Report and Financial Statements 2011
Iccrea Banca S.p.A.

Iccrea Banca S.p.A.
Registered Office: Via Lucrezia Romana 41/47 - 00178 Rome
Company & VAT N° 04774801007 – Rome R.E.A. 801787
A member of the Iccrea Banking Group
Registered in the Register of Banking Groups
Share Capital: Euro 216,913,200 fully paid up

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

Iccrea Banca

CONTENTS

Summary of activity 2011

SUMMARY OF ACTIVITY 2011

2011 was marked by an unprecedented liquidity crisis. The crisis, associated with a worsening in the measurement of the country's credit rating resulted in the basic closure of international markets, in the rarefying of the domestic inter-banking market and in the securitisation as the only operative method actually available to access the financial markets.

The high return of government securities and the lack of important provisioning markets have resulted in extreme re-financing conditions and abnormal competitive dynamics. CBs, which more than other banks have their main source of income as net interest income, have significantly suffered the competitive dynamics on the deposits side.

In this context, in 2011 Iccrea Banca paid special attention to funding activities in support of the CBs, in optimising the yield of owned securities and in developing income from services, both by intensifying initiatives already underway and through an intense innovation process.

In order to flank the CBs in their activities overseeing liquidity management and providing them with instruments able to support the dynamics of deposits, in February 2011 a permanent task force was organised that throughout the year made more than 350 visits concentrated mainly on two campaigns, in March and July, aimed at analysing specific individual problems and identifying customised solutions.

From an operative viewpoint, with reference to short-term matters, 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. These initiatives have successfully taken restricted treasury deposits from just under Euro 1 bln at the start of the year to approximately 1.9 bln at 31 December 2011.

With reference to the medium/long-term, debenture loans have been issued in favour of the owners of the CBs with EMTN programme for a total of Euro 324 mln and 9 emissions of debenture loans for customers of the CBs for a total of around Euro 704 mln. Emissions were made both through public offers and with customised emissions on the basis of specific demands, which, on the one hand, have enabled customer retention and a consolidation of medium-term deposits with the Cooperative Credit system and, on the other, to allow the CBs to benefit from approximately Euro 5.4 mln listing commission returned to them by Iccrea Banca.

The choices made in terms of supply systems in treasury have radically altered the breakdown of liquidity deposited with Iccrea Banca. In December 2011, the on demand component, represented by the balance of the balancing account (BA), accounted for just 44% of the total, whilst at end 2010, this component represented 62%. 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 20 mln.

At the same time, in order to guarantee the CBs with a need to diversify deposits a suitable support in terms of cost levels compatible with the managerial-economic balance, treasury lines have been released and 26 new debenture loans subscribed for a nominal figure of Euro 232 mln. The support also translated into interventions aimed at ensuring the strengthening of equity, mainly on CBs involved in restructuring situations and restoration procedures, with the subscription of 3 subordinate debenture loans for a total of Euro 35 mln.

However, the most significant support in terms of volumes, in 2011, was the operations of securitised loans (named "pool of collateral"), which grew from around Euro 2 bln at end 2010 to approximately Euro 8.5 bln at end 2011. This activity recorded further growth in the first few months of 2012 and settled at around Euro 16 bln in the first quarter of this year.

Through the "pool of collateral", Iccrea Banca made an innovative security-backed credit line available to the CBs (eligible in operations with the ECB) managed with the pool technique. This line enabled the possibility of replacing the securities and a daily adjustment of guarantees. The new operative methods enable a mitigation of the impact of the introduction of the new regulatory provisions on concentration risks, supporting the CBs even for particularly high volumes.

The project, which began late March with an experimental stage for 5 pilot banks, became operative on 30 June 2011 and made it possible to manage guarantees dynamically, encouraging the use of these under the scope of active owned portfolio management. The new operations, in addition to granting the CBs access to an important financing channel, also helped improve the income statement of the CBs, both by reducing tension on the cost of deposits and offering opportunities by which to optimise investment operations.

Additionally, it proved to be of fundamental importance in enabling a great many CBs to use extraordinary interventions that the ECB adopted during the year and, in particular, to access the 36-month operation implemented on 22 December, which, through the Institute, saw the involvement of 230 banks for a total amount of around Euro 6 bln. The new operative method prepared by the Institute has also enabled the system of the CBs to also access the second extraordinary three-year operation implemented by the ECB, liquidated on 1 March. Through Iccrea Banca, 245 CBs were involved in the operation for a nominal figure of around Euro 7 bln.

Again under the scope of support to liquidity, in June 2011 the CF9 securitisation was concluded on residential loans. The operation, which involved 18 CBs for an amount of assets sold of around Euro 635 mln, enabled the generation of securities useful for participating in the loan operations with the ECB at limited rates, supplying the reserves of securities available for liquidity needs. In 2011, the CF 10 securitisation transaction was also started, involving 30 CBs for around 1.6 bln assets to be sold. This operation is now being concluded.

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 CBs, 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 HiMTF platform has been increased to 635, thereby increasing the opportunities for diversification of investment instruments and trading in favour of customers of the CBs.

Finally, in order to make the debenture loans issued by the CB liquid as required, the order driven segment has been implemented on the HiMTF platform to hold the listing of these instruments. As of 31 December 2011, 63 CBs had adhered to the service for a total of 907 securities listed.

In 2011, Iccrea Banca also provided the CBs with strong support in terms of financing, both directly and in support of the international business of the business customers of the CBs.

648 financing operations were completed as compared with 325 in 2010 (+100%). CBs entrusted went from 289 in 2010 to 293 in 2011. Investigations and evaluations were extended to new technical forms and, in particular, to the already mentioned openings of guaranteed credit (pool of collateral).

At end 2011, the total amount agreed was 10.5 bln. Collateral-backed loans totalled 7.7 bln, whilst those without collateral had reached 787 mln (as compared with an agreement of approximately Euro 2.1 bln). In 2011, the Institute reinforced its role of providing financial support to the Cooperative Credit System, in particular intervening in strengthening and rationalising operations.

As of 31/12/2011, the loans resolved by the Institute in strengthening operations amounted to a total of Euro 355 mln, of which 87 mln due to subordinate instruments issued by the CBs. The above support operations benefited from the guarantee of the Investor Guarantee Fund for 33% of the amount granted (for subordinate loans, the percentage coverage of the Fund was 82%).

In 2011, Iccrea Banca significantly reviewed the conditions applied to loans disbursed to the CBs, in compliance with the altered outlook and the mentioned dynamics that affected the deposits market. However, differently from other market operators, in 2011 too the Institute did not leave CBs worthy of credit without its financial support on medium/long-terms too, transferring only part of the often anomalous dynamics seen on the deposits market to these loans. The Institute thereby calmed the anomalies generated by the liquidity crisis and the credit risk that affected the country in 2011.

In order to guarantee the stability of the system and an increasingly efficient allocation of capital, in 2011, the investigation process and risk assumption was further refined. More specifically, requests for loans and renewal were subject to the availability of monthly information available on the supervisory matrices. Additionally, the investigation process was supplemented with information on the liquidity position of the CBs and the main due dates 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 an outlook 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 2011, Iccrea Banca started a strengthening process of the payment cards segment with the aim, in the end, of making payment cards a centre of excellence, overcoming the concept of a simple means of payment and focussing on payment cards as a “relational platform” between customer and bank. The investments made by Iccrea Banca in the segment are destined to support the CBs in the process of restoring the income statement in the favour of income from services and increasing the levels of customer fidelity and retention.

The 2011 results show sustained growth in all sectors of payment cards, both on the issuing side, with more than 2.7 mln cards in issue and approximately Euro 12.7 bln and on the acquiring side, with more than 110 thousand Pagobancomat POS, 4.1 thousand ATMs active and Euro 13.3 bln.

In 2011, the offer of card products was extended, both in the “family” segment and the “young” target. More specifically, in order to satisfy the evolution of customer demands, the CB “Powered” card range was launched which, in addition to envisaging the reimbursement to the holder of the full amount in the event of fraud and theft of goods purchased and/or cash withdrawals made in the 24 hours following the operation, ensures the holder an extension of the grace period (period running between when the expense was made and the related debit) together with the possibility of returning, in the 30 days following purchase, the good purchases (“satisfied or your money back” formula). Finally, should the goods purchased with the CB “Powered” card enjoy the two-year legal warranty, an extension of an additional year is also guaranteed.

In addition to the extension of the product portfolio, Iccrea Banca has also provided actual support to the CBs through the activation of a “Sales Force” service available to branches for the listing of cards. The pilot project, started up with 3 CBs in November through the creation of two new sales channels (external sales team and “corners” in the branch) has generated a placement of approximately 1,000 new cards per month.

In 2011, the strengthening of card safety continued, thanks to the activation of the authorisation shield, the PRM (“proactive risk management”), the “SMS alert” service and the “3D Secure” for internet transactions. These implementations have enabled fraud to be limited, the average incidence of which on spending has dropped by 30%.

On the "acquiring" side, thanks to the increasing information capital generated by the management of payment cards and their acceptance devices, Iccrea Banca has realised the loyalty programme named "ClubCartaBCC", stipulating more than 1,000 commercial agreements with third parties nationwide to ensure that their holders are afforded discounts on the purchases of goods and services when made with the CB Card. In 2011, Iccrea Banca continued to invest in communication (development of the new portal www.cartabcc.it and marketing materials in support of the commercial action) and in training on the territory. The "Training Tour" in the 5 stages made (Treviso, Milan, Bologna, Rome, Caltanissetta) recorded the participation of a total of 197 CBs (as compared with 155 in 2010). Again with a view to ensuring greater support to Cooperative Credit Banks, specific reporting is currently being developed both for internal and external purposes.

In 2011, Iccrea Banca supported the Cooperative Credit Banks with collections and payments too, 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.

In particular, the segment processes have been rationalised, both on the CB side and on the Iccrea Banca side, increasing integration levels with the computer systems of the movement, thereby minimising the impact of the adjustment to meet international standards (PSD and SEPA).

Additionally, some highly innovative projects have been completed that will enable the CBs to further reduce costs and generate new income flows. By way of example, we would mention the Electronic Billing project, which is to be started-up during the first half of 2012 and which will enable the CBs to have a high added value supply for business customers, encouraging efficiency in administrative processes and introducing a strong fidelity factor.

Finally, despite the fact that 2011 recorded significant pressure on the prices of payment services supplied by Iccrea Banca (new antitrust rules, renegotiation of INPS contract), the institute has fully borne the greater charges, implementing a tariff limitation policy.

In the securities services segment, the Securities Administration has significantly extended its activities, supporting the CBs in all matters relating to financial instruments, from accounting and administration to legal and tax support, enabling banks to keep step with news deriving from the development of financial markets and the management of critical issues such as default, for example. In 2011, the assistance given to CBs enabled them to cope with needs relating to the issue of debenture loans, their listing to guarantee the relevant liquidity, traditional custody and administration, management of foreign taxation (currently more than 40 different countries) and records maintenance, now totalling almost 50,000 securities.

Particular attention was paid in 2011 to the making efficient and rationalisation of IT infrastructures. The start-up of the new secondary disaster recovery centre at the BCRS office of IBM in Rome has enabled the availability, at limited costs, of a structure compliant with the best market practices. At the same time, the centralisation at Iccrea Banca of the IT infrastructures of the main companies of the Iccrea Banking Group has laid the basis for a further optimisation of the solutions aimed at creating and exploiting all possible synergy in the management of server farms and, more generally, of basic software.

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

The Institute's 2012 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 efficient and intends to partially transfer any recoveries of efficiency obtained to the prices of services to the CBs.

2011 was also characterised by the start-up of a process of great transformation of the Institute's business model, starting from the design and implementation of a new service model, made necessary by the altered competitive context and positioning of the CBs and the significant regulatory evolutions. The new model is also coherent with the objective that the Iccrea Banking Group has set itself, to become the partner of Cooperative Credit Banks.

The cornerstones are the in-depth knowledge of the customer/partner, the analysis of needs expressed or latent of the CBs and the need to offer the CB nearness and a unique/simple contact with the complex world of the central institute. The new model in fact starts from a twofold awareness. On the one hand, the absolute centrality of the CB, its needs and specific characteristics of its market, in planning services and solutions produced by Iccrea Banca. On the other hand, the awareness that our banks are institutional, requiring, due to their size and the related organisational model, great assistance and a close approach. The new Iccrea Banca service model therefore takes the form of a "proximity institutional" model.

In organisational terms, very briefly, in support of the new service model the following have been established: Business Intelligence, which will study and investigate profiles and positioning of CBs, enabling a predictive analysis of conduct and the needs of such and the development of commercial guidelines; Commercial Planning, which will define the commercial objectives and actions in support of the CBs in addition to ensuring the constant monitoring of initiatives developed; the introduction of the figure of the Institutional Relations Manager (IRM) as sole point of reference for all CBs in the relevant portfolio. After an initial study stage and feasibility analysis, on 5 December a pilot project was begun on 11 CBs of the Marche, which has shown encouraging results.

The business model evolution process sees governance of human resources and the organisation at the heart: it is in fact first and foremost a major cultural change with significant impact on professional resources, their behaviour and competences.

In this context, the activation and support of synergic and virtuous mechanisms encouraging the exchange and circulation of experiences, competences and resources between companies of the Iccrea Banking Group and the territory, is just as important. To this end, in October the Institute began the initiative "Iccrea Banca.... on the Move". The initiative, which sees groups of Iccrea colleagues visit the territory for a real discovery of CBs, aims to bring the Institute increasingly closer to the territorial realities, encouraging direct knowledge and dialogue between colleagues of the different contexts. As of today, 180 Iccrea Banca resources have been involved in the project and the initiative will continue in 2012.

Under the scope of the new service model, in 2011 the review of the operative model and the re-engineering of commercial processes were started and substantially completed, also defining the professional and organisational roles required for an optimal implementation of the new service model. The Change Management project was begun in support of the change process, acting on the alignment of human capital to the new service model, on the evolution of competence centres into real centres of excellence and on the alignment of staff management and development systems.

The management of company needs in terms of resources and skills has been greatly marked by a valuation of internal human capital relying on the important capital of competences present in the Bank. This took place through training and development actions, management of professional growth paths and qualified job rotation. Internal professional development paths caused 60 resources to rotate, whilst a further 100 resources were affected by changes connected with the alterations to the company's organisational structure. Finally, hirings were made from the external market in a focussed fashion and aiming to include valued professionals bringing experience and skills with them serving the company's business model and its evolution.

Also considering mobility towards other Group realities which took place as from 01 January 2011, 100 people left the company, of which 47 positions managed in relation to the agreement of 21 January 2010 on the recourse to the provisions of the Solidarity Fund and 46 relating to mobility towards other Group companies and the Movement.

The premium policy of the company affected approximately 60% of employees through discretionary interventions of various different natures, whilst all resources received the result premium relating to the results of financial year 2010 in accordance with that established by current provisions of contract.

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 32,000 hours. The per capita average stands at around 46 hours and the addressees of the training were all employees.

Again with a view to promoting growth and development of the resources in the Movement, Iccrea Banca has developed training interventions for colleagues of the Cooperative Credit Banks, both through dedicated trips to Iccrea Banca and specific investigations according to the needs of the visiting CBs (approximately 16 banks involved for more than 30 resources) and through the development of courses on specific subjects such as, for example, those for treasurers, organised by Federcasse and by SEF which used colleagues from Iccrea Banca Treasury as trainers and enabled the training of 15 treasurers of the Cooperative Credit Banks. These important training activities will also continue in 2012, aware that through these, stable relations can be constructed between the Institute and the CBs, based not only on shared values but also on standardised professional competences, above over time to consolidate and increase the related results, which, in terms of the creation of value for the Cooperative Credit System, financial year 2011 bears out effectively.

Report on Operations

FINANCIAL YEAR
1ST JANUARY - 31 DECEMBER 2011

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.

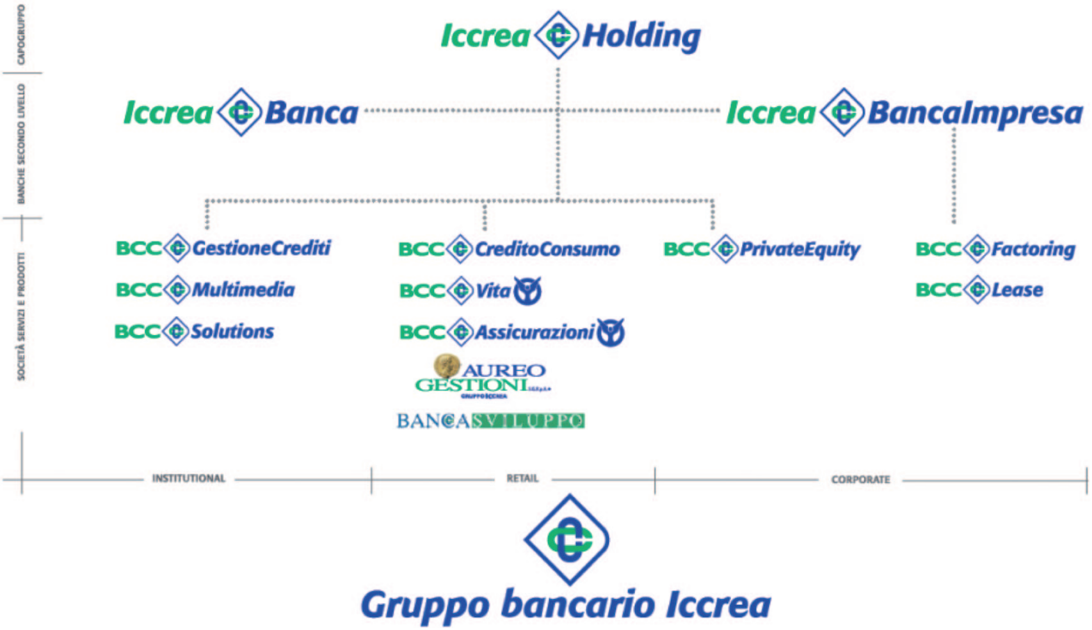
Iccrea Banca is a solid business offering services under the sphere of Finance, Payment Systems and payment cards, also providing loans in support of the needs of the Cooperative Credit System.

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 2011	Dec 2010	% change
Financial assets held for trading	20. Financial assets held for trading	633,351	438,256	44.5%
Financial assets designated as at fair value through profit and loss	30. Financial assets designated as at fair value through profit and loss	314,955	21,350	1375.2%
Financial assets available for sale	40. Financial assets available for sale	2,135,150	750,270	184.6%
Financial assets held to maturity	50. Financial assets held to maturity	317,604	0	
Due from banks	60. Due from banks	15,946,240	7,873,929	102.5%
Loans to customers	70. Loans to customers	1,129,365	833,742	35.5%
Equity investments	100. Equity investments	51,013	1,057	4725.9%
Other non-current assets		23,999	21,952	9%
	110. property and equipment	19,911	18,771	6%
	120. Intangible assets	4,088	3,181	28.5%
Tax assets				
	130. Tax assets	48,914	31,614	54.7%
Other asset items		209,225	682,441	-69%
	10. Cash and cash equivalents	79,360	79,509	0%
	80. Hedging derivatives	15,170	0	
	140. Non-current assets and asset disposal groups held for sale	0	498,180	-100%
	150. Other assets	114,695	104,751	9.5%
	Total assets	**20,809,815**	**10,654,611**	**95.3%**

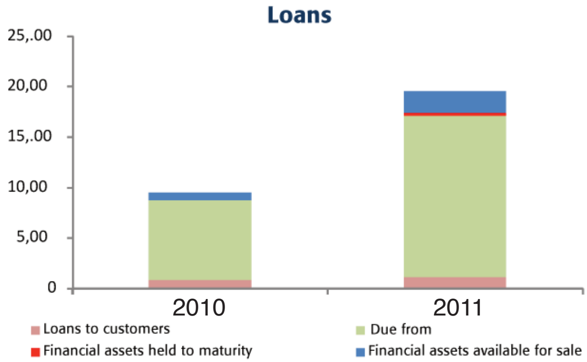
Reclassified Balance Sheet	**Liabilities and shareholders' equity**	**Dec 2011**	**Dec 2010**	**% change**
Due to banks	10. Due to banks	15,451,959	5,559,083	178.0%
Due to customers	20. Due to customers	1,738,714	2,610,635	-33.4%
Securities issued	30. Securities issued	1,701,830	830,271	105.0%
Financial liabilities held for trading	40. Financial liabilities held for trading	525,616	369,387	42.3%
Financial liabilities designated as at fair value through profit or loss	50. Financial liabilities designated as at fair value through profit or loss	723,729	300,365	141.0%
Other liability items		243,730	621,511	-60.8%
	80. Tax liabilities	9,938	6,965	42.7%
	60. Hedging derivatives	33,293	17,432	91.0%
	90. Liabilities associated with assets held for sale	0	448,180	-100.0%
	100. Other liabilities	200,499	148,935	34.6%
Funds		19,010	24,762	-23.2%
	110. Employee termination benefits	13,165	14,676	-10.3%
	120. Provisions for risks and charges	5,845	10,086	-42.0%
Reserves		144,425	101,429	42.4%
	130. Valuation reserves	-7,505	30,291	-124.8%
	160. Reserves	151,931	71,138	113.6%
Share capital				
	180. Share capital	216,913	216,913	0.0%
Profit (loss) for the period				
	200. Net profit (loss) for the period (+/-)	43,889	20,256	116.7%
	Total liabilities and shareholders' equity	**20,809,815**	**10,654,611**	**95.3%**

Reclassified Income Statement	Income statement	Dec 2011	Dec 2010	% change
Net interest income		64,256	45,107	42.5%
	10. Interest and similar income	264,272	118,382	123.2%
	20. Interest and similar expense	-200,016	-73,275	173.0%
Net fees and commission income (expense)		115,740	113,385	2.1%
	40. Fee and commission income	327,449	306,046	7.0%
	50. Fee and commission expense	-211,709	-192,661	9.9%
Dividends and similar income	70. Dividends and similar income	4,656	1,388	235.3%
Gains and losses on financial transactions		39,518	15,824	149.7%
	80. Net gain (loss) on trading activities	8,444	8,085	4.4%
	90. Net gain (loss) on the hedging activities	502	314	60.2%
	100. Net gains (losses) on disposal or repurchase	5,556	5,592	-0.6%
	110. Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	25,016	1,834	1264.2%
Other operating income/expenses				
	190. Other operating income/expenses	13,496	11,774	14.6%
	Total Revenues	**237,665**	**187,478**	**26.8%**
Administrative expenses				
	150. Administrative expenses	-155,966	-138,221	12.8%
Amortisation and depreciation of fixed assets		-4,658	-4,717	-1.2%
	170. Net adjustments of property and equipment	-2,488	-2,635	-5.6%
	180. Net adjustments of intangible assets	-2,170	-2,082	4.2%
	Gross operating profit/(loss)	**77,041**	**44,541**	**73.0%**
Net allocations to provisions	160 Net provisions for risks and charges	-367	-4,978	-92.6%
Net losses/recoveries on impairment	130. Net losses/recoveries on impairment	-3,613	-8,286	-56.4%
Income taxes	260. Income tax expense from continuing operations	-29,173	-12,202	139.1%
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	1,181	-100.0%
	Net profit (loss) for the period	**43,889**	**20,256**	**116.7%**

Performance indicators

LOANS

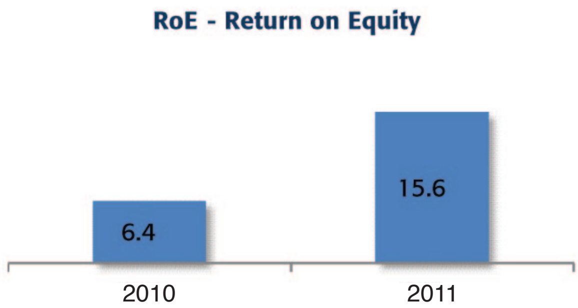
At the end of 2011, amounts due from banks and loans to customers respectively total 82% and 6% of total loans, including: loans to customers, amounts due from banks, financial assets held to maturity and financial assets available for sale, equal to 11% of the total.



RETURN ON EQUITY (ROE)

RoE for 2011 comes to 15.6%, up on the 6.4% recorded in 2010. The growth is essentially due to the increased profit for the year for 23.6 million.

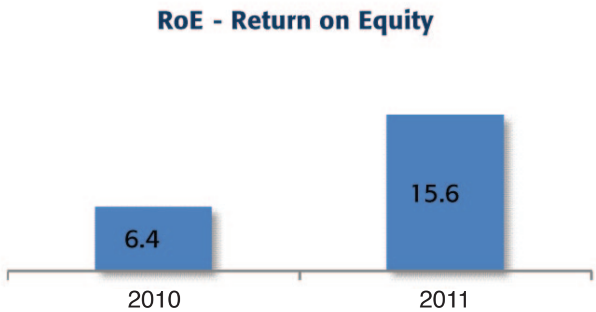
Return on Equity is calculated as the ratio of net profit for the year and shareholders' equity at the end of the period (not considering period profit and the increase of 80 million on capital account recorded in 2011). This indicator expresses the return on equity.



COST INCOME

The Cost income ratio in 2011 comes to 67.6%, a drop on 2010 by virtue of the increased total revenues, despite the increased 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.

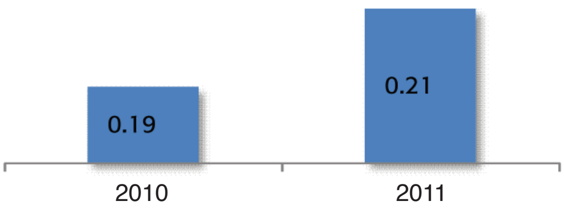


Return on Asset (RoA)

RoA for 2011 comes to 0.21%, up on 2010. The change is due to an increase in net profit that is more than proportional with respect to the increase in assets.

Return on Asset 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.

RoA - Return on Asset

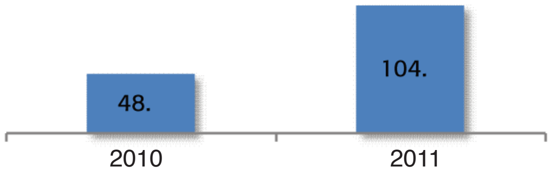


Earning per Share (EpS)

EpS for 2011 was 104.5 against 48.2 of 2010 and is affected by the greater value of the net profit.

Earning per Share equates to the ratio of net profit and the number of shares comprising the shareholders.

EpS - Earning per Share

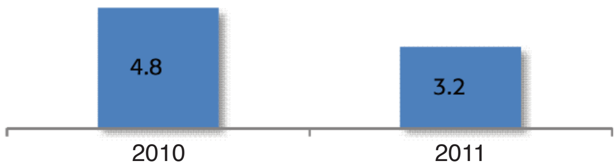


Net bad debts/Loans to customers

The incidence of net bad debts out of loans to customers at end 2011 totals 3.2% as compared with 4.8% of 2010.

This indicator expresses the risk level of the loans portfolio.

Net bad debts /Loans to customers



2. THE REFERENCE CONTEXT

The macroeconomic context and the international credit system

2011 closes with an international context that is decidedly worse than forecasts. National accounting shows an overall slowing, the United States of America only just managing to grow at half their potential, the Eurozone now close to stagnation, the Asian economies, and China and India in particular, shortening the step somewhat, whilst the major international institutions do not hide their fear for the start-up of a recession.

The world economy is experiencing some of the most difficult years of the second globalisation. The international financial crisis, sparked off by the sub-prime mortgages, has caused a large increase to public debt. Worldwide, from 2007 to 2011, the debt of public administrations went from 57 to 70 percent of the GDP. The increase concentrated on advanced countries, where this ratio when from 74 to 97 percent of the GDP. This trend, together with the low growth prospects, since 2010 has begun to pressurise the public accounts of the most indebted countries of the Eurozone.

2011 records actual growth of the GDP estimated at 0.4 percent due to a generalised slowing of all items comprising it. In observing details of the change, 2011 sees export grow more quickly than imports, at +5.9 percent versus +0.3 percent. Final national consumptions show a negative change with respect to 2010, which further slow growth. Family consumptions have grown slightly, +0.4 percent, but the rate is in any case insufficient to have an effect on the economy. Gross fixed investments at end 2011 recorded a drop of 1.4 percent. Investments include non-residential private investments as stagnating, +0.1 percent. In conclusion, above all exports made the greatest contribution towards the growth of the GDP in 2011.

Inflation, in terms of annual average, is estimated at one percentage point higher than 2010, standing at +2.8 percent. The unemployment rate has gone from 8.4 percent to 8.3 percent. Salaries are up by approximately 2.2 percent and, therefore, less than the rate of inflation. The cost of labour per unit of product has grown by 2.4 percent, just under the level of inflation and decidedly reversed with respect to 2010.

The growth of the Eurozone has significantly weakened. During the second quarter of 2011, the GDP grew by just 0.2 percent with respect to the +0.8 percent of the previous quarter, above all due to the stagnation of domestic demand: family consumptions are slightly down (-0.2 percent), gross fixed investments (+0.1 percent) suffered the drop in the construction component against a further increase in spending on instrumental assets. Exports, although slowing, have continued to constitute the main support to the dynamics of the GDP (+0.2 percent), whilst the result of the contribution of stocks is modest (+0.1 percent).

Industrial production, although still a far cry from pre-crisis levels, has gained ground, particularly in terms of trends. In September, despite the drop on the previous month (-2.2 percent), the index grew by +2.7 percent.

The ECB monetary policy

The weak trend of the economic cycle and turbulence on the markets have greatly affected the monetary policy, preventing freedom of manoeuvre on interest rates. In this regard, the fact that in November and December the ECB had to backtrack with respect to the increased reference rate applied mid-July is symbolic of this, as are the minimum levels of the monetary condition indexes both for the Eurozone and the United States of America, due to the extremely low, negative values of real interest rates. This behaviour of the monetary policy has clear reflections on forecast short-term rate levels over the coming years: operator expectations have lowered over the last five months. For American rates, the market now forecasts levels of below 1 percent until end 2013, more than 1 percent less than that envisaged in June this year; then in 2014, the short-term American rates should increase by 50 b.p., further increasing the spread with respect to June forecasts.

The change in forecasts with regards to European rates is even clearer: if in June a limited, but continuous rise was forecast over time, today it is forecast that the 3-month European rates will continue to drop until end 2012. Later, a slight recovery should take them to 2 percent late 2014, more than 1 percentage point less than that forecast 5 months earlier.

Definitively, the actual American rates seem set to remain negative for the next three years, whilst in Europe they may become positive towards the end of 2014.

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 2010 and in the first half of 2011, the Italian economy grew steadily. In the second quarter of 2011, Italy's GDP increased by 0.3 percent on the previous period after three quarters of basic stagnation. Exports continued to provide the main support to growth. Domestic demand remained weak. Family consumptions recorded a slight increase (+0.2 percent); investments have been slowed by the drop in the construction component, against a recovery of that in instrumental assets.

The actual Italian GDP is gradually reducing the gap from its potential level: on the basis of calculations performed by the OECD, the output gap (percentage difference between the effective actual GDP and its potential level) has reached -3 percent in the second quarter of 2011.

The unemployment rate has remained above 8 percent throughout 2010 and for the first eight months of 2011 averaged 8.1 percent.

The recovery of industrial production, which began in April 2009 and continued throughout 2010, would appear to have been interrupted in 2011.

The standardised inflation rate rose gradually throughout 2010, speeding up in the latter part of the year following the rise in oil. This tendency continued in 2011 too: in October, inflation reached a level of +3.8 percent, also suffering the recent VAT increase. The index calculated by ISTAT also showed a sharp acceleration in 2011: in October it settled at +3.4 percent. Core inflation also grew sharply, albeit at slightly lower levels, settling at 3 percent in October. Prices at production also continued to increase in 2011 at steady rates, with a slowing in the latter part of the year: in October the annual growth rate stood at +4.5 percent.

The Italian credit system

After the more acute stage of the financial crisis, the banking system accelerated the equity strengthening process, essentially to sustain financial stress scenarios and make important progress in the approach to new minimum capital requirements as required by Basel 3.

Despite the difficult outlook, Italian banking groups highlighted results from operative management that were up on the same period of 2010. The better ordinary profitability was affected by both the consolidation of policies to limit operating expenses and the lesser net impairment of loans applied to the income statement for the first half of 2011. The weaknesses of the context have been greater reflected on income and, in particular, on the net interest income, which suffers the greater cost of funding due to an increase in spreads on medium/long-term deposits.

The evolution of loans, for the top five Italian banking groups, is modest and supported by long-term loans. Small and medium operators have continued to provide support to the economy, also mainly through the mortgage component, whilst shorter-term technical forms do not yet show significant signs of development.

Deposits from customers of Italian banks continued to grow, albeit it lower rates than loans, driven by bond issues made during the first few months of the year. The contribution of the short-term forms of funding, partly affected by the weakness on the demand side, is virtually nil or negative for smaller groups.

In this context, the situation of the banks' liquidity remained balanced as a whole, particularly for larger groups which during the last three years have gradually reduced the ratio of loans and direct deposits from customers. By contrast, the greater expansion of volumes of loans for small and medium groups has resulted in an increase in the indicator for these groups, which remains below the threshold of 100 percent for small operators.

The weaknesses on the revenues side have been partly offset by the lesser net impairment on loans.

The cost containment policy also helped improve the net operating result: operating expenses remain subject to constant control and action aimed at limiting them structurally. During the last year, interventions to reduce spending have speeded up as the lever of efficiency has become fundamental for operators in order to combat pressure factors on revenues determined by the low level of interest rates, increased cost of funding and deterioration of credit quality.

Assets managed

2011 continues to be a negative year for assets managed. Net deposits for 2011, as indicated in the Assets Managed Map - Q4 2011 published by Assogestioni is significantly negative. On an aggregated level, deposits were negative for 40.8 billion, whilst in the same period of 2010, net positive deposits were recorded for 4.5 billion. The segment with the greatest outflows is the bond segment, which had negative deposits of 11.3 billion. Share funds are also very poor, almost -4.7 billion, and monetary funds -14.3 billion. In 2010, on the other hand, share and balanced funds had aggregated positive funding of almost 6 billion. Share funds continue to suffer the negative trend of financial markets and the same fate is also affecting the bond funds involved in the cyclone that is also striking investments in bond securities.

This situation is also having an effect on the trend of equity in funds. Both on an aggregate level and with regards to the individual segment, the reduction in equity with respect to end 2010 is clear. On an aggregate level, the reduction of collective assets was more than 9 percent, going from 501.1 billion to 455.6. As concerns portfolio management, this has gone from 490.6 billion in 2010 to 463.8 billion at end 2011 (-5.5%). The segment that has seen the greatest reduction in equity is the share segment, which during the first nine months of 2011 recorded a loss of just over 15 percent, settling at 106 billion in September. The equity of bond funds is also behind, -9.0 percent and balanced funds, -6.5 percent. The only segment going against the trend was the real estate funds, which went from 40.4 billion in 2010 to 41.9 billion (+3.6%) in 2011.

