

B. CREDIT DERIVATIVES

B.1 Credit derivates: notional values at end of period and averages

TYPES OF OPERATIONS	REGULATORY TRADING PORTFOLIO		BANKING BOOK	
	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)
1. Protection purchases				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	-	-
TOTAL AT 31/12/2012	**-**	**-**	**-**	**-**
AVERAGE VALUES	**-**	**-**	**-**	**-**
TOTAL AT 31/12/2011	**-**	**-**	**-**	**-**
2. Protection sales				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	18,000	-
TOTAL AT 31/12/2012	**-**	**-**	**18,000**	**-**
AVERAGE VALUES	**-**	**-**	**18,000**	**-**
TOTAL AT 31/12/2011	**-**	**-**	**18,000**	**-**

B.2 OTC credit derivates: positive gross fair value – division by product

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

B.3 OTC credit derivates: negative gross fair value – division by product

PORTFOLIOS/TYPE OF DERIVATIVE	FAIR VALUE NEGATIVE	
	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Regulatory trading book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
B. Banking portfolio	**4,085**	**4,169**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	4,085	4,169
TOTAL	**4,085**	**4,169**

B.4 OTC credit derivates: notional values, positive and negative gross fair value by counterparty – contracts not classified under settlement agreements

Contracts not classified under settlement agreements	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance companies	Non-financial companies	Other subjects
Regulatory trading							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking book							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	18,000	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	4,085	-

B.5 OTC credit derivates: positive and negative gross fair value by counterparty – contracts not classified under settlement agreements

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

B.6 Residual life of credit derivatives: notional values

UNDERLYING ASSET/RESIDUAL LIFE	UP TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	**-**	**-**	**-**	**-**
A.1 Credit derivatives with "qualified" "reference obligation"	-	-	-	-
A.2 Credit derivatives with "non-qualified" "reference obligation"	-	-	-	-
B. Banking book	**-**	**-**	**18,000**	**18,000**
B.1 Credit derivatives with "qualified" "reference obligation"	-	-	-	-
B.2 Credit derivatives with "non-qualified" "reference obligation"	-	-	18,000	18,000
TOTAL AT 31/12/2012	**-**	**-**	**18,000**	**18,000**
TOTAL AT 31/12/2011	**-**	**-**	**18,000**	**18,000**

B.7 Credit derivatives: counterparty risk/financial risk – internal models

At the date of these financial statements, internal models were not used to measure counterparty/financial risk.

C. FINANCIAL AND CREDIT DERIVATIVES

C.1 OTC credit derivatives and financial derivatives: net fairl value and future exposure by counterparty

	GOVERNMENTS AND CENTRAL BANKS	OTHER GOVERNMENT AGENCIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJEST
1) Bilateral financial derivative agreements							
- positive fair value	-	-	184,632	10,185	-	-	-
- negative fair value	-	-	103,356	2,312	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterpart risk	-	-	-	-	-	-	-
2) Bilateral credit derivative agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3) "Cross product" agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-

SECTION 3 – LIQUIDITY RISK

Qualitative information

A. LIQUIDITY RISK: GENERAL ASPECTS, MANAGEMENT PROCESSES AND MEASUREMENT METHODS

The management of the liquidity risks is the responsibility of the Finance Office, which mainly lends on the interbank market in the form of time deposits. Owing to its role as an intermediary with the settlement systems on behalf of the CBs, the liquid funds of the Cooperative Banking system are concentrated in ICCREA Bank.

In compliance with the provisions of the 4th update of December 2010 Circular 263/2006, whereby the Bank of Italy incorporated into the national order the innovations introduced by EU Directive 2006/48 on the equity suitability of banks and investment firms in terms of the governance and management of the liquidity risks for banks and banking groups, the Group Liquidity Risk Management Policy has been updated of the Regulations for the Management of the Risk of Liquidity and the change at the same time of the Delegated Powers for the adoption of the defined indicators and limits.

The main innovations concern the formalisation by the Board of Directors:

- the Tolerance threshold for the liquidity risk, represented by the maximum exposure deemed to be sustainable both in normal operating conditions and in stress conditions. The tolerance threshold is explained through
  - two indicators respectively referring to the short and medium/long-term and on both a consolidated and individual level for Iccrea Banca alone, on which the operative management of the liquidity risk was focused. The indicators adopted are those envisaged by the new Basel 3 regulations: LCR and NSFR. For the short-term indicator, the limit set is 1.2 in the basic scenario and 1.0 in the stress scenario. For the medium/long-term indicator, a single limit is established of 0.8;
  - the minimum survival period, which identifies the number of consecutive days for which the liquidity reserves must exceed the sum of net cash flow, where negative. For this indicator, the minimum level identified is 30 days on a consolidated level;
  - the raising of the minimum liquidity reserves level, from 1 to 1.5 billion Euro, with the identification of first and second line reserves.
- the addition of a new operative indicator specific to Finance measured through the minimum Period of survival at the individual level;
- two new systemic risk monitoring indicators under the scope of the Contingency Funding Plan;
- criteria by which to determine infra-group transfer rates in order to consider the systemic risk, issuer risk, rate risk, loan duration and direct and indirect costs of funding;
- the extension of the application scope of the Bank Development Regulations;
- methods for determining the aggregates and calculation of the indicators included in the technical annexes which constitute an integral part of the Liquidity Policy;

As principal instrument of attenuation of the liquidity risk, a system of limits has been created composed of indicators which allow the sources of vulnerability associated with the liquidity risk to be monitored in coherence with the threshold of tolerance and commensurate with the type, the objectives and the operative complexity of the Group and Iccrea Banca.

The total system of limits is based on the following categories of limits:

- *Risk Appetite Limits* (LRA) which represent the maximum exposure considered sustainable both under conditions of normal operations and under stress conditions; these limits explain the threshold of tolerance which the Supervisory Regulations require be defined;

- *Managerial Operating Limits* (LOG) which represent the "operational" layout of the strategic choices made by the BoD;
- Attention threshold (SA) which represent the value or measurement of an indicator that enables the prompt highlighting of an approach to an operating limit; exceeding this threshold gives rise to a warning situation but not necessarily to repayment actions.

The position of liquidity, furthermore, is the subject, as of October 2008, of a specific weekly report on a consolidated basis to Banca d'Italia.

Liquidity risk is measured by means of noting cash imbalances according to due date, both in static terms (with a view to identifying effective cash tension seen from the characteristics of the items on the financial statements, through the construction, for each time period identified, of the corresponding gap indicator) and in dynamic terms (using estimate and simulation techniques, aiming to define the most reliable scenarios following changes in the financial scope able to affect the time-scale of the liquidity).

