The right direction.

Financial Statements

2010

Iccrea Banca

Financial Statements 2010

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

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1st January - 31st December 2010

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Corporate Bodies
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Board Of Directors

CARRI Francesco	*	Chairman
COLOMBO Annibale	*	Deputy Chairman
FIORELLI Bruno	*	Deputy Chairman
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* members of the Executive Committee

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CATAROZZO Camillo	Auditors
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DE ROSI Antonio	Alternates
MASCARELLO Santiago	Alternates

General Manager

RUBATTU Leonardo	General Manager since 16/03/2011

INTRODUCTION

Dear Shareholders,

The year just ended has seen us make great efforts to adapt to a complex, rapidly evolving market context.

The world economy has continued to be marked by major doubt and market volatility remains strong due to the great uncertainties still seen.

Our attention is therefore growing: interest rates have remained relatively low, whilst central banks continue to support liquidity at, and the same time, start to create the forthcoming strategies to leave the critical issues of the current economic phase behind us. The terms and conditions of their solution will be determined by the economic upturn and the profitability of the bank system, currently under pressure due to the reduced quality of assets, revenues that have dropped and funding that has become significantly more onerous.

The new regulatory framework that is being outlined, still a matter for discussion between regulators and players in the financial world, may prove to be an important tool for a recovery of trust in the financial system and bank industry. This does not change the fact that stability, transparency and sustainability shall be key factors on which banks and financial institutions will need to work first-hand to recover credibility and reputation.

This is the context to which we respond proactively, querying our priorities, purposes and indeed very essence. The answer to all these questions lies in the new reorganisation of the Iccrea Banking Group, the result of a great shared effort made to redesign the method by which we report to the BCC, to maintain trust and generate value that is sustainable over time.

The critical observation of our operating model was the first step in starting a decisive process involving a review of our customer approach, which, even more than in the past, must provide the cornerstone of our way of banking.

The centrality of the BCC, for us, essentially translates into two words: closeness and simplicity. Being close to the BCCs means paying careful attention to their real needs, adapting our business model to serve them better also means facilitating relations with customers as far as possible. This applies to all BCCs, wherever present. Standing close to the BCCs also means supporting them, above all during difficult times such as those we are currently experiencing.

We would also like to provide our stakeholders with guarantees. The best we can offer them is our solidity, today strengthened through a focus on strategic assets and a recovery of efficiency.

It is still early to expect a return to normality. Although there are still a great many elements of uncertainty that we will need to face up to in 2011, the results achieved thus far, thanks to the great efforts made, allow us to look to the future with confidence. Important challenges await us along the path we have taken, but we are aware that we have the determination, the capacity, the tools and, above all, the professionalism to overcome them successfully.

Dear Shareholders,

The balance of the difficult year experienced by the world economy should be delivered to the past. All interest now looks to the situation we are experiencing, in the hope that it takes us out of the recession. The price that the world economy has paid must, however, lead us to learn from the lesson received. New rules must be identified, and strategies to avoid us repeating the errors of the past. The International Authorities must do so, and the main world leaders, overcoming divisions and contrasts that certainly make the definition of agreements based on a new model more difficult, but no less important. Italy could certainly not escape the world crisis. The banking system has, however, survived, avoiding panic spread through savers and, as far as possible, supporting production, put to the test by the drop in demand.

In this market context, the Banche di Credito Cooperativo (Cooperative Banks – BCCs) have provided the real economy with important support, showing themselves able to respond readily to the needs of the families and businesses of their territories.

Going back to us, 2010 recorded events that are altering the very make-up of the Iccrea banking group, from a structural, dimensional and operative viewpoint, consolidating the positions acquired and outlining further important Group developments and evolution. In terms of current management, the companies of the IBG have confirmed, even at this time of difficult economic outlook, their capacity to compete on the market, at the same time ensuring quality services to customers and appropriate economic returns to their shareholders.

Our bank has kept true to the institutional mission: acting in support and integration of the BCCs has been constantly at the heart of our work. On the solid basis of a suitable capitalisation, the overall volumes have increased, also thanks to the interventions and initiatives carried out in line with the 2010 – 2012 Industrial Plan.

The efficiency of the organisational and commercial choices made in past years too has meant that despite the rather negative outlook, Iccrea Banca has achieved positive results. These results, albeit below those of last year, did, however, benefit from some one-off episodes involving income gained from opportunities presented on the financial market. In 2010 Iccrea Banca achieved a pre-tax profit of Euro 31.3 million (-38.3% on 2009) and a net profit of Euro 20.3 million (-32.3% on 2009).

Our central institution activities maintain all of their force intact, and the pressure on revenues was reduced by way of rigorous cost management which, however, also dedicated resources to investments in core activities, especially services related to BCC-CR. The cost-to-income ratio for this year came to 76.2%.

The initiatives taken and interventions carried out to increase efficiency were particularly important in terms of the restructuring project that began under the scope of the Iccrea banking group strategic repositioning plan. Here they aimed at rationalizing business models and redefining the entire structure of the Group, allowing it to evolve towards a more efficient, integrated, proactive business with regards to its reference market.

The positive results achieved in 2010 are due to various interventions and initiatives taken to support BCCs, of which we would here merely like to mention a few:

Finance:

- implementation with E-MID and Cassa di Compensazione e Garanzia of the transformation of the MIC (Collateralised interbank market) collateralised interbank deposits into newMIC;
- implementation of the MiFid;
- project for non-liquid securities for the implementation of initiatives linked to the adjustments required by level 3 MIF regulations and non-liquid security regulations;
- implementation of the HiMtf market for listing BCC bond loans;
- management and update of the instruments and deposit conditions of the BCCs (CRG and restricted deposits);
- strengthening of consulting services on equity.

Payment systems:

- regulatory and operational adaptation of procedures to meet the criteria of regulations in terms of the PSD;
- starting the electronic invoicing project;
- strong innovation in the field of payment cards and optimisation of management processes.

With reference to risk management, we have reduced exposure towards portfolios under the scope of the equity structure consolidation process, we have strengthened our auditing departments and reorganised the risk management system. We have also actively managed our equity base, in order to continue to sustain our important initiatives supporting BCC-CR and their clients, families, and companies.

The sense of the crisis experienced by the financial markets and transmitted to the real economy also lies in the need to recover and revalue concepts and values that have always been a part of our cultural and professional baggage.

The sense of the limit, the correct calculation of all risks, the in-depth assessment of the long-term economic dynamics have been overshadowed by the anxiety for immediate earnings, which has guided the action of the major financial operators. The almost anxious attention that, in the aftermath of the crisis explosion has been reserved to the level of intermediary capitalisation reflects a sudden change of direction, a one hundred and eighty degree inversion that although is certainly unable to remedy that great damages already caused, at least appears to give rise to a basis for a more responsible, attentive management. Only the months and years to come will tell us if this return to common sense will be, if not definitive, at least long-lasting.