The Cooperative Credit Banks

In a situation characterised by the financial crisis, local cooperative banks have provided great support to the real economy. This delicate period has stressed the CBs' capacity to "make a system" and to develop a quality network, as also shown by the project for the new Institutional Guarantee Fund. The crisis has allowed us to find new methods of comparison between banks and businesses. The bank localism has allowed Italy to develop its production which consists of 99.4 percent of small businesses. In this sense, the commitment of the CBs, banks well-rooted in the territory, is important, which have always shown themselves to be sensitive to the development experiences of artisans and small businesses.

The CBs have promoted, and continue to promote, a series of original interventions in favour of the territorial economy, to help their shareholders and customers at times of difficulty: from the suspension of payment of mortgage instalments, to benefits in accessing credit for SMEs and families, support to businesses in paying thirteenth month salaries, advances on layoff funds and microcredit agreements.

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

	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	38	26	219	3770	5,8
Lombardy	46	177	26	805	6607	12,2
Trentino	45	49	92	332	553	60
A.Adige	48	55	87	197	416	47,4
Veneto	40	57	70	677	3611	18,7
Friuli	15	25	60	232	947	24,5
Emilia	23	55	42	437	3524	12,4
Tuscany	32	53	60	345	2540	13,6
Marche	20	30	67	198	1196	16,6
Lazio-Umbria-Sard.	31	83	37	324	4031	8
Abruzzo-Molise	10	17	59	99	841	11,8
Campania	21	33	64	133	1646	8,1
Apulia-Basilicata	27	32	84	154	1670	9,2
Calabria	16	19	84	91	519	17,5
Sicily	28	34	82	168	1743	9,6
Total	**412**	**757**	**54,4**	**4411**	**33614**	**13,1**

Source: Federcasse processing of Bank of Italy data

*provisional data

The reinforcement of regional coverage, which brought the "CB industry"'s branch offices up to 13.1%, notably contributed to changing competitive conditions, in that it often led to the entry into areas already covered by other banks. In December 2011, the CB system was represented by 412 companies (equal to 54.4% of the total banks operating in Italy) with 4,411 branches with a direct presence in 2,704 municipalities and 101 provinces. Banks are up by 36 units in the last twelve months (+0.8%). The membership base grew in a meaningful way: in 2010, there were 1,069,913 shareholders of the CBs, in December 2011, there were 1,156,711, showing an increase of 8.1% per annum, whilst the number of customers is approximately just over 6.7 million.

Total direct deposits in September 2011 came to 150.4 billion, up 0.9% on the same period of 2010. In September 2011, loans came to 138.6 billion, with an annual growth rate of 3.8%, in line with that recorded for the banking system as a whole.

In relation to the credit destination segments, the CBs show a percentage incidence of loans to producing and consuming families that is significantly higher than the banking system, respectively 12.8 percent and 5.1 percent for producing families and 30.7 percent and 25.4 percent for consuming families.

With regards to the growth trend in the last nine months, the development of loans given to producing families remains particularly significant (+6.2% as compared with the system average of +4.3%). Loans to businesses in September 2011 totalled 92.8 billion. The annual increase rate of loans to businesses for CBs came to 6.3%, in line with that recorded by the banking system as a whole (+6.2%).

In September 2011, an annual increase rate is recorded in the CB-RBs of non-performing positions of 24.5%, lower than that recorded by the banking system as a whole (+39.9%). The ratio of gross non-performing positions/loans of CBs came to 4.8% in September 2011.

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

The financial statement of Iccrea Banca S.p.A. at 31st December 2011 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. Given the above, the criteria adopted by the Bank in the application of the new accounting standards, the choices adopted for the new classification of the financial instruments and for the adoption of certain optional valuation criteria, are explained in detail in the Explanatory Notes, which can be referred to for all further information and details.

The aggregates and profit indicators mentioned herein below correspond to the need referred to in the first clause of art. 2428 of the civil code to favour comprehension of the evolutionary dynamics of the company as regards economic, equity and financial aspects, as well as the origin of 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 2011, total assets and liabilities stood at 20,809.8 million as compared with the 10,654.6 million of December 2010 (+95.3%). On the asset side, growth mainly concentrated in loans to banks +8,072.3 million (+102.5%) and in financial assets in the process of being sold off +1,384.9 million (+184.6%). On the liability side, instead, the increase was due to growth of 178.0 percent in amounts due to banks (+9,892.9 million) and 98.8 percent in securities and financial liabilities (+1,467.0 million).

ASSETS AND LIABILITIES (in millions of Euro)				
AGGREGATE	**Dec 2011**	**Dec 2010**	**CHANGE**	**CHANGE %**
ASSETS				
Loans to Banks	15,946.2	7,873.9	8,072.3	102.5%
Loans to Customer	1,129.4	833.7	295.6	35.5%
Financial assets held for trading	633.4	438.3	195.1	44.5%
Financial assets designated as at fair value through profit or loss	315.0	21.4	293.6	1375.2%
Financial assets available for sale	2,135.1	750.3	1,384.9	184.6%
Financial assets held to maturity	317.6	0.0	317.6	
Non-current assets and asset disposal groups held for sale	0.0	498.2	-498.2	
Other assets	114.7	104.8	9.9	9.5%
Total interest bearing assets	**20,591.4**	**10,520.5**	**10,070.9**	**95.7%**
Other non-interest bearing assets	218.5	134.1	84.3	62.9%
TOTAL ASSETS	**20,809.8**	**10,654.6**	**10,155.2**	**95.3%**

ASSETS AND LIABILITIES (in millions of Euro)				
AGGREGATE	**Dec 2011**	**Dec 2010**	**CHANGE**	**CHANGE %**
Due to banks	15,452.0	5,559.1	9,892.9	178.0%
Due to customers	1,738.7	2,610.6	-871.9	-33.4%
Securities and financial liabilities	2,984.5	1,517.5	1,467.0	96.7%
Liabilities associated with assets held for sale	0.0	448.2	-448.2	-100.0%
Other liabilities	200.5	148.9	51.6	34.6%
Total interest-bearing liabilities	**20,375.6**	**10,284.3**	**10,091.4**	**98.1%**
Other non-interest bearing liabilities	23.1	21.6	1.5	6.8%
Equity and risk reserves	367.2	328.4	38.8	11.8%
Profit for the period	43.9	20.3	23.6	116.7%
TOTAL LIABILITIES	**20,809.8**	**10,654.6**	**10,155.2**	**95.3%**

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 10,520.5 million in 2010 to 20,591.4 million in 2011 (+95.7 percent). The increase concerned amounts due from banks for 8,072.3 million (+102.5 percent). In this regard, please note that during the 1st half of 2011, a new operation began with the European Central Bank, with specific regards to advances received from the ECB with guarantee of refinancable securities (so-called "pool collateral"). The amount as of 31 December 2011 was 7,820.6 thousand; collateral securities given by the CB-RBs amount to 8,591 thousand 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 3,807.1 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 168.9% (from 3,722.7 million to 10,011.9 million), whilst amounts due from other credit institutions grew (from 4,151.2 million to 5,934.4 million +43.0%).

Due from banks (€/000)	**Dec 2011**	**Dec 2010**	**CHANGE**	**CHANGE %**
CBs-RBs	10,011,883	3,722,719	6,289,164	168.9%
Other credit institutions	5,934,358	4,151,210	1,783,147	43.0%
Total	**15,946,240**	**7,873,929**	**8,072,312**	**102.5%**

Breakdown of due from banks (€/000)	**Dec 2011**	**Dec 2010**	**CHANGE**	**CHANGE %**
Due from Central Banks	**215,898**	**473,008**	**-257,110**	**-54.36%**
Obligatory reserve	215,898	473,008	-257,110	-54.36%
Due from Banks	**15,730,342**	**7,400,921**	**8,329,421**	**112.55%**
Current accounts and demand deposits	959,479	601,484	357,995	59.52%
Time deposits	463,898	722,601	-258,703	-35.80%
Other	10,217,896	2,818,550	7,399,346	262.52%
Debt securities	4,089,069	3,258,286	830,783	25.50%
Total Due from Banks	**15,946,240**	**7,873,929**	**8,072,311**	**102.52%**

Loans to ordinary customers have grown 35.5 percent, from 833.7 million in 2010 to 1,129.4 million in 2011. The increase is mainly due to greater uses in current account made both by the parent company and other Group companies for which the Institute acts as treasury. The decrease in debt securities derives from the sale of securities to the parent company for 109.2 million, in order to fall within the parameters envisaged by the Bank of Italy on Major Risks. Impaired assets, equal to 36.4 million, have decreased by 8.5 percent compared to 2010 (equal to 39.8 million).

Breakdown of lans to CUSTOMERS (€/000)	Dec 2011	Dec 2010	CHANGE	CHANGE %
Current accounts	660,673	282,936	377,737	133.51%
Mortgage loans	170,929	247,612	-76,683	-30.97%
Repurchase agreements		26,675	-26,675	-100.00%
Other transactions	218,017	88,738	129,279	145.69%
Debt securities	43,339	150,994	-107,655	-71.30%
Impaired assets	36,407	39,784	-3377	-8.49%
Total Loans to customers	**1,129,365**	**833,742**	**295,623**	**35.46%**

The financial assets portfolio held for trading increased by 195.1 million (from 438.3 million to 633.4) representing a 44.5% increase on the previous year. The most significant item refers to derivative contracts linked to the use of the fair value option, operationally connected to debenture bonds issued by the bank. The equity items covered are classified in the financial liabilities carried at fair value.

Breakdown of financial asset held for trading (€/000)	Dec 2011	Dec 2010	CHANGE	CHANGE %
Debt securities	45,249	56,877	-11,628	-20.44%
Equity securities	431	89	342	384.27%
UCITS units	2,397	1,932	465	24.07%
Total cash assets	**48,077**	**58,898**	**-10,821**	**-18.37%**
Derivative instruments	585,274	379,358	205,916	54.28%
Total derivative instruments	**585,274**	**379,358**	**205,916**	**54.28%**
Total Financial Assets	**633,351**	**438,256**	**195,095**	**44.52%**

In December 2011, the portfolio of financial assets available for sale had changed to 2,135.1 million from 750.3 million in December 2010.

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

Liabilities

Interest-bearing deposits amounted to a total of 20,375.6 million, an increase of 98.1 percent on an annual basis (+10,091.4 million).

The balance of interbank deposits is 15,452.0 million, with an increase of 178.0 percent on December 2010 (+9,892.9 million).

Within this aggregate, CB-RBs deposits increased by 26.5% (from 4,512.9 million to 5,707.7 million) with 831.4% growth in Due to other banks (from 1,046.2 million to 9,744.2 million). The item “Amounts due to central banks” (8,204.9 million), not measured in 2010, is represented by loans obtained from the ECB for advances on securities as a guarantee both of the CB-RBs and the Bank. More specifically, this includes both short-term (due 2012) loans and those due in 2014. “Time deposits” also includes deposits received from other banks for Euro 1,280.4 million regarding the indirect discharge of obligatory reserve liabilities.

Due to banks (€/000)	Dec 2011	Dec 2010	Change	% change
CBs-RBs	5,707,716	4,512,858	1,194,857	26.5%
Other credit institutions	9,744,243	1,046,225	8,698,018	831.4%
Total	**15,451,959**	**5,559,083**	**9,892,875**	**178.0%**

Breakdown of due to banks (€/000)	Dec 2011	Dec 2010	CHANGE	CHANGE %
Due to central banks	8,204,893	-	8,204,893	-
Current accounts and demand deposits	3,800,638	3,091,517	709,121	22.94%
Time deposits	3,087,793	2,417,456	670,337	27.73%
Loans	354,115	47,348	306,767	647.90%
Other payables	4,520	2,762	1,758	63.65%
Total Due to banks	**15,451,959**	**5,559,083**	**9,892,876**	**177.96%**

Deposits from ordinary customers are down on 2010, going from 2,610.6 million in December 2010 to 1,738.7 million in December 2011, following the reduction in operations of repurchase agreements consequent to the move of assets to operations with the ECB.

Breakdown of due to costumers (€/000)	Dec 2011	Dec 2010	CHANGE	CHANGE %
Current accounts and demand deposits	718,312	630,964	87,348	13.84%
Time deposits	15,355	79,381	-64,026	-80.66%
Loans	469,733	1,507,158	-1,037,425	-68.83%
Other payables	535,314	393,132	142,182	36.17%
Total Due to customers	**1,738,714**	**2,610,635**	**-871,921**	**-33.40%**

Funding in the form of securities increased significantly (from 830.3 million in December 2010 to 1,701.9 million in December 2011). 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.

Financial liabilities classified in the trading book, consisting of trading derivative financial instruments were up during the year from 369.4 million in December 2010 to 525.6 million in December 2011.

Equity

As of 31st December 2011, the solidity of the Bank's numbers can be seen first and foremost in the shareholders' equity, excluding the income for the year, of 361.3 million, with a positive difference of 43 million on 2010 (+13.5 percent). The difference consists of payments on capital account of the parent company Iccrea Holding of 80 million whist capital losses drop by 37 million, booked on financial assets available for sale.

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 rose to 71.9 million (+1.1 percent) by virtue of the allocation of part of the profits from financial year 2010. This is following the Meeting resolutions of 05 April 2011, which approved the proposed allocation of a dividend of 46.2 per share.

The item reserves from valuation, shows a negative balance of 7.5 million, with a decrease of 37.8 million due to the capital loss booked on financial assets in the process of being sold off.

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 2011	Dec 2010	% change
Net interest Income		64,256	45,107	42.5%
	10. Interest and similar income	264,272	118,382	123.2%
	20. Interest and similar expense	-200,016	-73,275	173.0%
Net fees and commission income (expense)		115,740	113,385	2.1%
	40. Fee and commission income	327,449	306,046	7.0%
	50. Fee and commission expense	-211,709	-192,661	9.9%
Dividends				
	70. Dividends and similar income	4,656	1,388	235.3%
Gains and losses on financial transactions		39,518	15,824	149.7%
	80. Net gain (loss) on trading activities	8,444	8,085	4.4%
	90. Net gain (loss) on the hedging activities	502	314	60.2%
	100. Net gains (loss) on disposal or repurchase	5,556	5,592	-0.6%
	110. Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	25,016	1,834	1264.2%
Other operating income/expenses				
	190. Other operating income/expenses	13,496	11,774	14.6%
	Total Revenues	**237,665**	**187,478**	**26.8%**
Administrative expenses	150. Administrative expenses	-155,966	-138,221	12.8%
Amortisation and depreciation of fixed assets		-4,658	-4,717	-1.2%
	170. Net adjustments of property and equipment	-2,488	-2,635	-5.6%
	180. Net adjustments of intangible assets	-2,170	-2,082	4.2%
	Gross operating profit/(loss)	**77,041**	**44,541**	**73.0%**
Net allocations to provisions	160. Net provisions for risks and charges	-367	-4,978	-92.6%
Net losses/recoveries on impairment	130. Net losses/recoveries on impairment	-3,613	-8,286	-56.4%
Income taxes	260. Income tax expense from continuing operations	-29,173	-12,202	139.1%
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	-	1,181	-100.0%
	Net profit (loss) for the period	**43,889**	**20,256**	**116.7%**

Net interest income

The net interest receivable at 31st December 2011 was 64.3 million, representing an increase of 42.5 percent compared to 31 December 2010 (45.1 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 24.1 percent in December 2010 to 27.0 percent in December 2011.

Fees

Commissions net of services, at 31st December 2011, amounted to 115.7 million, with an increase of 2.1 percent compared to 2010 (113.4 million), mainly connected with the growth recorded on all segments of payment cards.

Gains and losses on financial transactions

In 2011, profit from financial operations, which includes the Net gains (losses) on trading activities (8.4 million), the Net gains (losses) on the hedging activities (0.5 million), the profit (loss) from sales/repurchases (5.6 million) and the net gains (losses) of financial assets/liabilities carried at fair value (25.0 million) stands at 39.5 million, up 23.7 million (+149.7 percent) with respect to 2010 (15.8 million). This change is mainly due to the net gains (losses) of assets and liabilities carried at fair value deriving from the evaluation of our credit rating with a positive effect on financial liabilities issued for approximately 18.5 million and the greater operations implemented by the Proprietary Finance and Trading Office.

Total revenue

In 2011, the Bank achieved total revenue of 237.7 million, up 26.8 percent on the results posted for December 2010 (187.5 million). This is due to the greater contribution of the interest margin and the net trading margin.

Operating costs

Operating costs for 2011 amounted to 160.6 million (142.9 million in December 2010), including personnel expenses, administrative expenses, indirect taxes and net adjustment of property and equipment and intangible assets.

As compared with last year, total administrative expenses show growth of 17.7 million connected for 7.8 million with other administrative expenses and for 10.0 million to personnel expenses.

Personnel expenses

Bank personnel expenses in December 2011 came to 68.8 million as compared with 58.9 million in 2010, showing a change of 10.0 million (+16.9%).

This change is mainly due to costs deriving from 2011 staff leaving, amounting to approximately 5.7 million (+5.0 million on 2010). Salary and wages expenses are up by approximately 3.3 million, showing an increase of +8.8% (40.9 million of 2011 as compared with 37.6 million of 2010).

Other administrative expenses

At the end of December 2011 other administrative expenses came out at 87.1 million, an increase of 9.8 percent over the previous year period (79.4 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 4.7 million as of 31 December 2011 of which 2.2 million "IT" depreciation, 1.9 amortisation of intangible assets and 0.6 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 77.0 million, up 73.0 percent compared with December 2010 (44.5 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

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

FINANCE AND CREDIT

The most important initiatives of 2011 include:

Initiatives in support of deposits/loans of the CBs

In order to flank the CBs in their activities overseeing liquidity management and providing them with instruments able to support the dynamics of deposits, a permanent task force was organised that throughout 2011 made more than 350 visits concentrated mainly on two campaigns, in March and July, aimed at analysing specific individual problems and identifying customised solutions.

From an operative viewpoint, the following were proposed:

- restricted deposit campaigns at competitive rates;
- evolution of the investment account structures;
- customised deposit forms.

These initiatives have successfully taken restricted treasury deposits from just under 1 billion at the start of the year to approximately 1.9 billion at 31 December 2011.

The following were also completed:

- an issue of debenture loans in favour of the owners of the CBs in the EMTN programme for a total of Euro 324 million.
- 9 issues of debenture loans for customers of CBs for a total of around Euro 704 million, through both public and customised issues for specific demands, which enabled not only the consolidation of medium-term deposits with the Cooperative Credit System but also the CBs benefiting from approximately 5.4 million in listing commission returned to them by Iccrea Banca.

At the same time, in order to guarantee to the CBs with needs to diversify funding, suitable support of sources of funding in support of treasury dynamics at cost levels that were sustainable with their income statement, the following took place:

- release of treasury credit opening lines;
- subscription of 26 new debenture loans for 232 million.

This initiative also involved interventions aimed at ensuring the strengthening of equity, mainly on CBs involved in restructuring situations and restoration procedures, with the subscription of 3 subordinate debenture loans for a total of 35 million.

Liquidity management of the CBs and optimisation of the Reserves in Securities

The most significant activity in terms of growth in volumes in 2011 was the loans with “collateral” for approximately Euro 8.5 billion at end 2011.

The most effective response to the evolution of operations and the growing request for loans from the CBs was the “Pool of Collateral” that made a new credit facility available to the CBs, backed by collateral securities (eligible in operations with the ECB) managed using the pool technique that envisages the possibility of replacing the securities and a daily adjustment of guarantees.

The new operative methods enable a mitigation of the impact of the introduction of the new regulatory provisions on concentration risks, supporting the CBs even for particularly high volumes.

The project, which began at end March with an experimental stage involving 5 pilot banks, became operative on 30 June and made dynamic guarantee management possible, favouring the use of these under the scope of active proprietary portfolio management that also helped improve the income statement of the CBs both by reducing tension on the cost of funding and by offering opportunities to increase investment operations.

This project has also been fundamentally important in enabling a great many CBs to use extraordinary interventions that the ECB has adopted during the year, which ended with the important 36-month operation involving around 230 banks for an amount of approximately Euro 6 billion.

Trading

In line with the path to implement trading on behalf of third parties, aimed at monitoring the evolution of MiFID regulations and offering a more efficient service at economic levels that are competitive for the CBs, the following took place:

- improvement to the Smart Order Router application for the dynamic access to regulated bond markets and MTF with the introduction of new functions;
- extension of dynamic trading of shares on the main international exchanges with a simultaneous reduction of commission levels;
- increase to 635 of the number of bond securities traded on the HiMTF platform, increasing the opportunities to diversify investment instruments and trading by customers of the CBs.

In order to make the debenture loans issued by the CB liquid as required, the order driven segment has been implemented on the HiMTF platform to hold the listing of these instruments.

As of 31 December 2011, 63 CBs had adhered for a total of 907 securities listed.

Securitisation

During the year, the CF9 securitisation was concluded on residential mortgages, which enabled the 18 participating CBs, for a total of around 635 million assets sold, the chance to generate securities for participation in financing operations with the ECB at extremely low rates, supplying the reserves of securities available for liquidity needs.

The CF 10 securitisation transaction was also started, involving 30 CBs for around 1,600 million assets to be sold.

Mortgage hedging instruments and derivatives

In support of disbursement of mortgages to its customers by the CBs, with a view to ensuring instruments by which to limit costs potentially connected with any prospective increases in interest rates to complete the mortgages, the issue on Covered Warrants continued, which in the four issue campaigns run recorded a total of 124 million in subscriptions. This initiative not only completes the range of offers of the CBs, putting them on a par with other competitors on this type of business, generated fee and commission income for the CBs of around Euro 990 thousand.

Finally, derivative financial instruments were traded with the CBs for a nominal figure of around 4 billion. In this regard, we must stress the constant commitment aimed at identifying tailor-made solutions that meet the specific demands for financial risk management of assets and liabilities.

Accessory services

During the year, the financial instrument pricing service was further implemented in favour of the CBs and in particular that concerning their debenture loans. The preparation of a dynamic platform has enabled the seconding of the different policies adopted by the CBs, enabling flexibility of the variation of methods, above all in an extremely complex market context. As of 31 December, adhesion to the service was formalised by 125 CBs.

In order to make 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 was reviewed through the introduction of new information that laid the basis for the development of evolved products functional to the supply of Advanced Advisory services, facilitating the positive approach by the CBs with regards to its customers as concerns portfolio management also with a view to optimising the commission margins component under the scope of the structure of the income statement.

Consulting to CBs about financial investments for Bank property

The consulting service continued to grow in 2011. At end 2011, consulting contracts numbered 56 as compared with the 48 at end 2010 (11 openings and 3 closures) for total assets of approximately Euro 3.2 billion.

In 2011, consultants made 283 visits to the CBs in order to provide support with the processes of optimising owned portfolio maturities in relation to the trend of company liquidity.

We now move onto analyse the individual business organisational units.

Proprietary and Trading Finance

The Proprietary and Trading Finance Office is organised into four organisational units, each concerned for its scope of competence, 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.

In 2011, the Unit guaranteed the market making activity on around 550 Euro-bond securities and 50 Italian government securities with volumes traded respectively totalling Euro 1.1 and 1.2 billion. Approximately Euro 33 billion of Italian government securities were also traded, divided up between the MTS and Bond Vision platforms.

With regards to transactions in derivatives, contracts have been drawn up, mainly for the management of financial risks of books and the supply of hedging instruments to the CBs, for a nominal total of approximately Euro 11.9 billion. The nominal traded figure with the CB system alone is approximately 4.1 billion.

The business mainly focused on plain vanilla products, in line with the trend seen in the market of reference following the crisis affecting the international financial markets. Specifically, during the first few months of 2011, this activity recorded an increase in terms of nominal figures traded with respect to the same period of 2010; this trend underwent a significant reversal of trend with regards to the activities implemented with the CBs. The reasons for this change are mainly due to two simultaneous factors:

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

Under the scope of funding initiatives taken in 2011 with a view to diversifying provisioning sources, we have proceeded to issue under the EMTN Programme on the international markets for a total nominal figure of 300 million with a term of 2 years.

With reference to the proprietary portfolio, the great increase in the net interest income is the result of the growth of stock in place, which has gone from Euro 4.2 billion in 2010 to Euro 7.1 billion in 2011, recording a 69% increase.

More specifically, Italian government securities went from 840 million in 2010 to Euro 2.4 billion (+190%), always falling into the short-term part of the curve. Intragroup activities went from Euro 2.8 billion to Euro 3.9 billion, recording a 40% increase.

Money markets

The Money Markets Office has the task of operating on money, exchange, and precious metals markets in order to ensure the efficient management of orders received by the CBs and the competent Iccrea departments, guaranteeing the coverage of needs for short-term funding/loans and short-term liquidity and exchange risk management on the individual and consolidated level.

In 2011, the most important element of the activity performed was the great overseeing of the liquidity risks of the Bank, the Banking Group and the Cooperative Credit as a whole in a context marked by the overlay of systemic crises of various dimensions: banking, national and European.

These difficulties have been faced with a great deal of innovation in operative instruments and the range on offer and constant attention paid to the diffusion within the CB system of awareness of the existing risks and knowledge of the support offered by Iccrea Banca.

The short-term treasury sector also saw the new “partner bank” strategy of the CBs resulting in the activation of investment solutions useful for structuring offer campaigns to customers with competitive products with respect to the proposals of other banking groups.

During the second part of the year, the best supply conditions and the constant contact with the CBs have resulted in the return to the system of much of the investments transferred to other banks during previous years.

In this context, in 2011 too, the Iccrea Banca Treasury has always continued to take funds, above all on securitised markets.

In some periods of the year, together with the reduction of availability on BA and deposits of CBs and in order to support the commitments of the Iccrea Banking Group, major recourse was made to the market of deposits. In this market segment, the main use continued to be deposits contracted on the e-Mid platform with Italian counterparties.

ALM

The work of the ALM - Asset & Liability Management - Unit is institutionally performed to create value for the CBs through the support given to company management in understanding the sustainability of financial, economic and equity balance in which they tend to realise their activities.

The offer of the ALM Unit targeted, due to its institutional nature, the Federations and CB-RBs, supplying them with advisory services on matters of financial management with a view to strengthening their capacity to govern the risks associated with industrial asset management effectively and economically. The analyses performed take place in the search for the correlation between the financial, economic and equity profile and the estimate of economic value of corporate assets with respect to the risks underlying their use.

In this context, for local federations, activity focussed on sustaining guidance and control activities of the balance of the CBs, enabling them to have a centralised, unitary vision of their associates.

In 2011, in order to enable a more effective use of the service by the CB-RBs, an ALM environment was also realised on the web platform and with Apple technology and users were given a system for the automatic access of managerial reports, also enabling scenario and sensitivity analyses on prospective balances against company operations.

In 2011, a series of initiatives were implemented aimed at increasing the value of activity towards the CBs, improving the quality of service supplied them.

Under this scope, we note, in particular:

- realisation of an observatory with which each bank can verify its balance with respect to those of other CBs, operating in the same competitive context and/or with the same company dimension;
- development activities of Basel 3 indicators in order to supply banks with the instruments for a gradual, aware adjustment to the new rules envisaged by the New Agreement on Capital of December 2010, which will come into force as from 2013;
- collaboration with the Institutional Guarantee Fund, in order to support the banks in the preparation of the indicators that they - or the Federations - must be sent to the IGF. This activity goes hand-in-hand with the training delivered to enable the CBs to suitably understand the metrics used by the IGF

Support also continued to be supplied to banks in preparing the ICAAP report and the Liquidity Policy, useful to assist them in setting up suitable instruments for managerially overseeing risk.

Last, if not least, we note - at end 2011 - the formalisation of the free supply of the CAM service for 1 year, which will enable banks for 2012 to have a set of instruments available free of charge for the verification and control of performance and risks; this solution, moreover, has enabled the construction of a significant sample of banks (293) with which to realise the above observatory analyses.

MA.S. Management Services

The MA.S. Unit has the task of proposing and supplying the CBs and institutional customers with the management of equity portfolios and providing advisory services on investments to CBs and other customer banks.

In 2011, activities suffered the trend of the financial markets due to the debt crisis of EU countries and the trend of system liquidity. More specifically, several banks continued to withdraw liquidity from MA.S. management, significantly reducing volumes conferred. Moreover, the prevalent tendency was taken by the banking system to classify the financial instruments held in the proprietary portfolios as far as possible into AFS (available for sale) accounting categories, thereby limiting the possibility of frequent trading.

In this context, Iccrea Banca decided to proceed to progressively offer the advisory service as an alternative to management.

Under the scope of portfolio management on behalf of BCC Vita, the assets management grew overall by approximately 100 million by virtue of the new deposits realised mainly on guaranteed separate management, which grew from 469 million to 529 million. Total asset management on behalf of the Life Company amount to approximately 1,068 million.

Customer Desk

The Customer Desk provides the CBs and customer bank, without assuming positions, the following investment financial services: collection of orders on regulated markets and MTF; trading of OTC derivative instruments; auctions and listings.

In 2011, the Customer Desk continued to develop its own investment service offer model on the basis of the continuous evolution of the reference customer needs. This action is focussed on three lines of intervention:

- identification of new operative demands of the CBs and their customers;

- innovation of technological devices supporting operations;
- evolution of the best execution model.

This enabled the launch of some important projects, including, we should mention:

- the extension of bond trading venues through adhesion to the ExtraMOT market of Borsa Italiana;
- the activation of the new functions of the dynamic best execution engine (the Smart Order Router), referred to as “sweeping” and “order recycling”;
- the extension of electronic operations to sixteen foreign contexts (from the previous ten) and the adoption of the dynamic best execution;
- the listing of the POs of the CBs on the HI-MTF market.

This scope also includes the initiatives supporting the matter of “liquidity” which have seen Iccrea Banca take a lead role in a series of bond issues that have enjoyed significant success with the CBs and their customers.

In 2011, order collections on Italian shares showed a slowing down to volumes with respect to previous years (Euro 4.3 billion as compared with the 4.7 billion of 2010 and the 5.1 billion of 2009). This decrease has been seen particularly during the second part of the year, at the same time as the financial crisis worsened, striking our sovereign debt and the banking system.

The FTSE MIB index, which in 2010 had already dropped by 13%, in 2011 recorded a drop in value totalling 25%.

The financial crisis that struck our government securities has caused a drastic rise to returns, to levels never seen since the introduction of the Euro and a consequent drop both in volumes traded by the CBs (both on own account and for third parties) and listing activities.

This situation has also generated a great slowing to listing activities.

The activity that has instead yielded economic results above expectations was trading in OTC derivatives. Under this scope, the demand by CBs for operations to hedge the rates risk has produced business volumes of Euro 4.3 billion, 52.3% above budget.

In this case too, however, the effect of the financial crisis has begun to be seen more intensively in the second part of the year, where a sudden slow to volumes intermediated has been seen.

The progressive reduction of positive carry between swap rates (used as a basis for the piecing of their POs) and Euribor rates has significantly reduced the demand of CBs which, in the last 3 years, had increasingly used IRS as an instrument to hedge bond liabilities.

Also in terms of the listing of retail customer hedging instruments, the great reduction in the disbursement of mortgage loans has, in the last quarter of 2011, reduced the demand for covered warrants cap, which in the remaining period had remained at more than acceptable levels.

Securitisation

The Securitisation Unit has the aim of developing 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 on-going activities.

The main activities performed in 2011 are as follows:

- obtaining the second rating in order to maintain eligibility of Senior securities obtained from the securitisation named Credico Finance 8;
- obtaining the second rating in order to maintain eligibility of Senior securities obtained from the securitisation for IBI named Agricart 4 series 2009;
- structuring of a new securitisation operation of residential mortgages with 18 CBs participating for an amount of approximately 637 million named Credico Finance 9;
- structuring in co-arranging with UBS of a new securitisation operation of leasing for IBI named Iccrea SME Cart for an amount of approximately 607 million, the

senior security of which has been subscribed by the EIB for 287.6 million;
- liquidation of the vehicle company, belonging to the Iccrea Banking Group, named Credico Finance (2001);
- contractual adjustments of all operations of the type Credico Finance (8) in relation to the replacement of CCTs (no longer eligible) as a guarantee, with cash reservation;

The market remains concentrated above all on securitisation transactions aimed at refinancing with the ECB.

The tranche levels assigned by the rating agencies, for all types of securitisation transactions, became worse because of the important percentage increase of substandard loans and doubtful loans and, in general due to the systemic crisis situation, as well as to the many changes to the agency criteria for securitisation operations. The worsening of the Italian sovereign rating and the banks also have a negative effect on tranching. Due to a change in the agency criteria and the deterioration of the Italian sovereign rating, several cases of downgrading have been recorded on structured operations by the Iccrea Banking Group.

If all ratings agencies should further lower the Italian rating, it would no longer be possible for Italian banks to obtain "AAA" on new securitisation transactions. In this regard, please note that the agency S&P is currently no longer issuing "AAA" ratings for Italian ABS transactions. With reference to the forthcoming operation, a percentage of "AAA" is therefore estimated as at least 5% below structured operations in 2011.

We also note that the impact for all banks operating on the securitisation market will be the application method in Europe of the Rule 17g-5 (provision of the SEC which has amended national US regulation applicable to the ratings agencies with headquarters in the United States of America) which, amongst other aspects, establishes the creation of a password-protected website by the sponsor/arranger/originator, where all information will be uploaded (e-mails, database, telephone conversations, etc.) exchanged between the Arranger and the Agencies during the ratings process and during monitoring. The coming into force of these provisions has been postponed from the initial 02 June 2010 to 02 December 2011 and subsequently to 02 December 2012.

The Iccrea Banca market share in 2011 represents about 2% of the total issued on the Italian market.

Loans and receivables

As concerns the loans and receivables segment, Iccrea Banca has shown a capacity to anticipate the needs of the CBs, preparing credit facilities sized to their capacity and needs that would then be presented. In this basic function of the bank, the programme underway to be carried out in the future is clear, with specific regards to the complex matter of credit.

More specifically, we note the change to the range of credit action, which goes from the simple availability/capacity to provide a service, to the function of anticipating/sharing with the CBs, the methods by which to ensure the right funding in what is a real partnership.

In 2011, 648 financing operations were assured as compared with 325 in 2010 (+100%). Credit facilities were also granted with new technical forms (guaranteed credit openings - pool collateral) that anticipated the requests for solutions to the problems of the CBs in relation to the search for the necessary liquidity.

The increases recorded for our loans would not have been able to be realised without the recognised role of the Cooperative Credit Banks, which have assiduously operated through a ready positive response to Bank offers, accepting the new role of Iccrea Banca.

The new Iccrea Banca credit policy also includes the support provided to those CBs in particular situations during restructuring, in which possible investments/support are studied together.