The measurement and monitoring of the limits and the indicators a the individual and overall Group level with reference to the short term and structural liquidity is carried out by the Financial Risks Office which monitors on a daily basis the indicators and the risk appetite limits (so-called LRA), the managerial operations (so-called (LOG) individual for Iccrea Banca and consolidated and the indicators anticipated in the CFP. These analyses and reports are sent to the parent company General Management of Iccrea Banca and Iccrea BancaImpresa. In addition, they monitor on a weekly basis, the Liquidity coverage Ratio at 1 month (both under ordinary conditions and under conditions of stress), the maturity ladder over a period of 12 months and over an indefinite period of time and the Net Stable Funding Ratio.

The Group Risk Management participates in the Group Finance Committee and portrays the trend of the liquidity position and respect for the limits established. When the limits defined are exceeded, the Group Risk Management informs the Manager of the Finance Office to agree on possible corrective measures to restore the balance required sending a notice to General Management and to the Group Finance Committee.

Quantitative information

1 TIME DISTRIBUTION BY RESIDUAL CONTRACTUAL TERM OF FINANCIAL ASSETS AND LIABILITIES CURRENCY OF DENOMINATION: EURO

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**2,133,660**	**448,128**	**388,842**	**7,427,721**	**8,360,935**	**2,536,950**	**3,311,899**	**9,555,211**	**548,832**	**95,561**
A.1 Government securities	1,171	-	-	19,990	374,161	715,918	744,670	3,853,139	256,422	-
A.2 Other debt securities	5,769	10,867	1,347	840	40,428	726,922	108,939	3,363,091	180,350	-
A.3 UCITS units	2,471	-	-	-	-	-	-	-	-	-
A.4 Loans	2,124,249	437,261	387,495	7,406,891	7,946,346	1,094,110	2,458,290	2,338,981	112,060	95,561
- banks	1,247,944	432,157	387,495	7,406,126	7,797,147	1,048,329	2,389,722	1,997,597	2,132	95,561
- customers	876,305	5,104	-	765	149,199	45,781	68,568	341,384	109,928	-
On-balance sheet liabilities	**7,199,369**	**1,394,325**	**266,809**	**9,253,572**	**6,095,772**	**1,248,548**	**3,562,502**	**5,222,292**	**10,400**	**-**
B.1 Deposits and current accounts	6,819,888	54,096	20,407	311,024	911,173	101,857	138,066	299,500	-	-
- banks	6,195,675	54,096	20,407	311,024	911,173	99,877	138,066	299,500	-	-
- customers	624,213	-	-	-	-	1,980	-	-	-	-
B.2 Debt securities	137	3,339	-	-	11,564	621,234	278,257	3,292,587	10,400	-
B.3 Other liabilities	379,344	1,336,890	246,402	8,942,548	5,173,035	525,457	3,146,179	1,630,205	-	-
Off-balance sheet transactions	**37,446**	**(269,206)**	**442**	**60,923**	**9,468**	**5,633**	**1,920,633**	**(1,916,784)**	**(253)**	**-**
C.1 Financial derivatives with exchange of principal	-	(266,235)	442	60,923	9,378	1,973	2,641	(366)	(253)	-
- long positions	-	323,909	2,981	252,855	149,504	19,660	26,389	186,049	73,952	-
- short positions	-	590,144	2,539	191,932	140,126	17,687	23,748	186,415	74,205	-
C.2 Financial derivatives without exchange of principal	37,446	(2,971)	-	-	90	3,660	1,574	-	-	-
- long positions	684,222	1,727	-	-	4,177	9,203	9,432	-	-	-
- short positions	646,776	4,698	-	-	4,087	5,543	7,858	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	1,916,418	(1,916,418)	-	-
- long positions	-	1,680,473	-	-	-	-	1,916,418	28,554	-	-
- short positions	-	1,680,473	-	-	-	-	-	1,944,972	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: DOLLAR (USA)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**11,820**	**15,804**	**4,334**	**42,379**	**17,845**	**3,506**	**4,963**	**1,421**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	11,820	15,804	4,334	42,379	17,845	3,506	4,963	1,421	-	-
- banks	11,092	15,804	4,334	35,441	17,845	3,506	4,963	1,421	-	-
- customers	728	-	-	6,938	-	-	-	-	-	-
On-balance sheet liabilities	**275,936**	**7,824**	**25,395**	**39,279**	**17,028**	**9,815**	**9,575**	**-**	**-**	**-**
B.1 Deposits and current accounts	275,934	7,824	25,395	15,728	17,028	9,815	9,575	-	-	-
- banks	258,043	7,824	25,395	15,728	17,028	9,815	9,575	-	-	-
- customers	17,891	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	2	-	-	23,551	-	-	-	-	-	-
Off-balance sheet transactions	**(2,224)**	**209,342**	**161,589**	**(79,702)**	**(5,707)**	**(7,484)**	**(2,153)**	**(23)**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	209,342	161,589	(79,702)	(5,707)	(7,484)	(2,153)	(23)	-	-
- long positions	-	247,582	220,163	128,705	98,950	6,897	2,041	1,186	171	-
- short positions	-	38,240	58,574	208,407	104,657	14,381	4,194	1,209	171	-
C.2 Financial derivatives without principal exchange	(2,224)	-	-	-	-	-	-	-	-	-
- long positions	2,358	-	-	-	-	-	-	-	-	-
- short positions	4,582	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	4,059	-	-	-	-	-	-	-	-
- short positions	-	4,059	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	901	-	-	-	-	-	-	-	-
- short positions	-	901	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: STERLING (GBP)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**2,225**	**559**	**656**	**702**	**1,276**	**347**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,225	559	656	702	1,276	347	-	-	-	-
- banks	2,225	559	656	702	1,276	347	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**7,641**	**912**	**721**	**1,249**	**405**	**480**	**1,193**	**-**	**-**	**-**
B.1 Deposits and current accounts	7,641	912	721	1,249	405	480	1,193	-	-	-
- banks	5,708	912	721	1,249	405	480	1,193	-	-	-
- customers	1,933	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**-**	**(124)**	**(2,166)**	**4,053**	**62**	**-**	**-**	**(1)**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	(124)	(2,166)	4,053	62	-	-	(1)	-	-
- long positions	-	20,400	11,680	12,162	4,351	-	-	73	-	-
- short positions	-	20,524	13,846	8,109	4,289	-	-	74	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	159	-	-	-	-	-	-	-	-
- short positions	-	159	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	43	-	-	-	-	-	-	-	-
- short positions	-	43	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: YEN (JAPAN)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**1,888**	**16,929**	**11,420**	**15,771**	**27,190**	**4,856**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,888	16,929	11,420	15,771	27,190	4,856	-	-	-	-
- banks	1,888	16,929	11,420	15,771	27,190	4,856	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**4,016**	**-**	**6**	**-**	**18**	**3**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	4,016	-	6	-	18	3	-	-	-	-
- banks	2,776	-	6	-	18	3	-	-	-	-
- customers	1,240	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**-**	**714**	**(87,404)**	**11,233**	**(616)**	**1,597**	**(100)**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	714	(87,404)	11,233	(616)	1,597	(100)	-	-	-
- long positions	-	2,218	18,835	35,984	19,597	2,165	-	-	-	-
- short positions	-	1,504	106,239	24,751	20,213	568	100	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	96	-	-	-	-	-	-	-	-
- short positions	-	96	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	15,744	-	-	-	-	-	-	-	-
- short positions	-	15,744	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: CAD (CANADA)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**494**	**82**	**184**	**30**	**79**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	494	82	184	30	79	-	-	-	-	-
- banks	494	82	184	30	79	-	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**2,465**	**661**	**1,548**	**884**	**164**	**2,516**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	2,465	661	1,548	884	164	2,516	-	-	-	-
- banks	2,101	661	1,548	884	164	2,516	-	-	-	-
- customers	364	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**-**	**16**	**3,958**	**1,164**	**73**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	16	3,958	1,164	73	-	-	-	-	-
- long positions	-	21	3,958	7,069	6,619	-	-	-	-	-
- short positions	-	5	-	5,905	6,546	-	-	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	177	-	-	-	-	-	-	-	-
- short positions	-	177	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: CHF (SWITZERLAND)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**1,043**	**10,346**	**13,919**	**26,113**	**27,457**	**20,209**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,043	10,346	13,919	26,113	27,457	20,209	-	-	-	-
- banks	814	10,346	13,919	26,113	27,457	20,209	-	-	-	-
- customers	229	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**21,105**	**1,951**	**814**	**1,940**	**3,237**	**851**	**271**	**-**	**-**	**-**
B.1 Deposits and current accounts	21,105	1,951	814	1,940	3,237	851	271	-	-	-
- banks	20,495	1,951	814	1,940	3,237	851	271	-	-	-
- customers	610	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**-**	**3,794**	**(82,919)**	**1,880**	**83**	**1,672**	**(49)**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	3,794	(82,919)	1,880	83	1,672	(49)	-	-	-
- long positions	-	4,391	83	1,880	83	2,169	-	-	17	-
- short positions	-	597	83,002	-	-	497	49	-	17	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions		348	-	-	-	-	-	-	-	-
- short positions		348	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	3,727	-	-	-	-	-	-	-	-
- short positions	-	3,727	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