As far as we are concerned, we can confirm that in terms of risk, we have always adopted policies in line with prudential criteria, along with constant attention to a correct dimension of our own means. The events consequent to the explosion of the financial bubble have further strengthened the need to pursue these directives, paying attention on the one hand to managing the risk profiles inevitably linked to banking as best possible, and on the other to raising and strengthening equity supervision.

With reference to this latter aspect, the Bank Administration has kept a close, balanced link over the years between the growth of aggregates and that of own means. This is in view of a self-financing policy pursued through suitable allocations of annual income. This has allowed the bank to exercise its activities on a solid basis, also coping with the more difficult moments of the international financial crisis with suitable reserves. At the same time, we continue to be committed to a constant dialogue with our stakeholders, and to take their opinions into account in our operations and decisions.

To conclude this introduction, we recognise the need to further adapt our organisational set-up to better respond to the new context. We are re-analysing our products to make them simpler and more transparent. We are redesigning operating mechanisms based on our Bank's operations, with the objective of increasing synergies and integrations with the entirety of companies that make up the Iccrea Banking Group (GBI).

Guidelines for the 2011-2013 Industrial Plan

The Parent Company, in order to pursue the development of a project aimed at completing the strategic rationalisation and repositioning plan of GBI, with the objective of more incisively supporting BCCs in the activity of service and relations with its customers, decided to implement the new 2011-2013 Industrial Plan, providing its subsidiaries with the relative guidelines. The 2011-2013 plan is the response of the GBI to the continued crisis situation of the real economy and the financial markets, which involves a careful assessment of the effectiveness of the actions undertaken and the focus on some priority interventions.

These interventions, which are needed to develop the 2011-2013 plan, relate to: limiting liquidity and credit risk; maintaining a suitable level of capitalisation; limiting costs[1]; completing the review of the service and organisational structure models of the Group to increase the efficiency, effectiveness and improve the capacity for governance.

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1) Differently from traditional banking and financial intermediaries, the GBI operates according to a "market of reference" logic. This means that the objectives cannot only be traced to the remuneration of the invested capital or dimensional growth, but must consist in the support of the BCCs' needs and, therefore, in the supply of the products and services necessary to ensure them maximum levels of competitiveness on the territory. It therefore follows that:
• remuneration of the invested capital is not exclusively represented by the dividends distributed, but rather by all income made available to the System, whether quantifiable (dividends, commission, lesser expenses) or non-quantifiable, namely intangible income (interaction with domestic and international markets, specialised know-how, operational support);
• growth of the GBI must be, to a broader extent, sought through the development of the BCC market shares and the development of the share of Group penetration in the System.

The review of the business model and the system offered, in order to guarantee greater competitiveness to the BCCs, requires: commercial alliances and industrial partnerships; framework agreements and strategic participations; evolution of the range offered; rationalisation of the service models and organisation of territorial presence.

Thus stated, the three-year 2011-2013 Industrial Plan was created focusing on the Bank's planning activity on: definition of business objectives per single Business Unit in relation to the changed market context forecast; cost rationalisation; risk containment; determination of financial and equity needs.

The overall review of the organisational structure of Iccrea Banca has taken place in accordance with the repositioning guidelines of the parent company, which have determined:

- a centralisation in Iccrea Banca of the Group's finances;
- the centralisation of the Group's IT;
- the conferral of the credit company branch in the foreign, special loans and beneficial rate loans sectors in Banca Agrileasing;
- the analysis of the positioning of the activities of Deposit Bank and Securities Administration;
- the analysis of the repositioning objectives of the commercial network;
- focusing the correspondent banking activities.

Some of these initiatives will be completed during 2011.

Dear Shareholders,

2010 closed leaving us with a baggage of greater awareness of the objectives to be achieved in the direction taken. Everything we have always considered important today becomes even more so. More specifically, our aspiration is to make relations with the BCCs easier, offering them simple, clear solutions that can help them achieve their objectives in a reliable, efficient manner. This, for us, means offering the BCCs not only services and products, but above all working to anticipate their demands in a context of greater contiguity and closeness. It means working with them to assess the needs and using our skills to offer efficient solutions thanks to easy, simple relations. We believe that with our rigorous commitment, aiming to promote simplicity and transparency, the trust already afforded us by the BCCs, and as borne witness by the results explained below, shall remain and indeed increase.

By virtue of the above, because of the unfolding of the 2010-2012 Industrial Plan, the 2010 period therefore gives you a Bank that is able to produce income stably through offering services to the market, and ready to undertake a new, further path of growth.

1. Key performance data of the bank

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

	DESCRIZIONE	DIC 2010	DIC 2009	DELTA %
10	Cash and cash equivalents	79,509	73,318	8.4%
	Receivables :			
70	a) Loans to customers	833,742	1,049,043	-20.5%
60	b) Due from Banks	7,873,929	7,774,949	1.3%
	Financial assets held for trading			
20		438,256	461,722	-5.1%
30		21,350	29,320	-27.2%
40		750,270	662,895	13.2%
100	Equity investments	1,057	1,057	0.0%
	Property and equipment and intangible assets			
110		18,771	17,995	4.3%
120		3,181	3,308	-3.8%
130	Tax assets	31,614	19,044	66.0%
	Other assets			
80		0	1,031	-100.0%
140		498,180	0	
150		104,751	101,723	3.0%
160		0	0	
	TOTAL ASSETS	**10,654,611**	**10,195,407**	**4.5%**

Reclassified Balance Sheet
Liabilities (figures in thousands of Euro)

	DESCRIZIONE	DIC 2010	DIC 2009	DELTA %
	Payables			
	a) Due to Customers and securities			
20		2,610,635	1,211,759	115.4%
30		830,271	287,158	189.1%
50		300,365	311,797	-3.7%
10	b) Due to Banks	5,559,083	7,386,774	-24.7%
40	Financial liabilities held for trading	369,387	392,447	-5.9%
	Funds for a specific destination			
110		14,676	15,515	-5.4%
120		13,185	11,538	14.3%
	Other liability items			
60		17,432	8,316	109.6%
80		6,965	9,684	-28.1%
90		448,180	0	
100		145,836	193,128	-24.5%
	Total shareholders' equity			
130	a) Valuation reserves	30,291	50,967	-40.6%
160	d) Reserves	71,138	69,488	2.4%
180	f) Share capital	216,913	216,913	0.0%
200	h) Net Profit (Loss) for the period	20,256	29,921	-32.3%
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,654,611**	**10,195,407**	**4.5%**