In the current context, Iccrea Banca has clear elements of capacity to review its business strategies by means of the innovation of products and services, risk control, the increase of differentiation with respect to other contexts, showing that it reacts to operating difficulties on the markets, thereby facilitating the CBs in their search for less onerous conditions for funding collections.

In January 2011, the second credit spin off operation was completed, which concerned the "special loans" segment of mortgage loans acquired by the CBs in particular (loan transfers) and of foreign positions, affecting the related activities.

Also in compliance with the "New Prudential Supervisory Instructions for Banks" on the management of the "liquidity risk", Iccrea Banca has further refined the process for the new configuration of the treasury credit facilities in favour of the CBs/Banks.

More specifically, the institute's offer has been extended in terms of treasury lines, perfecting an instrument that had already been used previously, making available the opening of collateral-backed loans - "securitised pool" - to supplement the "ECB Auctions Service" and "forward" operations. This activity became fully functional during the second half of the year, with the completion of 383 authorisation decisions for operations in "pools of collateral". In thus doing, the CBs had the ready availability of an instrument that ensured liquidity to them in order to make the most of the opportunities offered up by the market.

As concerns the business of the foreign segment, in particular for confirmations of documentary loans, the risk of which remained with Iccrea Banca despite the total counter-guarantee by Iccrea BancaImpresa, 26 resolutions were taken for a total of 7 million.

As of 31st December 2011, performing net loans to ordinary, non-banking customers amounted to approximately 1,100 million, of which 800 million used by companies of the Group.

Endorsement loans issued in the interests of non-banking customers as of 31 December 2011 came to 17.9 million, of which 10.8 million towards Group companies. As concerns the security issued in the interests of bank customers, we have an amount of 946 million, of which 3 million to CBs, 2 million to banks and 941 million to Iccrea BancaImpresa (345 million for security issued in the favour of CBs 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 12,789 million (7,820 million for collateral operations, 3,968 million for debenture loans and 750 million in the form of treasury credit openings), of which 8,543 million to CBs, 144 million to Banks and 4,102 million to Iccrea BancaImpresa (3,470 million as debenture loans, 549 million as treasury credit openings, 58 million in current a/c and 25 million as mortgages).

As concerns the bankers' draft emission service provided with regards to the CBs and banks using our institute as an "intermediary bank", it is highlighted that the amount of the ceiling limits authorised in 2011 came to 611 million, with 25 positions resolved for a total stock as of 31 December of 5,149 million for 311 counterparties.

In 2011, the work continued providing financial support to salvage and rationalise CBs showing critical issues. On this activity, which allows Iccrea Banca to stand out from all other system banks, loans have been disbursed in various different technical forms for 145 million, which took the total amount of the intervention in the specific activity to 355 million, of which 85 million being completed.

Correspondent Banking

Correspondent Banking mainly concentrated on two lines: the network of relations and the management of reputational risk. In 2011, 52 counterparties were met of whom more than 29 had never had relations with the Iccrea Banking Group. More specifically, we sought to focus this activity on banks of the most interesting countries for Italian export, namely India, Turkey, Russia, the Middle East and China. This enabled Correspondent Banking to support the foreign business of the CBs, from the origination of transactions through to their settlement. The Italian Government Mission in India, with a large delegation of

Italian businesses, for the first time also involving Iccrea Banca, and the participation in the most important meetings (Sibos, Euromoney, Arab Banks Summit) of international banks were key moments of network development. Following this, for the first time Iccrea Banca has been affected by various different correspondents proposing trade operations in favour of Italian operators, customers and otherwise of the CBs. This support also includes the management of reputational risk. A due diligence evaluation process on foreign counterparties has been prepared that enables Iccrea Banca to improve knowledge of them and thereby guarantee the entire Cooperative Credit System a network of reliable relations with reduced reputational risk and above all managed and monitored.

PAYMENT SYSTEMS

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 also continued in 2011.

In this evolutionary context, interventions have been implemented in the various sectors of payment systems and cards and the initiatives implemented have aimed to adapt to the new system rules for compliance and the development of new products.

Collections and payments

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

The Unit manages current account relations with ordinary resident customers, with corporate businesses to manage collections generally with regards to through banks, with Movement companies/entities and with employees. It carries out custody and management of cash, securities, and owned or administered valuables. It takes care of fulfilments related to the presentation and withdrawal of deliveries in the clearing house.

The work of the Unit aims to achieve the following objectives in the interests of the CBs intermediated:

- 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.)

To reduce costs to intermediated banks and enable an effective commercial action with regards to customers, 2011 focussed on:

- 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;
- to optimise 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 exchanges and the related regulations;
- to develop products/services to generate new sources of income and gain the fidelity of customers of the CBs.

In this regard, the following has been completed:

- the electronic invoicing project with the aim of giving the invoicing customer of the CB an instrument that reduces the costs of management/archiving of the paper

(invoice), delivery to the debtor (by means of various channels, including CBI, post, certified e-mail) and payment recognition. The project will begin in the first half of 2012;
- 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 project will begin in the first half of 2012.

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.

More specifically, adjustment has continued to meet the international regulations PSD (Payment Services Directive), SEPA DD (direct debit), SEPA CT (credit transfer) and SECA (Cash), aiming to minimise the impact of these rules on CBs. In this sense, the necessary organisational and application modifications were readied for the exchange of the related flows.

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

The set-up in support of Cooperative Credit continued with a constant policy looking to limit and reduce tariffs, also balanced by the increase in volumes intermediated, settling in 2011 at around 239 million operations.

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. In view of this scenario, the CAIS Applications Unit of Iccrea Banca, in the year just ended, it has:

- migration of the CBI application outsourced on ICBPI;
- data extraction from all applications for the "Trend control of intermediated banks";
- activation of the procedure for managing pan-European collection provisions (SEPA Direct Debit);
- creation of a single DB of SWIFT messages to promptly meet the demands of the legal authorities;
- continuous development of the money laundering monitoring application;
- acquisition of 12 banks previously certified on ICBPI on our SWIFT system;

At present, the following initiatives are underway:

- extension of reachability for European collections (SDD);
- new procedure for forwarding messages 034/097/A97;
- new WEB application for the management of message exchanges with STDs;
- M-Facility;
- total cessation of cheques and sending of images.

In terms of associated bank, this year has seen a great decline in their number, above all due to the elimination of the State Banks of San Marino and from the acquisition and concentration processes on the CB system. These phenomena have determined a drop in revenues for around Euro 250 thousand and will determine another equal drop in 2012.

E-Banking

The E-Bank Unit has the task of promoting and developing subjects concerning the payment segment under the scope of the domestic and international payment cards circuit and connected services offered to customers.

The payment cards segment, both in issuing (issue of payment cards and electronic coin) and acquiring (acceptance of payment cards and electronic coin) has a prominent position on the banking scenario and Iccrea Banca is an important sector player.

The E-Bank Unit therefore has the specific task of proposing, realising and helping realise suitable products and services that, in line with the development plan of the Iccrea Banking Group meet and, where possible anticipate, customer demands, particularly looking at innovation understood as research, experimentation, verification of validity and applicability of new products, from both a technical and managerial viewpoint.

In 2011, Iccrea Banca began a process to strengthen the payment cards segment, both in its commercial-organisational component and in the technical component, with the aim of creating a real “centre of excellence” based on the concept of payment cards as a “relational platform” between customer and bank and as a source of direct (income from commission) and indirect (fidelity) income.

In 2011, sustained growth continued in all sectors of payment cards, both on the issuing side, with more than 2.7 million cards in issue and approximately Euro 12.7 billion and on the POS and ATM acquiring side, with more than 110 thousand Pagobancomat POS, 4,1 thousand ATMs active and Euro 13.3 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 2011.

Debit cards issued with chip technology have reached the threshold of

- 1.8 million cards at end 2011 against 1.6 of 2010, showing growth of 9.8%;
- active prepaid cards have gone from 222 thousand at end 2010 to 246 thousand at end 2011 (+10.6%);
- the stock of credit cards in issue posted an increase of 4.1%, moving from 602 thousand cards at the end of 2010 to 627 thousand in 2011.

In a similar fashion, in the acquiring sector, significant growth has been recorded in reference volumes, reaching 13.3 billion in 2011 (of which 9.5 billion relating to the 8000 pagobancomat circuit +ATMs and 4.1 billion referring to the international circuit) as compared with 11.9 billion in 2010, with a 11.7% increase.

The process of adapting the ATM and POS terminals to microcircuit technology also progressed at a sustained rate with 110,930 POSs, of which 41,430 migrated at end 2011, and 4,091 ATMs, of which 250 migrated at the end of 2011.

The product range has been significantly extended both in the “family” segment (CartaBCC “powered”), SMEs (Carta Impresa, Carta tasca Prepagata “Salary”) and the young (Carta Ateneum and Carta Jamboree).

A dedicated line which has been further enriched with services and added value has also been developed for CB shareholders.

And to strengthen the value of payment card services, the credit card range has been launched referred to as “powered” on the Mastercard circuit, aimed at increasing the penetration of payments cards on customer current a/c. An external Sale Force has been activated in support of this action, available to the CBs for placing payment cards with its customers. Thanks to the increasing information capital generated by the management of payment cards and their acceptance devices, a great many commercial agreements have been stipulated with third parties nationwide to ensure that different discounts are given on the purchases of goods and services when made with payment cards (the "Saving Partners"). This has enabled the launch of the ClubCartaBCC and the development of all marketing materials in support of B2B and B2C communication action that peaked with the 2011 Training Tour.

Finally, the E-Bank Operating Unit further invested in acquiring through the review of the business model and a greater focus on the web and the definition of framework agreements with the Food Wholesale Distribution, closing some deals including, amongst the most important, one with the brand EUROSPIN LAZIO.

In the last two years, the e-bank unit has continued to develop its offer, guaranteeing an ever increasing service level in line with regulatory and market evolution and with the requirements of the CBs, which have managed to face up to the competition of their greatest national and international competitors in their own territories.

With the twofold aim of extending the range of services supplied to partner CBs and improving their operative efficiency, the Unit has given rise to investments aimed at developing a sophisticated internal and external reporting system. A datawarehousing system is currently being completed, intended to input future reporting and statistical analysis systems of data deriving from transactions using payment cards.

The product development and sales policy will continue to be based on a constant alignment and sharing with the holding and the development of synergies/economies with the "group factories" (BCC Multimedia, Solutions, BCC Assicurazioni…) and a greater coordination with the Computer Consortium Centres in order to further reduce the complexity and time to market for the development of new products.

Securities Services

Securities services include the following operative units: Securities administration, Deposit Bank and Administrative.

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.

The Securities Administration Unit has the task of carrying out transactions related to the administration of the Bank's and third party financial instruments and maintaining administrative relationships with financial instruments regulatory and custodian bodies.

The Deposit Bank Unit has the task of fulfilling all duties connected with the role of deposit bank, in particular: it evaluates that the transactions arranged by the management companies are compliant with the law, the regulation, and the ordinances of the Supervisory Authority; it ascertains the suitability of share value calculation procedures, the exactness of the relative publications, the responsiveness of legal indications and statements; it is responsible for the correct fulfilment of tasks of fund equity custody, evaluating over time the adequacy of the indicated administrative processes; it undertakes operating relationships with management companies, placement networks, and other competent Bodies.

Iccrea Banca 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: Aureo Gestioni and BCC Private Equity;
- in the Pensions sector: National Pension Fund of the Cbs/CRA, Filcoop and Bancassurance Popolari;
- in the real estate sector: Beni Stabili Gestioni, Investire Immobiliare SGR, Numeria SGR and Polis Fondi SGR.

In regulatory terms, during the year work went towards implementing the organisation of some regulatory alterations due to the incorporation of European regulations (UCITS IV Directive) and the complex tax reform.

In the real estate funds sector, having acknowledged the critical issues of the control structure highlighted particularly during the inspection of the Bank of Italy which involved the Deposit Bank during March 2010, the organisational and functional restructuring planned was begun.

In 2011, the Administrative Unit developed the following activities:

- activation of Central Counterparty for the HiMTF and EuroTLX markets;
- management of securities lending with Clearing Euroclear, limited to activities on own account;
- management, by means of CAD, of operations in Fail of operations on foreign markets with settlement at C.H. Euroclear;
- support with the start-up of securitised loans activities;
- adhesion to the ExtraMOT market;
- adhesion of Iccrea Banca to the electronic network MarkitSERV, platform that enables the automatic loading of operations in derivatives and the related confirmation between contracting parties on the same date as the contract;
- participation in the “Post Trading” GdL in ABI for the part relating to “EMIR - European Market Infrastructure Regulation”, regulation that establishes, by the end of 2012, the obligation to disclose data on trading with all details relating to OTC derivative contracts concluded on the market and their clearing in central counterparty;
- transfer of the administrative management of listed derivatives from the RA_Computer procedure to CAD.

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.

The Correspondent Bank operates under the scope defined by the Bank of Italy regulation dated 14th April 2005 (CHAPTER V – OFFER IN ITALY OF UNITS OF FOREIGN UCITs) as the party appointed to make payments and the party dealing with investor relations (SIP).

It also acts as Agent Bank for orders on UCITs of Italian Law and UCITs of foreign law, made by the CBs for retail customers, by Aureo SGR for activities in funds of funds and GPF, by other institutional operators (FNP, ASSIMOCO, BCC…) and also provides the following accessory services:

- computer parametrisation service of parties and funds operating under the scope of the main services;
- services offered in compliance with the “Service supply contract” between Iccrea Banca and Aureo Gestioni of 16th March 2009;
- service for the automatic print-out of operating forms under the scope of SIP activities with various methods of supply depending on the S.I. served;
- Bank of Italy notifications for the Sicav New Millennium.

Deposits on the Aureo funds, the trend of Aureo GPF, deposits on Aureo funds, Etica SGR and Raiffeisen, deposits on Assimoco unit links and BCC Vita, have a directly link on the activities carried out under the scope of the Agent Bank service in terms of operations intermediated and other service-related activities.

Finally, 2011 was characterised by additional integrations with the technical structures assigned the by the movement, namely: Iside, Phoenix, Cedecra, SBA, Fed. Marche and Cedacri.

CENTRAL SERVICES

Human resources and organisation

In 2011, Iccrea Banca began an in-depth transformation process of its industrial model through the design and subsequent implementation of a new service model for CB customers. The change started pervades the entire value chain and components characterising the business and corporate structure through in-depth interventions on the commercial model, the entire line of products and services supplied, the operative model and front-end and back-end associated processes, information systems and the CRM platform, organisational structures and above all the roles, competences and human resources of the Bank.

In this context, the Human Resource and Organisational area finds itself at the centre of this transformation process and it is today asked to hold a guiding role in the promotion and support of a change that is first and foremost cultural, with great impact on people, behaviour and competence, on development paths, management instruments, processes, organisation and the capacity for innovation.

At the same time, synergic, virtuous mechanisms have been in place for some time, encouraging the exchange and circulation of experiences, competences and resources between companies of the Iccrea Banking Group and the Territory under the scope of the Cooperative Credit Movement. This mutual permeability has already enabled and will enable on the one hand resources of Iccrea Banca, even in senior positions, to hold senior roles in businesses of the Movement and on the other hand, people from Cooperative Credit Banks, again in key roles, to continue their professional growth within the Central Institute.

Again under the scope of initiatives aimed at encouraging and supporting the nearness and integration of resources and competences of Iccrea Banca with those of the Cooperative Credit Banks and in line with the logic inspiring the new service model, in October 2011, an initiative was undertaken "Iccrea Banca... on the Move", which sees groups of Iccrea colleagues come to the Territory for a real discovery of CBs. The initiative objective, which sees groups of sixty or so Iccrea Banca colleagues each time visit the territory for a real discovery of CBs, aims to bring the Institute increasingly closer to the territorial realities, encouraging direct knowledge and dialogue between colleagues of the different contexts. The initiative began with the visit to the CB of Maremma, which was followed by that of the CB of Genzano first and then Battipaglia. Once the winter break is over, the plan of visits will start up again by March with a view to enabling all colleagues to physically "reach out and touch" the context in which our banks operate day-in, day-out.

With more specific reference to the implementation of the new service model, in 2011, through the running of a specific project site, the review of the operative model and the re-engineering of commercial processes were started and substantially completed, also defining the professional and organisational roles required for an optimal implementation of the new service model.

At the same time, a specific Change Management project began in support of the change set to continued throughout 2012. The Change Management action concentrated, and will continue to act, mainly on the following areas:

- alignment of human capital to the new service model through the assessment of internal resources for the population of new roles, job rotation and re-allocation of resources for optimal distribution of competences, training on the job and training for alignment of the competences with the forecast profiles, the involvement of work groups to encourage cross-department interaction and the full assimilation of the logics of the new service model;

- evolution of the specialised competence centres into real centres of excellence through a path involving these structures to evolve towards the logics of improvement and continuous innovation and the development of distinctive competences;
- alignment of HR management systems, proposing reviews/integration of staff management and development systems in order to support the alignment processes of conduct aiming to encourage the diffusion of a culture of responsibility for results.

As concerns the workforces and the related dynamics, at year end the workforce numbered 689 units (net of those leaving as of 31 December) distributed as follows according to category:

- less than 2% managers;
- approximately 15% senior managers;
- approximately 28% junior managers;
- approximately 36% senior professionals;
- approximately 19% junior professionals.

Relying on the significant capital of competences present within the Bank, the management of company needs in terms of resources and skills has been greatly marked by the maximum optimisation of internal human capital through significant training and development actions, the management of professional growth paths and qualified job rotation processes. This is flanked by hirings were made from the external market in a focussed fashion and aiming to include valued professionals bringing experience and skills with them serving the company's business model and its evolution.

In this regard, 2011 saw 12 new covers of roles of organisational responsibility that involved the activation of internal staff growth paths in 50% of cases, instead using the external market in the other half.

Internal professional development paths activated job rotation for 60 resources, whilst a further 100 resources were affected by changes connected with the alterations to the company's organisational structure.

Fixed-term employment contracts of staff with skills and experience already consolidated in specific areas required by the company involved 20 resources. 13 other resources came in addition to this with entry-level profiles distributed over the various organisational levels. Finally, a further 15 people joined from other Group companies.

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

- approximately 9% in General Management;
- approximately 2% in Sales;
- approximately 11% in Payment Systems and Cards;
- approximately 17% in Finance and Credits;
- approximately 13% in Administration;
- approximately 45% in Information Technology;
- approximately 2% in Legal.

During 2011, 10 trainee contracts were stipulated (7 still in place as of 31.12). During the year, 3 resources had their trainee contracts converted into fixed-term employment.

Also considering mobility towards other Group realities which took place as from 01 January 2011, 100 people left the company, of which 47 positions managed in relation to the agreement of 21 January 2010 on the recourse to the provisions of the Solidarity Fund and 46 relating to mobility towards other Group companies and the Movement.

The premium policy of the company affected approximately 60% of employees through discretionary interventions of various different natures, whilst all resources received the result premium relating to the results of financial year 2010 in accordance with that established by current provisions of contract.

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 32,000 hours. The per capita average stands at around 46 hours and the addressees of the training were all employees.

With regards to the provisions of Italian Legislative Decree no. 81/08, approximately 90 medical check-ups were organised for resources qualifying for them by virtue of their work at video terminals and which therefore requires their health to be monitored. Additionally, approximately 4,900 hours of direct classroom training were delivered to all staff in health and safety at work.

In terms of Business Continuity, the HRRP system of business continuity was maintained, with the continual update of the lists of contacts both following the definition of the new Business Impact Analysis and 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, 6 tests were held involving around 65 resources. IT tools have been implemented to manage staff involved in business continuity.

On the Organisation front, 2011 was a year marked by significant organisational reforms that had already begun some years previous with the "TANGRAM" project aimed at ensuring the evolution of the business model and organisational structures of the Group, according to the altered market context. Some of these reforms have been a success, whilst others have laid the basis for more interventions to be carried out in 2012, of perfection and/or fine tuning.

This sphere includes organisational interventions aimed at transforming the organisational model from a "functional-divisional" hybrid (to offset the need for "specialisation by functions" characteristic of the support structures with that of "specialisation by products" characteristic of the business structures) to "functional", separating the support departments (administration, IT, organisation, legal, etc.) from those managing other business areas (finance, payments, etc.).

The main reorganisation carried out in 2011 allowed for:

- rationalise and simplify the organisational structure, dividing the structure up into three macro areas: General Management and Organisational Units of staff plus 2 Line areas (Operative and Administrative Area reporting to the Acting Deputy General Manager; Business Area reporting to the Deputy General Manager);
- eliminate the "business phrasing" (Central Management, Departments, Services and Offices), introducing the concept of Operative Unit;
- complete the Tangram project sites to rationalise the activities common to more than one company of the Iccrea Banking Group, on the Administration of Staff and Legal;
- make progress towards completing the activities connected with the sale of Foreign, Special and Subsidised loan segments through a rationalisation of responsibilities, processes and organisational structures;
- fulfil the obligations set out by the provisions of Supervision through the establishment of the Bank Money Laundering Department, the listing of assets under the scope of the Compliant Unit and the assignment of responsibilities of the Money Laundering Department and notification of suspicious operations by the Unit Manager;
- rationalise the organisational structure of the Collections and Payments Unit;
- further improve the processes relating to the supply of financial services through the constant update of the execution policy and the review of activities managing OTC derivative financial instruments;
- achieve greater efficiency of the activities of the Securitisation Unit, establishing a specific role of promotion and demand of conduct in compliance with obligations subscribed with it;
- review and enhance the Bank's IT structure, in order to: centralise the Group's IT infrastructures in the Institute with the assumption of the role of "Specialised Technology Manager", strengthen supporting and project management activities throughout the IT area, strengthen the IT structures of payment cards by the establishment of a specific operative unit, improve and make the provision of services to CBs more efficient by establishing a specific functional role "Coordination of

Relations with STD" with the main task of developing and maintaining relations with the STD in order to encourage a profitable partnership in the overall interests 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).

In November, the Unit was involved by a reorganisation process aimed at ensuring a greater monitoring, both in terms of human and technological resources, of the various processes relating to the summary analysis of results and budgeting.

Over the next few months and, in all likelihood throughout 2012, the Unit will be involved in starting up new sites aimed at improving the use and usability of managerial data today available, and at ensuring more and more interaction with matters of allocation and remuneration of capital and with metrics and models for measurement defined on a group level.

The Unit is also called to contribute to the start-up of new service models and connected CRM activity, as far as it is competent. In these terms, the managerial systems for management control and planning will represent essential tools by which to support management in formulating and monitoring new managerial trends. The correct recording of the various phenomena associated with the products/services supplied to the CBs will also become more and more strategically important and will enable greater disclosure, also to the benefit of the CBs.

Information Systems

The Institute's information system has been enhanced with new functions by which to innovate the offer of services to Cooperative Credit Banks and make production and auditing processes more efficient and reliable.

The main interventions performed include the development/activation of:

- new procedures to manage collateral and, more generally, funding and liquidity management operations;
- more advanced algorithms to ensure the best execution of orders for the purchase and sale of securities collected by the CBs (sweeping, recycling, etc.);
- control systems, integrated with inter-regional IT structures that subject cash withdrawal from ATMs to the availability of suitable funds on accounts held with the Bank that has placed the debit card (OLCC);
- automated functions for the management of so-called colloquial payments messages to/from abroad;
- separated environment for the analysis of risk of securities and derivatives;
- new platform for agent bank activities.

The development of new money laundering control functions connected with the role of intermediary played by Iccrea on the various market segments, has been particularly intense.

The Institute's IT infrastructure has, in the period, been strengthened with the start-up of a new disaster recovery centre at BCRS IBM of Rome. The certifications of conformity to the international best practices for going concern (BS25999) and information security (ISO27001) have also been successfully renewed.

As from July, Iccrea Banca has had the centralised management of the IT infrastructures of the entire banking group, creating the basis for a rationalisation that is also economic of the related management costs.

Audit Departments

In 2011, 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.

This year too, checks on money laundering matters and, in particular, in the payment card area have been particularly important, where generalised follow-ups have been implemented of all critical issues noted over the years in order to provide a complete framework of the activities to be taken in an area where significant investments are envisaged (technical and human resources) for the further development of the business and offer.

Under the scope of the payment systems, a framework of operative and compliance controls (see PSD audit) has been confirmed that is sufficiently developed and consolidated, and the completion of the review of the framework of agreements with the ICBPI. Additionally, in line with the evolving regulatory framework and in favour of the Federations/CBs, the usual structured monitoring of relations entertained with the Trustee Deposits working under outsourcing agreements, appointed to manage cash, has been ensured.

In the context of the Finance Area, the attention of the Controls Unit (according to the 2011 Audit Plan) has focussed on the overall Mifid framework of operations, on the management of liquidity risk and on so-called “Centralised Finance”.

Under this scope, positive responses have been seen with regards to the various different reference regulatory profiles (conflict of interest, best execution, etc.) with respect to the audits performed on investment services provided to Group companies (IBI And Aureo Gestioni).

These activities saw the concrete, active contribution of “Remote Controls” that allowed for the greater monitoring of certain events or phenomena.

In relation to the interventions carried out for the purpose of checking the audit system on the information technology unit , during the year, the department has helped ensure the activities of competence, functional to maintaining the certificates obtained in data security (ISO 27001:2005) and continued operations (BS25999:2006).

Finally, the usual support activities were carried out (Summit project, New Delegated Powers of finance, preparation of opinions, assessment of regulations, etc.) also with the direct participation in work groups or projects, and the monitoring of initiatives taken by the Compliance and Money Laundering Unit on matters of its competence, was ensured.

Compliance

The assessment of the regular application, within the company, of certain important regulations, above all to product consumers, lies with the compliance department, an active part of the internal audits system. The aim is to monitor and mitigate reputational and legal risk. The scopes of action include those concerned by significant legal innovation.

In July 2011, in application of the “Provision incorporating enactment provisions on organisation, internal controls and procedures aimed at preventing the use of intermediaries and other parties providing financial business for money laundering and the financing of terrorism, in accordance with Art. 7, paragraph 2 of Italian Legislative Decree no. 231 of 21 November 2007” issued by the Bank of Italy on 10 March 2011 and in application of the de-centred model that the parent company deemed appropriate to adopt, the Compliance Department Manager was also appointed Money Laundering Manager and Appointed to Notify suspicious transactions, pursuant Art. 42, paragraph 4 of Italian Legislative Decree no. 231/07. Said initiatives entailed the update of the regulatory framework with the introduction of a specific Money Laundering Department Regulation.

In 2011, the Compliance department implemented the planned auditing activities with specific reference to regulations on money laundering, bank transparency, investment services and privacy.

Consulting was also provided, by means of opinions on the control scope matters with regards to the application of regulations on the operations of the Institute and the structures of the Collections and Payments segment (for the intermediation service) and Foreign segment have been flanked in the activities supporting money laundry matters in initiatives for consulting support and assistance for CBs on the matter in question.

More specifically, the parent company and the company Iccrea BancaImpresa (I.B.I.) have been supported in the initiative of integrated offer on a Group level of services provided to the CBs (in ensuring compliance and controls as required) in the foreign segment and, in particular, in the preparation of the contents of the website by the same name www.forestero.it.

Additionally, the following has taken place:

- the continuous monitoring has been assured of the keeping of the AUI;
- during the second half of the year, the activity aimed at transferring the intermediation operations with customers of the Banks of San Marino was started, concluding in January 2012;
- the Code of Ethics has been verified and updated, particularly with regards to the protocols adopted by the Bank;
- consulting support has been provided in the preparation and/or modification of contracts;
- complaints have been managed.

The Department has also provided various support activities, including that aimed at offering new services (electronic billing) and products (in the payment cards segment) to enable an extension of the range of offer to the CBs.

Finally, under the scope of the general training of Bank employees, alongside the residual initiative of self-training, support has been provided in the definition of the training cycle for all staff, with a special focus on Anti Money Laundering Legislation, privacy, the administrative liability of entities and transparency. Under this scope, initiatives have been taken both in quantitative and qualitative terms (introducing selective criteria in the identification of course users, circumscribing the fields for investigation, applying new teaching methods accompanied by evaluation questionnaires to note the effectiveness of the training delivered and the commitment of the parties concerned).

Risk management

In 2011, with regard to credit, operating, and market risks, the evolutionary course of the adaptation of the methods and instruments to protect against risks continued, in respect of both external provisions and the internal management and monitoring needs. Measures taken through the centralised Group department developed in the operating spheres.

With reference to credit risks, monthly reporting and analysis of the portfolio trend with reference to the two main types of counterparties: Banks and ordinary customers. The Department has guaranteed the management of the risk profile analysis system of banking counterparties: every day, risk indicators (alerts) defined with reference to the operations of the Institute with these counterparties have been updated and made available to the operative structures. The internal ratings of bank counterparties with whom the Institute operates (BC and other banks) have been updated through the system used by the structure. 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.

With reference to operative risks, the department continued to collect data of lost operations and the analysis of legal disputes was updated, not shown by credit activities.

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

In the sphere of ALM activities and liquidity risk, monitoring of the Bank's assets and liabilities portfolio profiles continued. 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.

More specifically, with reference to the bank portfolio interest rate risk, the consolidation of the Group ALM project was important in strengthening instruments, methodologies and reporting, also in view of using the ALM system as the basis for prospective analyses for planning purposes. As concerns behavioural models, models for demand items are currently being finalised, with a view to further improving measurement standards. Finally, in order to analyse stress, events or factors have been identified that could seriously affect the Bank's equity balance, using a combination of hypotheses defined by the Bank of Italy and scenarios prepared internally on the basis of the bank's own risk characteristics.

With reference to the liquidity risk, in close collaboration with the Financial Department auditing structures, a daily monitoring procedure has been set-up in support of the monitoring indicators and analyses, aiming to monitor the liquidity position respectively "at 1 day" and "up to 1 month" on both an individual and consolidated basis.

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.

Accounts and Financial Statements

The Accounts and Financial Statements Organisational Unit not only, as usual, provided support and administrative collaboration (accounting, notifications and tax) to the CBs, to the Federations and Group companies, but during 2011 was particularly involved in the development of various projects and activities that we report below in summary form: the news brought by the European Banking Authority (EBA) for the new accounting disclosures on the Balance Sheet and Income Statement (Finrep) and prudential matters (Corep) to be produced through the Implementing Technical Standards (ITS) require particularly strict timing, therefore, also in order to verify the correct organisational supervision and guarantee the quality of the data supplied, the structure definitively resulted in the production of a quarterly equity and economic position; the Pool collateral project, the volumes of which have grown significantly, also following the extraordinary measures taken by the ECB aimed at ensuring greater liquidity to banks, has required a particular commitment both in the parametrisation of accounts and in the provision of accounting and notification support to the CBs; in collaboration with the other structures involved, the new Fair Value Policy model has been prepared with the aim of defining the rules and assigning responsibilities for the assessment of financial instruments; in coordination with the other competent structures, the project for the management of the active invoicing cycle through the use of the new SAP procedures; in order to improve the daily monitoring of the management of justification and analytical balances of Debtor and Creditor accounts, a new IT tool has been developed named "Cruscotto Co.Ge."; the Efficacy Test produced by the structure is currently supplied to 98 CBs with the processing of around 2,200 tests; the structure has provided constant support to the CBs to verify liquidity, monitoring relations with the daily balancing account every day;

the supervision of the CBs has moved from Iside users and at the same time, the transfer of the Institute's disclosure process has begun to departments; finally, the input process of flows matrix for the Institutional Guarantee Fund has been prepared.

Security and logistics

The Security and Logistics department provides logistic support, in particular for Business Continuity. The following operative results are highlighted in relation to 2011 and worthy of note:

- 100% availability of production sites due to lack of a drop in supply or logistic issues;
- monitoring of climatic events during the weather warning of the National Civil Guard - in relation to the extraordinary snow and rain that fell on Rome - which have enabled the taking of preventive action able to ensure continued operations in complete compliance with worker safety;
- contribution to successfully passing the third audit for the certification of Business Continuity BS 25999.

5. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Main characteristics of the risk management and internal control systems existing in relation to the financial disclosure process (Art. 123 - bis, paragraph 2, letter B) of the Consolidated Law on Finance.

Activities and control processes relating to the production of data necessary to preparing the financial disclosures to be published (annual financial statements, interim financial statements) are an integral part of the general bank's control system looking to manage risks.

These elements, given that no internal control system can entirely exclude any risk of error or fraud, but merely assess and mitigate their likelihood and effects, aim to provide a reasonable guarantee of the reliability, accuracy, trustworthiness and timeliness of the financial information.

The control system in question is hinged on two main guidelines:

- the accounting system is automatically, semi-automatically and manually input by a wide number of organisational units within the bank, the transactions of which are managed by the various subsystems. The line control processes are therefore included or within the IT procedures and transaction management or within the specifically established units. Organisational procedures assign the responsibilities for checking the results of the accounts to the managers of the various units. Second level controls are carried out by the organisational unit appointed to manage general accounting and prepare the annual and interim positions. Controls are daily, weekly or monthly, depending on the type of data processed and the frequency of transactions;
- the assessment components of greatest impact on the accounting positions are assigned to specialised structures. Data relating to the fair value of the financial items and that relating to hedging relations and the related efficacy tests is supplied by the specialised structures equipped with suitable calculation tools. This data is then reviewed by the Group ALM and Risk Management Department and by the Bank's Accounting and Financial Statements Unit. Data relating to the classification and measurement of non-performing loans is supplied by duly separated structures that are highly specialised and which act on the basis of detailed procedures approved by the Board of Directors.

Annual and interim financial statements are subjected to external auditing by Reconta Ernst & Young, which is also responsible for auditing the accounts under the terms of Art. 14 of LGS. DEC. 39/2010.

With regards to the Transparency Directive, the Bank has chosen Luxembourg as the Member State of origin, as it is with this stock exchange that most of the issues of equity values are concentrated; hence, given that reference legislation does not so envisage, it has not appointed an Appointed Manager in accordance with the Consolidated Law on Finance.

6. 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 2011 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. This 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 counterparties, subject of the transitions, method of defining the transfer price and timing of events may cause doubt with regards to the correctness and completeness of the information posted on the financial statements, to 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 2011 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.

7. 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 subject 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 2011, with regard to the Rating Agencies:

- at the end of August, Fitch modified the ratings to “A-” and “F2” respectively for the long-term and short-term, keeping a stable outlook for the long-term;
- on 18 October, as a consequence of the reduction of the rating assigned to Italy, Standard & Poor’s reviewed its ratings of 24 Italian financial companies and banks, including Iccrea Banca. The ratings on the medium/long-term debt have been amended from “A-” to “BBB+”, whilst the outlook has gone from “negative” to “stable”. Short-term debt rating has instead remained at “A-2”. Please also note that on 07 December 2011, following a negative creditwatch with regards to 15 different Member States, including Italy, the agency also activated a negative creditwatch for the companies of the Iccrea Banking Group.