OTHER CURRENCIES

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 DAY TO 7 DAYS	FROM MORE THAN 7 DAYS TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
On-balance sheet assets	**18,530**	**1**	**247**	**517**	**282**	**116**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	18,530	1	247	517	282	116	-	-	-	-
- banks	18,486	1	247	517	282	116	-	-	-	-
- customers	44	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**26,151**	**358**	**2,653**	**693**	**451**	**742**	**50**	**-**	**-**	**-**
B.1 Deposits and current accounts	26,151	358	2,653	693	451	742	50	-	-	-
- banks	9,379	358	2,653	693	451	742	50	-	-	-
- customers	16,772	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**-**	**(845)**	**9,261**	**998**	**1,520**	**(2,746)**	**(293)**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	(845)	9,261	998	1,520	(2,746)	(293)	-	-	-
- long positions	-	4,409	22,160	7,138	2,510	1,108	-	76	-	-
- short positions	-	5,254	12,899	6,140	990	3,854	293	76	-	
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	109	-	-	-	-	-	-	-	-
- short positions	-	109	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	-	-	-
- long positions	-	35	-	-	-	-	-	-	-	-
- short positions	-	35	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

SECTION 4 – OPERATIONAL RISKS

Qualitative information

A. OPERATIONAL RISK: GENERAL ASPECTS, MANAGEMENT PROCESSES AND MEASUREMENT METHODS

Within the framework of the initiatives defined at Group level in the Risk Management area, the Bank has launched an integrated risk analysis and detection system which allows for assessment of exposure to operational risk for each business area.

The approach adopted enables the following further specific objectives to be achieved:

- to give risk owners greater awareness of the risks associated with their own operations;
- to assess the Bank's exposure to operational risk factors inherent in business processes;
- to give top management an overall view, for each period and perimeter of observation, of the Bank's operating issues;
- to supply the information necessary for improvements to the Internal Auditing System;
- to optimise operating risk mitigating actions, by means of a process which, starting with identification of the risk, economic assessment of the same, and identification of the internal critical issues underlying the same, allows for cost/benefit analysis of the measures to be taken.

The operative risk analysis system performed under the scope of said initiatives consists of:

- an overall framework for operating risk management, in terms of classification models, analysis methods, management processes, supporting instruments;
- a self-assessment process of expected exposure to operating risks, the so-called Risk Self Assessment. The results of the assessment are processed by means of a statistical model which allows for translating the operating risk exposure estimates into economic capital values;
- a methodology and process for collecting operative losses, the "Loss Data Collection";
- a quantitative model of the actuarial type for the analysis of historic series of operating losses, covering six years.

Quantitative information

In accordance with Bank of Italy Circular 263 of 27 December 2006 – New Prudential Supervisory Regulations for Banks – up to now the Bank has used the Basic Indicator Approach (BIA) for calculating Operational Risk for reporting purposes.

In the Basic Approach, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the company's turnover, thus identifying "net banking income".

In particular, the Bank's capital requirement, which is 15% of the average of the last three observations of "net banking income", with reference to the end of the period, was Euro 23,237 thousand.

Part - F

Information of the Capital

PART F – INFORMATION ON THE CAPITAL

SECTION 1 – CORPORATE EQUITY

A. Qualitative information

Shareholders' equity (share capital, share premium reserve, reserves, equity instruments, own shares, valuation reserves, redeemable shares, profit/loss for the period) is the amount of the bank's own equity, that is the sum of financial instruments used for achieving the company's business purpose and tackling risks.

Therefore, Equity represents the main protection against the risks of the banking business and, as such, its size should guarantee, on the one hand, appropriate business autonomy levels as regards development and growth, and, on the other, it should ensure maintenance of the company's solidity and stability.