Reclassified Income Statement

ITEM	DEC 2010	DEC 2009	DELTA %	ITEMS AS PER BOI CIRCULAR 262 OF 22/12/2005
Net interest income	**45,107,009**	**72,434,410**	**-37.7%**	**10-20**
Gains and losses on assets/liabilities designated at fair value through profit or loss	15,823,762	25,373,878	-37.6%	80-90-100-110
Dividends	1,388,436	4,927,837	-71.8%	70
Net fees and commission income (expense)	**113,384,838**	**114,573,078**	**-1.0%**	**40-50**
Other operating income (expenses)	11,774,040	12,087,579	-2.6%	190
Total Revenues	**187,478,085**	**229,396,782**	**-18.3%**	
Personnel expenses	59,718,975	69,779,344	-14.4%	150a
Other administrative expenses	78,501,818	78,194,123	0.4%	150b
Net adjustment of tangible and intangible assets	4,716,789	5,864,572	-19.6%	170-180
Total operating costs	**142,937,582**	**153,838,039**	**-7.1%**	
Gross operating profit/(loss)	**44,540,503**	**75,558,743**	**-41.1%**	
Net provisions for risks and charges	4,977,800	1,270,509	291.8%	160
Net losses/recoveries on impairment of loans and other financial activities	8,285,582	23,588,170	-64.9%	130
Goodwill impairment	-	-		230
Total provisions and adjustments for impairment	**13,263,382**	**24,858,679**	**-46.6%**	
Net operating profit/(loss)	**31,277,121**	**50,700,064**	**-38.3%**	
Profit before tax	**31,277,121**	**50,700,064**	**-38.3%**	
Income tax expense from continuing operations	12,202,313	20,778,947	-41.3%	260
Profit (Loss) after tax on non-current assets available for sale	0	0		280
Profit after tax on non-current assets available for sale	1,181,138	0		280
Profit/(Loss) for the period	**20,255,947**	**29,921,117**	**-32.3%**	

Summary statement of results at 31/12/2010

EARNINGS PERFORMANCE, ASSETS AND LIABILITIES AND KEY OPERATING INDICATORS

EARNINGS PERFORMANCE (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %	ITEMS AS PER BOI CIRCULAR 262 OF 22/12/2005
Net banking income (Total revenues)	187,478	229,397	-41,919	-18.3%	120-190 IS
Gross operating profit/(loss)	44,541	75,559	-31,018	-41.1%	120-190-150 170-180 IS
Profit before tax	31,277	50,700	-19,423	-38.3%	250 IS
Net profit for the period	20,256	29,921	-9,665	-32.3%	290 IS
EQUITY AND OPERATING INDICATORS (€/000)	**Dec 2010**	**Dec 2009**	**Delta**	**Delta %**	
Total assets and liabilities	10,654,611	10,195,407	459,204	4.5%	
Funding from credit institutions	5,559,083	7,386,774	-1,827,691	-24.7%	10 SPC
Lending to credit institutions	7,873,929	7,774,949	98,980	1.3%	60 SFP-A
Total Interest-bearing Assets	10,415,727	9,977,930	437,797	4.4%	20-30-40-60-70 SFP-A
Total Interest-bearing Liabilities	10,135,352	9,598,252	537,100	5.6%	10-20-30-40 50-60 SFP-L
Total shareholders' Equity	338,598	367,289	-28,691	-7.8%	130-160-180 200 SPP
CREDIT QUALITY RATIOS(%)	**Dec 2010**	**Dec 2009**	**Delta**	**Delta %**	
Net non-performing loans/Loans to customers	4.4%	2.6%	1.8%		
PROFIT RATIOS (%)	**Dec 2010**	**Dec 2009**	**Delta**	**Delta %**	
Cost/Income ratio	76.2%	67.1%	9.1%		
R.O.E. (on share capital)	9.3%	13.8%	-4.5%		
ROI (Gross operating profit / Total mean assets)	0.4%	0.7%	-0.3%		
CAPITAL RATIOS (%)	**Dec 2010**	**Dec 2009**	**Delta**	**Delta %**	
Regulatory Capital	325,221	332,106	-6,885	-2.1%	
Tier 1	279,792	281,451	-1,658	-0.6%	
OPERATING STRUCTURE	**Dec 2010**	**Dec 2009**	**Delta**	**Delta %**	
Total number of employees - current figure	734	740	-6	-0.8%	
Number of branches	13	14	-1	-7,1%	

2. The macroeconomic situation

The latest scenario shows a slowing in the recovery rates and, above all, an extension of the problems on the sovereign debt market showing how the period of financial turbulence cannot be considered as over. In 2010, the various countries showed different macroeconomic development.

The USA continues, now for some months, along a modest growth (+2.8 percent per annum) with a financial situation marked by a diverging dynamic of private sector debt, which is down, and public sector debt, which is up. Production in China (+9.6% per annum), India (+10.6% per annum) and Japan (+1% per quarter) is a brilliant result.

The outlook for the Euro Area has been significantly affected by the turbulence linked to the public debt crisis, which reached peak critical levels in spring, due to the difficulties experienced by Greece[2] in re-financing its public debt and, more recently, for the problems of Ireland and the restrictive tax manoeuvres launched in the main Member States. Development rates in the Euro Area, although similar to those recorded in the USA, are mainly the result of the brilliant performance by Germany (+3.9% per annum), which is the country that, most of all, is supporting the European economy.

The GDP of the Euro zone has shown a major acceleration in the second quarter of the year (+1% t/t) before returning to lower growth rates in the third quarter (+0.4% t/t). Overall, the GDP has risen by 2.0% per annum. The recession continues to force its negative effects on the employment market with the unemployment rate standing close to 10 percent. Industrial production, whilst still a long way off pre-crisis levels, improved significantly in 2010 (+10 percent change rate of December). Inflation on the consumer price index rose significantly on a per annum basis in 2010 (+2.3 percent in December as compared with +0.9 percent in December 2009). It must be stressed that the core inflation rate (purified of the most volatile components) was significantly lower, settling at 1.1 percent. The business trust climate grew uninterruptedly during 2010 (+9.7% in December), with the consumer trend also recovering.

As already stressed previously, the growth process of the Euro area is closely linked to the performance of Germany. The Germany economy shows an increase in industrial production that is far more sustained than that of the other European countries (8 percent as compared with 5.3 percent of the Euro Area), an unemployment rate that is well below that of the major European countries (6.7 percent in Germany as compared with 8.3 percent in Italy and 10.1 percent for the Euro zone average) and with a public deficit forecast, according to the forecasts of the European Commission, at 5 percent of the GDP of 2010, as compared with 6.6 percent for the average recorded for the Euro zone. The significant cash flows generated by the balance of the positive current items have also encouraged Germany to increase direct investment in the other European countries.

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

The crisis of the European public accounts continues to concern the markets. Almost two years after having left the most turbulent phase behind us, the effects of the financial crisis continue to affect the monetary policy, both in the US and, above all, in Europe. The Fed monetary policy, still very much encouraging, the slow, but gradual rise of inter-banking rates of the Euro zone, the economic expansion of Germany and the signs coming from the US economic outlook, means that the single currency has regained ground in recent months against the dollar (+11.7%). As from last July, the euro has regained ground overall also against the Chinese Yuan (+9%) and, to a lesser extent, against the Japanese Yen (+1.5%) and

In 2010, the markets began to doubt the solvency of the Greek government and the spreads of Greek government bonds and the Bund began a dizzying rise. After months of financial turbulence, on 2 May the members of the Euro zone granted Greece a loan of 80 bln. A few days later, the IMF approved a credit line of 30 bln through a stand-by arrangement.

the British Pound (+3.3%). The dynamic of the exchange has significantly affected the overall monetary conditions of the Euro zone. The appreciation of the real exchange rate has resulted in a narrowing of the monetary conditions of the Euro Area, whilst in the USA, conditions have significantly loosened, generating an increase in the gap between the two macro areas.