8. OUTLOOK FOR THE FUTURE

IMPORTANT EVENTS AFTER CLOSURE OF THE FINANCIAL YEAR

On 31 January 2012, ICBPI concluded the takeover of the intermediation service of all San Marino banks who were previously our customers. It must be stressed that the takeover affected all banks uninterruptedly, avoiding any risk of reputation for Iccrea Banca to which all institutional headquarters of the Central Bank of San Marino have recognised full governance capacity over the unprecedented complex migration activities.

On 06 February 2012, the agency Fitch published the press release containing the notification of the negative watch of last year; the long-term rating has been taken from “A-” to “BBB+” with negative outlook, whilst the short-term rating has remained unchanged at “F2”. The reduction in the rating, which follows the downgrade of the Italian State applied by this agency, reflects the trend of the quality of assets of Iccrea BancaImpresa and the pressure on the profitability of Cooperative Credit Banks, both affected by the difficult national economy and Eurozone.

On 05 January 2012 the Bank of Italy upheld the request presented by the parent company on 05 October 2011 whereby we were authorised not to deduct the subordinate liabilities assumed in order to restore the health of some CBs from the individual and Group Regulatory Capital. Following this exoneration and the 10% excess already envisaged by the notification rules, the Regulatory Capital as of 31 December 2011 was positively changed by around 36 million with respect to that in place as of 30 September 2011.

On 23 February 2012 the Bank’s Board of Directors authorised the Fair Value Policy. More specifically, the document describes the criteria and methodologies with which the Bank has understood and implemented the concept of fair value as set out by IAS 39. The Fair Value Policy will mainly be adopted under the scope:

- of the preparation of the statutory financial statements and regular reports;
- of trading on own behalf with regards to customers;
- of market making activities;
- of the issue of its products;
- of the pricing service in favour of customers;
- in the optimisation of the portfolios managed.

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

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 and approved by the Board of Directors on 25 November 2011.

Through the strategic guidelines, the objectives are defined of the Iccrea Banking Group for the three-year period 2012-2014 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 are:

- confirmation of the mission of Iccrea Banca in providing support for Cooperative Credit Banks through the supply of products and services necessary to the complete fulfilment of their business, duly exploiting scale and scope economies;
- to support the CBs in managing deposits of their customers in order to keep them within the Cooperative Credit System and at the same time ensure suitable liquidity profile both for the System and the Iccrea Banking Group. This objective will be pursued by seeking synergies with the CBs in a permanent, lasting partnership logic and at the same time ensuring competitive remuneration conditions in any case in line with the market.
- limiting liquidity and credit risk;
- completing the review of the service and organisational structure models and coverage of the reference market for the purpose of ensuring an offer that is coherent with the expressed and non-expressed needs of the System;
- maintenance of a suitable level of capitalisation, also in view of the new regulatory demands (Basel 3);
- review of processes and 2012 cost containment with consequently improved efficiency of the structures and, at the same time, an increase in the capacity of selection and evaluation of risks, containing the level assumed;
- development of new products (ACH, mobile phone, electronic invoicing, etc.)

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 underway 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.

9. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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 2011, accompanied by the Management Report, and subject to auditing 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 no. 38/2005 as of 31 December 2011, the following events occurred:

• the amount of Euro 526,188 was made available following a decrease or realisation of capital gain of financial assets measured at fair value, allocated in 2009/2010 as unrealised capital gain;

• the income for 2011 includes an amount of Euro 17,361,494 to be allocated to the restricted reserve, in allocation, as it relates to unrealised capital gains recorded on the 2011 income statement deriving from the application of the fair value criteria to financial instruments not managerially hedged by derivative contracts.

We would therefore propose the following use of the net profits, which amount to a total Euro 43,888,543:

Unavailable reserve in accordance with article 6 Italian Legislative Decree 38/2005	Euro	16,835,306
Remuneration of the shareholders' equity, of Euro 64.30 per share	Euro	27,006,000
Available for the Board of Directors	Euro	47,237

With reference to the aforementioned proposal, it is informed that the Unavailable Reserve in accordance with Lgs. Decree no. 38 of 28 February 2005 of Euro 19,277,972 is equal to the amount of the unrealised capital gains registered in the statement of income as of 31 December 2011, net of the related fiscal charge, deriving from the application of the fair value criteria on financial instruments (structured securities) not operationally hedged by derivative contracts, and to those on financial instruments that are operationally hedged for the part that exceeds the related capital losses.

Rome, 20 March 2012
THE BOARD OF DIRECTORS

Board of Auditors' Report

Financial year
1 January - 31 December 2011

"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 2011, 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 that the commitment has continued to increase and improve the overall level of suitability of the systems in place.

The Board has monitored the work of Internal Audit - implemented by the Group companies Controls Organisational Unit - and the inspections, entrusted to the same Unit, as well as the activities of the Conformity Department, the manager of which has also been appointed Money Laundering Manager and party appointed to notify suspicious operations. A great many works have been carried out, as described briefly in the Management Report, in application of coordinated annual plans, which look to be focused on a careful assessment of the risks underlying the various business areas.

With specific reference to the Conformity Department, whilst acknowledging the organisational solutions underway, the need must also be specified, also in relation to the new duties assigned, for suitable strengthening measures that enable the Department itself to go about its duties effectively, in an operative context marked by a particularly broad regulatory scope by virtue of the different activities performed by Iccrea Banca.

From the evidence of the two Departments and the work of the Board, increasing attention is seen by the Company's structures to the results of controls, with the preparation and progressive realisation of shared plans of intervention, coordinated by General Management and monitored by the Directors.

The strengthening measures developed in 2011 and those still underway in some sectors, both with reference to investments and as concerns inclusions of professional competences, the needs in terms of controls would appear to be suitably considered, as seen by the results of the inspection reports. Moreover, the complexity of the activities, the number of interlocutors and the volumes administered require non-immediate critical issue resolution terms in addition to a significant, constant commitment to develop technical-organisational solutions that are suited to the risk level. In some cases, extraordinary commitments are needed to offset inappropriate approaches during the start-up of new initiatives implemented in previous financial years. Thus follows the recommendation and supervision of the Board to ensure that each new initiative or evolution of activity is accompanied by a preventive evaluation by the competent Departments of the organisational and technical suitability, also with reference to the control and conformity profiles.

The Board of Directors set up the Internal Audits Committee in 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 efficient auditing. The Board has, by monitoring the Committee's work, been able to verify positive contributions, both with reference to the monitoring of the controls system and with regards to the constant demand of the structures and the entire Board of Directors on the matter, in a context of increasing awareness of the role of directors in the governance of the internal controls system. More specifically, in 2011, thanks to the role played by the Committee and the commitment of General Management, the resolution or removal of the great many anomalies or critical issues signalled by the Controls Operative Unit following the checks performed, has significantly speeded up.

In 2011, Iccrea Banca doubled the volumes of its business in fulfilling its mission to support the Cooperative Credit Banks in a difficult, uncertain outlook. 2012 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 has also become more and more qualified; under the scope of the Centralised Finance project, Iccrea Banca has been assigned the task of collecting the funding necessary for the entire Group, both in quantitative and qualitative terms.

These conditions entail an evolution of control measures and the instrumentation of planning in order to guarantee risk governance; notably rate, liquidity and market risks, in an incredibly difficult outlook. The evolution must concern the tools, professionalism and organisational solutions, both on an individual and Group level.

The directors delivered the Board the draft financial statements as of 31/12/2011 and the Report on Operations on the day of their approval by the Board of Directors, i.e. 20 March 2012.

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 to the Board of Directors and by the Departments of the Company.

Upon completion of the analyses, we would confirm that the financial statements at 31 December 2010 have been drawn up this year in compliance with the IAS/IFRS accounting standards, validated by the European Commission based on circular no. 262 of 22 December 2005 - 1st update of 18 November 2009 - issued by the Bank of Italy.

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

The management report by the Board of Directors illustrates the Institute's situation and the trend of 2011 operations, 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 were not atypical or unusual. They 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 Management Report 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 end - Reconta Ernst & Young S.p.A., which has explained the audits performed and the related outcome, the auditing strategy and the main issues that emerged as they went about their business.

The independent auditing 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 2011. 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 31 December 2011. The report by the independent auditing firm also shows that the Report on Operations and the information pursuant to paragraph 2, letter, b of Art. 123-bis of Italian Legislative Decree no. 58/98 are in line with the statutory financial statements as of 31 December 2011.

Reconta Ernst & Young has also issued the declaration prescribed by art. 17 of Italian Legislative Decree no. 39/2010 on independence. This declaration confirms that the further tasks entrusted to REY during the year and invoiced by it concern duties relating to the certification of the EMTN programmes service against payment of 65 euro/000, financial statement translation services and translation of the reports in English for 16 euro/000 and tax assistance provided by the Tax and Law Firm belonging to the REY network for 54 euro/000. Considering the above declaration, the Board of Auditors does not believe that there are any critical issues at hand with regards to the independence of Reconta Ernst & Young S.p.A.

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 at 31/12/2011, 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, 03 April 2012
THE BOARD OF STATUTORY AUDITORS

The Company's Financial Statement Schedules

BALANCE SHEET

ASSET	31/12/2011		31/12/2010	
10. Cash and cash equivalents		79,360,184		79,509,376
20. Financial assets held for trading		633,351,105		438,256,201
30. Financial assets designated as at fair value through profit or loss		314,954,556		21,350,362
40. Financial assets available for sale		2,135,149,545		750,269,651
50. Financial assets held to maturity		317,603,972		-
60. Due from banks		15,946,240,440		7,873,928,746
70. Loans to customers		1,129,364,547		833,741,791
80. Hedging derivatives		15,169,949		-
100. Equity investments		51,012,750		1,057,067
110. Property and equipment		19,911,027		18,770,787
120. Intangible assets		4,087,794		3,181,424
130. Tax assets		48,914,422		31,614,463
a) current	4,853,535		6,745,085	
b) deferred	44,060,887		24,869,378	
140. Non-current assets and asset disposal groups held for sale		-		498,179,997
150. Other assets		114,694,782		104,751,427
TOTAL ASSETS		**20,809,815,073**		**10,654,611,292**

LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2011		31/12/2010	
10. Due to banks		15,451,958,758		5,559,083,368
20. Due to customers		1,738,713,836		2,610,634,713
30. Securities issued		1,701,830,389		830,271,041
40. Financial liabilities held for trading		525,616,104		369,386,572
50. Financial liabilities designated as at fair value through profit or loss		723,728,865		300,364,612
60. Hedging derivatives		33,293,225		17,431,759
80. Tax liabilities		9,937,811		6,964,988
a) current	8,495,731		5,645,432	
b) deferred	1,442,080		1,319,556	
90. Liabilities associated with assets held for sale		-		448,179,997
100. Other liabilities		200,498,505		148,934,605
110. Employee termination benefits		13,165,319		14,675,982
120. Provisions for risks and charges:		5,845,126		10,085,957
b) other provisions	5,845,126		10,085,957	
130. Valuation reserves		(7,505,231)		30,290,771
160. Reserves		151,930,623		71,137,780
180. Share capital		216,913,200		216,913,200
200. Net profit (loss) for the period (+/-)		43,888,543		20,255,947
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**20,809,815,073**		**10,654,611,292**

INCOME STATEMENT

ITEM	31/12/2011		31/12/2010	
10. Interest and similar income		264,271,593		118,382,155
20. Interest and similar expenses		(200,015,918)		(73,275,146)
30. Net interest income		**64,255,675**		**45,107,009**
40. Fee and commission income		327,449,098		306,045,784
50. Fee and commission expense		(211,709,395)		(192,660,946)
60. Net fees and commission income (expense)		**115,739,703**		**113,384,838**
70. Dividends and similar income		4,655,506		1,388,436
80. Net gain (loss) on trading activities		8,443,953		8,084,754
90. Net gain (loss) on hedging activities		502,472		313,616
100. Net gains (loss) on the disposal or repurchase of:		5,555,650		5,591,634
a) loans	1,301,195		(89,911)	
b) financial assets available for sale	3,972,565		5,148,327	
d) financial liabilities	281,890		533,218	
110. Net gain (loss) on financial assets and liabilities designated as atfair value through profit or loss		25,015,812		1,833,758
120. Gross income		**224,168,771**		**175,704,045**
130. Net losses/recoveries on impairment:		(3,613,067)		(8,285,582)
a) loans	263,048		(8,010,129)	
b) financial assets available for sale	(3,876,115)		(275,453)	
140. Net income (loss) from financial operations		**220,555,704**		**167,418,463**
150. Administrative expenses:		(155,965,605)		(138,220,793)
a) personnel expenses	(68,820,553)		(58,864,231)	
b) other administrative expenses	(87,145,052)		(79,356,562)	
160. Net provisions for risks and charges		(366,528)		(4,977,800)
170. Net adjustments of property and equipment		(2,487,877)		(2,635,023)
180. Net adjustments of intangible assets		(2,170,224)		(2,081,766)
190. Other operating income/expenses		13,496,244		11,774,041
200. Operating expenses		**(147,493,990)**		**(136,141,341)**
250. Profit (loss) before tax on continuing operations		**73,061,714**		**31,277,122**
260. Income tax expense from continuing operations		(29,173,171)		(12,202,313)
270. Profit (loss) after tax on continuing operations		**43,888,543**		**19,074,809**
280. Profit (loss) after tax on non current assets in the process of being sold off		-		1,181,138
290. Net profit (loss) for the period		**43,888,543**		**20,255,947**

STATEMENT OF COMPREHENSIVE INCOME

	31/12/2011	31/12/2010
10. Net Profit (Loss) for the period	**43,888,543**	**20,255,947**
Other comprehensive income net of taxes		
20. Financial assets available for sale	(38,489,673)	(20,675,907)
60. Cash flow hedges	693,670	-
110. Total other comprehensive income net of taxes	**(37,796,003)**	**(20,675,907)**
120 Comprehensive income (Items 10+110)	**6,092,540**	**(419,960)**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 2011

	AS AT 31/12/2010	CHANGES TO OPENING BALANCE	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	-		-		
Net profit (loss) for the year	**20,255,947**	**-**	**20,255,947**	**(792,843)**	**(19,463,104)**
Total 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								**SHAREHOLDERS' EQUITY AS AT 31/12/2011**
		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**	
						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 CHANGES IN SHAREHOLDER'S EQUITY 2010

	AT 31/12/2009	CHANGES TO OPENING BALANCE	AS AT 01/01/2010	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	67,644,957	-	67,644,957	1,649,823	
b) others	1,843,000	-	1,843,000	-	
Valuation reserves	50,966,679	-	50,966,679		
Equity instruments	-		-		
Treasury shares	-		-		
Net profit (loss) for the year	**29,921,117**	**-**	**29,921,117**	**(1,649,823)**	**(28,271,294)**
Total shareholders' equity	**367,288,953**		**367,288,953**		**(28,271,294)**

The amount of "other reserves" corresponds to the goodwill realised under the scope of the sale of the Corporate business unit (2007).

	CHANGES IN THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31/12/2011
		OPERATIONS ON SHAREHOLDERS' EQUITY						COMPREHENSIVE INCOME AT 31/12/2010	
	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS		
		-	-						216,913,200
		-	-						-
		-							-
	-	-	-	-					69,294,780
	-	-		-		-	-		1,843,000
	-							(20,675,908)	30,290,771
					-				-
		-	-						-
								20,255,947	**20,255,947**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(419,961)**	**338,597,698**

STATEMENT OF CASH FLOWS: INDIRECT METHOD

A. OPERATING ACTIVITIES	31/12/2011	31/12/2010
1. Operations	**11,001,957**	**34,527,648**
- net profit (loss) for the period (+/-)	43,888,543	20,255,947
- gains (losses) on financial assets held for trading and on financial assets/liabilities designated as at fair value through profit or loss (+/-)	(49,481,352)	(5,197,623)
- gains/losses on hedging activities (+/-)	(502,472)	(313,616)
- net losses/recoveries on impairment (+/-)	(1,388,547)	8,285,582
- net adjustment of property and equipment and intangible assets (+/-)	4,658,101	4,716,789
- net provisions for risks and charges and other costs/revenues (+/-)	(1,177,874)	6,436,995
- taxes and duties (+) to be settled	29,185,300	12,202,313
- net adjustments of disposal groups held for sale net of tax effects (+/-)	-	-
- other adjustments (+/-)	(14,179,741)	(11,858,740)
2. Net cash flows from/used in financial assets	**(10,256,123,5911)**	**(448,839,461)**
- financial assets held for trading	(172,848,527)	25,988,576
- financial assets designated as at fair value through profit or loss	(302,106,536)	12,389,211
- financial assets available for sale	(1,394,956,582)	(107,409,178)
- due from banks: repayable on demand	(492,610,386)	971,975,993
- due from banks: other receivables	(7,558,708,225)	(1,063,765,249)
- loans to customers	(293,239,163)	210,117,562
- other assets	(41,654,171)	(498,136,375)
3. Net cash flows from/used in financial liabilities	**10,503,467,624**	**454,139,842**
- due to banks: repayable on demand	140,648,339	(1,298,167,531)
- due to banks: other	9,742,861,515	(531,647,822)
- due to customers	(873,220,387)	1,398,633,111
- securities issued	858,215,472	543,243,716
- financial liabilities held for trading	156,229,515	(23,060,303)
- financial liabilities designated as at fair value through profit or loss	448,575,867	(11,264,520)
- other liabilities	30,157,303	376,403,191
Net cash flows from/used in operating activities (A)	**258,345,990**	**39,828,029**

B. INVESTING ACTIVITIES	**31/12/2011**	**31/12/2010**
1. Cash flow from	**50,050,716**	**44,748**
- sales of equity investments	48,067	-
- dividends collected on equity investments	-	-
- sales of financial assets held to maturity	-	-
- sales of property and equipment	2,648	44,748
- sales of intangible assets	-	-
- sales of subsidiaries and business units	50,000,000	-
2. Cash flow used in	**(369,082,794)**	**(5,410,557)**
- purchases of equity investments	(50,003,750)	-
- purchases of financial assets held to maturity	(312,372,621)	-
- purchases of property and equipment	(3,629,829)	(3,455,500)
- purchases of intangible assets	(3,076,594)	(1,955,057)
- purchases of subsidiaries and business units	-	-
Net cash flow from/used in investing activities (B)	**(319,032,078)**	**(5,365,809)**

C. FINANCING ACTIVITIES	**31/12/2011**	**31/12/2010**
- issue/purchases of own shares	-	-
- issue/purchases of equity instruments	80,000,000	-
- distribution of dividends and other	(19,463,104)	(28,271,294)
Net cash flow from/used financing activities (C) (+/-)	**60,536,896**	**(28,271,294)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**(149,192)**	**6,190,926**

RECONCILIATION

BALANCE SHEET ITEMS	**31/12/2011**	**31/12/2010**
Cash and cash equivalents at beginning period (E)	79,509,376	73,318,450
Net increase/decrease in cash and cash equivalents (D)	(149,192)	6,190,926
Cash and cash equivalents: net foreign exchange difference (F)	-	-
Cash and cash equivalents at end of the period (G)=E+/-D+/-F	79,360,184	79,509,376

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 2011. The accounting standards, which are shared by the whole Group, are set out under the headings of classification, recognition, valuation and derecognition of the various asset and liability items. 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)

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 2011 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 homologation regulations by the European Commission that came into force as from 2011 and which basically resulted in improvements in terms of the institute’s financial statements disclosure.

REGULATION APPROVAL	TITLE
1293/2009	Amendments of IAS 32 - Financial instruments: Presentation
574/2010	Amendment of IFRS 1 - Limited exemption from comparative IFRS 7 disclosures for first-time adopters Amendment of IFRS 7 - Improving disclosures about financial instruments
632/2010	IAS 24 - Related party disclosures Amendment of IFRS 8 - Operating Segments
633/2010	Amendment of IFRIC 14 - Pre-payments of a minimum funding requirement
662/2010	Interpretation IFRIC 19 - Extinguishing financial liabilities with equity instruments Amendment of IFRS 1 - First time adoption of IFRS
149/2011	Improvements to IFRS – IFRS 1, IFRS 3, IFRS 7, IAS 32, IAS 39, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34 Amendment of IFRIC 13 - Customer Loyalty Programmes:

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

Section 2: General preparation 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 31st December 2010 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 have been drawn up using the indirect method, according to which cash flows from business operations are represented by the result of the financial period adjusted by the effects of non-monetary operations. Cash flows arising from operating activities, investing activities, and financing activities are indicated separately. Cash provided during the financial period is shown in the statement with no sign, while cash used is indicated in brackets.

CONTENTS OF THE EXPLANATORY NOTES

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

Section 3: Events subsequent to the balance sheet date

In relation to the provisions of IAS 10, please note that subsequent to year end, no events occurred such as to have entailed an adjustment to the figures reported on the statements.

For information on events that occurred subsequent to the end of the period, please 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 information

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 ITEMS OF FINANCIAL STATEMENTS

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 amount paid or collected. 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 carried 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 recognized, even if ownership of such assets has effectively been transferred.

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

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

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

Criteria for recognizing gains or losses

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 a loss. 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 recognized 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 loss due to the reduced value are removed subsequent to an event occurring after the registration of the reduction in value, the increase in value is posted on the Statement of Income. 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 derecognized 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 recognized, even if ownership of such assets has effectively been transferred.

If substantial transfer of the risks and rewards cannot be ascertained, financial assets are 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 them.

Finally, 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 gains or losses

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 “Loans to 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 recognized at the amount disbursed or at the subscription price, including marginal costs/revenues directly attributable to the transaction and determined on the recognition date, even if paid or received later. The initial recognition value does not include costs refunded by the borrower or normal internal administrative costs. Loans and receivables granted at other than normal market terms are initially 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.

Contangos and repurchase agreements with forward repurchase or resale of the obligation are recognised as deposit or loan transactions; cash sale and forward repurchase transactions are recognised on the financial statements as payables for the cash amount received, while cash purchase and forward re-sale operations are recognised as receivables valued at the cash amount paid. Transactions with banks, with which 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 amortized cost. The amortized cost of a financial asset is equal to the initial recognition value, net of any capital reimbursements, and increased or decreased by total amortization calculated by applying the effective interest rate method to any difference between the initial value and the value on maturity, and taking into account any deduction (directly or through an allocation) following an impairment loss or non-recoverability.

The amortized cost criterion is not applied to short-term receivables, technical instruments without a defined maturity date and revocable loans, for which the 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 current value of the expected cash flows discounted at the original effective interest rate of the financial asset.

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

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

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

Derecognition criteria

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

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

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

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

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

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

Classification criteria

The item "Financial assets carried at fair value" includes financial assets that have been carried 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 carried at fair value 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 them. 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 recognizing gains or losses

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 recognized in accordance with the accounting criteria for hedging activities. 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 recognized at cost on the settlement date, inclusive of costs or income directly related to the transaction.

Measurement criteria

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

Derecognition criteria

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

Criteria for recognizing gains or losses

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

8 – Property and equipment

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

PROPERTY AND EQUIPMENT FOR OPERATING PURPOSES

Classification criteria

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

Recognition criteria

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

Measurement criteria

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

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

Derecognition criteria

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

Criteria for recognizing gains or losses

Depreciation is recognized 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 the intangible asset is recognized in the Income Statement in the year in which the expenditure is effectively incurred.

Measurement criteria

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

Derecognition criteria

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

Criteria for recognizing gains or losses

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

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

Criteria for recognizing gains or losses

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

12 – Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

Recognition and classification criteria

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

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

Measurement and recognition criteria for gains or losses

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

Derecognition criteria

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

13 – Debt instruments and securities 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. Financial liabilities issued at other than prevailing market terms are recognised at fair value according to the best estimate, and the difference between this value and the amount paid or the value of the issue is booked to the Income Statement.

Measurement and recognition criteria for gains or losses

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

Derecognition criteria

Financial liabilities recognized under the present items are derecognized not only after extinction or maturity, but also in the case of repurchase of securities 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 recognized on the settlement date, while derivatives are recorded on the trade date. Initial recognition of financial liabilities held for trading is at fair value, which normally corresponds to the price received. If the price is different from the fair value, the financial liability is 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 derecognized 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 carried at fair value 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 carried at fair value 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 recognizing gains or losses

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

16 – Foreign currency transactions

Recognition criteria

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

Measurement criteria

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

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

Criteria for recognizing gains or losses

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

In particular:

- interest is 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 for the competence of the period, accrued on assets and liabilities are recognised in the financial statements to adjust the assets and liabilities to which they refer.

EXPENDITURE FOR IMPROVEMENTS TO THIRD-PARTY PROPERTIES

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

FAIR VALUE DETERMINATION METHODS

The Fair Value is the figure at which an asset (or liability) can be exchanged between counterparties 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 listed 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 ('cash'), while for an asset that must be purchased or a liability held, it is the current offer ('letter'). Where there is no listing on an active market, or for lack of regular market function, i.e. when the market does not have a sufficient and continuous number of transactions, cash-letter spread and volatility not sufficiently limited, the fair value of the financial instruments is mainly determined by means of measurement techniques aiming to establish the price of an independent hypothetical transaction, grounded by normal market considerations on the date of the measurement.

Under the scope of measurement 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 'comparable approach');
- measurement 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 event of financial instruments for which the demand-supply difference 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 with reference to the last day of the period of reference) in lieu of the offer or requested 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 listings of the financial instrument being measured, but rather on credit spreads or prices taken from official listings 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 shared lines (calculation algorithms, processing models, market data used, basic model assumptions) on which the measurement of each category of derivative instrument is based.

Rate, exchange, equity and inflation derivatives, where not exchanged on regulated markets, are considered 'Over The Counter' (OTC) instruments, namely those that are bilaterally negotiated with market counterparties. They are measured by means of appropriate pricing models, supplied by input parameters (namely rate curves, exchange rates, volatility) seen 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 so-called "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 measurement method defined for a financial instrument is adopted continuously over time and only amended following significant variations in market conditions or subjectively by the issuer concerning 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 financial year 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 CATEGORIES

A.3.1.1 Reclassified financial assets: carriyng amount, fair value and impact on comprehensive income.

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL PORTFOLIO	DESTINATION PORTFOLIO	BOOK VALUE AS AT 31/12/2011	FAIR VALUE AT 31/12/2011	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	78,135	78,135	(3,813)	1,466	(3,975)	1,629

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	2.483798	BOT 6 months + 0.15
XS0247770224	ITALY 22.3.2018	2.758908	The lower of (2.25 x European inflation rate) and (Euribor 6 months + 0.60)
IT0003858856	CCT 1.3.2012	2.562746	BOT 6 months + 0.15

A.3.2 FAIR VALUE HIERARCHY

A.3.2.1 Portfolios: breackdown by fair value imput level

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31/12/2011			31/12/2010		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	47,357	585,709	285	57,724	380,266	266
2. Financial assets designated as at fair value through profit or loss	-	307,573	7,382	-	13,615	7,735
3. Financial assets available for sale	2,060,287	64,230	10,633	674,317	71,706	4,247
4. Hedging derivatives	-	15,170	-	-	-	-
Total	**2,107,644**	**972,682**	**18,300**	**732,041**	**465,587**	**12,248**
1. Financial liabilities held for trading	462	525,154	-	163	369,224	-
2. Financial liabilities designated as at fair value through profit or loss	717,387	6,342	-	293,782	6,583	-
3. Hedging derivatives	-	33,293	-	-	17,432	-
Total	**717,849**	**564,789**	**-**	**293,945**	**393,239**	**-**

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

We should also note that the valuation techniques used to determine fair value are constantly calibrated and validated, using market observables, in order to ensure an adequate representation of market conditions.

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

A.3.2.2 Annual changes of financial assets designated as at fair value (level 3)

	Financial assets			
	Held for trading	**Designed at fair value through profit or loss**	**Available for sale**	**Hedging**
1. Opening balances	**266**	**7,735**	**4,247**	**-**
2. Increases	**170**	**15**	**7,220**	**-**
2.1 Purchases	144	-	7,220	-
2.2 Profits connected to:	26	-	-	-
2.2.1 Income Statement	26	-	-	-
- of which: capital gains	25	-	-	-
2.2.2 Shareholders' equity	X	X	-	-
2.3 Transfers from other levels	-	-	-	-
2.4 Other increase variations	-	15	-	-
3. Decreases	**151**	**368**	**834**	**-**
3.1 Sales	145	-	646	-
3.2 Redemptions	-	-	-	-
3.3 Losses recognized in:	6	368	188	-
3.3.1 Income Statement	6	368	174	-
- of which: capital losses	4	368	-	-
3.3.2 Shareholders' equity	X	X	14	-
3.4 Transfers to other levels	-	-	-	-
3.5 Other decrease variations	-	-	-	-
4. Closing balance	**285**	**7,382**	**10,633**	**-**

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 (level 3)

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

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

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

Part - B

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 31/12/2011	TOTAL AT 31/12/2010
a) Cash	79,360	79,509
b) Demand deposits at Central Banks	-	-
TOTAL	**79,360**	**79,509**

The sub-item “cash” includes foreign currency for a counter value of Euro 19,090 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 31/12/2011			TOTAL AT 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A On balance sheet assets						
1. Debt securities	**44,212**	**848**	**189**	**55,602**	**1,098**	**177**
1.1 Structured securities	4,938	693	189	2,194	701	176
1.2 Other debt securities	39,274	155	-	53,408	397	1
2. Equity securities	**335**	**-**	**96**	**-**	**-**	**89**
3. UCITS units	**2,397**	**-**	**-**	**1,932**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
TOTAL A	**46,944**	**848**	**285**	**57,534**	**1,098**	**266**
B Derivatives						
1. Financial derivatives	**413**	**584,861**	**-**	**190**	**379,168**	**-**
1.1 trading	413	563,476	-	190	377,565	-
1.2 linked to fair value option	-	21,385	-	-	1,603	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 linked to fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
TOTAL B	**413**	**584,861**	**-**	**190**	**379,168**	**-**
TOTAL (A+B)	**47,357**	**585,709**	**285**	**57,724**	**380,266**	**266**

The amount under letter B point 1.2 refers to derivative contracts linked to the use of the fair value option, operationally connected to debenture bonds issued by the bank. The equity items connected are classified in the financial assets and liabilities carried at fair value.

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

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A On balance sheet assets		
1. Debt securities	**45,249**	**56,877**
a) Governments and Central Banks	32,058	36,459
b) Other government agencies	-	-
c) Banks	12,157	19,105
d) Other issuers	1,034	1,313
2. Equity securities	**431**	**89**
a) Banks	-	-
d) Other issuers:	431	89
- insurance companies	-	-
- financial companies	10	6
- non-financial companies	421	83
- others	-	-
3. UCITS units	**2,397**	**1,932**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other	-	-
TOTAL A	**48,077**	**58,898**
B. Derivatives		
a) Banks	544,190	364,432
- *fair value*	544,190	364,432
b) Customers	41,084	14,926
- *fair value*	41,084	14,926
TOTAL B	**585,274**	**379,358**
TOTAL (A+B)	**633,351**	**438,256**

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

The units in collective investment undertakings at the date of these financial statements are open-end equity funds.

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

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2011
A. Opening balance	**56,877**	**89**	**1,932**	**-**	**58,898**
B. Increases	**25,659,703**	**1,558**	**4,969**	**-**	**25,666,230**
B1. Purchases	25,653,900	1,543	4,969	-	25,660,412
B2. Fair value gains	30	11	-	-	41
B3. Other changes	5,773	4	-	-	5,777
C. Decreases	**25,671,331**	**1,216**	**4,504**	**-**	**25,677,051**
C1. Sales	25,616,667	1,127	4,052	-	25,621,846
C2. Redemptions	47,764	-	-	-	47,764
C3. Fair value losses	4,435	80	319	-	4,834
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other changes	2,465	9	133	-	2,607
D. Closing balance	**45,249**	**431**	**2,397**	**-**	**48,077**

SECTION 3 – FINANCIAL ASSETS DESIGNATED AS ATFAIR VALUE THROUGH PROFIT OR LOSS – 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 THROUGH PROFIT OR LOSS: BREAKDOWN BY TYPE

ITEM/AMOUNT	TOTAL AT 31/12/2011			TOTAL AT 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**307,573**	**7,382**	**-**	**13,615**	**7,735**
1.1 Structured securities	-	13,037	7,382	-	13,615	7,735
1.2 Other debt securities	-	294,536	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. UCITS units	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
TOTAL	**-**	**307,573**	**7,382**	**-**	**13,615**	**7,735**
COST	**-**	**334,092**	**7,735**	**-**	**13,362**	**6,947**

The amounts indicated alongside “cost” refer to the purchase cost of the financial assets remaining on the reporting date.

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;
- 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;
– derivative contracts connected with the above instruments which enable a “natural hedge”.

3.2 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN BY DEBTORS/ISSUERS

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Debt securities	**314,955**	**21,350**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	294,536	6,237
d) Other issuers	20,419	15,113
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	**314,955**	**21,350**

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

3.3 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2011
A. Opening balances	**21,350**	**-**	**-**	**-**	**21,350**
B. Increases	**336,971**	**-**	**-**	**-**	**336,971**
B1. Purchases	334,092	-	-	-	334,092
B2. Positive changes in fair value	-	-	-	-	-
B3. Other changes	2,879	-	-	-	2,879
C. Decreases	**43,366**	**-**	**-**	**-**	**43,366**
C1. Sales	12,220	-	-	-	12,220
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	29,750	-	-	-	29,750
C4. Other changes	1,396	-	-	-	1,396
D. Closing balances	**314,955**	**-**	**-**	**-**	**314,955**

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

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

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN BY TYPE

ITEM/AMOUNT	TOTAL AT 31/12/2011			TOTAL AT 31/12/2010		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**2,003,079**	**64,230**	**-**	**608,802**	**71,706**	**-**
1.1 Structured securities	-	64,230	-	-	71,706	-
1.2 Other debt securities	2,003,079	-	-	608,802	-	-
2. Equity securities	**2,483**	**-**	**3,124**	**301**	**-**	**3,724**
2.1 Designated as at fair value through profit or loss	2,483	-	-	301	-	600
2.2 Carried at cost	-	-	3,124	-	-	3,124
3. UCITS units	**54,725**	**-**	**7,509**	**65,214**	**-**	**523**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**2,060,287**	**64,230**	**10,633**	**674,317**	**71,706**	**4,247**

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

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Debt securities	**2,067,309**	**680,508**
a) Governments and Central Banks	2,067,309	680,508
b) Other government agencies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity securities	**5,607**	**4,025**
a) Banks	1	1
b) Other issuers:	5,606	4,024
- insurance companies	780	-
- financial companies	2,278	1,476
- non-financial companies	2,548	2,548
- other	-	-
3. UCITS units	**62,234**	**65,737**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other	-	-
TOTAL	**2,135,150**	**750,270**

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

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE: ASSETS HEDGED SPECIFICALLY

ASSET/TYPE OF HEDGING	HEDGED ASSETS			
	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	FAIR VALUE	CASH FLOWS	FAIR VALUE	CASH FLOWS
1. Debt securities	57,777	-	63,530	-
2. Equity securities	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
TOTAL	**57,777**	**-**	**63,530**	**-**

The amounts refer to fixed-rate government securities, specifically treasury bonds, hedged by asset swaps in order to protect them from interest rate risk.