B. Quantitative information

B.1 SHAREHOLDER'S EQUITY: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
1. Share capital	**216,913**	**216,913**
2. Share premiums	**-**	**-**
3. Reserves	**168,530**	**151,931**
- profit reserve	86,923	70,088
a) legal reserve	48,201	48,201
b) statutory reserve	205	205
c) treasury shares	-	-
d) others	38,517	21,682
- others	81,607	81,843
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**69,056**	**(7,505)**
- Financial assets available for sale	21,063	(56,065)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	127	694
- Exchange differences	-	-
- Non-current assets held for sale	-	-
- Actuarial gains (losses) regarding defined-benefit schemes	-	-
- Share of the valuation reserve regarding subsidiaries entered in the shareholders' equity	-	-
- Special revaluation laws	47,866	47,866
7. Profit/(Loss) for the period	**48,376**	**43,888**
TOTAL	**502,875**	**405,227**

B.2 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN

ASSETS / AMOUNT	TOTAL AT 31/12/2012		TOTAL AT 31/12/2011	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	30,836	(12,956)	1,846	(60,381)
2. Equity securities	3,185	-	2,471	(7)
3. UCITS units	-	(2)	6	-
4. Loans	-	-	-	-
TOTAL	**34,021**	**(12,958)**	**4,323**	**(60,388)**

B.3 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS
1. Opening balances	**(58,535)**	**2,464**	**6**	**-**
2. Increases	**91,383**	**721**	**-**	**-**
2.1 Increases in fair value	86,232	714	-	-
2.2 Switched to income statement, negative reserves	5,151	7	-	-
- owing to impairment	-	-	-	-
- owing to disposal	5,151	7	-	-
2.3 Other changes	-	-	-	-
3. Decreases	**14,968**	**-**	**8**	**-**
3.1 Decreases in fair value	-	-	8	-
3.2 Impairment losses	-	-	-	-
3.3 Switched to income statement, positive reserves: from sales	1,846	-	-	-
3.4 Other changes	13,122	-	-	-
4. Closing balance	**17,880**	**3,185**	**(2)**	**-**

SECTION 2 – CAPITAL AND CAPITAL RATIOS

2.1 REGULATORY CAPITAL

A. Quantitative information

The Regulatory Capital and the Capital Ratios are calculated on the basis of the capital values of the economic result determined with the application of the IAS/IFRS international accounting standards and taking account of the Regulatory Instructions issued by the Bank of Italy with the latest revision of Circular N° 155/91 "Instructions for reporting regulatory capital and prudential ratios".

The Regulatory Capital is calculated as the sum of positive and negative components, on the basis of the quality of the assets. The positive components must be fully available to the bank, in order to be able to use them in the calculation of the capital absorptions.

The Regulatory Capital, of Euro 402,729,558, is made up of the Tier 1 capital and the Tier 2 capital, net of the deductions provided for in the regulations; an analysis of the individual items is presented below.

1. Tier 1 capital

The Tier 1 Capital is made up of positive elements (that increase the amount) and negative elements (which reduce the eligibility). In total, Tier 1 capital as of 31 December 2012, before applying any prudential filters, totals Euro 392,686,777; applying the prudential filters, represented by negative changes in the Bank's own creditworthiness of Euro 34,650,798 and by the negative reserves on debt securities available for sale of Euro 3,513,316, the Tier 1 capital gross of the ineligible elements was Euro 354,522,663. Elements to be deducted consist of 50% equity interests held in financial companies, greater than, equal to and less than 10% of the share capital of the investee and amount to Euro 625,000, taking total Tier 1 capital to Euro 353,897,663.

2. Tier 2 capital

Tier 2 capital, before the application of prudential filters, comes to Euro 51,048,141; by applying the prudential filters, represented by the ineligible portion of the positive reserves on securities available for sale (50%) equal to Euro 1,591,245, the Tier 2 capital including of the elements to be deducted comes to Euro 49,456,895. Elements to be deducted consist of 50% equity interests held in financial companies, greater than, equal to and less than 10% of the share capital of the investee and amount to Euro 625,000, taking total Tier 2 capital to Euro 48,831,895.

3. Tier 3 capital

The present financial statements do not include instruments to be computed in Tier 3 Capital.

B. Quantitative information

	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. Tier 1 capital before application of prudential filters	**392,687**	**381,591**
B. Tier 1 capital prudential filters:	**(38,164)**	**(46,144)**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	(38,164)	(46,144)
C. Tier 1 capital gross of deductions (A+B)	**354,523**	**335,447**
D. Deductions from Tier 1 capital	625	500
E. Total Tier 1 capital (C-D)	**353,898**	**334,947**
F. Tier 2 capital before application of prudential filters	**51,048**	**50,336**
G. Tier 2 capital prudential filters:	(1,591)	(1,235)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,591)	(1,235)
H. Tier 2 capital gross of deductions (F+G)	**49,457**	**49,101**
I. Deductions from the Tier 2 capital	625	500
L. Total Tier 2 capital (H-I)	**48,832**	**48,601**
M. Deductions from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**402,730**	**383,548**
O. Tier 3 capital	-	-
P. Regulatory capital inclusive of Tier 3 (N+O)	**402,730**	**383,548**

2.2 CAPITAL ADEQUACY

A. Qualitative information

As regards the prudential ratios at 31 December 2012, these are determined according to the methodology envisaged by the Basel 2 Capital Accord, adopting the Standardized Approach for the calculation of the capital requirements against credit and counterparty risk and the Basic Approach for the calculation of operational risks. The Board of Directors of 14 September, upon instructions of the Parent Company, deliberated on the replacement of the ECAI of reference for the calculation of the equity requirements anticipated by the prudential regulations using the Fitch Agency in stead of Moody's.

B. Quantitative information

CATEGORY/AMOUNT WEIGHTED	UNWEIGHTED AMOUNTS		AMOUNTS/REQUIREMENTS	
	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011	TOTAL AT 31/12/2012	TOTAL AT 31/12/2011
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**43,375,971**	**26,931,961**	**2,125,920**	**2,833,549**
1. Standardised approach	43,105,852	26,686,499	1,535,203	2,319,849
2. Internal ratings-based approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	270,119	245,462	590,717	513,700
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			**127,555**	**170,013**
B.2 MARKET RISKS			**18,152**	**29,978**
1. Standard approach			18,152	29,978
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATIONAL RISK			**23,237**	**23,144**
1. Basic approach			23,237	23,144
2. Standardised approach			-	-
3. Advanced approach			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			**-**	**-**
B.5 OTHER CALCULATION ELEMENTS			**-**	**-**
B.6 TOTAL PRUDENTIAL REQUIREMENTS			**168,944**	**223,135**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 RISK-WEIGHTED ASSETS			**2,111,800**	**2,789,188**
C.2 TIER 1 CAPITAL/RISK-WEIGHTED ASSETS (TIER 1 CAPITAL RATIO)			**16.76%**	**12.01%**
C.3 REGULATORY CAPITAL INCLUDING TIER 3/RISK-WEIGHTED ASSETS (TOTAL CAPITAL RATIO)			**19.07%**	**13.75%**

Following provision of the Bank of Italy of 18 May 2010 and resolution of the Board of Directors of 24 June 2010, the Group opted to remove the prudential filter on the reserves deriving from the measurement at fair value of securities included in the "financial assets held for sale (AFS)" portfolio, issued by central administrations of countries of the European Union.

It is specified that, in accordance with circular no. 263 of 27 December 2006 "New provisions of prudential supervision for banks" and subsequent updates issued by the Bank of Italy, the Institute, as a member of the G.B.I. benefits from a 25% reduction of the overall equity requirement.