The indicators of the monetary conditions (IMC), which consider jointly the evolution of the inter-banking inter-axis rate and the exchange rates (both expressed in real terms), allows us to understand the differences that have featured in the money and currency markets of the Euro area and the USA in recent times. An analysis of these indicators reveals that in the Euro area from June to October monetary conditions overall showed a slight narrowing (+0.27 points): the reduction of 0.20 points of the component linked to the real interest rate has been more than offset by the increase of the component relating to the real exchange rate (+0.47 points). In the USA, conditions have recorded a reduction of this index by 0.88 points, linked mainly to the reduction of the real exchange rate (-0.60 points).

As concerns the trend of the European banking system, the level of income recorded for the first half of 2010 was very low indeed, with an improvement, however, seen in ordinary income. The most important European groups have recorded an increase in the intermediation margin deriving from the upturn of the result of security trading and a livelier trend seen in income from interest. The average income cost dropped to 55%. The trends seen during the first six months of 2010 continued over subsequent months, determining a dynamic of the total nine months that was similar to that recorded for the first half of the year. Income from intermediation of European groups recorded a decrease on the previous half-year in the third quarter of 2010, although the change of the first nine months is still very positive.

The macroeconomic situation in Italy

Italy shows a slow economic upturn in 2010. The GDP rose by 1.3 percent in 2010 (according to the latest ISTAT data), therefore below the average recorded for the Euro zone (+2.0 percent per annum). The Italian real GDP does, however, show a gradual reduction with its potential level determined by the OECD, the output gap remains negative, but is reducing. The contribution of resident family consumption recorded an increase of 0.6 percent per annum. The country's economic trend remains, therefore, driven by exports. In terms of outlook, the industrial production index for 2010 returned to rising, recording a +5.4% increase per annum.

The inflation rate harmonised on the consumer price index gradually rose in 2010. The latest ISTAT figure has stabilised inflation at a value of +2.4%. Core inflation remained on slightly lower levels (but in any case greater than those of the Euro area), settling at around 1.6%. The prices of fuel weighed most heavily (+14.6%). Prices to production continued to grow and strong rates (+4.8%) whilst consumer price growth was more moderate (1.9% as compared with 1.0% for 2009). Trust of companies was up, although consumer mood had worsened.

As concerns public debt, we note an improvement in the deficit/GDP ratio, which came in at 4.6% as compared with the 5.4% posted for last year, whilst the debt has reached 119% of the GDP (as compared with the 116.1% of 2009).

Regarding Italy, as happened for the entire euro area, official data from the last two quarters confirmed signs of recovery suggested by the last few months of economic indicators.

The recession continues to impress its negative effects on the employment market too. Unemployment has remained above 8 percent throughout 2010 with a worrying increase of unemployment amongst the young.

The Italian banking industry

The Italian banking sector has managed to provide suitable credit flows to the economy throughout the crisis. The annual growth rate of loans to families and businesses, net of items linked to securitisation transactions is +4.3%, after having almost reached stagnation point at the end of last year. The uptake of credit flows is due, at least most recently, to the great upturn to credit growth rates in production. As of October, the quarterly growth rate on an annual basis came in at 5.9 percent, more than 7 points above the value posted for the previous year, showing how the reprieve underway will be strengthened over the coming months. The Banking Lending Survey (BLS) shows that the reasons underlying the demand for loans are linked to the need to reconstitute stocks and provide for day-to-day operations or corporate restructuring, whilst requests for credit linked to financial difficulties are down. As concerns consumer family credit, the annual increase rate in the last quarter was fairly high, settling at around 10 percent, whilst the quarterly growth rate on an annual basis in October settled at around 4 percent. It is therefore likely that in the coming months, the growth in loans to families shall stabilise at values below those currently recorded, but which shall, in any case, remain high. In the breakdown according to the purpose of loans, we note a certain stability in growth rates of the various components, although we can mention a return of dynamics for consumer credit and signs of "fatigue" for mortgages. The Italian credit dynamic is better than the international dynamic, thanks to the greater capacity for absorption seen by the Italian banking system of restrictive tension caused by the recent financial crisis. In particular, the problems relating to funding policies and the level of capitalisation of the banking system as a whole, are less grave. Alongside these structural factors, we should also mention the recent growth in bank risk, which has been significantly lesser than the recession experienced. The risk growth seen in the recent cyclical phase has been of decidedly limited dimension and dynamics, considering the depth of the recession, both due to the greater credit ratings of the fund investors and the improved capacity to choose and monitor debtors by the national banking system as a whole. It is also noted that this lower risk is particularly evident for families too.

Deposits present a significant slowing, above all in the short-term components and would appear to have to suffer the difficulties of the Euro area as concerns bond orders. For the first time after a decade, deposits from bank bonds are down on the total funding due to the flattening out of the returns curve (the differential between the fixed-rate and 10-year swap-rate bond is close to zero) and the loss of credit rating linked to the country risk (premium that can be listed in 50-100 basis points).

The dynamics of overnight deposits have also slowed greatly due to the accumulation of liquidity by savers during the crisis period.

In a difficult context, the banking sector has continued to pursue its strategy of reinforcing equity. As from the end 2007, the basic equity of the system is up almost 2 percentage points, today making the level of capitalisation coherent with the restriction consisting of the sum of the minimum requirements and capital conservation buffer. As concerns statement of income aggregates, 2010 should close without the net result of banking activities recording a recovery on the poor result of 2009, due to the major decrease in the interest margin (-3.6%), not entirely offset by a slight growth in other income. The stagnation of all revenues is worsened by a further, although modest, growth in allocations, particularly to credits, which is in contrast with the reduction of both cost items of banking activities.

Assets managed

In 2010, the asset management industry collected Euro 26 billion. The flows from Portfolio Management (GP) amounted to Euro 18.6 billion, whilst those from

Collective Management exceed Euro 7.3 billion. At the end of 2010, assets managed by the industry settled at Euro 1,007 billion.

As of 31 December 2010, Assets Under Management" of Collective Management amounted to Euro 502 billion, net collections for the last quarter closed with outgoings for 1.3 billion. Since the start of the year, Open-ended funds have contributed with deposits of Euro 5.7 billion (2.4 billion outgoings in the last quarter), closing the year with assets of more than Euro 460 billion. Subscriptions concentrate on Foreign funds, which, in the 12 months in question, have collected more than 30 billion, of which 7.1 in the last quarter of 2010. 12 billion of the total result came from subscriptions of round-trip funds (Italian managers), whilst the remaining 18 are instead due to foreign funds (managed by foreign managers). The equity of foreign funds is today worth 58% of the AUMs invested in open-ended funds. The trend of deposit flows for Italian funds is negative for Euro 24.6 billion (-9.5 in the last quarter).