4.4 FINANCIAL ASSETS AVAILABLE FOR SALE: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2011
A. Opening balance	**680,508**	**4,025**	**65,737**	**-**	**750,270**
B. Increases	**1,838,338**	**11,366**	**7,000**	**-**	**1,856,704**
B1. Purchases	1,799,262	10,246	7,000	-	1,816,508
B2. Fair value gains	2,786	976	-	-	3,762
B3. Writebacks	-	-	-	-	-
- recognized through income statement	-	X	-	-	-
- recognized through equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other changes	36,290	144	-	-	36,434
C. Decreases	**451,537**	**9,784**	**10,503**	**-**	**471,824**
C1. Sales	243,628	9,599	-	-	253,227
C2. Redemptions	149,286	-	4,561	-	153,847
C3. Fair value losses	57,238	10	2,066	-	59,314
C4. Impairments losses	-	-	3,876	-	3,876
- booked to the statement of income	-	-	3,876	-	3,876
- booked to shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	-	-	-	-
C6. Other changes	1,385	175	-	-	1,560
D. Closing balance	**2,067,309**	**5,607**	**62,234**	**-**	**2,135,150**

The sub–items “Other changes – Debt Securities”, both in increases and decreases include securities underlying reverse repurchase agreements.

The amount of Euro 4,561 thousand specified amongst the decreases in units of UCITs relates to the repayment on capital account of the listed fund “Securfondo” as per the statement as of 31st December 2010 approved on 28 February 2011.

During the financial year, with regards to the interest in “Securfondo”, there has been a prolonged drop in price insofar as listings have once again suffered a deterioration of the fair value with respect to the previous impairment recorded on the income statement in 2009. Consequently, further impairment has been booked to the income statement for Euro 3,876 thousand, net of the positive reserve existing as of 31 December 2010 for Euro 2,066 thousand.

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 31/12/2011				TOTAL AT 31/12/2010			
	Book value	FAIR VALUE			Book value	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**317,604**	**320,818**	**-**	**-**	**-**	**-**	**-**	**-**
- structured	-	-	-	-	-	-	-	-
- other	317,604	320,818	-	-	-	-	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**317,604**	**320,818**	**-**	**-**	**-**	**-**	**-**	**-**

5.2 FINANCIAL ASSETS HELD TO MATURITY: BREAKDOWN BY DEBTORS/ISSUERS

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Debt securities	**317,604**	**-**
a) Governments and Central Banks	317,604	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other government agencies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**317,604**	**-**

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 reporting date.

5.4 FINANCIAL ASSETS HELD TO MATURITY: ANNUAL CHANGE

	DEBT SECURITIES	LOANS	TOTAL AT 31/12/2011
A. Opening balance	**-**	**-**	**-**
B. Increases	**317,606**	**-**	**-**
B1. Purchases	312,373	-	-
B2. Writebacks	-	-	-
B3. Transfers from other portfolios	-	-	-
B4. Other changes	5,233	-	-
C. Decreases	**2**	**-**	**-**
C1. Sales	-	-	-
C2. Redemptions	-	-	-
C3. Net adjustments	-	-	-
C4. Transfers to other portfolios	-	-	-
C5. Other changes	2	-	-
D. Closing balance	**317,604**	**-**	**-**

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 31/12/2011	TOTAL AT 31/12/2010
A. Claims on Central Banks	**215,898**	**473,008**
1. Time deposits	-	-
2. Reserve requirement	215,898	473,008
3. Repurchase agreements	-	-
4. Others	-	-
B. Due from Banks	**15,730,342**	**7,400,921**
1. Current accounts and demand deposits	959,479	601,484
2. Time deposits	463,898	722,601
3. Other loans:	10,217,896	2,818,550
3.1 Repurchase agreements	1,470,606	2,064,157
3.2 Financial leasing	-	-
3.3 Other	8,747,290	754,393
4. Debt securities	4,089,069	3,258,286
4.1 Structured securities	99,007	91,410
4.2 Other debt securities	3,990,062	3,166,876
TOTAL (BOOK VALUE)	**15,946,240**	**7,873,929**
TOTAL (FAIR VALUE)	**15,682,551**	**7,812,265**

Amounts due from banks are entered net of impairment losses.

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

The sub-item “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 1,340 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 2,556 thousand.

During the 1st half of 2011, a new operation began with the European Central Bank, with specific regards to advances received from it with guarantee of refinancable securities (so-called “pool collateral”). The amount as of 31 December

2011 is Euro 7,821 million and is included under letter "B", "Other loans - other", guarantee securities sold by BCC-CRA total Euro 8,591 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 loans for 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 31/12/2011	ISSUANCE	EXPIRY
IT0004563372	400,000,000	1.75680%	30/12/2009	30/12/2014
IT0004511561	180,000,000	3.40200%	01/07/2009	01/07/2014
IT0004511512	720,000,000	2.00599%	01/07/2009	01/07/2014
IT0004493067	81,000,000	3.22500%	15/05/2009	01/04/2014
IT0004494719	666,000,000	2.00999%	15/05/2009	01/04/2014
IT0004494859	99,000,000	2.05000%	15/05/2009	01/04/2014
IT0004494842	54,000,000	2.25000%	15/05/2009	01/04/2014
IT0004628035	245,000,000	2.54100%	02/08/2010	02/08/2015
IT0004657505	400,000,000	3.11070%	16/11/2010	16/11/2012
IT0004675127	17,071,000	3.60000%	01/01/2011	01/05/2016
IT0004725682	300,000,000	3.43610%	20/05/2011	20/05/2013
IT0004709876	323,900,000	3.28601%	01/04/2011	01/04/2013
TOTAL	**3,485,971,000**			

The nominal value shown is expressed in euro units.

6.2 DUE FROM BANKS: ASSETS HEDGED SPECIFICALLY

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Loans with a specific fair value hedges:	**275,624**	**273,290**
a) interest rate risk	275,624	273,290
b) exchange rate risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Loans with specific cash flow hedges:	**627,688**	**-**
a) interest rate risk	627,688	-
b) exchange rate risk	-	-
c) other risks	-	-
TOTAL	**903,312**	**273,290**

The item consists of 2 fixed-rate securities issued by Iccrea BancaImpresa hedged by interest rate swap (IRS) type derivatives for the purpose of fair value hedges and 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 reporting date.

SECTION 7 – LOANS TO CUSTOMERS – ITEM 70

THIS ITEM COMPRISES FINANCIAL INSTRUMENTS, INCLUDING UNLISTED DEBT SECURITIES LOANS TO CUSTOMERS, WHICH IAS 39 CLASSIFIES AS "LOANS AND RECEIVABLES".

7.1 LOANS TO CUSTOMERS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	660,673	4,300	282,936	4,363
2. Repurchase agreements	-	-	26,675	-
3. Medium /long-term loans	170,929	27,431	244,615	30,868
4. Credit cards, personal loans and loans repaired by automatic deductions from wages	-	265	-	311
5. Financial leasing	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	218,017	3,537	88,738	3,367
8. Debt securities	43,339	874	150,994	875
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	43,339	874	150,994	875
TOTAL (BOOK VALUE)	**1,092,958**	**36,407**	**793,958**	**39,784**
TOTAL (FAIR VALUE)	**1,050,062**	**36,407**	**794,523**	**39,784**

Loans to customers are shown net of impairment losses.

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

During the financial year, the parent company repaid a mortgage of a residual Euro 58,066 thousand at the fixed rate of 4.5%.

The sub-item "Other debt securities" includes securities from the securitisation transaction named "CBO3" for an amount of € 43,239 thousand. During the financial year securities were sold to the parent company for a total amount of Euro 109,230 thousand in order to return to within the parameters established by the Bank of Italy on Major Risks. Further information is provided in part E section 1 para. C of the Explanatory Notes.

The decrease for the sale of securities and repayment of loans have been offset by greater uses in current account both by the parent company and by other Group companies, for which the Institute acts as treasury.

Impaired assets include non-performing positions for Euro 9,290 thousand with regards to the Lehman Brothers Group, written-down for Euro 6,026 thousand.

7.2 LOANS TO CUSTOMERS: BREAKDOWN BY DEBTORS/ISSUERS

TYPE OF TRANSACTION/AMOUNT	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Debt securities:	**43,339**	**874**	**150,994**	**875**
a) Governments	-	-	-	-
b) Other government agencies	-	-	-	-
c) Other issuers:	43,339	874	150,994	875
- non-financial companies	100	-	100	-
- financial companies	43,239	874	150,894	875
- insurance companies	-	-	-	-
- other	-	-	-	-
2. Loans to:	**1,049,619**	**35,533**	**642,964**	**38,909**
a) Governments	-	-	-	-
b) Other government agencies	1,954	-	124	-
c) Other	1,047,665	35,533	642,840	38,909
- non-financial companies	72,644	24,132	70,061	26,768
- financial companies	874,357	2,960	451,942	2,983
- insurance companies	2	-	2	-
- others	100,662	8,441	120,835	9,158
TOTAL	**1,092,958**	**36,407**	**793,958**	**39,784**

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

7.3 LOANS TO CUSTOMERS: ASSETS HEDGED SPECIFICALLY

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Loans with specific fair value hedges:	**51,766**	**31,319**
a) interest rate risk	51,766	31,319
b) exchange rate risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Loans with specific cash flow hedges:	**-**	**-**
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other risks	-	-
TOTAL	**51,766**	**31,319**

Receivables with micro-hedging of fair value are recognised at cost adjusted for the fair value changes for the hedged risk accrued up to the reporting date. The amount, in particular, refers to two fixed rate mortgages – the first of which was stipulated with BCC Solutions totalling Euro 27,296 thousand (residual debt at 31st December 2011) and the second stipulated with BCC CreditoConsumo for Euro 24,601 thousand (residual debt at 31st December 2011) – 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 reporting date.

SECTION 8 – HEDGING DERIVATIVES – ITEM 80

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

8.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGING AND BY LEVEL

	FV AT 31/12/2011			NV AT	FV AT 31/12/2010			NV AT
	L1	L2	L3	31/12/2011	L1	L2	L3	31/12/2010
A) Financial derivatives	**-**	**15,170**	**-**	**982,800**	**-**	**-**	**-**	**-**
1) Fair value	-	4,383	-	358,900	-	-	-	-
2) Cash flows	-	10,787	-	623,900	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**15,170**	**-**	**982,800**	**-**	**-**	**-**	**-**

These amounts refer to financial derivatives (Interest Rate Swaps) 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 HEDGED PORTFOLIOS AND TYPE OF HEDGE

TRANSACTION/TYPE OF HEDGING	FAIR VALUE						CASH FLOWS		INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	10,787	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	**-**	**-**	**-**	**-**	**-**	**-**	**10,787**	**-**	**-**
1. Financial liabilities	4,383	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2011	**4,383**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

During the financial year, in particular, the Institute implemented two cash flow hedges, 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).

Financial liabilities relate to 2 fixed rate debenture loans and 3 blended rate loans issued by the Institute and subject to fair value hedges by means of interest rate swap (IRS) type derivative contracts and interest rate options (floor).

SECTION 9 – VALUE ADJUSTMENTS OF FINANCIAL ASSETS HEDGED GENERICALLY– 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			
1. Credico Finance s.r.l. - in liquidation	Rome	92.00	92.00
2. BCC Securis s.r.l.	Rome	90.00	90.00
B. Joint ventures			
C. Companies subject to significant influence			
1. M-Facility s.r.l.	Rome	37.50	37.50
2. Hi-Mtf S.p.A.	Milan	20.00	20.00
3. Iccrea BancaImpresa S.p.A.	Rome	10.44	10.44

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. Credico Finance s.r.l. - in liquidation	2	-	(1)	2	-	X
2. BCC Securis s.r.l.	37	64	-	11	9	X
B. Joint ventures						
C. Companies subject to significant influence						
1. M-Facility s.r.l.	14	-	-	10	4	-
2. Hi-Mtf S.p.A.	5,267	2,620	245	4,759	1,000	-
3. Iccrea BancaImpresa S.p.A.	10,082,313	381,057	1,970	556,102	50,000	-
TOTAL AT 31/12/2011	**10,087,533**	**383,741**	**2,214**	**560,884**	**51,013**	**-**

The data are those of the financial statement at 31st December 2011.

In relation to the company Credico Finance s.r.l., please note that - having completed the purpose for which it was established - it was liquidated on 16 December 2011. The financial statements closed as of 29 December 2011 are the final statements for the liquidation and are included amongst the appendices to these financial statements.

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

10.3 EQUITY INVESTMENTS: ANNUAL CHANGE

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Opening balance	**1,057**	**1,057**
B. Increases	**50,005**	**-**
B.1 Purchases	50,004	-
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	1	-
C. Decreases	**49**	**-**
C.1 Sales	-	-
C.2 Adjustments in value	-	-
C.3 Other changes	49	-
D. Closing balance	**51,013**	**1,057**
E. Total revaluations	**-**	**-**
F. Total writedowns	**-**	**-**

Purchases mainly relate to the equity investment of Euro 50,000 thousand in Iccrea BancaImpresa received following the conferral of the corporate business unit on 01 January 2011.

10.4 COMMITMENTS IN RESPECT OF SUBSIDIARIES

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

10.5 COMMITMENTS IN RESPECT OF JOINT VENTURES

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

10.6 COMMITMENTS IN RESPECT OF COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

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

SECTION 11 – PROPERTY AND EQUIPMENT – ITEM 110

This item comprises property and equipment for operating purposes (properties, furniture, plant, machinery and other tangible assets) and governed by IAS 16 and investment property pursuant to IAS 40.

11.1 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS CARRIED AT COST

ASSET/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Operating assets		
1.1 company owned	**7,543**	**5,886**
a) land	-	-
b) buildings	-	-
c) furniture	326	357
d) electronic systems	6,646	5,000
e) other	571	529
1.2 purchased in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
TOTAL A	**7,543**	**5,886**
B. Investment property		
2.1 company owned	**12,368**	**12,885**
a) land	-	-
b) buildings	12,368	12,885
2.2 purchased in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
TOTAL B	**12,368**	**12,885**
TOTAL (A+B)	**19,911**	**18,771**

11.2 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS OR REVALUED

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

11.3 OPERATING PROPERTY AND EQUIPMENT: ANNUAL CHANGE

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHERS	TOTAL AT 31/12/2011
A. Opening Gross balance	**-**	**-**	**2,666**	**21,098**	**6,502**	**30,266**
A.1 Total net writedown	-	-	2,309	16,098	5,973	24,380
A.2 opening Net balance	-	-	357	5,000	529	5,886
B. Increases:	**-**	**-**	**45**	**3,341**	**244**	**3,630**
B.1 Purchases	-	-	45	3,341	244	3,630
B.2 Expenses for capitalised improvements	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Fair value gains recognized in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfer of real estate held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**-**	**76**	**1,695**	**202**	**1,973**
C.1 Sales	-	-	-	1	2	3
C.2 Depreciation	-	-	76	1,694	200	1,970
C.3 Writedown for impairment recognized in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Fair value losses recognized in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) assets held for investment	-	-	-	-	-	-
b) assets available for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**326**	**6,646**	**571**	**7,543**
D.1 Adjustment of total net amounts	-	-	2,385	17,793	6,175	26,353
D.2 Gross closing balance	-	-	2,711	24,439	6,746	33,896
E. Measurement at cost	**-**	**-**	**2,711**	**24,439**	**6,746**	**33,896**

11.4 PROPERTY AND EQUIPMENT HELD FOR INVESTMENTS: ANNUAL CHANGE

TOTAL AT 31/12/2011	LAND	BUILDINGS
A. Opening balance	**-**	**12,885**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Expenses for capitalised improvements	-	-
B.3 Fair value gain	-	-
B.4 Writebacks	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfer from real estate to operating assets	-	-
B.7 Other changes	-	-
C. Decreases	**-**	**517**
C.1 Sales	-	-
C.2 Depreciation	-	517
C.3 Fair value losses	-	-
C.4 Adjustments for impairment	-	-
C.5 Negative exchange rate differences	-	-
C.6 Transfer of assets to other portfolios	-	-
a) operating assets	-	-
b) non-current assets available for sale	-	-
C.7 Other changes	-	-
D. Closing balance	**-**	**12,368**
E. Measurement at fair value	**-**	**17,680**

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 reporting date.

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

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

12.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

ASSET/AMOUNT	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	DEFINED DURATION	UNDEFINED DURATION	DEFINED DURATION	UNDEFINED DURATION
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**4,088**	**-**	**3,181**	**-**
A.2.1 Assets carried at cost:	4,088	-	3,181	-
a) internally-generated Intangible assets	-	-	-	-
b) Other assets	4,088	-	3,181	-
A.2.2 Assets designated as at fair value through profit or loss:	-	-	-	-
a) internally-generated Intangible assets	-	-	-	-
b) Other assets	-	-	-	-
TOTAL	**4,088**	**-**	**3,181**	**-**

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

12.2 INTANGIBLE ASSETS: ANNUAL CHANGE

	GOODWILL	OTHER INTANGIBLE ASSETS:GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		TOTAL AT 31/12/2011
		FIN	INDEF	FIN	INDEF	
A. Opening balance	**-**	**-**	**-**	**3,181**	**-**	**3,181**
A.1 Total net writedown	-	-	-	-	-	-
A.2 Opening Net balance	-	-	-	3,181	-	3,181
B. Increases	**-**	**-**	**-**	**3,077**	**-**	**3,077**
B.1 Purchases	-	-	-	3,077	-	3,077
B.2 Increases in internally-generated intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Fair value gains recognized in:		-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**2,170**	**-**	**2,170**
C.1 Sales	-	-	-	-	-	-
C.2 writedown	-	-	-	2,170	-	2,170
- Amortisation	X	-	-	2,170	-	2,170
- Impairments	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Fair value losses recognised in:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets available for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**-**	**4,088**	**-**	**4,088**
D.1 Total net adjustments	-	-	-	-	-	-
E. Gross closing balance	**-**	**-**	**-**	**4,088**	**-**	**4,088**
F. Measured at cost	**-**	**-**	**-**	**4,088**	**-**	**4,088**

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 (IAS 38, paragraph 124, letter b);
- there are no intangible assets purchased though government concessions (IAS 38, paragraph 122, letter c);
- there are no intangible assets used as collateral for debt (IAS 38, paragraph 122, letter d);
- there are no intangible assets on lease.

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

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

13.1 DEFERRED TAX ASSETS: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Receivables	10,163	10,400
Other financial instruments	30,245	10,655
Goodwill	-	-
Long term charges	-	-
Property and equipment	91	75
Provisions for risks and charges	1,531	1,494
Agency costs	-	4
Personnel costs	2,031	2,241
Tax losses	-	-
Non-deductible tax credit	-	-
Other	-	-
TOTAL	**44,061**	**24,869**

13.2 DEFERRED TAX LIABILITIES: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Capitals gains to be spread over several periods	-	375
Goodwill	-	-
Property and equipment	-	-
Financial instruments	1,442	790
Personnel costs	-	-
Other	-	155
TOTAL	**1,442**	**1,320**

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 (RECOGNIZED IN INCOME STATEMENT)

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Opening balance	**15,044**	**12,522**
2. Increases	**1,071**	**3,792**
2.1 Deferred tax assets recognized during the period	1,036	3,783
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) writebacks	-	-
d) other	1,036	3,783
2.2 New taxes or increases in tax rates	35	9
2.3 Other increases	-	-
3. Decreases	**1,769**	**1,270**
3.1 Deferred tax assets derecognized during the period	1,769	1,270
a) reversal	1,769	1,270
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	**14,346**	**15,044**

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

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Opening balance	**531**	**1,393**
2. Increases	**7**	**6**
2.1 Deferred tax liabilities recognized during the period	-	-
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	7	6
2.3 Other increases	-	-
3. Decreases	**538**	**868**
3.1 Deferred tax liabilities derecognized during the period	538	868
a) reversal	538	868
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**-**	**531**

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

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Opening balance	**9,825**	**1,691**
2. Increases	**21,216**	**8,134**
2.1 deferred tax assets recognized during the period	21,032	8,126
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	21,032	8,126
2.2 New taxes or increases in tax rates	184	8
2.3 Other increases	-	-
3. Decreases	**1,326**	**-**
3.1 deferred tax assets recognized during the period	1,326	-
a) reversal	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	**29,715**	**9,825**

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

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Opening balance	**789**	**1,044**
2. Increases	**1,347**	**680**
2.1 Deferred tax liabilities recognized during the period	1,323	668
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) other	1,323	668
2.2 New taxes or increases in tax rates	24	12
2.3 Other increases	-	-
3. Decreases	**694**	**935**
3.1 Deferred tax liabilities derecognized during the period	694	935
a) reversal	694	935
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,442**	**789**

13.7 OTHER INFORMATION

As regards the Bank's tax position we can note:

- for financial years 2008, 2009 and 2010 (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 Revenues Agency, Regional Directorate of Lazio, sent us a

questionnaire, as provided for in Art. 37 bis, clause 4, Pres. Dec. 600 of 29 September 1973, subsequently replaced and supplemented with another questionnaire of 9 July 2009 to which we promptly replied (24 July 2009) with our observations and counterarguments. On 1st 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;

- 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 3rd 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 09 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 02 February 2012 the Institute received a deed of ascertainment for Euro 33,893 plus sanctions and interest, totalling Euro 43,766, as the Agency partially upheld our considerations. Given the modest amount disputed, payment will be made in order to define the ascertainment 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.

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.

This item includes the "individual assets" and the individual groups of assets held for disposal pursuant to IFRS 5.

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

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

14.2 OTHER INFORMATION

With reference to the Tangram project of the Iccrea Banking Group, on 22 December 2010 the deed of subscription of the share capital increase of Iccrea BancaImpresa S.p.A. was completed, with the conferral of the corporate business unit with effect as from 1 January 2011. By this deed, Iccrea Banca S.p.A. acquired 756,970 shares in Iccrea BancaImpresa S.p.A. for an equivalent value of € 50,000,000 of which € 39,097,500.50 of face value and € 10,902,499.50 premium. The conferral was completed on the basis of the estimate made by KPMG Advisory S.p.A. on the data of the branch balance sheet as of 30th June 2010.

On 25 January 2011, the recognition was completed with the definitive balance sheet as of 31 December 2010. In this deed, Iccrea Banca and Iccrea BancaImpresa mutually acknowledge that they have jointly recognised and evaluated the business unit to be conferred and that they accept that it is congruous and that no differences have been recorded for which balance payment is necessary.

It is specified that the above operation took place between entities under common control and, as such, excluded from the scope of application of IFRS 3.

14.3 INFORMATION ON EQUITY INVESTMENTS SUBJECT TO SIGNIFICANT INFLUENCE NOT VALUED AT EQUITY

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

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 31/12/2011	TOTAL AT 31/12/2010
Items being processed	13,742	10,196
Receivables for future premiums	25,604	20,437
Commissions	23,361	13,358
Receivables due from parent company for tax consolidation	11,721	19,777
Definitive items not related to other items	25,239	25,264
Tax receivables due from Inland Revenue and other tax bodies	15,028	15,719
TOTAL	**114,695**	**104,751**

The sub-item “Definitive items that cannot be posted to other items” includes transactions that were implemented in equity in the first few days of 2012.

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 31/12/2011	TOTAL AT 31/12/2010
1. Due to central banks	**8,204,893**	**-**
2. Due to banks	**7,247,066**	**5,559,083**
2.1 Current accounts and demand deposits	3,800,638	3,091,517
2.2 Time deposits	3,087,793	2,417,456
2.3 Loans	354,115	47,348
2.3.1 Repurchase agreements	320,921	3,942
2.3.2 Other	33,194	43,406
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	-
2.5 Other payables	4,520	2,762
TOTAL	**15,451,959**	**5,559,083**
FAIR VALUE	**15,436,637**	**5,536,630**

The item "Amounts due to central banks" is represented by loans obtained from the ECB for advances on securities as a guarantee both of the CB-RBs and the Institute. More specifically, this includes both short-term (due 2012) loans and those due in 2014. 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 06 December 2011, converted into Italian Law no. 214 of 22 December 2011 for Euro 290 million.

The sub-item "Time deposits" also includes deposits received from other CB-RBs for Euro 1,280,390 thousand regarding the indirect discharge of obligatory reserve liabilities.

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

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

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

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

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

1.4 DUE TO BANK: LIABILITY HEDGED SPECIFICALLY

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

1.5 DUE FOR FINANCIAL LEASING

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

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

This item comprises amounts due to customers of all kinds (deposits, current accounts, 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 31/12/2011	TOTAL AT 31/12/2010
1. Current accounts and demand deposits	718,312	630,964
2. Time deposits	15,355	79,381
3. Loans	469,733	1,507,158
3.1 Repurchase agreements	469,733	1,507,158
3.2 Others	-	-
4. Liabilities in respect of commitments to repurchase own equity instruments	-	-
5. Other payables	535,314	393,132
TOTAL	**1,738,714**	**2,610,635**
FAIR VALUE	**1,740,840**	**2,611,793**

The sub-item “Repurchase agreements” mainly includes transactions with the counterparty 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 LIABILITIES

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

2.3. BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: STRUCTURED DEBTS

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

2.4 DUE TO CUSTOMERS: LIABILITIES HEDGED SPECIFICALLY

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

2.5 DUE FOR FINANCIAL LEASING

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

SECTION 3 – SECURITIES ISSUED – ITEM 30

This item includes securities issued 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 31/12/2011				TOTAL AT 31/12/2010			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	**1,701,830**	**440,087**	**1,243,706**	**-**	**830,271**	**-**	**847,200**	**-**
1.1 structured	121,252	97,334	22,095	-	157,566	-	157,636	-
1.2 other	1,580,578	342,753	1,221,611	-	672,705	-	689,564	-
2. Other securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
TOTAL	**1,701,830**	**440,087**	**1,243,706**	**-**	**830,271**	**-**	**847,200**	**-**

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 reporting date.

3.3 SECURITIES ISSUED: SECURITIES HEDGED SPECIFICALLY

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Securities covered by specific fair value hedges:	**255,108**	**239,079**
a) interest rate risk	255,108	239,079
b) exchange rate risk	-	-
c) more than one risk	-	-
2. liabilities covered by specific cash flow hedges	**626,986**	**-**
a) interest rate risk	626,986	-
b) exchange rate risk	-	-
c) other risks	-	-

The amounts refer to 5 debenture loans issued by the Bank and subjected to hedging of the interest rate risk by means of derivative contracts on rates and 2 debenture loans issued by the Institute - during the financial year - and subject to cash 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 31/12/2011					TOTAL AT 31/12/2010				
	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		**458**	**525,154**	**-**	**-**		**163**	**369,224**	**-**	**-**
1.1 Held for trading	X	458	525,154	-	X	X	163	369,224	-	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**	**458**	**525,154**	**-**	**X**	**X**	**163**	**369,224**	**-**	**X**
TOTAL (A+B)	**X**	**462**	**525,154**	**-**	**X**	**X**	**163**	**369,224**	**-**	**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 LIABILITIES

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

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

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

4.4 ON-BALANCE SHEET FINANCIAL LIABILITIES (EXCLUDING TECHNICAL OVERDRAFTS) HELD FOR TRADING: CHANGE FOR THE PERIOD

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

SECTION 5 – FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS– ITEM 50

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

5.1 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN BY TYPE

TYPE OF TRANSACTION / AMOUNT	TOTAL AT 31/12/2011					TOTAL AT 31/12/2010				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-		-	-	-	-	
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Due to customers	-	-	-	-		-	-	-	-	
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
3. Debt securities	757,394	717,387	6,342	-	787,396	299,171	293,782	6,583	-	292,187
3.1 Structured	751,549	717,387	-	-	X	293,156	293,782	-	-	X
3.2 Other	5,845	-	6,342	-	X	6,015	-	6,583	-	X
TOTAL	**757,394**	**717,387**	**6,342**	**-**	**787,396**	**299,171**	**293,782**	**6,583**	**-**	**292,187**

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

Financial liabilities carried at fair value refer 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 THROUGH PROFIT OR LOSS": SUBORDINATE LIABILITIES

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

5.3 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS: ANNUAL CHANGE

	DUE TO BANKS	DUE TO CUSTOMERS	SECURITIES ISSUED	TOTAL AT 31/12/2011
A. Opening balance	**-**	**-**	**300,365**	**300,365**
B. Increases	**-**	**-**	**480,312**	**480,312**
B1. Issues	-	-	475,012	475,012
B2. Sales	-	-	-	-
B3. Fair value gains	-	-	-	-
B4. Other changes	-	-	5,300	5,300
C. Decreases	**-**	**-**	**56,948**	**56,948**
C1. Purchases	-	-	20,868	20,868
C2. Redemptions	-	-	-	-
C3. Fair value losses	-	-	35,604	35,604
C4. Other changes	-	-	476	476
D. Closing balance	**-**	**-**	**723,729**	**723,729**

SECTION 6 – HEDGING DERIVATIVES – ITEM 60

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

6.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGING AND BY LEVEL

	FAIR VALUE AT 31/12/2011			NV AT	FAIR VALUE AT 31/12/2010			NV AT
	L1	L2	L3	31/12/2011	L1	L2	L3	31/12/2010
A) Financial derivatives	**-**	**33,293**	**-**	**996,318**	**-**	**17,432**	**-**	**699,543**
1) Fair value	-	23,640	-	372,418	-	17,432	-	699,543
2) Cash flows	-	9,653	-	623,900	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**33,293**	**-**	**996,318**	**-**	**17,432**	**-**	**699,543**

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		INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	5,460	-	-	-	-	X	-	X	X
2. Loans and receivables	18,180	-	-	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 31/12/2011	**23,640**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	X	-	X	9,653	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2011	**-**	**-**	**-**	**X**	**-**	**-**	**9,653**	**-**	**-**
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, treasury bonds. In essence, this type of derivative instrument allows for briefly replicating a floating rate security.

The amounts relating to cash flow hedges of financial liabilities refer to 2 debenture loans issued by the Institute.

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 31/12/2011	TOTAL AT 31/12/2010
Due to national insurance institutions	12,718	5,961
Amounts at the disposal of customers	46,647	38,463
Former Central Guarantee Fund reserve	1,331	1,313
Items being processed	19,345	7,598
Definitive entries not classifiable under other items	21,489	17,717
Payables for future premiums	17,635	11,995
Due to the parent company for tax consolidation	21,611	11,854
Due to National Revenue and other tax bodies	7,846	7,288
Due to employees	7,631	6,375
Invoices to be paid not yet received	21,025	21,470
Failed purchasing operations	20,115	10,004
Illiquid portfolio items	3,106	6,902
Impairment of issued financial guarantees	-	1,995
TOTAL	**200,499**	**148,935**

The item “Due to pension agencies and the State” includes liabilities relating to staff leaving during financial years 2010 and 2011.

The sub-item “Definitive items that cannot be posted to other items” includes transactions that were implemented in the first few days of 2012.

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 2011 are the following:

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Assets		
Deposits with banks	1,340	1,308
Loans	-	-
Other assets	-	8
Total assets	**1,340**	**1,316**
Liabilities		
Taxes payable	9	3
Payables to CGF reserve	1,331	1,313
Total liabilities	**1,340**	**1,316**

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

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

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

11.1 EMPLOYEE TERMINATION BENEFITS: ANNUAL CHANGES

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Opening balances	**14,676**	**15,515**
B. Increases	**727**	**743**
B.1 Provision for the period	727	706
B.2 Other changes	-	37
C. Decreases	**2,238**	**1,582**
C.1 Benefits paid	2,238	693
C.2 Other changes	-	889
D. Closing balances	**13,165**	**14,676**
TOTAL	**13,165**	**14,676**

11.2 OTHER INFORMATION

The provision for employee termination benefits covers the amounts accrued by employees at balance sheet date, in compliance with current legislation, collective labour agreements and specific company agreements. The amount calculated according to Article 2120 of the Civil Code totalled Euro 14,939 thousand (Euro 16,643 thousand at 31 December 2010).

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 5.50% per annum;
- **Financial factors:** the estimates were made on the basis of an interest rate of 4,60%;
- **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.

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 31/12/2011	TOTAL AT 31/12/2010
1. Provisions for retirement benefits	**-**	**-**
2. Other provisions for risks and charges	**5,845**	**10,086**
2.1 litigation	5,845	5,301
2.2 other	-	4,785
TOTAL	**5,845**	**10,086**

The sub-item “Legal disputes” includes Euro 4,112 thousand for Revocatory actions and Euro 1,733 thousand for Litigation and Lawsuits. During the financial year, the expense relating to payroll costs was reclassified to other liabilities; 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 31/12/2011
A. Opening balance	**-**	**10.086**	**10.086**
B. Increases	**-**	**967**	**967**
B.1 Provisions for the period	-	576	576
B.2 Variations due to the passing of time	-	274	274
B.3 Variations due to changes in the discount rate	-	117	117
B.4 Other changes	-	-	-
C. Decreases	**-**	**7.192**	**7.192**
C.1 Profit forthe period	-	4.604	4.604
C.2 Differences due to discount-rate changes	-	-	-
C.3 Other changes	-	604	604
D. Closing balance	**-**	**5.845**	**5.845**

12.3 COMPANY RETIREMENT PROVISIONS AS DEFINED BENEFITS

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

12.4 PROVISIONS FOR RISKS AND CHARGES – OTHER PROVISIONS

TYPE	OPENING BALANCES	UTILISATION	PROVISIONS	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Provision for revocatory actions	3,882	-	230	4,112	3,882
Reserve for legal action and disputes	1,419	261	575	1,733	1,419
Reserve for voluntary redundancy	4,785	4,785	-	-	4,785
CLOSING BALANCE	**10,086**	**5,046**	**805**	**5,845**	**10,086**

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 reserves.