Part - G
Business combinations related to companies or business units

PART G – BUSINESS COMBINATIONS RELATED TO COMPANIES OR BUSINESS UNITS

SECTION 1 – OPERATIONS CARRIED OUT IN THE PERIOD

Qualitative information

The Board of Directors of the Parent Company approved the integration project of BCC Multimedia ("Incorporate Company') into Iccrea Banca ("Incorporating Company"). This merger is justified by the need to reorganise the activities in coherence with the business model adopted by the Group and rationalisation of no longer strategic investments, aimed at the pursuit of a greater operational efficiency and the reduction of administration costs.

The integration took place in two phases: The first with the acquisition by the Institute of the entire capital of the Incorporated Company and took place on 22 June 2012 for a value of Euro 1,969,398.75. The second, relative to the merger project approved by the Board of Directors of Iccrea Banca on 20 June 2012 and took place on 11 December 2012 following the authorisations received from Banca d'Italia.

We then proceeded with carrying out the deed of merger by incorporation of BCC Multimedia, the difference due to cancellation between the book value of the investment in the Incorporated Company recorded in the financial statement of the Incorporating Company (Euro 1,969,398.75) and the shareholders' equity at book value of the Incorporated company on the date of reference of the financial statement at 31 December 2011 (Euro 1,733,238.00) of Euro 236,160.75 constituted a deficit due to merger and was allocated to the equity reserves of Iccrea Banca.

The BCC Multimedia operations were charged to the financial statement of the Incorporating Company - also for purposes of income tax - starting the first day of the current financial year when the real effects of the merger occur.

Lastly, it is pointed out that the recording of the operation was done in conformity with the interpretative document OPI 2 "Accounting processing of the mergers in the financial statement" issued by Assirevi. The OPI (Preliminary Trends) review questions resulting from the application in Italy of the IAS/IFRS not yet regulated either by the IFRIC or by the OIC (Italian Accounting Organisation).

Quantitative information

Following please find the merger situation in summary.

	TOTAL AT 11/12/2012
Assets	
Due from banks and cash	55,901
Due from customers	1,138,626
Other non-current assets	729,646
Tax assets	181,485
Equity deficit	786,469
TOTAL ASSETS	**2,892,127**
Liabilities	
Payables due to suppliers	863,235
Other liabilities	59,493
Equity investments	1,969,399
TOTAL LIABILITIES	**2,892,127**

	TOTAL AT 11/12/2012
Costs	
Direct costs	(4,079,519)
Operating costs	(182,194)
Other expenses	(924,055)
TOTAL COSTS	**(5,185,768)**
Revenues	
Revenue from services	4,584,958
Other income	50,502
TOTAL REVENUE	**4,635,460**
LOSS FOR THE PERIOD	**(550,308)**

Part - H

Related parties transaction

PART H – RELATED PARTIES TRANSACTIONS

1. INFORMATION ON COMPENSATION FOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

The data required by IAS 24 is given below, regarding the remuneration of directors and 3 executives belonging to General Management, and the fees paid to the Board of Statutory Auditors.

	TOTAL AT 31/12/2012
Fees and Remuneration (1)	1,381
Post-employment benefits (2)	38

(1) Inclusive of the salary of the General Manager and Deputy General Managers

(2) Represents the annual allocation to the provisions for termination benefits, in accordance with the provisions of current legal requirements.

	TOTAL AT 31/12/2012
Board of Auditors' Fees	197

CREDIT FACILITIES AND GUARANTEES GIVEN:

	TOTAL AT 31/12/2012
Directors	641
Statutory Auditors	-

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

THE INDEPENDENT AUDITING FIRM'S FEES

In accordance with the provisions of Art. 149 - duodecies of Consob Issuers' Regulation no. 11971,

the table below gives information on the fees for the year to be paid to the independent auditing firm Reconta Ernst & Young S.p.A. and entities belonging to its network.

PARTY PROVIDING THE SERVICE	TYPE OF SERVICE	FEES (⇔/000)*
Reconta Ernst & Young S.p.A.	Auditing of the accounts	98
Reconta Ernst & Young S.p.A.	Auditing-related services	63
Reconta Ernst & Young S.p.A.	Certification services (EMTN programme)	72
Ernst & Young - Law and Tax firm	Tax assistance	52
TOTAL		**285**

* net of VAT and reimbursement of costs

NAME OF THE PARENT COMPANY
ICCREA HOLDING S.P.A.
HEAD OFFICE
VIA LUCREZIA ROMANA, 41/47
00178 ROME

Parent company – key data at 31 December 2011 (⇔/1000)

BALANCE SHEET	TOTAL AT 31/12/2011
Assets	**1,321,004**
Liabilities	**214,622**
Share Capital	1,012,420
Legal reserve	24,847
Treasury share reserve	328
Extraordinary Reserve	46,097
Other Reserves	3,374
Valuation reserves	2,545
Treasury shares	(328)
Profit for the period	17,099
Shareholders' equity	**1,106,382**

INCOME STATEMENT	TOTAL AT 31/12/2011
Net interest income	1,383
Net fee and commission income	702
Gross banking income	32,895
Net gains/(losses) on financial operations	32,361
Operating expenses	(18,333)
Profit for the period	**17,099**

The parent company carries out control and coordination activities.

The items of the balance sheet statement and the income statement regarding intra-group retionship are detailed below

ASSETS	A20 FINANCIAL ASSET HELD FOR TRADING	A30 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE TROUGH PROFIT OR LOSS	A60 DUE FROM BANCKS	A70 LOANS TO CUSTOMERS	A150 OTHER ASSETS
BCC Risparmio e Previdenza	-	-	-	-	252
Iccrea BancaImpresa	82,943	297,599	9,040,932	-	22,434
Bcc Gestione Crediti	-	-	-	3,681	173
Bcc Solutions	-	-	-	27,057	2,366
Bcc Private Equity	-	-	-	-	-
Bcc Securis	-	-	-	-	4
BCC retail	-	-	-	-	-
Credico Finance	-	-	-	-	-
Iccrea Holding	-	-	-	121,297	23,255
Immicra	-	-	-	-	10
Bcc Lease	-	-	-	133,455	1
Bcc CreditoConsumo	-	-	-	268,858	52
Bcc Factoring	-	-	-	377,537	24
Banca Sviluppo	218	-	60,745	-	2
GRAND TOTAL	**83,161**	**297,599**	**9,101,677**	**931,885**	**48,573**