In Portfolio Management, AUMs total Euro 505.5 billion, equal to 50 percent of the assets of the entire industry.

Of the total income, amounting to 18.6 billion (-2 in the last quarter), a total of 16.4 is attributed to flows from the "Management of insurance assets", which close the year totalling Euro 282 billion.

Retail GPM archive the year with flows of 3.8 billion (-2 in the last quarter) and assets managed for more than Euro 85 billion. In 2010 Euro 792 million came from the "Management of social security assets", meaning that assets managed amount to Euro 33 billion. Despite the subscriptions recorded during the third quarter, for Euro 148 million, retail GPV closed 2010 with outflows of Euro 500 million.

For Closed-end Funds, year deposits amounted to more than Euro 1.4 billion, of which more than 1 in the fourth quarter. At the end of the year, Assets Managed exceeded Euro 41.5 billion.

By observing the trend of deposits according to category, the result achieved by the Bond asset class stands out, which, during the year, recorded flows for Euro 29 billion. Outflows for the category in the last quarter instead amounted to Euro 53 million. Bond products today account for around one third of assets under management, equivalent to Euro 320 million.

For the "Balanced" categories, the year closed with total deposits of more than Euro 6.4 billion, of which more than 1 billion collected from October to December. The assets managed are worth more than 1/5 of the sector's assets under management, equal to more than Euro 223 billion. During the year, a renewed interest in the Share market has pushed deposits of the equity category to Euro 4.2 billion, with a result recorded during the fourth quarter of close to Euro 2.9 billion. The assets managed are worth Euro 124 billion. Flexible products close 2010 with deposits of Euro 3.5 billion (-614 million during the fourth quarter) and assets of Euro 83 billion. The calculation since the start of the year for Real estate products shows incoming flows for more than Euro 1.4 billion, of which 1 billion collected during the last quarter. These results guarantee the category of reference assets managed of almost Euro 41 billion, more than 4 percent of the total AUM. 11.7 billion have been collected since the start of the year by Unclassified products, of which 700 million in the last three months. The assets managed are worth Euro 131 billion. Flows differ for almost Euro 2 billion from hedges throughout 2010. For Monetary products, the year closes with outgoing flows for Euro 28 billion and assets at a standstill at Euro 73 billion.

The Cooperative Credit Industry

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

The reinforcement of regional coverage, which brought the "BCC industry"'s branch offices up to 12.9%, notably contributed to changing competitive conditions, in that it often led to the entry into areas already covered by other banks. In December 2010, the BCC system was represented by 415 companies (equal to 54.4% of the total banks operating in Italy) with 4,375 branches (equal to 13.0% of the banking system) with a direct presence in 2,672 municipalities and 101 provinces. Banks are up by 130 units in the last twelve months (+3.1%). The membership base grew in a very meaningful way: in 1999, there were 557,000 shareholders of the BCCs, in December 2010, there were 1,069,913, showing an increase of 5.8% per annum, whilst the number of customers is approximately just over 5.7 million.

With regards to intermediation, in 2010 the significant development of loan activities of the BCC-CRs continued, whilst on the funding front, the critical issues shared by the entire banking system were also experienced by this category.

Total bank deposits of the BCCs in December amounted to Euro 151 billion, showing modest annual growth (+2.5%). Bonds issued by the BCCs amounted in December 2010 to Euro 58 billion, with an annual change of -1.7%, in line with the system average. The share of bond loans on direct deposits (38.4% in December 2010) was greater than that recorded on average by the bank system (36.4%). Indirect deposits calculated at face value amounted to Euro 23 billion in December, showing annual growth of 12.4%. The ratio of indirect and direct deposits at year end settled at 15.3%.

The dynamics of loans is particularly interesting. The BCCs have confirmed their anti-cyclical vocation as banks "close" to the needs of the real economy, certifying 135.3 billion loans, up by 7.7, in line with a dynamic revealed for the banking system as a whole.

In December 2010, loans of the BCC-CRs exceeded Euro 87 billion, with annual growth of 12.4%.

Credit granted was appropriately accompanied by a suitable request for guarantees that at end 2010 covered a broad portion of the loans portfolio (77.1 percent). In particular, the share of loans supported by real guarantees (52.8 percent) is high.

Loans supplied to consumer families are up by 9.9 percent on an annual basis and as of today account for almost 30.5% of the total loans supplied by cooperative credit. Loans to business customers, as of December 2010 amounting to Euro 90.8 billion, present annual growth of 6 percent against basically stationary figures recorded for the rest of the banking industry (0.6 percent).

In terms of a breakdown of loans to production, we can see a concentration in the "construction and real estate" sector that is greater for the BCCs than for the banking system (respectively 35.8% and 29.9%).

In the last thirty months, the economic and social communities served by the BCCs and rural banks have been able to rely on three extraordinary strengths offered by the cooperative credit system: liquidity, equity and loan development.

The BCCs have knowingly managed greater non-performing loans, which, in December 2010, were represented by a ratio of non-performing/loans equal to 4.3%, up by 7 tenths of a percentage point on the same period for 2009. In the banking system as a whole, the ratio of non-performing/loans net of securitisation processes, not realised by the cooperative credit, at the end of the year amounted to 4 percent.

Since the crisis exploded, there have been more than 250 initiatives taken looking to help families, micro/small and medium enterprises. Most are the result of alliances with local entities, entrepreneurial and trade union organisations, dioceses and public entities such as INPS and the Chambers of Commerce. These are the result of a widespread cooperative logic and an approach that focuses on coalition in territories. The BCCs have also adhered to programmes to make liquid funds available, launched by the Cassa Depositi e Prestiti, subscribing to ceiling limits for approximately 1.2 billion, destined for SMEs.

As concerns equity, in December 2010, aggregated "capital and reserves" for the BCCs amounted to Euro 19.2 billion, with a 3.6% annual increase (+24.2% on the system average).

Italian cooperative credit is basing its development strategy on sustainable growth and responsible autonomy. These elements are in addition to those that had already been identified as priorities: the strengthening of the culture and supervisory structures of mutuality; the processing of new territorial development strategies; the identification of new network governance tools, the definition of equity strengthening processes of the individual BCCs; processing of an immediate strategy by which to manage the deterioration on loan quality.

In relation to the new regulatory framework (*Basel 3; Mifid Directive Review, etc.*), numerous consulting processes have been started with a view to representing the legal and organisational specifics of the BCCs. The adaptation by the BCCs to changes in regulations must continue to be interpreted as an evolution aiming to keep substantial references of the mutual cooperation firm, focusing efforts and resources for a more efficient risk governance to improve strategic and equity planning.