14.4 EARNINGS RESERVES: OTHER INFORMATION

The reserves amount to Euro 71,931 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 restricted reserve relating to unrealised capital gains on financial instruments measured at the fair value option (2,443 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). 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	84,286	A – B – C	1,843		
e) other reserves (first time adoption)	15,378	A – B – C	15,378		
Valuation reserves:					
a) available for sale	(56,065)		–		
b) Cash flow hedges	694		–		
Revaluation reserves:					
(Law 342 of 22/11/2000)	47,866	A – B – C (**)	47,866		
Profit for the period	43,888				
TOTAL	**405,227**				

(*) 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 31/12/2011	TOTAL AT 31/12/2010
1) Guarantees granted of a financial nature	**971,719**	**640,891**
a) Banks	953,829	628,846
b) Customers	17,890	12,045
2) Guarantees granted of a commercial nature	**34,276**	**76,399**
a) Banks	34,268	54,546
b) Customers	8	21,853
3) Irrevocable payment commitments	**1,265,432**	**1,301,154**
a) Banks	864,464	1,034,913
i) with certain use	296,482	437,493
ii) with uncertain use	567,982	597,420
b) Customers	400,968	266,241
i) with certain use	200,568	165,546
ii) with uncertain use	200,400	100,695
4) Commitments underlying credit derivatives: protection sales	**18,000**	**10,000**
5) Assets pledged to guarantee third-party obligations	**894**	**5,188**
6) Other commitments	**-**	**-**
TOTAL	**2,290,321**	**2,033,632**

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 the “commitments underlying the 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 31/12/2011	TOTAL AT 31/12/2010
1. Financial assets held for trading	2,532	2,883
2. Financial assets designated at fair value through profit or loss	-	-
3. Financial assets available for sale	757,517	677,852
4. Financial assets held to maturity	317,604	-
5. Due from banks	50,181	-
6. Loans to customers	53,585	125,074
7. Property and equipment	-	-

The items also include securities deposited as guarantees with the Bank of Italy, and specifically Euro 88,415 thousand for bank drafts, Euro 193,783 thousand for the settlement of securities and derivatives, Euro 318,266 thousand for repurchase agreements, Euro 9,436 thousand for trading on the MIC (Collateralised Interbank Market) and, finally, Euro 571,519 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 06 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 when the financial statements were drawn up,

4. MANAGEMENT AND BROKING FOR THIRD PARTIES

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

TYPE OF SERVICES	TOTAL AT 31/12/2011
1. Trading in financial instruments on behalf of customers	**108,317,951**
a) Purchases	48,820,372
1. regulated	48,773,366
2. unregulated	47,006
b) Sales	59,497,579
1. regulated	58,789,897
2. unregulated	707,682
2. Portfolio management	**1,134,273**
a) individual	1,134,273
b) collective	-
3. Custody and administration of securities	**291,336,769**
a) third-party securities on deposit: associated with the role of custodian bank (excluding portfolio management)	2,226,290
1. securities issued by the reporting bank	-
2. other securities	2,226,290
b) third-party securities on deposit (excluding portfolio management): other	103,843,890
1. securities issued by the reporting bank	1,832,989
2. other securities	102,010,901
c) third-party securities on deposit with third parties	102,148,626
d) own securities on deposit with third parties	83,117,963
4. Other transactions-	**-**

Part - C

Information on the Income Statement

PARTE 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 31/12/2011	TOTAL AT 31/12/2010
1 Financial assets held for trading	1,666	-	3,944	5,610	3,621
2 Financial assets available for sale	37,466	-	-	37,466	9,004
3 Financial assets held to maturity	825	-	-	825	-
4 Due from banks	92,336	99,057	-	191,393	86,265
5 Loans to customers	2,323	18,888	-	21,211	17,493
6 Financial assets designated at fair value through profit or loss	7,767	-	-	7,767	1,999
7 Hedging derivatives	X	X	-	-	-
8 Other assets	X	X	-	-	-
TOTAL	**142,383**	**117,945**	**3,944**	**264,272**	**118,382**

1.2 INTEREST AND SIMILAR INCOME: SPREADS ON HEDGING TRANSACTIONS

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

1.3 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

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

1.3.1 Interest and similar income of financial assets in foreign currency

ITEMS	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Debt securities	3	19
2. Due from banks	478	3,417
3. Due from CBs and RBs	2,726	2,281
4. Loans to customers	-	-
TOTAL	**3,207**	**5,717**

1.3.2 Interest and similar income on leasing operations

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

1.4 INTEREST AND SIMILAR EXPENSE: BREAKDOWN

ITEM/TECHNICAL TYPE	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Due to central banks	(15,390)	X	-	(15,390)	(1,496)
2. Due to banks	(85,590)	X	-	(85,590)	(42,369)
3. Due to customers	(35,889)	X	-	(35,889)	(6,408)
4. Securities issued	X	(38,464)	-	(38,464)	(7,542)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value through profit or loss	-	(19,379)	-	(19,379)	(8,225)
7. Other liabilities and provisions	X	X	-	-	-
8. Hedging derivatives	X	X	(5,304)	(5,304)	(7,235)
TOTAL	**(136,869)**	**(57,843)**	**(5,304)**	**(200,016)**	**(73,275)**

1.5 INTEREST AND SIMILAR EXPENSE: SPREADS ON HEDGING TRANSACTIONS

ITEMS	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Positive differences on hedging transactions for:	7,922	3,243
B. Negative differences on hedging transactions for:	(13,226)	(10,478)
C. Balance (A-B)	**(5,304)**	**(7,235)**

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 31/12/2011	TOTAL AT 31/12/2010
1. Due to banks	(1,123)	(1,836)
2. Due to CBs and RBs	(723)	(775)
3. Due to customers	-	-
TOTAL	**(1,846)**	**(2,611)**

1.6.2 Interest and similar expense on liabilities of leasing operations

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

SECTION 2 – FEES AND COMMISSION – ITEMS 40 AND 50

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

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

TYPE OF SERVICE / AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
a) guarantees given	**616**	**465**
b) credit derivatives	**-**	**-**
c) management, broking and consulting services:	**20,199**	**25,795**
1. financial instrument trading	5,408	6,772
2. currency trading	374	366
3. portfolio management	465	1,353
3.1. individual	465	1,353
3.2. collective	-	-
4. custody and administration of securities	6,459	6,354
5. custodian bank	3,830	4,258
6. placing of securities	1,033	3,927
7. receiving and sending orders	1,284	1,677
8. consulting	1,346	1,088
8.1. about investments	218	203
8.2. about financial structure	1,128	885
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	**57,222**	**61,025**
e) servicing of securitisation transactions	**132**	**234**
f) factoring transaction services	**-**	**-**
g) management of rate- and tax-collection agencies	**-**	**-**
h) management of multilateral trading systems	**-**	**-**
i) management of current accounts	**263**	**282**
j) other services	**249,017**	**218,245**
TOTAL	**327,449**	**306,046**

2.2 FEE AND COMMISSION INCOME: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

CHANNEL/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
a) through own branches:	**1,498**	**5,280**
1. portfolio management	465	1,353
2. placing of securities	1,033	3,927
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 31/12/2011	TOTAL AT 31/12/2010
a) guarantees received	**(87)**	**-**
b) credit derivatives	**-**	**-**
c) management and broking services:	**(5,980)**	**(8,934)**
1. financial instrument trading	(935)	(952)
2. currency trading	(30)	(7)
3. portfolio management:	-	-
3.1 own	-	-
3.2 third-party	-	-
4. custody and administration of securities	(3,347)	(3,305)
5. placing of financial instruments	(1,668)	(4,670)
6. financial instruments, products, and services offered externally	-	-
d) collection and payment services	**(11,449)**	**(12,068)**
e) other services	**(194,193)**	**(171,659)**
TOTAL	**(211,709)**	**(192,661)**

SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70

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

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN

ITEM/INCOME	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	DIVIDENDS	INCOME FROM UCITS UNITS	DIVIDENDS	INCOME FROM UCITS UNITS
A. Financial assets held for trading	6	-	1	-
B. Financial assets available for sale	73	4,577	843	544
C. Financial assets designated at fair value through profit or loss	-	-	-	-
D. Equity investments	-	X	-	X
TOTAL	**79**	**4,577**	**844**	**544**

The item mainly refers to the dividend paid by the closed-end real estate fund “Securfondo”.

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

This item includes as the "total imbalance":

a) the balance between gains and losses on transactions classified under "financial assets held for trading" and "financial liabilities held for trading", including gains on the measurement of such transactions; gains and losses on derivative contracts connected to the fair value option are excluded, being partly recognized as interest under items 10 and 20, and partly in "net 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	**41**	**5,391**	**(4,833)**	**(2,169)**	**(1,570)**
1.1 Debt securities	30	5,389	(4,434)	(2,027)	(1,042)
1.2 Equity securities	11	2	(80)	(9)	(76)
1.3 UCITS units	-	-	(319)	(133)	(452)
1.4 Loans	-	-	-	-	-
1,5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**67**	**-**	**-**	**67**
2.1 Debt securities	-	67	-	-	67
2.2 Payables	-	-	-	-	-
2,3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(6,900)**
4. Derivative instruments	**209,184**	**296,165**	**(179,461)**	**(317,591)**	**16,847**
4,1 Financial derivatives:	209,184	296,165	(179,461)	(317,591)	8,297
- on debt securities and interest rates	203,910	275,986	(158,412)	(297,122)	24,362
- on equity securities and share indices	3,461	3,533	(4,425)	(3,811)	(1,242)
- On currencies and gold	X	X	X	X	8,550
- Other	1,813	16,646	(16,624)	(16,658)	(14,823)
4,2 Credit derivatives	-	-	-	-	-
TOTAL	**209,225**	**301,623**	**(184,294)**	**(319,760)**	**8,444**

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 31/12/2011	TOTAL AT 31/12/2010
A. Income relating to:		
A.1 Fair value hedging derivatives	3,905	70
A.2 Hedged financial assets (fair value)	7,802	7,583
A.3 Hedged financial liabilities (fair value)	-	2,952
A.4 Cash flow hedging derivatives	10	-
A.5 Financial assets and liabilities in foreign currencies	-	-
TOTAL INCOME FROM HEDGING ACTIVITIES (A)	**11,717**	**10,605**
B. Expenses relating to:		
B.1 Fair value hedging derivatives	(6,410)	(10,232)
B.2 Hedged financial assets (fair value)	-	(59)
B.3 Hedged financial liabilities (fair value)	(4,740)	-
B.4 Cash flow hedging derivatives	(65)	-
B.5 Financial assets and liabilities in foreign currencies	-	-
TOTAL EXPENSES ON HEDGING ACTIVITIES (B)	**(11,215)**	**(10,291)**
C. NET GAINS (LOSSES) ON HEDGING ACTIVITIES (A – B)	**502**	**314**

The larger amounts are for hedging on debt securities in portfolio issued by Iccrea BancaImpresa and hedged with Interest Rate Swap (IRS) derivative contracts, hedging of BTP government securities in asset swaps, hedging of 5 debenture loans issued and the hedging of loans disbursed to BCC Solutions and BCC CreditoConsumo by means of Interest Rate Swap (IRS) derivative contracts.

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 31/12/2011			TOTAL AT 31/12/2010		
	GAINS	LOSSES	NET GAINS / (LOSSES)	GAINS	LOSSES	NET GAINS / (LOSSES)
Financial assets						
1. Due from banks	2	(4)	(2)	22	(1)	21
2. Loans to customers	1,303	-	1,303	78	(189)	(111)
3. Financial assets available for sale	5,024	(1,051)	3,973	6,076	(927)	5,149
3.1 Debt securities	4,732	(876)	3,856	263	-	263
3.2 Equity securities	292	(175)	117	4,228	(1)	4,227
3.3 UCITS units	-	-	-	1,585	(926)	659
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
TOTAL ASSETS	**6,329**	**(1,055)**	**5,274**	**6,176**	**(1,117)**	**5,059**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	301	(19)	282	533	-	533
TOTAL LIABILITIES	**301**	**(19)**	**282**	**533**	**-**	**533**

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

This section represents the positive or negative balances between gains and losses on financial assets/liabilities 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 GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN

	CAPITAL GAINS (A)	GAINS ON DISPOSAL (B)	CAPITAL LOSSES (C)	LOSSES ON DISPOSAL (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets	**-**	**-**	**(29,750)**	**(543)**	**(30,293)**
1.1 Debt securities	-	-	(29,750)	(543)	(30,293)
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**35,604**	**459**	**-**	**-**	**36,063**
2.1 Debt securities	35,604	459	-	-	36,063
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange gains/losses	**X**	**X**	**X**	**X**	**-**
4. Financial and credit derivatives	**19,364**	**-**	**(118)**	**-**	**19,246**
TOTAL AT 31/12/2011	**54,968**	**459**	**(29,868)**	**(543)**	**25,016**

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

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

8.1 NET LOSSES/RECOVERIES ON IMPAIRMENT OF RECEIVABLES: BREAKDOWN

TRANSACTION/INCOME COMPONENT	LOSSES (1)			RECOVERIES (2)				TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITEOFFS	OTHER		A	B	A	B		
A. Due from banks	**-**	**-**	**-**	**-**	**26**	**-**	**-**	**26**	**(1,175)**
- loans	-	-	-	-	26	-	-	26	(1,175)
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(25)**	**(3,878)**	**(219)**	**444**	**3,916**	**-**	**-**	**237**	**(6,835)**
- loans	(25)	(3,878)	(219)	444	3,916	-	-	237	(6,835)
- debt securities	-	-	-	-	-	-	-	-	-
C. TOTAL	**(25)**	**(3,878)**	**(219)**	**444**	**3,942**	**-**	**-**	**263**	**(8,010)**

Key: A = from interest / B = other reversals

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

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

TRANSACTION/INCOME COMPONENT	LOSSES (1)		RECOVERIES (2)		TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
	SPECIFIC		SPECIFIC			
	WRITEOFFS	OTHER	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	X	X	-	-
C. UCITS units	-	(3,876)	X	-	(3,876)	(275)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. TOTAL	**-**	**(3,876)**	**-**	**-**	**(3,876)**	**(275)**

Key: A = from interest / B = other reversals

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

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

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

8.4 NET LOSSES/RECOVERIES ON IMPAIRMENT OF OTHER FINANCIAL ACTIVITIES: BREAKDOWN

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

SECTION 9 – ADMINISTRATIVE EXPENSES – ITEM 150

Personnel expenses include not only expenditure relating to employees but also:

- costs for Bank employees seconded to other companies and the related refunds of expenses;
- expenses related to atypical employment contracts;
- refunds of expenses for employees of other companies seconded to the Bank;
- directors' and statutory auditors' fees;
- productivity premiums for this period, but to be paid in the next period.

9.1 PERSONNEL EXPENSES: BREAKDOWN

TYPE OF EXPENSE/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1) Employees	**(67,863)**	**(58,061)**
a) salaries and wages	(42,988)	(40,025)
b) social security contributions	(11,452)	(10,591)
c) termination benefits	(2,804)	(2,808)
d) other pension schemes	-	-
e) employee termination benefits	(804)	(684)
f) provision for retirement and similar benefits:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to complementary external pension funds:	(1,714)	(1,661)
- defined contribution	(1,714)	(1,661)
- defined benefit	-	-
h) costs pursuant to payment agreements based on own equity instruments	-	-
i) other employee benefits	(8,101)	(2,292)
2) Other personnel at work	**(39)**	**(142)**
3) Directors and statutory auditors	**(699)**	**(683)**
4) Personnel on leave	**-**	**-**
5) Expense recovery for employees seconded to other companies	**434**	**141**
6) Refunds of expenses for others' employees seconded to the company	**(654)**	**(119)**
TOTAL	**(68,821)**	**(58,864)**

The significant increase in costs is mainly due to the expenses deriving from the trade union agreement in relation to the leaving of staff of 21 January 2010, this is calculated on the basis of the leaving date and according to the period for which they remained with the Solidarity Fund.

9.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Employees:	**680**	**700**
a) executives	16	17
b) total middle managers	290	279
c) remaining employees	374	404
Other personnel	**10**	**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 reporting date.

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 31/12/2011	TOTAL AT 31/12/2010
Electronic data processing	**(34,898)**	**(31,947)**
Buildings and furniture	**(9,509)**	**(8,973)**
Rental expenses	(8,625)	(7,956)
Cleaning of premises	(470)	(529)
Surveillance	(414)	(488)
Purchase of non-professional goods and services	**(15,912)**	**(16,307)**
Telephone and data transmission	(1,586)	(1,356)
Postage	(5,809)	(7,324)
Work outsourced to third parties	(2,518)	(2,653)
Transportation and control of valuables	(123)	(179)
Electricity, heating and water	(932)	(957)
Transport	(683)	(651)
Stationery and printed matter	(4,167)	(3,097)
Subscriptions, magazines and newspapers	(94)	(90)
Purchase of professional goods and services	**(12,650)**	**(9,226)**
Professional fees	(4,445)	(2,188)
Legal fees, information and reports	(60)	(109)
Insurance premiums	(1,226)	(796)
Services rendered by third parties	(6,919)	(6,133)
Advertising, promotion, marketing and agency fees	**(606)**	**(686)**
Membership fees	**(3,120)**	**(2,186)**
Other expenses	**(799)**	**(904)**
Indirect duties and taxes	**(9,651)**	**(9,128)**
Stamp duty	(9,131)	(8,601)
Substitution tax Pres. Decree 601/73	(359)	(363)
Local property rates	(91)	(91)
Other indirect duties and taxes	(70)	(73)
TOTAL OTHER ADMINISTRATIVE EXPENSES	**(87,145)**	**(79,357)**

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 31/12/2011	TOTAL AT 31/12/2010
Net provisions for risks and charges	(367)	(4,978)

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

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

11.1 NET ADJUSTMENTS OF PROPERTY AND EQUIPMENT: BREAKDOWN

ITEM/COMPREHENSIVE INCOME	DEPRECIATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Property and equipment				
A.1 Company owned	(2,487)	(1)	-	(2,488)
- for operating use	(1,970)	(1)	-	(1,971)
- for investment	(517)	-	-	(517)
A.2 Held on financial lease	-	-	-	-
- for operating use	-	-	-	-
- for investment	-	-	-	-
TOTAL	**(2,487)**	**(1)**	**-**	**(2,488)**

SECTION 12 – NET ADJUSTMENTS OF INTANGIBLE ASSETS – ITEM 180

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

12.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: BREAKDOWN

ITEM/COMPREHENSIVE INCOME	AMORTISATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Intangible assets				
A.1 Company owned	(2,170)	-	-	(2,170)
- developed internally by the company	-	-	-	-
- others	(2,170)	-	-	(2,170)
A.2 Held on financial lease	-	-	-	-
TOTAL	**(2,170)**	**-**	**-**	**(2,170)**

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 31/12/2011	TOTAL AT 31/12/2010
Other expenses	(442)	(694)
TOTAL	**(442)**	**(694)**

13.2 OTHER OPERATING INCOME: BREAKDOWN

INCOME COMPONENT/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
Property rental income	289	276
Recovery:		
Stamp duty	6,634	6,348
- Substitute tax	359	315
Income for Milano Finanza Web services	389	402
Income for subsidised financial services	82	-
Income for personnel administration services	439	401
Income for insourcing	3,315	1,974
Other revenues	2,431	2,752
TOTAL	**13,938**	**12,468**

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 31/12/2011	TOTAL AT 31/12/2010
1. Current taxes (-)	(29,186)	(15,586)
2. Changes in current taxes of previous periods (+/-)	180	-
3. Reductions in current taxes for the period (+)	-	-
4. Changes in prepaid taxes (+/-)	(698)	2,522
5. Changes in deferred taxes (+/-)	531	862
6. TAXES FOR THE PERIOD (-) (-1+/-2+3+/-4+/-5)	**(29,173)**	**(12,202)**

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	**73,062**			
Theoretical tax burden (27.5%)		**(20,092)**		
Difference between value and cost of production			**141,972**	
Theoretical tax burden (5.57%)				**(7,908)**
Temporary differences taxable in future periods	-	-	-	-
Temporary differences deductible in future periods	2,973	(818)	46	(3)
Reversal of temporary differences from preceding periods:				
Cancellation of deductible temporary differences	(5,867)	1,613	(16)	1
Cancellation of taxable temporary differences	1,155	(318)	1,155	(64)
Differences not transferable to future periods:				
Permanent negative changes in taxable income	(1,224)	337	(19,346)	1,078
Permanent positive changes in taxable income	8,487	(2,334)	14,499	(808)
Taxable income	**78,586**			
Current income taxes for the period		**(21,611)**		
Taxable income for Regional Business Tax			**138,309**	
Current Regional Business Tax for the period				**(7,704)**

SUMMARY:	
Corporate income tax	(21,611)
Regional business tax	(7,704)
Expenses recovered: 3% infragroup interest expense	-
Expenses recovered: 4% infragroup interest expense	130
TOTAL CURRENT TAXES	**(29,186)**

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

This item includes the positive or negative balance of income (interest, commission, etc.) and expense (interest expense, etc.) in relation to the groups of assets and liabilities held for disposal, net of current and deferred tax.

19.1 PROFIT (LOSS) AFTER TAX ON GROUPS OF ASSETS/LIABILITIES IN THE PROCESS OF BEING SOLD OFF: BREAKDOWN

INCOME COMPONENT/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Income	-	14,517
2. Charges	-	(11,712)
3. Result of valuation of groups of assets and associated liabilities	-	(739)
4. Gains (losses) on realization	-	-
5. Taxes and duties	-	(884)
Profit (Loss)	**-**	**1,181**

19.2 BREAKDOWN OF INCOME TAX EXPENSE IN RESPECT OF DISPOSAL GROUPS

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Current taxes (-)	-	(884)
2. Changes in prepaid taxes (+/-)	-	-
3. Change in deferred tax liabilities (+/-)	-	-
4. Taxes for the year (-1+/-2+/-3)	**-**	**(884)**

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 31/12/2011	TOTAL AT 31/12/2010
Profit for the period	43,888,543	20,255,947
Attributable profit	27,006,000	19,404,000
Average number of ordinary shares outstanding	420,000	420,000
Earnings per share	104.50	48.23
Attributable earnings per share	64.30	46.20

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.	**Net profit (loss) for the year**	**X**	**X**	**43,888,543**
	Other income component			
20.	**Financial assets available for sale:**	**(58,070,323)**	**19,580,650**	**(38,489,673)**
	a) changes in fair value	(59,429,058)	19,908,932	(39,520,126)
	b) reversals to the statement of income	4,605,118	(1,562,495)	3,042,623
	- impairment adjustments	3,876,115	(1,281,831)	2,594,284
	- profits/losses on sale	729,003	(280,664)	448,339
	c) other changes	(3,246,383)	1,234,213	(2,012,170)
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:**	**1,036,408**	**(342,738)**	**693,670**
	a) changes in fair value	981,345	(324,530)	656,815
	b) reversals to the statement of income	55,063	(18,208)	36,855
	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.	**Share 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 component**	**(57,033,915)**	**19,237,912**	**(37,796,003)**
120	**Comprehensive income (10+110)**	**(57,033,915)**	**19,237,912**	**6,092,540**

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.

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 Finance and Credit Office.

Within the sphere of this structure, the Institutional Credit Service carries out the activities associated with credit granting procedures in national and foreign currency for the relevant customers (*institutional, large corporate, retail* and the employees of the Bank), and all activities connected with the same (development, *pricing*, management and monitoring). It deals with all procedures, including inquiries, for the mandate for issuing Iccrea Banca S.p.A. bank drafts and for the granting of operational ceilings and credit lines to banking counterparties.

The Institutional Credit Office ensures monitoring of the progress of credit positions, producing a report in this regard every quarter, and of the correctness/adequacy of administration processes carried out by the Finance and Credits Office. It also manages doubtful debts and the data entry of the positions assigned into the computerised system and control of the same.

The Credit Risk Office of the Risk Management Department and Group ALM has the task of promoting the adoption of procedures for accepting, managing and controlling credit risks and of carrying out operating procedures which can guarantee effective control of the risks in line with the principles of the supervisory regulations and with the management needs. Among other things, the Credit and Operational Risk Office also produces independent reporting on the matter, and takes part in the updating and development of regulations governing credit risk with particular regard to operational mandates and limits. The Group ALM and Risk Management Department monitors the banking counterparties, producing a series of risk indicators with reference to the institute's operations with said counterparties. These indicators, defined under the scope of a project initiative that saw the participation of operative structures and the Controls Office, are updated every day and forwarded to the operative structures for their relevant activities.

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

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

Credit exposure segmentation criteria

For the purpose of managing credit risk, credit exposure is segmented into portfolios on the basis of the type of credit line/ceiling and type of counterparty (CBs, other banks, private customers).

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

Creditworthiness assessment process

The counterparty's creditworthiness is assessed on the basis of analysis and opinion in terms of the solidity of the equity and the economic and financial equilibrium of the potential borrower, taking into account quantitative data by determining operating economic indices, and evaluating the qualitative information on the management's standing together with forecasts for medium/long-term transactions.

The instruments used in the inquiry stage differ according to the type of counterparty and action requested, taking into consideration, in the case of a customer which has already been granted credit, the trend of past and/or present repayments.

The creditworthiness of banking counterparties is assessed, for the purpose of granting credit and setting limits, on the basis of the accounting and statistical indicators, the bank's internal and external ratings, if any, and performance data.

2.2 Management, assessment and audit systems

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

The risk is assessed using a position weighting factor, with reference to the nominal value of the amounts disbursed in loans and deposits, the nominal value of securities, the notional value of treasury and foreign exchange derivative contracts, and the current positive value of the other derivative contracts.

The systematic supervision process, aimed at assessing anomalies, and controlling trends to correctly classify and activate the consequent action to be taken, makes use of a specific computer program. In particular, the control procedure reports performance anomalies monthly, allocating the positions in different classes of anomaly. The discovery of anomalies activates the process of systematic supervision and operational assessment of loans to customers.

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

Within the Group, bearing in mind the specific experience and specializations of the main subsidiaries, work has continued on developing internal rating systems applicable to banking counterparties. The system is constantly maintained and updated by the Group ALM and Risk Management Department. 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.

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

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

In compliance with provisions of law on the cancellation of mortgages on repaid positions, the Institutional Credits Office has taken prompt action to operate electronically with the competent State Administration to authorise the cancellation of liens with regards to repaid loans.

In order to mitigate the credit risk associated with trading in financial derivative instruments with banking counterparties (counterparty risk), an initiative has been launched aimed at completing the Credit Support Annex (CSA) with the main financial counterparties. At 31 December 2011 lending exposure related to trading in derivative contracts are hedged by guarantees received in the area of CSA contracts for about 98 percent. The CSA is a financial guarantee contract pursuant to which two counterparties, within the sphere of derivative instrument trading, swap guarantees which, for the type chose by the Bank, are in cash, which the debtor undertakes to pay to the creditor in order to limit the risks linked to the debtor's possible insolvency. If the net market value of the positions is higher than the minimum amount established contractually, the value of the guarantees to be swapped must correspond to this net market value.

2.4 Impaired financial assets

Procedure for classifying assets according to debtor quality

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

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

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

- significant financial difficulties of the debtor;
- breach of contractual agreements, such as default or failure to pay interest or principal;
- for economic or legal reasons linked to the beneficiary's financial difficulties, the lender grants the debtor a concession which the lender would not otherwise have taken into consideration;
- high probability of the debtor's bankruptcy or other financial reorganization;

- disappearance of an active market for the financial asset following the debtor's financial difficulties (case not relevant for the current types of amounts due from banks/customers);
- existence of evidence indicating a quantifiable decrease of estimated future cash flows for a group of 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 recognized at their estimated realizable value. This value is calculated by deducting from the total amount disbursed all specific and flat rate writedowns of principal and interest, net of any repayments.

Calculation of the expected loss is based on analytical and statistical methodologies; the latter used for the category of non-performing personal loans and for calculating the physiological risk.

The analytical valuation of non-performing loans is based on standard criteria approved by the Board of Directors, inspired by prudential assessments of any collateral guaranteeing repayment.

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

- expectation of future recovery of the credit – with the exclusion of future losses not yet manifest – using different procedures according to the type of loan:
  - the recovery forecast for non-performing personal loans is determined using a statistical method based on stratification according to age bracket, considering sums collected and losses on past cases from which, with appropriate calculations, an estimated loss percentage can be deduced to apply to the entire existing portfolio;
  - for other loans, flat-rate devaluation is applied on the basis of statistical techniques which, using the values calculated for the credit impairment rate and for the recoverability rate, contribute to the calculation of the percentage level of cover which must be ensured for prudence;

- recovery times;
- the possibility of realizing any collateral, complete with the estimated collection/liquidation expenses which must be incorporated into the expected future cash flows.

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

The original value of the receivable is written back again in subsequent years if the reasons for the 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	-	-	-	-	630,523	630,523
2. Financial assets available for sale	-	-	-	-	2,067,309	2,067,309
3. Financial assets held to maturity	-	-	-	-	317,604	317,604
4. Due from banks	483	-	-	-	15,945,757	15,946,240
5. Loans to customers	30,242	5,442	-	723	1,092,958	1,129,365
6. Financial assets designated at fair value through profit or loss	-	-	-	-	314,955	314,955
7. Financial assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	15,170	15,170
TOTAL AT 31/12/2011	**30,725**	**5,442**	**-**	**723**	**20,384,276**	**20,421,166**
TOTAL AT 31/12/2010	**19,130**	**20,821**	**-**	**3,301**	**10,299,151**	**10,342,403**

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	630,523	630,523
2. Financial assets available for sale	-	-	-	2,067,309	-	2,067,309	2,067,309
3. Financial assets held to maturity	-	-	-	317,604	-	317,604	317,604
4. Due from banks	18,573	18,090	483	15,945,757	-	15,945,757	15,946,240
5. Loans to customers	78,229	41,822	36,407	1,093,570	612	1,092,958	1,129,365
6. Financial assets designated at fair value through profit or loss	-	-	-	X	X	314,955	314,955
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	15,170	15,170
Total at 31/12/2011	**96,802**	**59,912**	**36,890**	**19,424,240**	**612**	**20,384,276**	**20,421,166**
Total at 31/12/2010	**101,758**	**58,506**	**43,252**	**9,844,941**	**3,375**	**10,299,151**	**10,342,403**

Below is a breakdown according to portfolio of "performing loans", drawing a distinction between positions that are subject to renegotiation under the scope of collective agreements and other exposure.