LIABILITIES	P10_DUE TO BANKS	P20_DUE TO CUSTOMERS	P30_ SECURITIES ISSUED	P40_FINANCIAL LIABILITIES HELD FOR TRADING	P50_FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	P100_OTHER LIABILITIES
BCC Risparmio e Previdenza	-	4,455	-	-	-	2
Iccrea BancaImpresa	127,030	-	-	6,221	-	677
Bcc Gestione Crediti	-	2,327	-	-	-	4
Bcc Solutions	-	3,293	-	-	-	6,009
Bcc Private Equity	-	-	-	-	-	-
Bcc Securis	-	10	-	-	-	-
BCC Retail	-	2	-	-	-	-
Credico Finance	-	-	-	-	-	-
Iccrea Holding	-	23,048	-	-	-	24,101
Immicra	-	326	-	-	-	-
Bcc Lease	-	-	-	-	-	80
Bcc CreditoConsumo	-	13,056	-	-	-	-
Bcc Factoring	-	8,293	-	-	-	-
Banca Sviluppo	22,879	-	80,240	-	4,855	-
GRAND TOTAL	**149,909**	**54,810**	**80,240**	**6,221**	**4,855**	**30,873**

INCOME STATEMENT	E10_INTEREST AND SIMILAR INCOME	E20_INTEREST AND SIMILAR EXPENSE	E40_ COMMISSION RECEIVABLE	E50_ COMMISSIONI PAYABLE	E80_NET GAIN (LOSS) ON TRADING ACTIVITIES	E150_ ADMINISTRATIVE EXPENSES	E190_OTHER OPERATING INCOME/ EXPENSES
BCC Risparmio e Previdenza	-	26	140	-	-	-	204
Iccrea BancaImpresa	107,429	421	1,780	-	34,718	237	4,236
Bcc Gestione Crediti	115	51	9	-	-	4	118
Bcc Solutions	1,240	116	1	-	-	12,391	1,437
Bcc Private Equity	-	-	-	-	-	-	-
Bcc Securis	-	-	7	-	-	-	20
BCC Retail	-	-	-	-	-	-	-
Credico Finance	-	-	-	-	-	-	-
Iccrea Holding	2,793	2,018	1	-	-	2,878	519
Immicra	-	31	-	-	-	-	20
Bcc Lease	4,325	-	60	-	-	709	4
Bcc CreditoConsumo	9,256	12	84	-	-	-	88
Bcc Factoring	5,540	15	18	-	-	-	46
Banca Sviluppo	970	2,034	370	121	95	-	66
GRAND TOTAL	**131,668**	**4,724**	**2,470**	**121**	**34,813**	**16,219**	**6,758**

The additional data required by IAS 24 are given in the table below.

	TOTAL AT 31/12/2012			
	GROUP COMPANIES	GROUP ASSOCIATES/ OTHER RELATED PARTIES	SENIOR MANAGEMENT	BENEFITS PLAN SUBSEQUENT EMPLOYEES
Financial assets held for trading	83,161	-	-	65
Financial assets designated at fair value	297,599	-	-	-
Financial assets available for sale	385	-	-	-
Due from banks	9,101,676	-	-	-
Due from customers	931,885	3	638	1
Equity investments	50,009	1,254	-	-
Other assets	48,573	-	-	-
TOTAL ASSETS	**10,513,288**	**1,256**	**638**	**66**
Due to banks	149,909	-	-	-
Due to customers	54,810	65,646	381	99,734
Financial liabilities held for trading	6,221	20,790	-	6,770
Financial liabilities designated at fair value	4,885	-	-	-
Securities in issue	80,240	52,727	-	-
Other liabilities	30,873	-	-	-
TOTAL LIABILITIES	**326,938**	**139,163**	**381**	**106,504**
GUARANTEES GRANTED AND COMMITMENTS	**881,075**	**282,175**	**-**	**-**

Part - I

Payment agreements based on own equity instruments

PART I – PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

At the date of the financial statements, the Bank has no payment agreements based on own equity instruments in force.

Part - L

Segment Reporting

PART L - SEGMENT REPORTING

In line with the provisions of accounting standard IFRS 8, the segment reporting has been prepared on the basis of the elements used by management to make their operative and strategic decisions. Below are the main economic and equity aggregates of the Bank.

Primary disclosure

Iccrea Banca systematically draws up a management report on the results obtained by the individual business segments into which the bank's activities are subdivided and which reflect the organizational structure.

In particular, the "business segments" now identified in Iccrea Banca are:

- finance and credit;
- payment systems;

in addition to which there are the central governance and support functions and the Institutional Services grouped in the "Corporate Centre".

The business segments consist of the aggregation of business lines and units presenting similar characteristics with reference to the types of products and services intermediated. This representation reflects the operative responsibilities sanctioned in the Bank's organisational structure and is subject to regular disclosures at the highest decision-making level.

More specifically, the Finance and Credits "business segment" includes the organisational units of Owned Finance and Trading, Treasury and Exchanges, Institutional Sales Securitisation and Institutional and Retail Credits, in the Payment Systems business segment includes the offices of Collections and Payments, E-Bank and CAIS applications. For a description of the activities of the individual segments, please refer to the "Bank activities" section of the Report on Operations.

Income statement

The table below shows the main economic aggregates of the aforesaid Business Segments. The results of the income statement are stated according to the reclassified statement given in the Report on Operations

ITEM/BUSINESS SECTOR	FINANCE AND CREDIT		PAYMENT SERVICES		CORPORATE CENTRE		BANK	
(FIGURES IN THOUSANDS OF EURO)	DEC-12	DEC-11	DEC-12	DEC-11	DEC-12	DEC-11	DEC-12	DEC-11
Net interest income	78,885	60,309	584	1,661	4,304	2,285	83,772	64,256
Net income from services	26,443	49,142	108,555	104,328	23,509	19,939	158,507	173,409
TOTAL REVENUES	**105,328**	**109,451**	**109,138**	**105,990**	**27,813**	**22,224**	**242,279**	**237,665**
Administrative expenses	30,874	39,987	66,082	68,059	56,542	47,920	153,498	155,966
Net adjustment of property and equipment and intangible assets	1,251	1,621	2,966	2,056	2,157	981	6,373	4,658
TOTAL OPERATING COSTS	**32,125**	**41,608**	**69,048**	**70,114**	**58,699**	**48,901**	**159,871**	**160,624**
GROSS OPERATING PROFIT/(LOSS)	**73,203**	**67,843**	**40,091**	**35,875**	**-30,886**	**-26,677**	**82,408**	**77,041**

With reference to the methods used to determine the economic results, the following is noted:

- net interest income is calculated for each segment of business as the difference between actual interest and figurative interest offset of the treasury pool;
- net income from services was calculated by means of direct allocation of the economic components;
- operating expenses were attributed in accordance with the "full costing" model which allocates the totality of the operating costs.

The increase in the margin of interest, +19.5 million compared to December 2011, is mainly attributable to the growth in the intermediate volumes by the Proprietary Finance and Trading Office included in the Finance and Credit sector.

Net income from services, totalling Euro 158.5 million as of 31 December 2012, consists of 138 million net fees and commission income, 17.3 million the result of trading activities and 3.3 million from dividends.

The increase in net fees and other revenue, from Euro 129.2 million in December 2011 to Euro 138 million in 2012 is mainly due to the sustained growth in all segments of e-money and the corporate centre.