To strengthen the regulatory framework, cooperative credit can rely on its strengths: the capacity to self-regulate. The essential tools of this strategy are: the Institutional Guarantee Fund (FGI) and the reform of the governance rules. More specifically, in the FGI, three "pillars" are being worked on, on which the new organisation will be based:

- The first pillar, in relation to data, the assessment and ratings system, looks to create a simple, shared, prevention-orientated system of information and indicators, able to notify the onset of potential business crisis in advance.
- The second pillar looks to strengthen the liquid funds of the system.
- The third pillar is that relating to monitoring the corporate governance systems for the BCCs with mechanisms and measures to be taken only in the event of a critical situation, or rather when an uncertain interpretation or hazardous management of autonomy would risk creating damages to the entire cooperative credit system.

One tool to develop the future is the policy for intervention in favour of southern Italy. This is the direction taken by the Banca del Mezzogiorno, which focuses on building a second level bank that is able to strengthen the credit offer in the south of the country. The basis for this project is that "a group of banks rooted in the territory is able to reveal positive effects in the medium term, constructing better conditions for development".

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 2010 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 has been prepared.

As of 31 December 2010, total assets and liabilities stood at 10,654.6 million as compared with the 10,195.4 million of December 2009(+4.5%). On the asset side, growth mainly concentrated in loans to banks (+99.0 million or 1.3%) and in financial assets in the process of being sold off +87.4 million or 13.2%). On the liability side, instead, the increase was due to growth of 115.4 percent in amounts due to customers (+1,398.9 million) and 51.8 percent in financial liabilities (+517.7 million).

ASSETS AND LIABILITIES (IN MILLIONS OF EURO)

AGGREGATE	Dec 2010	Dec 2009	Delta	Delta %
ASSETS				
Loans to Banks	7,873.9	7,774.9	99.0	1.3%
Loans to customers	833.7	1,049.0	-215.3	-20.5%
Financial assets held for trading	438.3	461.7	-23.4	-5.1%
Financial assets designated at fair value through profit or loss	21.4	29.3	-7.9	-27.0%
Financial assets available for sale	750.3	662.9	87.4	13.2%
Non-current assets and asset disposal groups available for sale	498.2	0.0	498.2	
Total interest bearing assets	**10,415,7**	**9,977.9**	**437.8**	**4.4%**
Other non-interest bearing assets	238.9	217.5	21.4	9.8%
TOTAL ASSETS	**10,654.6**	**10,195.4**	**459.2**	**4.5%**

ASSETS AND LIABILITIES (in millions of Euro)				
AGGREGATE	**Dec 2010**	**Dec 2009**	**Delta**	**Delta%**
Due to banks	5,559.1	7,386.8	-1,827.7	-24.7%
Due to customers	2,610.6	1,211.8	1,398.8	115.4%
Securities and financial liabilities	1,517.5	999.7	517.8	51.8%
Liabilities associated with assets available for sale	448.2	0,0	448.2	
Total interest-bearing liabilities	**10,135.4**	**9,598.3**	**537.1**	**5.6%**
Other non-interest bearing liabilities	167.5	218.3	-50.8	-23.3%
Equity and risk reserves	331.5	348.9	-17.4	-5.0%
Profit for the period	20,3	29,9	-9.6	-32.1%
TOTAL LIABILITIES	**10,654.6**	**10,195.4**	**459.2**	**4.5%**

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

Assets

The total of interest-bearing assets increased from 9,977.9 million in 2009 to 10,415.7 million in 2010 (+4.4 percent). The increase concerned amounts due from Banks for 99 million (+1.3%) and financial assets in the process of being sold off for 87.4 million (+13.2%). Within the aggregate of amounts due from banks, those due from Cooperative and Rural Banks grew by 156.7% (from 1,450.2 million to 3,722.7 million), compared with a drop of 34.4% in receivables from other credit institutions (from 6,324.7 million to 4,151.2 million).

DUE FROM BANKS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
CBs-RBs	3,722,719	1,450,237	2,272,482	156.7%
Other credit institutions	4,151,210	6,324,713	-2,173,503	-34.4%
TOTAL	**7,873,929**	**7,774,949**	**98,980**	**1.3%**

BREAKDOWN OF DUE FROM BANKS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
Due from Central Banks	**473,008**	**1,357,564**	**-884,556**	**-65.2%**
Obligatory reserve	473,008	1,357,564	-884,556	-65.2%
Due from Banks	**7,400,921**	**6,417,385**	**983,536**	**15.3%**
Current accounts and demand deposits	601,484	688,905	-87,421	-12.7%
Time deposits	722,601	2,499,518	-1,776,917	-71.1%
Other	2,818,550	702,358	2,116,192	301.3%
Debt securities	3,258,286	2,526,604	731,682	29.0%
TOTAL DUE FROM BANKS	**7,873,929**	**7,774,949**	**98,980**	**1.3%**

Amounts due from ordinary customers are down by 20.5 percent, from 1,049.0 million for December 2009 to 833.7 million for 2010. The extent of loans is, however, affected by the conferral of special loans, foreign business and beneficial finance that show an amount as of 31 December 2010 of 498.2 million. If this value is considered, receivables have grown significantly as compared with the corresponding 2009 figure. Impaired assets, amounting to 36.8 million, are up by 36.9 percent on 2009 (26.9 million).

BREAKDOWN OF LOANS TO CUSTOMERS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
Current accounts	282,936	219,485	63,451	28.9%
Mortgage loans	247,612	547,052	-299,440	-54.7%
Repurchase agreements	26,675	0	26,675	
Other transactions	88,738	109,260	-20,522	-18.8%
Debt securities	150,994	146,378	4,616	3.2%
Impaired assets	36,787	26,868	9919	36.9%
Total Loans to Customers	**833,742**	**1,049,043**	**-215,301**	**-20.5%**

The portfolio of financial assets held for trading decreased by 23.5 million (from 461.7 million to 438.3 million), a drop of 5.1 percent compared with the previous year after the reduction of derivative instruments (-4.7%).

BREAKDOWN OF FINANCIAL ASSETS HELD FOR TRADING (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
Debt securities	56,877	60,479	-3,602	-6.0%
Equity securities	89	114	-25	-21.9%
UCITS units	1,932	3,153	-1221	-38.7%
TOTAL CASH ASSETS	**58,898**	**63,746**	**-4,848**	**-7.6%**
Derivative instruments	379,358	397,976	-18,618	-4.7%
TOTAL DERIVATIVE INSTRUMENTS	**379,358**	**397,976**	**-18,618**	**-4.7%**
TOTAL FINANCIAL ASSETS	**438,256**	**461,722**	**-23,466**	**-5.1%**

In December 2010, the portfolio of financial assets available for sale had changed to 750.3 million from 662.9 million in December 2009.

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

Liabilities

Interest-bearing deposits amounted to a total of 10,135.4 million, an increase of 5.6 percent on an annual basis (+537.1 million).

The balance of interbank deposits is 5,559.1 million, with a decrease of 24.7 percent on December 2009 (-1,827.7 million). It must, however, be considered that of the Euro 448.2 million deposits to banks that are posted on the financial statements under “liabilities associated with assets being disposed of”, it follows that the reduction in 2010 would have amounted to Euro -1,379.5 million.