Portfolio/Quality	Performing					
	Renegotiated exposures				Other exposures	Total at 31/12/2011
	Up to 3 months	From more than 3 months to 6	From more than 6	More than 1 year		
Loans to customers	369	105	-	175	1,092,309	1,092,958

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	18,090	X	483
b) Substandard loans	-	-	X	-
c) Restructured loans	-	-	X	-
d) Past due loans	-	-	X	-
e) Other assets	16,252,451	X	-	16,252,451
TOTAL A AT 31/12/2011	**16,271,024**	**18,090**	**-**	**16,252,934**
B. OFF-BALANCE-SHEET EXPOSURE				
a) Impaired	-	-	X	-
b) Others	1,902,909	X	-	1,902,909
TOTAL B AT 31/12/2011	**1,902,909**	**-**	**-**	**1,902,909**

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

CAUSE/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	**18,116**	**-**	**-**	**-**
- 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	**26**	**-**	**-**	**-**
C.1 writebacks from valuation	26	-	-	-
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	**18,090**	**-**	**-**	**-**
- 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	72,015	41,773	X	30,242
b) Substandard loans	5,485	43	X	5,442
c) Restructured loans	-	-	X	-
d) Past due loans	729	6	X	723
e) Other assets	3,531,992	X	612	3,531,380
TOTAL A at 31/12/2011	**3,610,221**	**41,822**	**612**	**3,567,787**
B. OFF-BALANCE-SHEET EXPOSURE				
a) Impaired	-	-	X	-
b) Others	719,081	X	-	719,081
TOTAL B at 31/12/2011	**719,081**	**-**	**-**	**719,081**

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

REASON/CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Opening gross exposure	**51,184**	**28,678**	**-**	**3,323**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**25,718**	**1,829**	**-**	**1,816**
B.1 from performing credit exposures	-	126	-	1,776
B.2 transfers from other impaired loans categorie	22,568	1,577	-	-
B.3 other increases	3,150	126	-	40
C. Decreases	**4,887**	**25,022**	**-**	**4,410**
C.1 to performing credit exposures	-	62	-	1,537
C.2 write-offs	1,138	-	-	-
C.3 collections	3,749	126	-	532
C.4 assignments	-	-	-	-
C.5 transfers to other categories of impaired positions	-	22,109	-	2,035
C.6 other decreases	-	2,725	-	306
D. Closing gross exposure	**72,015**	**5,485**	**-**	**729**
- 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 adjustments	**32,511**	**7,857**	**-**	**22**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**12,418**	**19**	**-**	**8**
B.1 writedowns	4,605	8	-	2
B.2 transfers from other impaired loans categories	7,813	11	-	-
B.3 other increases	-	-	-	6
C. Decreases	**3,156**	**7,833**	**-**	**24**
C.1 writebacks from valuation	638	-	-	1
C.2 writebacks for collection	1,381	1	-	2
C.3 writeoffs	1,137	-	-	-
C.4 transfers to other categories of impaired loans positions	-	7,812	-	11
C.5 other decreases	-	20	-	10
D. Total closing adjustments	**41,773**	**43**	**-**	**6**
- 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 31/12/2011
	AAA/AA-	A+/A-	BBB+/ BBB-	BB+/BB-	B+/B-	LOWER THAN B-		
A. On balance sheet exposures	**41,916**	**1,084,112**	**5,779,529**	**297**	**-**	**-**	**12,977,221**	**19,883,075**
B. Derivatives	**53,945**	**112,697**	**52,080**	**13**	**-**	**-**	**145,599**	**364,334**
B.1 Financial derivatives	53,945	112,697	52,080	13	-	-	127,599	346,334
B.2 Credit derivatives	-	-	-	-	-	-	18,000	18,000
C. Guarantees given	**795**	**693**	**970,929**	**-**	**-**	**-**	**33,577**	**1,005,994**
D. Commitments to disburse funds	**2,406**	**373,559**	**447**	**87**	**41**	**16**	**893,136**	**1,269,692**
TOTAL	**99,062**	**1,571,061**	**6,802,985**	**397**	**41**	**16**	**14,049,533**	**22,523,095**

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

	NET EXPOSURE AMOUNT	COLLATERAL GUARANTY (1)			PERSONAL GUARANTY (2)									TOTAL AT 31/12/2011 (1) + (2)
					CREDIT DERIVATIVES					UNSECURED LOANS				
						OTHER DERIVATIVES								
		PROPERTY	SECURITIES	OTHER COLLATERAL GUARANTIES	CLN	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	OTHER SUBJECTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	OTHER SUBJECTS	
1. Secured on-balance-sheet exposures:														
1.1 fully secured	7,838,172	4,468	8,899,497	-	-	-	-	-	-	-	-	-	6,900	**8,910,865**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	119,719	5,000	111,074	-	-	-	-	-	-	-	-	-	-	**116,074**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2. Secured off-balance-sheet exposures:														
1.1 fully secured	8,689	-	2,570	-	-	-	-	-	-	-	-	2,852	4,000	**9,422**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	145,634	-	47,890	-	-	-	-	-	-	-	-	-	3,345	**51,235**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

A.3.2 Secured credit exposure to customers

	Net exposure amount	Collateral guaranty (1)			Personal guaranty (2)									Total at 31/12/2011 (1) + (2)
					Credit derivatives					Unsecured loans				
						Other derivatives								
		Property	Securities	Other collateral guaranties	CLN	Governments and central banks	Other public bodies	Banks	Other subjects	Governments and central banks	Other public bodies	Banks	Other subjects	
1. Secured on-balance-sheet exposures:														
2.1 fully secured	150,037	207,003	23,143	6,781	-	-	-	-	-	-	-	9,212	198,480	**444,619**
- of which impaired	31,265	28,755	-	5,371	-	-	-	-	-	-	-	4,386	117,072	**155,584**
2.2 partially secured	2,783	1,378	-	-	-	-	-	-	-	-	-	147	75	**1,600**
- of which impaired	60	2	-	-	-	-	-	-	-	-	-	42	-	**44**
2. Secured off-balance-sheet exposures:														
2.1 fully secured	7,000	-	-	7,000	-	-	-	-	-	-	-	-	-	**7,000**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially secured	655	-	-	-	-	-	-	-	-	-	-	328	-	**328**
- 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 /COUNTERPARTS	GOVERNMENTS			OTHER PUBLIC BODIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS
A. On balance sheet exposures									
A.1 Bad loans	-	-	X	-	-	X	3,834	6,113	X
A.2 Substandard loans	-	-	X	-	-	X	-	-	X
A.3 Restructured loans	-	-	X	-	-	X	-	-	X
A.4 Past due loans	-	-	X	-	-	X	-	-	X
A.5 Other exposures	2,416,970	X	-	1,954	X	-	939,001	X	59
TOTAL A	**2,416,970**	**-**	**-**	**1,954**	**-**	**-**	**942,835**	**6,113**	**59**
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	373,232	X	-	758	X	-	333,670	X	-
TOTAL B	**373,232**	**-**	**-**	**758**	**-**	**-**	**333,670**	**-**	**-**
TOTAL (A+B) AT 31/12/2011	**2,790,202**	**-**	**-**	**2,712**	**-**	**-**	**1,276,505**	**6,113**	**59**
TOTAL (A+B) AT 31/12/2010	**1,017,638**	**-**	**-**	**2,585**	**-**	**1**	**857,148**	**6,090**	**122**

	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER SUBJECTS		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS
	-	-	X	22,025	30,122	X	4,383	5,538	X
	-	-	X	1,767	14	X	3,675	29	X
	-	-	X	-	-	X	-	-	X
	-	-	X	341	3	X	382	3	X
	2	X	-	72,791	X	126	100,662	X	427
	2	**-**	**-**	**96,924**	**30,139**	**126**	**109,102**	**5,570**	**427**
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	35	X	-	7,108	X	-	4,278	X	-
	35	**-**	**-**	**7,108**	**-**	**-**	**4,278**	**-**	**-**
	37	**-**	**-**	**104,032**	**30,139**	**126**	**113,380**	**5,570**	**427**
	555	**-**	**-**	**596,627**	**28,948**	**2,926**	**191,660**	**5,352**	**326**

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	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	26,978	35,747	1,059	468	2,205	5,558	-	-	-	-
A.2 Substandard loans	5,442	43	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	723	6	-	-	-	-	-	-	-	-
A.5 Other exposures	3,510,124	612	20,420	-	836	-	-	-	-	-
TOTAL A	**3,543,267**	**36,408**	**21,479**	**468**	**3,041**	**5,558**	**-**	**-**	**-**	**-**
B. "Off balance" sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	700,653	-	17,624	-	784	-	-	-	20	-
TOTAL B	**700,653**	**-**	**17,624**	**-**	**784**	**-**	**-**	**-**	**20**	**-**
TOTAL (A+B) AT 31/12/2011	**4,243,920**	**36,408**	**39,103**	**468**	**3,825**	**5,558**	**-**	**-**	**20**	**-**
TOTAL (A+B) AT 31/12/2010	**2,624,458**	**37,727**	**28,726**	**479**	**5,820**	**5,556**	**7,171**	**2**	**38**	**-**

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	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	-	-	483	18,090	-	-	-	-	-	-
A.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	16,162,962	-	78,633	-	5,615	-	4,480	-	761	-
TOTAL A	**16,162,962**	**-**	**79,116**	**18,090**	**5,615**	**-**	**4,480**	**-**	**761**	**-**
B. Off balance exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	1,725,193	-	174,465	-	137	-	1,260	-	1,854	-
TOTAL B	**1,725,193**	**-**	**174,465**	**-**	**137**	**-**	**1,260**	**-**	**1,854**	**-**
TOTAL (A+B) AT 31/12/2011	**17,888,155**	**-**	**253,581**	**18,090**	**5,752**	**-**	**5,740**	**-**	**2,615**	**-**
TOTAL (A+B) AT 31/12/2010	**9,237,850**	**-**	**288,000**	**18,116**	**40,008**	**-**	**6,927**	**-**	**6,356**	**-**

B.4 MAJOR RISKS

a) Number of positions	**126**
b) Book value	**22,303,505**
c) Weighted value	**4,034,723**

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 the Bank of Italy (6th update of 27 December 2010 of Circ. 263 of

27 December 2006) altered, amongst others, the method by which major risks are represented. 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 counterparties 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 CBs 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 385 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 N° 32861.

The equity of Credico Funding 3 s.r.l. is held entirely by the Dutch company Stichting Bayswater.

The securities were sold to the SPV at par value. In order to find the necessary funding for the purchase of the securities involved in the securitisation operation, the Issuing Company issued the following asset-backed securities, pursuant to and under the terms of Law 130:

- Class A1 for a value of Euro 1,033,000 thousand, with a variable rate indexed to the 3-month Euribor plus 0.17% and a quarterly coupon;
- Class A2 for a value of € 33,000, with a variable rate indexed to the 3-month Euribor plus 0.20% and a quarterly coupon;
- Class B for a value of Euro 23,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.23% with a quarterly coupon;
- Class C for a value of Euro 48,900 thousand, at a variable rate indexed to the 3-month Euribor plus 0.43% with a quarterly coupon;
- Class D for a value of Euro 45,250 thousand, at a variable rate indexed to the 3-month Euribor plus 0.95% with a quarterly coupon;
- Class E for a value of Euro 4,900 thousand, at a variable rate indexed to the 3-month Euribor plus 1.90% with a quarterly coupon;
- Class F for a value of Euro 34,200 thousand, at a variable rate indexed to the 3-month Euribor plus 2.50% with a quarterly coupon.

The following ratings are assigned to the security classes as of the reporting date in question:

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

At 31st December 2011, there are Class F securities in the portfolio for a nominal value of Euro 15,874 thousand (the same amount as at 31 December 2010) while for the remaining Classes the nominal value of the securities is Euro 24,950 thousand (Euro 137,450 thousand at 31 December 2010) following the transfer to Iccrea Holding of approximately Euro 110 million.

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 CBs involved in the operation.

Organizational structure of the securitization transactions

The organizational profiles of the securitization process are governed by special internal regulations which involve various company line and auditing departments. In particular, the work of origination and coordination of the securitisation assets is centralized in a specific Securitisation Unit belonging to the Central Finance and Credit Office of Iccrea Bank.

Quantitative information

C.1.1 Exposure from securitisation transactions according to the quality of the underlying assets

Type of underlying assets/exposure	On balance sheet exposures						Guarantees given						Lines of credit					
	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:	**19,297**	**19,297**	**4,952**	**4,952**	**18,990**	**18,990**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	19,297	19,297	4,952	4,952	18,990	18,990	-	-	-	-	-	-	-	-	-	-	-	-
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 GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A. Assets completely derecognized from the balance sheet	**19,297**	**-**	**4,952**	**-**	**18,990**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Credico funding 3 s.r.l CBO3																		
- debt securities	19,297	-	4,952	-	18,990	-	-	-	-	-	-	-	-	-	-	-	-	-
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	RECEIVABLES	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. On balance sheet exposures	**-**	**-**	**-**	**-**	**43,239**	**43,239**	**150,895**
- "senior"	-	-	-	-	19,297	19,297	127,896
- "mezzanine"	-	-	-	-	4,952	4,952	4,679
- "junior"	-	-	-	-	18,990	18,990	18,320
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 TROUGH PROFIT OR LOSS			FINANCIAL ASSETS AVAILABLE FOR SALE			FINANCIAL ASSETS HELD TO MATURITY			DUE FROM BANKS			LOANS CUSTOMERS			TOTAL AT	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2011	31/12/2010
A On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**319,512**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**319,512**	**436,957**
1. Debt securities	-	-	-	-	-	-	319,512	-	-	-	-	-	-	-	-	-	-	-	319,512	436,957
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
3. UCITS	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total at 31/12/2011	**-**	**-**	**-**	**-**	**-**	**-**	**319,512**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**319,512**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31/12/2010	**-**	**-**	**-**	**-**	**-**	**-**	**435,866**	**-**	**-**	**-**	**-**	**-**	**1,091**	**-**	**-**	**-**	**-**	**-**	**-**	**436,957**
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

TECHNICAL TYPE/PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE TROUGH PROFIT OR LOSS	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	DUE FROM BANKS	LOANS CUSTOMERS	TOTAL AT 31/12/2011
1. Due to customers	**-**	**-**	**317,748**	**-**	**-**	**-**	**317,748**
a) against fully recognized assets	-	-	317,748	-	-	-	317,748
b) against partially recognized assets	-	-	-	-	-	-	-
2. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) against fully recognized assets	-	-	-	-	-	-	-
b) against partially recognized assets	-	-	-	-	-	-	-
TOTAL AT 31/12/2011	**-**	**-**	**317,748**	**-**	**-**	**-**	**317,748**
TOTAL AT 31/12/2010	**-**	**-**	**441,306**	**-**	**1,095**	**-**	**442,401**

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 market risk is the responsibility of the Finance and Credit Office, which manages assets owned by the bank in accordance with the guidelines defined when the strategic plans are decided. In this context, the Finance and Credit 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;
- 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;
- the offer to the CBs of financial investment services, performing reception and transmission of trading orders for third parties and placing of 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 framework of the trading activities carried out by Iccrea Banca on the financial markets, the interest rate risk derives mainly from transactions on interbank markets, from trading in derivatives on regulated markets and over the counter (OTC), and securities trading on the MTS and HiMTF markets.

In the context of the operating powers, specific operating limits are defined for trading which generate exposure to 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 CBs. Within the sphere of transactions in interest rate derivative products, interest rate swaps are also carried in support of the special purpose entities in the transformation of interest rate flows generated by the CB loan securitisation transactions.

The company's overall exposure to market risks 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

Market risks are managed by 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. 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;
- Money 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.

Monitoring of the risk profiles deriving from trading book positions is carried out by the Controls Office and Finance Technical Office and by the Group Risk Management and ALM Unit, through the use of metrics in line with the best practices of the market: sensitivity analysis, value at risk estimates and stress test. The process of monitoring the limits entails the measurement and 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 Finance and consist of:

- size limits on the portfolios;
- VaR limits on the trading book;
- limits on the average financial duration of the trading book and operation;
- position limits per counterparty/Group of counterparties and concentration limits (per rating class, sector, country, geographical area);
- size limits per type of financial instruments;
- VaR limits for trading in derivative contracts and linked securities;
- VaR limits for treasury and foreign exchange operations;
- maximum loss limits for trading in securities and derivative contracts, and treasury and foreign exchange operations;
- caution limits for losses on trading in securities and derivative contracts, and treasury and foreign exchange operations;

The Bank's own portfolio was increased, yet maintained a significant proportion of Italian government securities in 2011, held both for the purpose of liquidity and for guarantee and operating purposes. The investment strategy aims both to constitute a liquidity buffer and to benefit from the high yields of government securities.

In order to strengthen the measurement and monitoring of risks by the Group ALM and Risk Management Department, activities are currently being finalised aimed at preparing an independent risk framework for a vision and integrated coverage of risks for the entire trading book.

The auditing work is aimed at verifying correct management of all financial assets in order to ensure respect for the operating limits of the various parts of the trading book, including the VaR limits measured with the parametric method (with a holding period of 1 day and confidence interval of 99%), and through sensitivity analysis.

Plain vanilla 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 CB index-linked bonds; these bonds sold are partly hedged with market counterparties and partly, up to the limits defined, with change 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 CBs in terms of hedging their structured bond issues, options on unit trusts and cash fund units are bought and sold, in accordance with change 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

	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	5.98	-9.55	4.00	-6.39	0.99	-1.58

Figures in €/mln at 31 December 2011

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.

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	0.66	-0.73	0.44	-0.49	0.11	-0.12

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, during 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 electronic market for Government securities;
- ensures that the financial needs of the Group companies are met, through collection activities within the Cooperative credit system and on the financial markets;
- with the support of the Group Risk Management and ALM Unit, monitors and manages interest rate risk at the individual and consolidated level and observance of the limits set in the strategic planning stage.

Management of interest rate risk on the banking book is the responsibility of the Finance and Credit 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 CBs 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 2011, in view of the current economic context and lack of trust in international markets, deposits and loans mainly took place on the collateralised market. As from June 2011, with the start-up of the new pooling service to access standing facilities operations with the ECB, Iccrea Banca significantly increased collateralised loans with the CBs to access the sources of deposits made available by the ECB.

With reference to the short-term funding obtained form CBs 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 2011 Iccrea Banca listed debenture loans on the institutional markets, to apply to the EMTN programme and on the domestic market, mainly on the CB channel.

With reference to support for funding operations by the CBs, the amount of bonds issued by the CBs and held by the Bank has remained substantially stable.

Under the scope of ALM activities, 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 banking book and the liquidity risk. The Group's Risk Management and ALM department, 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".

At 31st December 2011, there was a balance of Euro 62.2 million in units of real estate funds, 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 current value of the balance is monitored by the Risk Management Unit.

B. Fair value hedging activities

Interest rate risk is micro-hedged in accordance with the IAS Fair Value Hedge criteria.

In particular, at 31 December 2011 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 supplied during the year to BCC Credito Consumo whose remaining debt is currently Euro 24 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 11.5 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 239.5 million;
- 2 fixed rate treasury bond (BTP) government securities hedged by means of asset swap transactions for a total nominal amount of Euro 65 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;

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

During the year, the institute implemented two cash flow hedges, 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 623.9 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	5,87	-4,67	3,93	-3,12	0,97	-0,77

Figures in €/mln at 31 December 2011

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	26,85	-26,85	17,97	-17,97	4,43	-4,43

Figures in €/mln at 31 December 2011

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 Money Market Office. The Bank implements a policy of constant dimensioning of the positions assumed in the various currencies in a context of support for the home currency operations of the CBs and other Group companies.

Operations are mainly concentrated on currencies of greater market importance. Use is made of a system of daily operating limits on the overall foreign exchange composition, as well as on the net foreign exchange positions of the individual currencies, in accordance with a scheme for the partial utilization of the above overall position limit, appropriately graduated on the basis of the importance of the currency itself.

B. EXCHANGE RATE RISK HEDGING ACTIVITIES

Trading in exchange rate derivatives is carried on through a careful policy of substantial balancing of the positions.

Quantitative information

1. DISTRIBUTION BY CURRENCY OF DENOMINATION OF ASSETS, LIABILITIES AND DERIVATIVES

ITEM	CURRENCY					
	USA DOLLARS	STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
A. Financial assets	**143,794**	**10,484**	**109,366**	**5,848**	**131,203**	**18,644**
A.1 Debt securities	703	-	-	-	-	-
A.2 Equity securities	1,378	325	-	-	-	-
A.3 Loans to banks	141,713	10,159	109,366	1,611	131,202	18,643
A.4 Loans to customers	-	-	-	4,237	1	1
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**5,867**	**4,774**	**551**	**2,239**	**3,119**	**2,539**
C. Financial liabilities	**214,100**	**15,718**	**6,001**	**11,907**	**16,352**	**29,089**
C.1 Due to banks	202,696	12,626	1,245	5,866	15,149	14,486
C.2 Due to customers	11,404	3,092	4,756	6,041	1,203	14,603
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**3**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
- Options						
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other derivatives						
+ long positions	678,748	67,493	141,691	23,092	17,992	72,467
+ short positions	610,636	66,836	245,810	19,489	135,883	64,682
TOTAL ASSETS	**828,409**	**82,751**	**251,608**	**31,179**	**152,314**	**93,650**
TOTAL LIABILITIES	**824,739**	**82,554**	**251,811**	**31,396**	**152,235**	**93,771**
DIFFERENCES (+/-)	**3,670**	**197**	**(203)**	**(217)**	**79**	**(121)**

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 31/12/2011		TOTAL AT 31/12/2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
1. Debt securities and interest rates	**39,341,759**	**51,700**	**40,030,673**	**53,378**
a) Options	3,104,424	-	2,388,068	-
b) Swaps	36,237,335	-	37,237,602	-
c) Forwards	-	-	405,003	19,878
d) Futures	-	51,700	-	33,500
e) Others	-	-	-	-
2. Equity securities and share indices	**159,381**	**605**	**385,948**	**1,515**
a) Options	159,381	-	385,948	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	605	-	1,515
e) Others	-	-	-	-
3. Currencies and gold	**1,853,609**	**-**	**2,144,059**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	32,530	-
c) Forwards	1,853,609	-	2,111,529	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**41,354,749**	**52,305**	**42,560,680**	**54,893**
AVERAGE VALUES	**41,957,715**	**53,599**	**44,231,008**	**183,276**

A.2 BANKK BOOK: NOTIOLAN VALUES AT END OF PERIOD AND AVERAGES

A.2.1 HEDGING

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
1. Debt securities and interest rates	**1,979,118**	**-**	**699,543**	**-**
a) Options	101,200	-	100,000	-
b) Swaps	1,877,918	-	599,543	-
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	**1,979,118**	**-**	**699,543**	**-**
AVERAGE VALUES	**1,339,331**	**-**	**552,531**	**-**

A.2.2 Other derivatives

UNDERLYING ASSETS/TYPE OF DERIVATIVE	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
1. Debt securities and interest rates	**1,272,076**	**-**	**630,076**	**-**
a) Options	636,038	-	324,038	-
b) Swaps	636,038	-	306,038	-
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	**1,292,076**	**-**	**650,076**	**-**
AVERAGE VALUES	**971,076**	**-**	**651,053**	**-**

A.3 Financial derivates: positive gross fair value – division by product

PORTFOLIOS/TYPE OF DERIVATIVE	POSITIVE FAIR VALUE			
	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
A. Regulatory trading book	**563,412**	**32**	**377,692**	**63**
a) Options	16,959	-	23,331	-
b) Interest rate swap	517,193	-	333,891	-
c) Cross currency swap	-	-	2,638	-
d) Equity swap	-	-	-	-
e) Forward	29,260	-	17,832	28
f) Futures	-	32	-	35
g) Others	-	-	-	-
B. Banking book - hedging:	**15,170**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Interest rate swap	15,170	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**21,385**	**-**	**6,874**	**-**
a) Options	128	-	5,337	-
b) Interest rate swap	21,257	-	1,537	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**599,967**	**32**	**384,566**	**63**

A.4 Financial derivatives: negative gross fair value – division by product

PORTFOLIOS/TYPE OF DERIVATIVE	NEGATIVE FAIR VALUE			
	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
A. Regulatory trading book	**525,024**	**226**	**369,296**	**91**
a) Options	22,302	-	25,465	-
b) Interest rate swap	471,939	-	322,385	-
c) Cross currency swap	-	-	2,361	-
d) Equity swap	-	-	-	-
e) Forward	30,783	-	19,085	23
f) Futures	-	226	-	68
g) Others	-	-	-	-
B. Banking book - hedging:	**33,293**	**-**	**17,432**	**-**
a) Options	-	-	-	-
b) Interest rate swap	33,293	-	17,432	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**2,670**	**-**	**2,265**	**-**
a) Options	2,670	-	2,265	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**560,987**	**226**	**388,993**	**91**

A.5 OTC Financial derivatives - regulatory trading 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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	9,568	16,355,126	209,598	82,450	-	300,218
- positive fair value	-	70	151,750	2,267	-	-	-
- negative fair value	-	-	265,768	55	20,185	-	4,488
- future exposure	-	60	59,118	9	412	-	-
2) Equity securities and share indices							
- notional value	-	-	42,577	-	-	-	-
- positive fair value	-	-	87	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	40	-	-	-	-
3) Currencies and gold							
- notional value	-	-	124,714	771,318	-	-	-
- positive fair value	-	-	1,405	23,960	-	-	-
- negative fair value	-	-	3,962	1,479	-	-	-
- future exposure	-	-	1,522	7,713	-	-	-
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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	21,595,962	788,836	-	-	-
- positive fair value	-	-	364,146	14,571	-	-	-
- negative fair value	-	-	202,654	433	-	-	-
2) Equity securities and share indices							
- notional value	-	-	89,932	540	26,332	-	-
- positive fair value	-	-	1,194	42	24	-	-
- negative fair value	-	-	24	-	634	-	-
3) Currencies and gold							
- notional value	-	-	957,577	-	-	-	-
- positive fair value	-	-	3,896	-	-	-	-
- negative fair value	-	-	25,342	-	-	-	-
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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
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	-	-	-	2,670	-	-	-
- 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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	3,251,194	-	-	-	-
- positive fair value	-	-	36,555	-	-	-	-
- negative fair value	-	-	33,293	-	-	-	-
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 MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	**16,399,609**	**18,844,296**	**6,110,844**	**41,354,749**
A.1 Financial derivatives on debt securities and interest rates	14,439,738	18,791,177	6,110,844	39,341,759
A.2 Financial derivatives on equity securities and share indices	106,262	53,119	-	159,381
A.3 Financial derivatives on exchange rates and gold	1,853,609	-	-	1,853,609
A.4 Financial derivatives on other valuables	-	-	-	-
B. Banking book	**577,586**	**2,628,982**	**64,626**	**3,271,194**
B.1 Financial derivatives on debt securities and interest rates	577,586	2,608,982	64,626	3,251,194
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 31/12/2011	**16,977,195**	**21,473,278**	**6,175,470**	**44,625,943**
TOTAL at 31/12/2010	**22,508,257**	**16,609,200**	**4,792,842**	**43,910,299**

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

TYPE OF TRANSACTION	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 31/12/2011	**-**	**-**	**-**	**-**
AVERAGE VALUES	**-**	**-**	**-**	**-**
TOTAL AT 31/12/2010	**-**	**-**	**-**	**-**
2. Protection sales				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	18,000	-
TOTAL AT 31/12/2011	**-**	**-**	**18,000**	**-**
AVERAGE VALUES	**-**	**-**	**14,000**	**-**
TOTAL AT 31/12/2010	**-**	**-**	**10,000**	**-**

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 reporting date.

B.3 OTC credit derivates: negative gross fair value – division by product

PORTFOLIOS/TYPE OF DERIVATIVE	NEGATIVE FAIR VALUE	
	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Regulatory trading book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
B. Banking portfolio	**4,169**	**1,453**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	4,169	1,453
TOTAL	**4,169**	**1,453**

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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
Regulatory trading							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking book							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	18,000	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	4,169	-

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 reporting date.

B.6 Residual life of credit derivatives: notional values

UNDERLYING ASSET/RESIDUAL LIFE	UP TO 1 YEAR	FROM MORE THAN 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 31/12/2011	**-**	**-**	**18,000**	**18,000**
TOTAL AT 31/12/2010	**-**	**-**	**10,000**	**10,000**

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 PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECT
1) Financial derivative bilateral agreements							
- positive fair value	-	-	152,162	14,180	-	-	-
- negative fair value	-	-	26,015	-	-	-	-
- future exposure	-	-	103,737	2,605	-	-	-
- net counterparty risk	-	-	101,904	2,936	-	-	-
2) Credit derivative bilateral agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3) "Cross product" agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-

SECTION 3 – LIQUIDITY RISK

Qualitative information

A. LIQUIDITY RISK: GENERAL ASPECTS, MANAGEMENT PROCESSES AND MEASUREMENT METHODS

Liquidity risk is managed by the Finance and Credit 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 2010, a "Liquidity Policy" model was defined that, in compliance with the regulations and managerial demands, defines the principles for prudent management of the liquidity risk within the Iccrea Group, the roles and responsibilities of the corporate bodies and operative structures, the auditing processes and a plant for managing any crisis situations that may arise (the Contingency Funding Plan). In defining these guidelines, the direction provided by the Bank of Italy and the international Supervisory Authority were taken into consideration, as well as the most recent international best practices, which include the following principles:

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

The guidelines can be divided into three main areas:

Short term liquidity

Short term liquidity management is aimed at ensuring adequacy and equilibrium for incoming and outgoing cash flow with determined maturity or estimated maturity which falls within a 12-month time frame.

In order to monitor and manage the short term liquidity risk, individual indicators have been defined for Iccrea Banca for maturities falling within 1 day and up to 1 month, which are calculated on a daily basis, as well as consolidated indicators, to be calculated once a week, aimed at defining a balance over a time frame from 1 day up to 12 months.

In addition, at a Group level a minimum maintenance level of €1 billion has been established for assets that can be refinanced through ECB. The method by which Iccrea Banca uses these refinanceable assets held by other group companies is defined by the Group's Finance Committee.

Structural liquidity

Structural liquidity management is aimed at guaranteeing balance and stability for the liquidity profile for a time frame over 12 months as well as harmony with short-term liquidity management.

Consolidated indicators have been established to monitor the structural liquidity situation, which are carried out on a monthly basis. These act to evaluate the availability of funding sources established over a time frame exceeding one year in the face of on and off balance sheet assets and liabilities within each individual time frame.

Contingency Funding Plan (CFP)

The CFP is a process aimed at managing the Group's liquidity profile under conditions of market tension or crisis. Within the guidelines, objectives, processes, and intervention strategies are described which would be enacted in the case of the above-mentioned conditions. In addition the organizational structure which supports the CFP and risk indicators are defined, which serve as the basis for which difficult or emergency situations can be configured, as well as the limits which determine when these crisis management procedures are put into effect.

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).

Risk is measured by the Technical Secretary and Financial Audits Office and by the Group's Risk Management and ALM Department that produce the reports for the bodies and other corporate divisions involved in managing liquidity risk.

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

As from October 2008, the Group ALM and Risk Management Department produces and sends the notification of short-term liquidity on a consolidated level to the Bank of Italy. As from October 2011, the Bank of Italy, by virtue of the systemic importance of the Iccrea Banking Group in the Cooperative Credit system, has required the preparation of the disclosure of short-term liquidity on a consolidated level once a day. The short-term liquidity position is monitored through an estimate of forecast cash flow on a Group level over a reference time frame of 0 to 3 months. The positions noted are also subjected to a stress test.

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
Cash assets	**1,935,286**	**397,419**	**76,195**	**868,339**	**2,457,653**	**701,603**	**1,855,159**	**10,826,619**	**339,751**	**-**
A.1 Government securities	1	-	-	49,956	164,618	223,063	785,544	1,016,124	177,640	-
A.2 Other debt securities	392	-	1,003	10	19,006	85,528	479,036	3,803,697	70,454	-
A.3 UCITS units	64,631	-	-	-	-	-	-	-	-	-
A.4 Loans	1,870,262	397,419	75,192	818,373	2,274,029	393,012	590,579	6,006,798	91,657	-
- banks	1,159,499	393,556	75,192	817,764	2,269,859	367,123	556,378	5,802,873	2,107	-
- customers	710,763	3,863	-	609	4,170	25,889	34,201	203,925	89,550	-
Cash liabilities	**6,050,578**	**370,047**	**88,232**	**290,171**	**1,034,872**	**202,583**	**905,232**	**9,829,379**	**10,182**	**-**
B.1 Deposits and current accounts	6,050,482	49,126	39,664	56,106	402,078	198,200	341,298	225,171	-	-
- banks	5,359,420	49,126	39,664	56,106	400,573	198,200	341,298	225,171	-	-
- customers	691,062	-	-	-	1,505	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	411,018	2,002,308	10,178	-
B.3 Other liabilities	96	320,921	48,568	234,065	632,794	4,383	152,916	7,601,900	4	-
Off balance sheet transactions	**1,457,771**	**710,119**	**65,667**	**533,951**	**1,403,263**	**52,149**	**26,484**	**492,379**	**423,191**	**10**
C.1 Financial derivatives with principal exchange	8	706,694	65,601	213,670	1,400,202	37,699	7,374	214	21	10
- long positions	4	318,106	36,130	107,314	700,197	17,721	3,929	85	7	5
- short positions	4	388,588	29,471	106,356	700,005	19,978	3,445	129	14	5
C.2 Financial derivatives without principal exchange	1,065,487	3,425	66	-	3,061	6,670	16,417	-	-	-
- long positions	551,019	889	-	-	1,975	2,676	7,024	-	-	-
- short positions	514,468	2,536	66	-	1,086	3,994	9,393	-	-	-
C.3 Deposits and loans to be received	320,251	-	-	320,251	-	-	-	-	-	-
- long positions	-	-	-	320,251	-	-	-	-	-	-
- short positions	320,251	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	-	-	-	-	-	-	18,000	18,000	-
- long positions	-	-	-	-	-	-	-	18,000	-	-
- short positions	-	-	-	-	-	-	-	-	18,000	-
C.5 Financial guarantees given	72,025	-	-	30	-	7,780	2,693	474,165	405,170	-

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
Cash assets	**10,803**	**23,584**	**20,424**	**23,643**	**55,089**	**6,667**	**287**	**1,894**	**25**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	25	-
A.2 Other debt securities	-	-	311	-	367	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	10,803	23,584	20,113	23,643	54,722	6,667	287	1,894	-	-
- banks	10,803	23,584	20,113	23,643	54,722	6,667	287	1,894	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**101,849**	**6,979**	**11,920**	**23,078**	**49,652**	**15,564**	**5,057**	**-**	**-**	**-**
B.1 Deposits and current accounts	101,847	6,979	11,920	23,078	16,460	15,564	5,057	-	-	-
- banks	90,443	6,979	11,920	23,078	16,460	15,564	5,057	-	-	-
- customers	11,404	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	2	-	-	-	33,192	-	-	-	-	-
Off-balance-sheet transactions	**6,642**	**47,924**	**191,557**	**162,744**	**868,587**	**28,564**	**7,480**	**4**	**3**	**2**
C.1 Financial derivatives with principal exchange	-	31,290	191,557	162,744	868,587	28,564	7,480	4	3	2
- long positions	-	7,950	139,795	82,349	433,915	11,997	3,174	1	1	1
- short positions	-	23,340	51,762	80,395	434,672	16,567	4,306	3	2	1
C.2 Financial derivatives without principal exchange	6,642	-	-	-	-	-	-	-	-	-
- long positions	2,304	-	-	-	-	-	-	-	-	-
- short positions	4,338	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	8,300	-	-	-	-	-	-	-	-
- long positions	-	4,150	-	-	-	-	-	-	-	-
- short positions	-	4,150	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	8,334	-	-	-	-	-	-	-	-
- long positions	-	4,167	-	-	-	-	-	-	-	-
- short positions	-	4,167	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

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
Cash assets	**3,186**	**3,211**	**1,222**	**841**	**1,466**	**234**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	3,186	3,211	1,222	841	1,466	234	-	-	-	-
- banks	3,186	3,211	1,222	841	1,466	234	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**8,799**	**2,139**	**780**	**1,221**	**935**	**616**	**1,228**	**-**	**-**	**-**
B.1 Deposits and current accounts	8,799	2,139	780	1,221	935	616	1,228	-	-	-
- banks	5,707	2,139	780	1,221	935	616	1,228	-	-	-
- customers	3,092	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**644**	**2,632**	**341**	**10,890**	**121,857**	**194**	**69**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	994	341	10,890	121,857	194	69	-	-	-
- long positions	-	364	15	5,563	61,296	194	69	-	-	-
- short positions	-	630	326	5,327	60,561	-	-	-	-	-
C.2 Financial derivatives without principal exchange	644	-	-	-	-	-	-	-	-	-
- long positions	330	-	-	-	-	-	-	-	-	-
- short positions	314	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	136	-	-	-	-	-	-	-	-
- long positions	-	68	-	-	-	-	-	-	-	-
- short positions	-	68	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	1,502	-	-	-	-	-	-	-	-
- long positions	-	751	-	-	-	-	-	-	-	-
- short positions	-	751	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: YEN (JAPAN)

ITEM / TIME BRACKET	ON DEMAND	FROM MORE THAN 1 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
Cash assets	**3,610**	**12,863**	**16,052**	**35,258**	**37,555**	**2,960**	**1,069**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	3,610	12,863	16,052	35,258	37,555	2,960	1,069	-	-	-
- banks	3,610	12,863	16,052	35,258	37,555	2,960	1,069	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**5,578**	**-**	**-**	**-**	**392**	**31**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	5,578	-	-	-	392	31	-	-	-	-
- banks	822	-	-	-	392	31	-	-	-	-
- customers	4,756	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**-**	**19,964**	**109,385**	**46,525**	**223,862**	**4,600**	**541**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	2,588	109,385	46,525	223,862	4,600	541	-	-	-
- long positions	-	1,811	150	23,724	111,727	3,737	541	-	-	-
- short positions	-	777	109,235	22,801	112,135	863	-	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	424	-	-	-	-	-	-	-	-
- long positions	-	212	-	-	-	-	-	-	-	-
- short positions	-	212	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	16,952	-	-	-	-	-	-	-	-
- long positions	-	8,476	-	-	-	-	-	-	-	-
- short positions	-	8,476	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

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
Cash assets	**5,442**	**106**	**49**	**231**	**20**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	5,442	106	49	231	20	-	-	-	-	-
- banks	1,205	106	49	231	20	-	-	-	-	-
- customers	4,237	-	-	-	-	-	-	-	-	-
Cash liabilities	**9,437**	**18**	**1,798**	**578**	**77**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	9,437	18	1,798	578	77	-	-	-	-	-
- banks	3,396	18	1,798	578	77	-	-	-	-	-
- customers	6,041	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**-**	**416**	**4,389**	**2,900**	**35,088**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	204	4,389	2,900	35,088	-	-	-	-	-
- long positions	-	11	4,389	1,462	17,230	-	-	-	-	-
- short positions	-	193	-	1,438	17,858	-	-	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	212	-	-	-	-	-	-	-	-
- long positions	-	106	-	-	-	-	-	-	-	-
- short positions	-	106	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

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
Cash assets	**3,241**	**18,152**	**13,692**	**35,940**	**43,310**	**16,163**	**628**	**77**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	3,241	18,152	13,692	35,940	43,310	16,163	628	77	-	-
- banks	3,240	18,152	13,692	35,940	43,310	16,163	628	77	-	-
- customers	1	-	-	-	-	-	-	-	-	-
Cash liabilities	**11,579**	**920**	**345**	**1,983**	**1,179**	**337**	**9**	**-**	**-**	**-**
B.1 Deposits and current accounts	11,579	920	345	1,983	1,179	337	9	-	-	-
- banks	10,376	920	345	1,983	1,179	337	9	-	-	-
- customers	1,203	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**-**	**134,866**	**165**	**1,134**	**23,562**	**5,460**	**116**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	123,440	165	1,134	23,562	5,460	116	-	-	-
- long positions	-	2,170	165	609	10,981	4,010	58	-	-	-
- short positions	-	121,270	-	525	12,581	1,450	58	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	234	-	-	-	-	-	-	-	-
- long positions	-	117	-	-	-	-	-	-	-	-
- short positions	-	117	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	11,192	-	-	-	-	-	-	-	-
- long positions	-	5,596	-	-	-	-	-	-	-	-
- short positions	-	5,596	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

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
Cash assets	**15,218**	**2**	**293**	**1,187**	**678**	**1,266**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	15,218	2	293	1,187	678	1,266	-	-	-	-
- banks	15,218	2	293	1,187	678	1,266	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**24,734**	**324**	**3,029**	**643**	**319**	**9**	**30**	**-**	**-**	**-**
B.1 Deposits and current accounts	24,734	324	3,029	643	319	9	30	-	-	-
- banks	10,132	324	3,029	643	319	9	30	-	-	-
- customers	14,602	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	**-**	**3,144**	**15,378**	**7,898**	**110,470**	**1,129**	**33**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	2,620	15,378	7,898	110,470	1,129	33	-	-	-
- long positions	-	1,146	12,336	1,886	56,190	1,100	-	-	-	-
- short positions	-	1,474	3,042	6,012	54,280	29	33	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	398	-	-	-	-	-	-	-	-
- long positions	-	199	-	-	-	-	-	-	-	-
- short positions	-	199	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	126	-	-	-	-	-	-	-	-
- long positions	-	63	-	-	-	-	-	-	-	-
- short positions	-	63	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

SECTION 4 – OPERATIONAL RISKS

Qualitative information

A. OPERATIONAL RISK: GENERAL ASPECTS, MANAGEMENT PROCESSES AND MEASUREMENT METHODS

Within the framework of the initiatives defined at Group level in the Risk Management area, the Bank has launched an integrated 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 27th December 2006 – New Prudential Supervisory Regulations for Banks – up to now the Bank has used the Basic Indicator Approach (BIA) for calculating Operational Risk for reporting purposes.