The negative change in profits and losses from financial operations, from Euro 39.5 million in December 2011 to Euro 17.3 million in December 2012, is entirely attributable to a negative change of 33 million in the net result of assets and liabilities evaluated at fair value, which in December 2012 came to -8,2 million in 2012 compared to Euro 25 million in 2011.

Administrative expenses, totalling Euro 153.5 million as of 31 December 2012 consist of personnel expenses for Euro 59.2 million against Euro 68.8 million in December 2011 and Euro 94.3 million other administrative expenses, against Euro 87.1 million of 2011.

The total adjustments of values comes to about Euro 6.4 million at 31 December 2012 of which 2.8 million attributable to the adjustments on property and equipment and 3.6 million to adjustments on intangible activities.

By virtue of the above dynamics, the gross operating profit as of 31 December 2012 stands at Euro 82.4 million with a positive difference with respect to December 2011 of about Euro 5.4 million.

Equity aggregates

The table below shows the main equity aggregates relating to the utilization of and deposits made by customers and banks. Equity values are those stated at period end. Liabilities include capital, reserves and the period result.

The main equity aggregates related to loans and funding from customers and banks and relate to the finance and credits business segment (94%) insofar as payment systems mainly carry out commissioned activities.

ITEM/BUSINESS SECTOR	FINANCE		PAYMENT SERVICES		CORPORATE CENTRE		TOTAL	
(FIGURES IN MILLIONS OF EURO)	DEC-12	DEC-11	DEC-12	DEC-11	DEC-12	DEC-11	DEC-12	DEC-11
Due from customers	1,665	1,129	-	-	111	79	1,776	1,209
Due from banks	27,023	15,946	-	-	-	-	27,023	15,946
Financial assets and equity investments	7,114	3,374	22	23	193	258	7,329	3,655
TOTAL LOANS	**35,802**	**20,449**	**22**	**23**	**304**	**337**	**36,128**	**20,810**
Due to customers	8,890	1,187	378	533	2	19	9,270	1,739
Due to banks	21,197	15,452	-	-	-	-	21,197	15,452
Other financial liabilities	4,928	3,022	34	3	699	594	5,661	3,619
TOTAL DEPOSITS	**35,015**	**19,661**	**412**	**536**	**701**	**613**	**36,128**	**20,810**

Secondary disclosure

With regard to the secondary report, it should be noted that the Bank's activities are almost exclusively carried out in Italy.

Appendices

Bcc Securis
Hi-Mtf
Situation of the Fondo Centrale di Garanzia
Bcc Multimedia

BCC SECURIS The Company's Financial Statement Schedules

BALANCE SHEET

ASSET ITEMS	31/12/2012		31/12/2011	
60. Due from banks		9.875		10.034
120. Tax assets		1.236		2.112
a) current	1.236		2.112	
b) deferred	-		-	
140. Other assets		18.297		25.419
TOTAL ASSETS		**29.408**		**37.565**

LIABILITY AND SHAREHOLDERS' EQUITY ITEMS	31/12/2012		31/12/2011	
70. Tax liabilities		429		375
a) current	429		375	
b) deferred	-		-	
90. Other liabilities		18.329		26.541
120. Share capital		10.000		10.000
160. Reserves		649		602
180. Profit/(Loss) for the year		1		47
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**29.408**		**37.565**

INCOME STATEMENT

INCOME STATEMENT	31/12/2012		31/12/2011	
10. Interest and similar income		1		47
Net interest income		**1**		**47**
40. Fee and commission expenses		(60)		(61)
Net fee and commission income		**(60)**		**(61)**
Gross banking income		**(59)**		**(14)**
110. Administrative expenses:		(65.553)		(64.382)
a) personnel expenses	(9,753)		(8.836)	
b) other administrative expenses	(55.800)		(55.546)	
160. Other operating income		65.613		64.456
Profit (loss) from financial operations		**60**		**74**
Profit/(Loss) before tax on continuing operations		**1**		**60**
190. Income tax for the period on continuing operations		-		(13)
Profit/(Loss) after tax on continuing operations		**1**		**47**
Profit/(Loss) for the period		**1**		**47**

STATEMENT OF COMPREHENSIVE INCOME

ITEM	31/12/2012	31/12/2011
10. Profit/(Loss) for the year	1	47
110. Total other comprehensive income net of taxes	-	-
120. Comprehensive income (Items 10+110)	1	47

Hi-MTF The Company's Financial Statement schedules

BALANCE SHEET

ASSET ITEMS	31/12/2012		31/12/2011	
10. Cash and cash equivalents		1.019		115
60. Loans and receivables		5.594.780		4.991.493
100. Property, plant and equipment		25.025		39.888
110. Intangible assets		70.694		114.889
120 Tax assets		-		21.376
a) current	-		14.731	
b) prepaid	-		6.645	
140. Other assets		184.315		98.802
Total Assets		**5.875.833**		**5.266.563**

LIABILITY AND SHAREHOLDERS' EQUITY ITEMS	31/12/2012		31/12/2011	
10. Payables		43		-
70. Tax liabilities		140.921		5.639
a) current	140.921		5.639	
b) prepaid	-		-	
90. Other liabilities		430.813		426.076
100. Employee termination benefits		94.749		76.279
120. Share capital		5.000.000		5.000.000
160. Reserves		(241.431)		(485.948)
180. Profit/(Loss) for the period		450.738		244.517
Total Liabilities		**5.875.833**		**5.266.563**

INCOME STATEMENT

ITEM	31/12/2012		31/12/2011	
50. Fee and commission income		2.706.388		2.565.137
60. Fee and commission expenses		(64.007)		(75.120)
70. Interest and similar income		172.464		54.558
80. Interest and similar expenses		(2.113)		(1.252)
Gross banking income		**2.812.732**		**2.543.323**
110. Administrative expenses:		(2.074.954)		(2.068.081)
a) personnel expenses	(863.345)		(873.544)	
b) other administrative expenses	(1.211.609)		(1.194.536)	
120. Net adjustments of property and equipment		(17.038)		(16.818)
130. Net adjustments of intangible assets		(48.925)		(20.623)
160. Other operating income/expenses		(23)		-
Profit (loss) from financial operations		**671.792**		**437.801**
Profit (loss) before tax on continuing operations		**671.792**		**437.801**
190. Income tax for the period on continuing operations		(221.054)		(193.285)
Profit(loss) after tax on continuing operations		**450.738**		**244.517**
Profit/(Loss) for the period		**450.738**		**244.517**

STATEMENT OF COMPREHENSIVE INCOME

ITEM	31/12/2012	31/12/2011
10. Profit/(Loss) for the year	450.738	244.517
110. Total other comprehensive income net of taxes	-	-
120. Comprehensive income (Items 10+110)	450.738	244.517