Within the inter-bank deposits of this aggregate, BCC-CR deposits decreased by 23.9% (from 5,928.7 million to 4,512.9) with a drop of 28.2% in Due to other banks (from 1,458.1 million to 1,046.2 million).

DUE TO BANKS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
CBs-RBs	4,512,858	5,928,698	-1,415,840	-23.9%
Other credit institutions	1,046,225	1,458,077	-411,852	-28.2%
TOTAL	**5,559,083**	**7,386,774**	**-1,827,691**	**-24.7%**

BREAKDOWN OF DUE TO BANKS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
Due to central banks	0	215,335	-215,335	-100.0%
Current accounts and demand deposits	3,091,517	4,389,687	-1,298,170	-29.6%
Time deposits	2,417,456	2,582,264	-164,808	-6.4%
Loans	47,348	190,272	-142,924	-75.1%
Other payables	2,762	9,216	-6,454	-70.0%
TOTAL DUE TO BANKS	**5,559,083**	**7,386,774**	**-1,827,691**	**-24.7%**

Funding from ordinary customers is up slightly, reaching 2,610.6 million in December 2010, as compared with the 1,211.8 million for December 2009.

BREAKDOWN OF DUE TO CUSTOMERS (€/000)	DEC 2010	DEC 2009	DELTA	DELTA %
Current accounts and demand deposits	630,964	847,025	-216,061	-25.5%
Time deposits	79,381	1,752	77,629	4430.9%
Loans	1,507,158	0	1,507,158	
Other payables	393,132	362,982	30,150	8.3%
TOTAL DUE TO CUSTOMERS	**2,610,635**	**1,211,759**	**1,398,876**	**115.4%**

Funding in the form of securities measured at amortized cost increased significantly (from 287.2 million in December 2009 to 830.3 million in December 2010). 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. The fair value of this aggregate has been hedged against interest rate risk for 239.1 million.

Financial liabilities classified in the trading book, consisting of trading derivative financial instruments were down during the year from 392.4 million in December 2009 to 369.4 million in December 2010.

Equity

As of 31st December 2010, the solidity of the Bank's numbers can be seen first and foremost in the shareholders' equity, excluding the income for the year, of 318.3 million, with a negative difference of 19 million on 2009 (-5.6%). The reduction of 20.7 million is, however, almost entirely due to the capital losses calculated 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 Euro 216.9 million. Reserves are up to 71.1 million (+2.4%), by virtue of the allocation of part of the 2009 profit. This is following the Meeting resolutions of 22 April 2010, which approved the proposed allocation of a dividend of € 67.15 per share.

The item reserves from valuation, although still showing a positive balance of 30.3 million, has decreased by 40.6% 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.

INCOME STATEMENT AGGREGATES (in euro thousands)

	DEC 2010	DEC 2009	DELTA	DELTA%
Interest and similar income	118,382	192,268	-73,886	-38.4%
Interest and similar expense	-73,275	-119,834	46,559	-38.9%
Net interest income	**45,107**	**72,434**	**-27,327**	**-37.7%**
Fee and commission income	306,046	275,316	30,730	11.2%
Fee and commission expense	-192,661	-160,743	-31,918	19.9%
Net fees and commission income (expense)	**113,385**	**114,573**	**-1,188**	**-1.0%**
Dividends and similar income	1,388	4,928	-3,540	-71.8%
Net gain (loss) on trading activities	8,085	23,452	-15,367	-65.5%
Net gain (loss) on the hedging activities	314	504	-190	-37.7%
Gains/(losses) on disposals	5,592	1,028	4,564	444.0%
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	1,834	390	1,444	370.3%
Other operating income/expenses	11,774	12,088	-314	-2.6%
Total revenue	**187,478**	**229,397**	**-41,919**	**-18.3%**
Administrative expenses	-138,221	-147,973	9,752	-6.6%
Net adjustments of property and equipment	-2,635	-3,176	541	-17.0%
Net adjustments of intangible assets	-2,082	-2,688	606	-22.5%
Operating expenses	**-142,938**	**-153,838**	**10,900**	**-7.1%**
Gross operating profit/(loss)	**44,541**	**75,559**	**-31,018**	**-41.1%**
Net provisions for risks and charges	-4,978	-1,271	-3,707	291.7%
Net losses/recoveries on impairment	-8,286	-23,588	15,302	-64.9%
Total provisions and adjustments for impairment	**-13,263**	**-24,859**	**11,596**	**-46.6%**
Net operating profit/(loss)	**31,277**	**50,700**	**-19,423**	**-38.3%**
Profit before tax	**31,277**	**50,700**	**-19,423**	**-38.3%**
Income tax expense from continuing operations	-12,202	-20,779	8,577	-41.3%
Profit (loss) after tax on non-current assets in the process of being sold off	1,181	0	1,181	
Profit for the period	**20,256**	**29,921**	**-9,665**	**-32.3%**

Net interest income

The interest margin at 31st December 2010 was 45.1 million, down by 37.7% on 31st December 2009 (72.4 million). This is mainly due to a lesser contribution of the treasury and finance management.

In ratio to total revenues, the proportion went from 31.6 percent in December 2009 to 24.1 percent in December 2010.

Fees

Net fees from services came in at 113.4 million as of 31st December 2010, thereby showing a 1% decrease on 2009 (114.6 million). This is mainly due to a more ~~suitable~~ limited contribution by assets managed and consulting in the sector of equity and, at present, of a general lack of change to tariffs applied to services.

Gains and losses on financial transactions

In 2010, profits from financial transactions, which include gains and losses resulting from the sale of financial assets held for trading or sale and gains/losses in the measurement at fair value of financial assets held for trading, reach 15.8 million, therefore down 9.6 million (-37.6 percent) on 2009 (25.4 million).

Total revenue

In 2010, the Bank achieved total revenue of 187.5 million, down 18.3 percent on the results posted for December 2009 (229.4 million). This is due to the lesser contribution of the interest margin and the net trading margin linked to the less favourable financial market conditions of 2010.

Operating expenses

Operating costs sustained in 2010 were down by 7.1%, denoting the particular attention paid to policies making resources used in operating activities more efficient. The total amounted to 142.9 million (153.8 million in December 2009), including personnel expenses, administrative expenses, indirect taxes and net adjustment of tangible and intangible assets.

Personnel expenses

In 2010 personnel costs amounted to 59.7 million, down 14.5% on 2009 (69.8 million).