In the Basic Approach, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the company's turnover, thus identifying "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 23,144 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 CORPORATE EQUITY: BREAKDOWN

ITEM/AMOUNT	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
1. Share capital	**216,913**	**216,913**
2. Share premium reserve	**-**	**-**
3. Reserves	**151,931**	**71,138**
- profits	71,931	71,138
a) legal	48,201	48,201
b) statutory	205	205
c) treasury shares	-	-
d) others	23,525	22,732
- other	80,000	-
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**(7,505)**	**30,291**
- Financial assets available for sale	(56,065)	(17,575)
- Property and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Hedging of cash flow	694	-
- Exchange differences	-	-
- Non-current assets available for sale	-	-
- Actuarial profits (losses) regarding defined benefit social security plans	-	-
- Share of the valuation reserve regarding subsidiaries entered in the shareholders' equity	-	-
- Special revaluation laws	47,866	47,866
7. Net Profit (Loss) for the period	**43,888**	**20,256**
TOTAL	**405,227**	**338,598**

B.2 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: BREAKDOWN

ASSETS / AMOUNT	TOTAL AT 31/12/2011		TOTAL AT 31/12/2010	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	1,846	(60,381)	-	(20,690)
2. Equity securities	2,471	(7)	1,714	-
3. UCITS units	6	-	1,401	-
4. Loans	-	-	-	-
TOTAL	**4,323**	**(60,388)**	**3,115**	**(20,690)**

B.3 RESERVES FROM VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE: ANNUAL CHANGE

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS
1. Opening balance	**(20,690)**	**1,714**	**1,401**	**-**
2. Increases	**2,638**	**909**	**2,594**	**-**
2.1 Increases in fair value	1,865	909	-	-
2.2 Switched to income statement, negative reserves	589	-	2,594	-
- from impairment	-	-	2,594	-
- from sales	589	-	-	-
2.3 Other changes	184	-	-	-
3. Decreases	**40,483**	**159**	**3,989**	**-**
3.1 Reductions in fair value	38,310	7	3,977	-
3.2 Adjustments for impairment	-	-	-	-
3.3 Switched to income statement, positive reserves: from sales	-	141	-	-
3.4 Other changes	2,173	11	12	-
4. Closing balance	**(58,535)**	**2,464**	**6**	

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 383,548,194, 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 2011, before applying any prudential filters, totals Euro 381,591,335; applying the prudential filters, represented by negative changes in the Bank's own creditworthiness of Euro 42,612,065 and by the negative reserves on debt securities available for sale of Euro 3,531,790, the Tier 1 capital gross of the ineligible elements was Euro 335,447,480. 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 500,000, taking total Tier 1 capital to Euro 334.947.480.

2. Tier 2 capital

The Tier 2 Capital before application of the prudential filters amounted to Euro 50,335,778; applying the prudential filters, represented by the ineligible portion of the positive reserves on available-for-sale securities (50%) of Euro 1,235,064, the Tier 2 Capital gross of the ineligible elements was Euro 49,100,714. The ineligible elements, consisting of 50% of the equity interests in financial companies of equal to or less than 10% of the share capital of the investee entity, amounted to Euro 500,000 and brought the total Tier 2 Capital to Euro 48,600,714.

3. Tier 3 capital

The present financial statements do not include instruments to be computed in Tier 3 Capital.

B. Quantitative information

	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. Core tier 1 capital before application of prudential filters	**381,591**	**285,662**
B. Core tier 1 capital prudential filters:	**(46,144)**	**(1,875)**
B.1 Positive IAS/IFRS prudential filters (+)	-	1,595
B.2 Negative IAS/IFRS prudential filters (-)	(46,144)	(3,470)
C. Tier 1 capital gross of elements to be deducted (A+B)	**335,447**	**283,787**
D. Elements to be deducted from Tier 1 equity	500	3,995
E. Total core tier 1 capital (TIER 1) (C-D)	**334,947**	**279,792**
E. Tier 2 capital before application of the prudential filters	**50,336**	**50,981**
G. Tier 2 capital prudential filters:	(1,235)	(1,558)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,235)	(1,558)
H. Tier 2 capital gross of elements to be deducted (F+G)	**49,101**	**49,423**
I. Elements to be deducted from the Tier 2 capital	500	3,994
L. Total Tier 2 capital (H-I)	**48,601**	**45,429**
M. Elements to be deducted from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**383,548**	**325,221**
O. Tier 3 capital	-	-
P. Regulatory capital inclusive of Tier 3 (N+O)	**383,548**	**325,221**

2.2 CAPITAL ADEQUACY

A. Qualitative information

As regards the prudential ratios at 31 December 2011, 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.

B. Quantitative information

CATEGORY/AMOUNT WEIGHTED	UNWEIGHTED AMOUNTS		AMOUNTS/REQUIREMENTS	
	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010	TOTAL AT 31/12/2011	TOTAL AT 31/12/2010
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**26,931,961**	**15,378,549**	**2,833,549**	**2,328,959**
1. Standardised approach	26,686,499	15,124,500	2,319,849	1,954,143
2. Internal ratings-based approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	245,462	254,049	513,700	374,816
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			**170,013**	**139,738**
B.2 MARKET RISKS			**29,978**	**75,534**
1. Standard approach			29,978	75,534
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATIONAL RISK			**23,144**	**20,809**
1. Basic approach			23,144	20,809
2. Standardised approach			-	-
3. Advanced approach			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			**-**	**-**
B.5 OTHER CALCULATION ELEMENTS			**-**	**-**
B.6 TOTAL PRUDENTIAL REQUIREMENTS			**223,135**	**236,081**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 RISK-WEIGHTED ASSETS			**2,789,188**	**2,951,013**
C.2 TIER 1 CAPITAL/RISK-WEIGHTED ASSETS (TIER 1 CAPITAL RATIO)			**12.01%**	**9.48%**
C.3 REGULATORY CAPITAL INCLUDING TIER 3/ RISK-WEIGHTED ASSETS (TOTAL CAPITAL RATIO)			**13.75%**	**11.02%**

Following provision of the Bank of Italy of 18th May 2010 and resolution of the Board of Directors of 24th 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 27th 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 of business unit

PART G – BUSINESS COMBINATIONS RELATED TO COMPANIES OR BUSINESS UNITS

At the reporting date, the Bank is not affected by business combinations involving companies or business units.

Part - H

Related parties transaction

PART H – RELATED PARTIES 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 31/12/2011
Fees and Remuneration (1)	2,552
Post-employment benefits (2)	48

(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 31/12/2011
Board of Auditors' Fees	193

Credit facilities and guarantees given:

	TOTAL AT 31/12/2011
Directors	349
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	62
Reconta Ernst & Young S.p.A.	Auditing-related services	16
Reconta Ernst & Young S.p.A.	Certification services (EMTN programme)	65
Ernst & Young - Law and Tax firm	Tax assistance	54
TOTAL		**197**

* 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 2010 (€/1000)

BALANCE SHEET	TOTAL AT 31/12/2010
Assets	**929,037**
Liabilities	**124,431**
Share Capital	712,420
Legal reserve	22,757
Treasury share reserve	333
Other Reserves	44,904
Revaluation reserves	3,632
Treasury shares	(333)
Profit for the period	20,893
Total shareholders' equity	**804,606**

INCOME STATEMENT	TOTAL AT 31/12/2010
Net interest income	530
Net fees and commission income (expense)	1,618
Gross income	38,828
Net income (loss) from financial operations	35,867
Operating expenses	(19,742)
Profit for the period	**20,893**

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
Aureo Gestioni	-		-	-	175
Iccrea BancaImpresa	60,978	294,536	5,081,563	-	22,513
Bcc Gestione Crediti	-		-	2,800	64
Bcc Solutions	-		-	28,554	1,774
Bcc Private Equity	-		-	-	16
Bcc Securis	-		-	-	12
Bcc Multimedia	-		-	-	65
Credico Finance	-		-	-	-
Iccrea Holding	-		-	152,340	11,949
Immicra	-		-	-	19
Bcc Lease	-		-	100,067	-
Bcc CreditoConsumo	-		-	113,271	7
Bcc Factoring	-		-	422,993	3
Banca Sviluppo	171		30,530	-	1
GRAND TOTAL	**61,149**	**294,536**	**5,112,093**	**820,025**	**36,598**

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
Aureo Gestioni	-	19,111	-	-	-	-
Iccrea BancaImpresa	120,711	-	-	10,097	-	929
Bcc Gestione Crediti	-	1,554	-	-	-	2
Bcc Solutions	-	4,880	-	-	-	3,394
Bcc Private Equity	-	1,957	-	-	-	-
Bcc Securis	-	10	-	-	-	-
Bcc Multimedia	-	536	-	-	-	1,281
Credico Finance	-	-	-	-	-	-
Iccrea Holding	-	141,789	-	-	-	24,051
Immicra	-	1,051	-	-	-	-
Bcc Lease	-	-	-	-	-	8
Bcc CreditoConsumo	-	-	-	-	-	1
Bcc Factoring	-	-	-	-	-	-
Banca Sviluppo	33,183	-	5,045	-	4,685	-
GRAND TOTAL	**153,894**	**170,888**	**5,045**	**10,097**	**4,685**	**29,666**

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
Aureo Gestioni	-	164	112	-	-	-	183
Iccrea BancaImpresa	111,508	1,006	1,243	106	42,587	197	1,323
Bcc Gestione Crediti	78	8	5	-	-	2	92
Bcc Solutions	1,306	26	1	-	-	11,787	910
Bcc Private Equity	-	42	-	-	-	-	21
Bcc Securis	-	-	7	-	-	-	20
Bcc Multimedia	-	4	1	-	-	2,456	66
Credico Finance	-	-	-	-	-	-	-
Iccrea Holding	3,523	2,247	1	-	-	3,217	154
Immicra	-	2	-	-	-	-	20
Bcc Lease	1,950	-	52	-	-	-	-
Bcc Credito Consumo	1,892	20	20	-	-	-	25
Bcc Factoring	4,304	-	14	-	-	-	15
Banca Sviluppo	361	562	278	156	107	-	41
GRAND TOTAL	**124,922**	**4,081**	**1,734**	**262**	**42,694**	**17,659**	**2,870**

	TOTAL AT 31/12/2011			
	GROUP COMPANIES	GROUP ASSOCIATES	SENIOR MANAGEMENT	EMPLOYEE SUBSEQUENT BENEFITS PLAN
Financial assets held for trading	61,148	24	-	4.480
Financial assets designated as at fair value through profit and loss	294,536	-	-	-
Financial assets available for sale	385	-	-	-
Due from banks	5,112,093	-	-	-
Loans to customers	820,024	2	349	1
Equity investments	50,009	1,004	-	-
Other assets	36.598	-	-	-
TOTAL ASSETS	**6.374.793**	**1,030**	**349**	**4,481**
Due to banks	153,894	-	-	-
Due to customers	170,888	85,508	370	71,064
Financial liabilities held for trading	10,097	20,185	-	13
Financial liabilities designated at fair value through profit or loss	4,685	-	-	-
Securities issued	5,045	-	-	-
Other liabilities	29,666	-	-	-
TOTAL LIABILITIES	**374,275**	**105,693**	**370**	**71,077**
GUARANTEES GRANTED AND COMMITMENTS	**980,344**	**300,596**	**2**	**-**

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.

With effect as from 1 January 2011, the articulated project was completed for the rationalisation and optimisation of the production assets of subsidiaries established by the parent company with the transfer to Iccrea Banca Impresa of full ownership of the bank business unit, consisting of all assets, human and financial resources, and legal relations in relation to the services and loans to businesses services, in the operative sectors referred to as: "Special loans", "Subsidised Loans" and "Foreign Business". Total assets transferred came to Euro 498.2 million.

The articulation of the 2011 segment has consequently been reviewed to consider this operation. 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 Agency Service grouped in the "Corporate Centre".

2010 was consequently redetermined to enable a comparison with 2011.

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, Money Markets, Customer Desk, Ma.S and Securitisation; 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-11	DEC-10	DEC-11	DEC-10	DEC-11	DEC-10	DEC-11	DEC-10
Net interest income	60,309	44,454	1,661	759	2,285	-106	64,256	45,107
Net income from services	49,142	22,588	104,328	99,419	19,939	20,364	173,409	142,371
TOTAL REVENUES	**109,451**	**67,042**	**105,990**	**100,178**	**22,224**	**20,258**	**237,665**	**187,478**
Administrative expenses	47,335	43,052	76,986	68,657	31,644	26,512	155,966	138,221
Net adjustment of property and equipment and intangible assets	1,621	1,331	2,056	2,361	981	1,024	4,658	4,717
TOTAL OPERATING COSTS	**48,957**	**44,383**	**79,042**	**71,018**	**32,625**	**27,536**	**160,624**	**142,938**
GROSS OPERATING PROFIT/(LOSS)	**60,494**	**22,659**	**26,948**	**29,160**	**-10,401**	**-7,278**	**77,041**	**44,541**

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.

Growth in net interest income, +19.1 million on 2010, is mainly due to the growth of the volumes intermediated by the Money Market and Owned Finance and Trading Offices, both included under the sphere of the Finance and Credit sector.

Net income from services, totalling Euro 173.4 million as of 31 December 2011, consists of 129.2 million net fees and commission income, 39.5 million the result of trading activities and 4.7 million from dividends.

The increase in net fees and commission, from Euro 113.4 million for 2010 to Euro 115.7 million for 2011 is mainly due to the sustained growth in all segments of payment cards.

The change in profits and losses from financial operations, from Euro 15.9 million in 2010 to Euro 39.5 million in 2011 is entirely due to the work of the Proprietary and Trading Finance Office. More specifically, the net gain (loss) on financial assets and liabilities carried at fair value comes to 25 million in 2011, against Euro 1.8 million recorded for 2010.

Administrative expenses, totalling Euro 156 million as of 31 December 2011 consist of personnel expenses for Euro 68.8 million against Euro 58.9 million of 2010 and Euro 87.1 million other administrative expenses, against Euro 79.3 million of 2010.

Total value adjustments for around Euro 4.7 million as of 31 December 2011, of which 2.2 impairment of intangible assets and Euro 2.5 million impairment of property and equipment.

By virtue of the above dynamics, the gross operating profit as of 31 December 2011 stands at Euro 75.8 million with a positive difference with respect to 2010 of Euro 31.2 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-11	DEC-10	DEC-11	DEC-10	DEC-11	DEC-10	DEC-11	DEC-10
Loans to customers	1,129	283	-	16	79	1,063	1,209	1,362
Due from banks	15,946	8,269	-	-	-	11	15,946	8,280
Financial assets and equity investments	3,374	765	23	-	258	247	3,655	1,012
TOTAL LOANS	**20,449**	**9,317**	**23**	**16**	**337**	**1,321**	**20,810**	**10,654**
Due to customers	1,187	2,258	533	441	19	22	1,739	2,721
Due to banks	15,452	7,478	-		-	-	15,452	7,478
Other financial liabilities	3,022	3	3		594	452	3,619	455
TOTAL DEPOSITS	**19,661**	**9,739**	**536**	**441**	**613**	**474**	**20,810**	**10,654**

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
Credico Finance
Hi-Mtf
Situazione del
Fondo Centrale
di Garanzia
M - Facility

BALANCE SHEET

ASSETS	31/12/2011		31/12/2010	
60. Amounts due from banks		10,034		8,851
120. Tax assets		2,112		2,609
a) current	2,112		2,609	
b) deferred	-		-	
140. Other assets		25,207		22,729
Total Assets		**37,353**		**34,189**

LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2011		31/12/2010	
70. Tax liabilities		375		-
a) current	375		-	
b) deferred	-		-	
90. Other liabilities		26,329		23,587
120. Share capital		10,000		10,000
160. Reserves		602		594
180. Profit/(Loss) for the period		47		8
Total liabilities and shareholders' equity		**37,353**		**34,189**

INCOME STATEMENT

ITEM	31/12/2011		31/12/2010	
10. Interest and similar income		47		8
Net interest income		**47**		**8**
40. fees and commission expense		(61)		(60)
Net fees and commission income (expense)		**(61)**		**(60)**
Gross income		**(14)**		**(52)**
110. Administrative expenses:		(64,382)		(65,191)
a) personnel expenses	(8,836)		(8,736)	
b) other administrative expenses	(55,546)		(56,455)	
160. Other operating income (expenses)		64,456		71,488
Profit (loss) from financial operations		**74**		**6,297**
Profit (loss) before tax on continuing operations		**60**		**6,245**
190. Income tax expense from continuing operations		(13)		(6,237)
Profit (loss) after tax on continuing operations		**47**		**8**
Net profit (loss) for the period		**47**		**8**

STATEMENT OF COMPREHENSIVE INCOME

ITEM	31/12/2011	31/12/2010
10. Profit/(Loss) for the year	47	8
110. Total other comprehensive income net of taxes	-	-
120. Comprehensive income (Items 10+110)	47	8

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2011

				ALLOCATION OF NET PROFIT OF THE PREVIOUS PERIOD		CHANGES IN THE PERIOD								
							EQUITY TRANSACTIONS							
	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	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 FOR 2011	SHAREHOLDERS' EQUITY AS AT 31/12/2011
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	594	-	594	8	-	-	-	-	-	-	-	-	-	602
a) earnigs	1,476	-	1,476	8	-	-	-	-	-	-	-	-	-	1,484
b) others	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	(882)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	**8**	**-**	**8**	**(8)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47**	**47**
Total Shareholders' equity	**10,602**		**10.602**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47**	**10,649**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	ALLOCATION OF NET PROFIT OF THE PREVIOUS PERIOD		CHANGES IN THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31/12/2011
							EQUITY TRANSACTIONS							
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	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 FOR 2011	
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	544	-	544	50	-	-	-	-	-	-	-	-	-	594
a) earnings	1,426	-	1,426	50	-	-	-	-	-	-	-	-	-	1,476
b) others	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	(882)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	50	-	50	(50)	-	-	-	-	-	-	-	-	8	8
Total shareholders' equity	**10,594**		**10,594**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**10,602**

STATEMENT OF CASH FLOWS

	31/12/2011	31/12/2010
OPERATING ASSETS		
1. Operations	**47**	**8**
- interest income collected	47	8
- interest expense paid	-	-
- dividends and similar income	-	-
- net fees and commission income (expense)	(61)	(60)
- personnel expenses	-	-
- other costs	(64,975)	(65,977)
- other income	65,049	72,274
- dues and taxes	(13)	(6,237)
- costs/ revenue regarding groups of assets held for sale and net of any tax effect	-	-
2. Net cash flows from/used in financial assets	**(1,981)**	**486**
- financial assets held for trading	-	-
- financial assets designated at fair value through profit or loss	-	-
- financial assets available for sale	-	-
- due from banks	-	-
- due from financial bodies	-	-
- loans to customers	-	-
- other assets	(1,981)	486
3. Net Cash flows from/used in financial liabilities	**3,117**	**(622)**
- due to banks	-	-
- due to financing bodies	-	-
- due to customers	-	-
- securities issued	-	-
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value through profit or loss	-	-
- other liabilities	3,117	(622)
Net cash flow from/used in operating activities	**1,183**	**(128)**
INVESTING ACTIVITIES		
Net cash flow from/used in investing activities	**-**	**-**
FINANCING ACTIVITIES		
Net cash flow from/used in financing activities	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**1,183**	**(128)**

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2011	31/12/2010
Cash and cash equivalents at beginning of period	8,851	8,979
Net increase/decrease in cash and cash equivalents	1,183	(128)
Cash and cash equivalents at end of period	10,034	8,851

CREDICO FINANCE Financial statement schedules for the liquidation of the business as at 29/12/2011

BALANCE SHEET

ASSETS	29/12/2011		31/12/2010	
60. Amounts due from banks		-	61,878	
120. Tax assets		2,048		409,334
a) current	2,048		409,334	
b) deferred	-			
140. Other assets		-		615
Total Assets		**2,048**		**471,826**

LIABILITY AND SHAREHOLDERS' EQUITY	29/12/2011		31/12/2010	
90. Other liabilities		-		414,748
120. Share capital		-		51,645
160. Reserves		3,367		5,464
180. Net profit/(Loss) for the year		(1,319)		(31)
Total Liabilities and shareholders' equity		**2,048**		**471,826**

INCOME STATEMENT

ITEM	29/12/2011		31/12/2010	
10. Interest and similar income		433		169
Net interest income		**433**		**169**
Gross income		**433**		**169**
110. Administrative expenses:		(1,096)		(73,581)
a) personnel expenses	-		(6,555)	
b) other administrative expenses	(1,096)		(67,026)	
160. Other operating income/expenses		(656)		73,449
Profit (loss) from financial operations		**(1,752)**		**(132)**
Profit (loss) before tax on continuing operations		**(1,319)**		**36**
190. Income tax expense from continuing operations		-		(67)
Profit(loss) after tax on continuing operations		**(1,319)**		**(31)**
Net profit (loss) for the period		**(1,319)**		**(31)**

STATEMENT OF COMPREHENSIVE INCOME

ITEM	29/12/2011	31/12/2010
10. Profit/(Loss) for the year	(1,319)	(31)
110. Total other comprehensive income net of taxes	-	-
120. Comprehensive income (Items 10+110)	(1,319)	(31)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2011

				ALLOCATION OF NET PROFIT OF THE PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2011	SHAREHOLDERS' EQUITY AS AT 29/12/2011
Share capital:	51,645	-	51,645	-	-	-	-	-	-	(51,645)	-	-	-
Share premium reserve[5]	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) earnings	5,465	-	5,464	(31)	-	(2,066)	-	-	-	-	-	-	3,367
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(loss) for the year	(31)	-	(31)	31	-	-	-	-	-	-	-	(1,319)	(1,319)
Total shareholders' equity	**57,078**		**57,078**	**-**	**-**	**(2,066)**	**-**	**-**	**-**	**(51,645)**	**-**	**(1,319)**	**2,048**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	ALLOCATION OF NET PROFIT OF THE PREVIOUS PERIOD		CHANGES IN THE PERIOD							SHAREHOLDERS' EQUITY AS AT 31/12/2011
							EQUITY TRANSACTIONS						
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2011	
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	-	51,645
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) earnings	5,465	(1)	5,464	-	-	-	-	-	-	-	-	-	5,464
b) others	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	(31)	(31)
Total shareholders' equity	**57,110**		**57,109**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**	**57,078**

STATEMENT OF CASH FLOWS

	29/12/2011	31/12/2010
A. OPERATING ACTIVITIES		
1. Operations	**(1,319)**	**(31)**
- interest income collected	433	169
- interest expense paid	-	-
- dividends and similar income	-	-
- net fees and commission income (expense)	-	-
- personnel expenses	-	(6,555)
- other costs	(1,752)	(67,802)
- other income	-	74,224
- dues and taxes	-	(67)
- costs/ revenue regarding groups of assets held for sale and net of any tax effect	-	-
2. Net cash flows from/used in financial assets	**407,901**	**(380,782)**
- financial assets held for trading	-	-
- financial assets designated at fair value through profit or loss	-	-
- financial assets available for sale	-	-
- due from banks	-	-
- due from financial bodies	-	-
- loans to customers	-	-
- other assets	407,901	(380,782)
3. Net Cash flows from/used in financial liabilities	**(414,748)**	**398,626**
- due to banks	-	-
- due to financial bodies	-	-
- due to customers	-	-
- securities issued	-	-
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value through profit or loss	-	-
- other liabilities	(414,748)	398,626
5. Cash flow used in redemption/repurchase of financial liabilities	**(6,847)**	**17,844**
- payables	-	-
- securities issued	-	-
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value through profit or loss	-	-
- other liabilities	-	-
Net cash flows from/used in operating activities (A)	**-**	**-**

B. INVESTMENT ASSETS		
1. Cash flow from:	**-**	**-**
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales/ refunds of financial assets held to maturity	-	-
- sales of property and equipment	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flow used in:	**-**	**-**
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of property and equipment	-	-
- purchases of intangible assets	-	-
- purchases of business units	-	-
Net cash flow from/used in investingactivities (B)	**-**	**-**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	(53,712)	-
Net cash flow from/used in Financing activities (C)	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+B+C	**61,878**	**17,813**

RECONCILIATION

BALANCE SHEET ITEMS	29/12/2011	31/12/2010
Cash and cash equivalents at beginning of period	61,878	44,065
Net increase/decrease in cash and cash equivalents	(61,878)	17,813
Cash and cash equivalents at end of period	-	61,878

Hi-MTF The Company's Financial Statement schedules

BALANCE SHEET

ASSETS	31/12/2011		31/12/2010	
10. Cash and cash equivalents		115		350
60. Loans and receivables		4,118,019		3,911,760
100. Property and equipment		39,888		54,841
110. Intangible assets		114,889		38,582
120. Tax assets		21,376		143,519
a) current	14,731		15,892	
b) deferred	6,645		127,627	
140. Other assets		972,276		855,707
Total Assets		**5,266,563**		**5,004,758**

LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2011		31/12/2010	
70. Tax liabilities		5,639		20,285
a) current	5,639		20,285	
b) deferred	-		-	
90. Other liabilities		426,076		425,218
100. Employee termination benefits		76,279		45,204
120. Share capital		5,000,000		5,000,000
160. Reserves		(485,948)		(1,032,858)
180. Net profit/(Loss) for the period		244,517		546,910
Total Liabilities and shareholders' equity		**5,266,563**		**5,004,758**

INCOME STATEMENT

ITEM	31/12/2011		31/12/2010	
50. Fee and commission income		2,565,137		2,660,994
60. Fee and commission expense		(75,120)		(85,649)
70. Interest and similar income		54,558		58,858
80. Interest and similar expenses		(1,252)		(1,097)
Gross income		**2,543,323**		**2,633,105**
110. Administrative expenses:		(2,068,081)		(2,082,082)
a) personnel expenses	(873,544)		(862,839)	
b) other administrative expenses	(1,194,536)		(1,219,243)	
120. Net adjustments of property and equipment		(16,818)		(17,390)
130. Net adjustments of intangible assets		(20,623)		(30,873)
160. Other operating income/expenses		-		-
Profit (loss) from financial operations		**437,801**		**502,760**
Profit (loss) before tax on continuing operations		**437,801**		**502,760**
190. Income tax expense from continuing operations		(193,285)		44,150
Profit(loss) after tax on continuing operations		**244,517**		**546,910**
Net profit (loss) for the year		**244,517**		**546,910**

STATEMENT OF COMPREHENSIVE INCOME

ITEM	31/12/2011	31/12/2010
10. Profit/(Loss) for the year	244,517	546,910
110. Other comprehensive income net of taxes	-	-
120. Comprehensive income (Items 10+110)	244,517	546,910

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2011

				ALLOCAZIONE RISULTATO ESERCIZIO PRECEDENTE		VARIAZIONI DELL'ESERCIZIO							
							OPERAZIONI SUL PATRIMONIO NETTO						
	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2011	SHAREHOLDERS' EQUITY AS AT 29/12/2011
Share capital:	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) earnings	(1,088,000)	-	(1,088,000)	546,910	-	-	-	-	-	-	-	-	(461,090)
b) others	(24,858)	-	(24,858)	-	-	-	-	-	-	-	-	-	(24,858)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(Loss) for the year	546,910	-	546,910	(546,910)	-	-	-	-	-	-	-	244,517	244,517
Total Shareholders' equity	**4,514,052**	**-**	**4,514,052**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**244,517**	**4,758,569**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

	AS AT 31/12/2010	CHANGE IN OPENING BALANCE	AS AT 01/01/2011	ALLOCAZIONE RISULTATO ESERCIZIO PRECEDENTE		VARIAZIONI DELL'ESERCIZIO							SHAREHOLDERS' EQUITY AS AT 31/12/2011
							OPERAZIONI SUL PATRIMONIO NETTO						
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2011	
Share capital:	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
a) earnings	(1,128,668)	-	(1,128,668)	120,668	-	-	-	-	-	-	-	-	(1,008,001)
b) others	(24,858)	-	(24,858)	-	-	-	-	-	-	-	-	-	(24,858)
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(Loss) for the year	120,668	-	120,668	(120,668)	-	-	-	-	-	-	-	546,910	546,910
Total shareholders' equity	**3,967,142**	**-**	**3,846,474**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**546,910**	**3,967,142**

STATEMENT OF CASH FLOWS

	31/12/2011	31/12/2010
A. OPERATING ACTIVITIES		
1. Operations	**-**	**595,173**
- interest income collected	-	58,858
- interest expense paid	-	(1,097)
- net fees and commission income (expense)	-	2,575,347
- personnel expenses	-	(862,839)
- other costs	-	(1,219,243)
- dues	-	44,150
2. Net cash flows from/used in financial assets	**-**	**(228,818)**
- financial assets available for sale	-	-
- other assets	-	(228,818)
3. Net Cash flows from/used in financial liabilities	**-**	**110,534**
- other assets	-	110,534
Net cash flow from/used in operating activities	**-**	**476,899**
INVESTING ASSETS		
1. Cash flow from:	**-**	**-**
- sales of property and equipment	-	-
- sales of intangible assets	-	-
2. Cash flow used in:	**-**	**(72,090)**
- purchases of property and equipment	-	(22,635)
- purchases of intangible assets	-	(49,455)
Net cash flow from/used in investing activities	**-**	**(72,090)**
FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- distribution of dividends and other purposes	-	-
Net cash flow from/used in financing activities	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-**	**404,800**

RECONCILIATION

	31/12/2011	31/12/2010
Cash and cash equivalents at beginning of period	-	3,507,309
Net increase/decrease in cash and cash equivalents	-	404,800
Cash and cash equivalents at end of period	-	3,912,109

Situation of the Fondo Centrale di Garanzia as at 31 December 2011

BALANCE SHEET

	31/12/2011	31/12/2010
Assets		
Deposits with banks	1,340,009	1,307,731
Loans	-	-
Other assets	-	8,509
Total assets	**1,340,009**	**1,316,240**
Liabilities		
Taxes payable	8,774	2,763
Payables to CGF reserve	1,331,235	1,313,477
Total liabilities	**1,340,009**	**1,316,240**

INCOME STATEMENT

	31/12/2011	31/12/2010
Costs		
Fees and consultancy	-	-
Net adjustments	-	(1,032,914)
Out-of-period charges	(9,653)	-
Provisions for taxes	(8,774)	(2,763)
Allocation to the reserve	(17,758)	(5,746)
Total costs	**(36,185)**	**(1,041,423)**
Revenues		
Interest on bank deposits	36,185	8,509
Out-of-period income	-	1,032,914
Total revenue	**36,185**	**1,041,423**

The action still to be defined regards:

- a guarantee of Euro 877,976 issued to Credito Emiliano in favour of the former BCC Corleonese for which a release was requested in as much as the tax dispute should be completely closed;
- Litigation is still pending with the former BCC Benestare regarding the collection of the differential profits accrued at the time and which were not paid.

M – FACILITY S.R.L. The Company's Financial Statement schedules

BALANCE SHEET

	ASSETS	31/12/2011	31/12/2010
B)	**FIXED ASSETS**		
I)	INTANGIBLE ASSETS	3,781	-
Ia)	GROSS INTANGIBLE	3,781	-
TOTAL B)		**3,781**	**-**
C)	**CURRENT ASSETS**		
I V)	CASH AND CASH EQUIVALENTS	10,000	-
1)	BANK AND POST OFFICE DEPOSITS	10,000	-
TOTAL C)		**10,000**	**-**
	TOTAL ASSETS	**13,781**	**-**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2011	31/12/2010
A)	**SHAREHOLDERS' EQUITY**		
I)	SHARE CAPITAL	10,000	-
TOTAL A)		**10,000**	**-**
D)	**PAYABLES**		
7)	SUPPLIERS		
7a)	DUE WITHIN THE NEXT FINANCIAL YEAR	3,471	-
14)	OTHER PAYABLES		
14a)	DUE WITHIN THE NEXT FINANCIAL YEAR	310	-
TOTAL D)	**OTHER PAYABLES**	**3,781**	**-**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,781**	**-**

Certification of the financial statements 2011

Iccrea Banca

Gruppo bancario Iccrea

Iccrea Banca S.p.A.
Istituto Centrale del Credito Cooperativo

CERTIFICATION OF THE FINANCIAL STATEMENTS 2011

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, 20 march 2012

Giuseppino Pezza	Francesco Carri
Head of Accountancy Department	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, 2011, 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 March 25, 2011.
3. In our opinion, the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2011 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 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

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

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, 2011.

Rome, April 3, 2012

Reconta Ernst & Young S.p.A.
signed by: Francesco Natale, partner