Situation of the Fondo Centrale di Garanzia as at 31 December 2012

BALANCE SHEET

	31/12/2012	31/12/2011
Assets		
Deposits with banks	1.331.235	1.340.009
Loans	-	-
Other assets	-	-
D.D. for interest on deposits	36.950	-
Total assets	**1.368.185**	**1.340.009**
Liabilities		
Taxes payable	12.220	8.774
Payables to CGF reserve	1.355.965	1.331.235
Total liabilities	**1.368.185**	**1.340.009**

INCOME STATEMENT

	31/12/2012	31/12/2011
Costs		
Fees and consultancy	-	-
Value adjustments	-	-
Out-of-period charges	-	(9.653)
Provisions for taxes	(12.220)	(8.774)
Allocation to the reserve	(24.730)	(17.758)
Total costs	**(36.950)**	**(36.185)**
Revenues		
Interest on bank deposits	36.950	36.185
Out-of-period income	-	-
Total revenue	**36.950**	**36.185**

BCC MULTIMEDIA The Company's Financial Statement Schedules

BALANCE SHEET

ASSET ITEMS	31/12/2011	
10. Cash and cash equivalents		581.891
120. Property, plant and equipment		28.900
130. Intangible assets		673.953
140. Tax assets		30.599
a) current	30.599	
b) deferred	-	
160. Other assets		2.758.821
Total Assets		**4.074.164**

LIABILITY AND SHAREHOLDERS' EQUITY ITEMS	31/12/2011	
80. Tax liabilities		39.339
a) current	39.339	
b) prepaid	-	
100. Other liabilities		2.264.832
110. Employee termination benefits		8.756
120. Provisions for risks and charges		28.000
a) post-employment benefits	28.000	
b) other provisions	-	
Total liabilities		**2.340.927**
170. Reserves		(327.703)
FTA reserve	(3.463)	
Earnings/losses carried forward	(324.420)	
190. Share capital		2.000.000
220. Profit/(Loss) for the period		60.940
Total Equity		**1.733.237**

INCOME STATEMENT

ITEM	31/12/2011	
10. Interest and similar income		3.907
20. Interest and similar expenses		853
30. Net interest income		**3.054**
130. Gross banking income		**3.054**
140. Allocation to risk provisions on credits		(28.000)
150. Earnings of Financial Operations		**(24.946)**
190. Administrative expenses		(1.306.415)
a) personnel expenses	(837.600)	
b) other administrative expenses	(468.815)	
210. Net adjustments of property and equipment		(9.278)
220. Net adjustments of intangible assets		(210.890)
230. Other operating income/expenses		1.689.801
240. Operating expenses		**163.218**
290. Profit/(Loss) before tax on continuing operations		**138.272**
300. Income tax for the period on continuing operations		(77.332)
310. Profit/(Loss) after tax on continuing operations		**60.940**
330. Profit/(Loss) for the period		**60.940**
350. Net profit/(loss) for the year pertaining to the parent company		**60.940**

M – FACILITY s.r.l. The Company's Financial Statement schedules

BALANCE SHEET

ASSET ITEMS		31/12/2012	31/12/2011
B)	**FIXED ASSETS**		
INTANGIBLE	Intangible assets		
Ia)	GROSS INTANGIBLE	6.281	3.781
TOTAL B)		**6.281**	**3.781**
C)	**CURRENT ASSETS**		
II)	LOANS AND RECEIVABLES		
4-bis)	TAX CREDITS		
4a)	DUE WITHIN THE NEXT FINANCIAL YEAR	1.634	-
IV)	CASH AND CASH EQUIVALENTS		
1)	BANK AND POST OFFICE DEPOSITS	2.451	10.000
TOTAL C)		**4.085**	**10.000**
	TOTAL ASSETS	**10.366**	**13.781**

LIABILITY AND SHAREHOLDERS' EQUITY ITEMS		31/12/2012	31/12/2011
A)	**SHAREHOLDERS' EQUITY**		
INTANGIBLE	SHARE CAPITAL	10.000	10.000
IX)	PROFIT/(LOSS) FOR THE YEAR	-3.080	-
TOTAL A)		**6.920**	**10.000**
D)	**PAYABLES**		
7)	SUPPLIERS		
7a)	DUE WITHIN THE NEXT FINANCIAL YEAR	2.366	3.471
12)	TAXES		
12a)	DUE WITHIN THE NEXT FINANCIAL YEAR	879	-
14)	OTHER PAYABLES		
14a)	DUE WITHIN THE NEXT FINANCIAL YEAR	201	310
TOTAL D)	OTHER PAYABLES	**3.446**	**3.781**
	TOTAL LIABILITIES	**13.366**	**13.781**

INCOME STATEMENT

		31/12/2012	31/12/2011
A)	**VALUE OF PRODUCTION**	**-**	**-**
B)	**COST OF PRODUCTION**	**-3.068**	**-**
7)	SERVICES	-2.558	-
14)	OTHER OPERATING EXPENSES	-510	-
C)	**FINANCIAL INCOME AND EXPENSES**	**-12**	**-**
17)	INTEREST AND OTHER FINANCIAL EXPENSES		
17a)	BANK INTERESTS AND SIMILAR EXPENSES	-12	-
D)	**VALUE ADJUSTMENTS OF FINANCIAL ASSETS**	**-**	**-**
E)	**EXTRAORDINARY INCOME AND EXPENSES**	**-**	**-**
	PROFIT/(LOSS) BEFORE TAXES (A-B+C+D+E)	**-3.080**	**-**
	PROFIT/(LOSS) FOR THE YEAR	**-3.080**	**-**

Certification of the financial statements 2012

Gruppo bancario Iccrea

Iccrea Banca S.p.A.
Istituto Centrale del Credito Cooperativo

CERTIFICATION OF THE FINANCIAL STATEMENTS 2012

We, the undersigned Francesco Carri, as Chairman of the Board of Directors, and Giuseppino Pezza as Head of Accountancy Department.

"We confirm to the best of our knowledge that:

1. the financial statements of the Issuer prepared in accordance with International Financial Reporting Standards (as adopted in the European Union) give a true and fair view of the assets, liabilities, financial position and profit of the Issuer;

2. the management report includes a fair review of the development and performance of the business and position of the Issuer, together with a description of the principal risks and uncertainties that they face.

Rome, 6 march 2013

Giuseppino Pezza
Head of Accountancy Department

Francesco Carri
Chairman of the Board of Directors

BCC CREDITO COOPERATIVO

Auditor's Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel. (+39) 06 324751
Fax (+39) 06 32475504
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2012, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Iccrea Banca S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 3, 2012.

3. In our opinion, the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Iccrea Banca S.p.A. for the year then ended.

4. The management of Iccrea Banca S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the specific section on Corporate Governance and the Company's Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Ernst & Young

001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob (the Italian Stock Exchange Regulatory Agency). In our opinion, the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2), letter b) included in the specific section on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2012.

Rome, March 25, 2013

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

Iccrea Banca

BCC
CREDITO COOPERATIVO