Other administrative expenses

At the end of December 2010 other administrative expenses reached 78.5 million, a slight increase of 0.4 percent over the previous year period (78.2 million). For more details, please refer to the Explanatory Notes – Section 9 – Administrative Expenses Item 150 table 9.5

Net adjustments of tangible and intangible assets

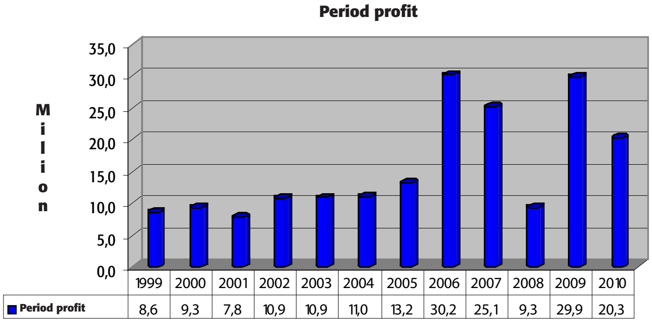
Net adjustments of tangible and intangible assets came in at 4.7 million in 2010 as compared with the 5.9 million of 2009.

Gross operating profit

As a result of the performance described, the gross profit on ordinary operations came in at 44.5 million, down 41.1 percent compared with December 2009 (75.6 million).

Profit for the period

The profit for the period on ordinary current and non-current assets, net of the change in direct taxes for the period, was 20.3 million, compared with 29.9 million in 2009, a decrease of 32.3 percent.



The cost income ratio went from 67.1 percent in 2009 to 76.2 percent in December 2010.

4. Bank activities

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

Finance and Credit

On 31st December 2010, the articulated project envisaged on the GBI business plan, reached its completion. It aimed to rationalise and optimise the production structures of the subsidiaries, established by the parent company with the transfer to Banca Agrileasing of the business unit relating to Special Loans, Subsidised loans and Foreign business. The project essentially concerns the completion of the transfer from Iccrea Banca to the sister-bank Banca Agrileasing of loans to corporate customers that began with the first transfer on 1st July 2007. More specifically, the branch was transferred in its industrial, economic and financial organisation with effect from 1 January 2011.The operation therefore entailed the transfer to Banca Agrileasing of goods, human resources, financial resources and legal relations relating to the branch, including the following assets and liabilities:

- tangible and intangible assets;
- credit;
- all liabilities relating to the branch, including payables due to customers, banks and suppliers, financial and tax payables.

The operation also resulted in the transfer to the conferring bank of 42 employees, representing the staff directly employed by Iccrea Banca in the Branch as of 31 December 2010.

Following an examination of the various different options, in the light of further investigation and opinions obtained, the technical method identified for the actual transfer of the branch is as follows:

- the transfer took place through the transfer of the branch. This solution has been identified by the parent company as the preferred technical method in corporate/accounting terms;
- the conferring bank has increased the capital (resolved by the Extraordinary Shareholders' Meeting of Banca Agrileasing of 22 December 2010) at the service of the branch conferral, by the transferor, by means of the issue of 756,970 new ordinary shares with use on 01 January 2011, of a face value of Euro 51.65 each, with a premium of e 14.40 to be reserved to Iccrea Banca, at the total price of Euro 50 million, of which Euro 39,097,500.50 face value and e 10,902,499.50 premium.

The conferral was resolved on the basis of the equity situation as of 30 June 2010, drawn up in accordance with and pursuant to art. 2343-*ter* of the Italian Civil Code. This was authorised by the Supervisory Authority in accordance with art. 57 of Italian Legislative Decree no. 385 of 01 September 1993 (Consolidated Law on Banking and Credit) on 13 December 2010.

As concerns the conferral of the branch and the relative exchange of shares of Banca Agrileasing, this has been determined on the basis of the theoretical current value (or "fair value") calculated pursuant to art. 2343-

ter, paragraph 2, by the independent expert, which was identified, by agreement with the parent company, as the company KPMG. The assessment of the expert delivered to Iccrea Banca on 15 September 2010 confirms that the economic capital value of the branch has amounted to Euro 50 million. The economic value of the branch has been calculated by applying the Dividend Discount Model in the Excess Capital variant and has been recorded as falling within a range of Euro 48.0 to 52.5 million.
With regards to the accounting profiles, the transferee company has been assigned all assets of the transferor, with reference to the Balance Sheet as of 30 June 2010. Banca Agrileasing shall take over position of all legal and contractual relations transferred.

The Branch has been conferred, in terms of its balance, as of 31 December 2010 and considering, therefore, any changes deriving from the operative dynamic subsequent to 30 June 2010.

As concerns Finance, the various sectors of activity in which it is organised have supplied appropriate support to the operative demands of the BCC-CRs, keeping a low proprietary risk profile and, in any case, under the scope of the powers assigned. The following comments regard the diverse operating spheres, examined in more detail.

ALM

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

The offering of the ALM service, because of its institutional nature, is directed at Federations and BCC-CR so as to reinforce the capacity to efficiently govern and balance the risks associated with the management of industrial assets, contributing in this way to improving the total financial results through the correlation and management of costs, risks, value, and performance. In this situation, for local Federations, activity was oriented toward sustaining activities of direction and control of the balances of their associates; instead, for BCC-CR, as support to Management in the area of policies of equity placement compared with risk.

The offer system, furthermore, is such as to support the BCCs in complying with the requests of the supervisory organisation and, in particular, with regards to the preparation of the ICAAP report.

The growing demand by the system for customised analyses and solutions by which to face up to the operative critical issues that have intensified in recent years, has resulted in a development of the CAM with respect to the underlying ALM, in consideration of a greater demand by the market for prospective analyses of equity, financial, economic and risk balance.

Money Markets

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

The Bank's core business generally helps generate liquidity on demand that is committed to inter-bank deposits. During the year, liquid funds were used above all to fund the needs of the Group Companies and, in particular, Banca Agrileasing. The structure of the flows committed and due and the amounts allows for a limitation of the liquidity risk with a balanced repayment of current positions.

In 2010, the Monetary Market Service activity was characterised by a major operational change due to internal and external factors of Cooperative Credit.

From its role as classic provider of funds on the inter-bank, the Treasury of Iccrea Banca has gradually altered its operations, in particular during the second half of 2010, more and more often presenting itself on the market as a recipient of funds in order to support the commitments of the GBI.

The financial crisis that began in 2008 has made trading of unsecured deposits more and more difficult and led money market operators towards forms of collateralised exchange of liquidity. Consequently, the Money Markets Service has also had to adapt to the new operating demands by increasing operations on markets such as MIC, MTS and, as required, participating in Open Market transactions called by the ECB.

This change has required a great effort by the Treasury operators, due to the technical-operative development of new functions in a continually evolving regulatory context that requires significant time to be devoted to the study and analysis of the liquidity risk management dynamics.

Additionally, to continue to guarantee the BCCs an appropriate operational/financial service, the SMM has undertaken initiatives aiming to meet both investment and funding needs of the BCCs, also preparing suitable disclosures both through Circular letters and documents published on its portal.

As investment tools, the Service has pursued the following initiatives:

- extension of the range of investment accounts, guaranteeing greater flexibility and higher returns than the liquidity held on the CRG;
- publication on the Webfin portal of investment proposals offering the BCCs the possibility of using their excesses in the form of restricted deposits offering higher returns than the Euribor fixing, looking to increase fidelity of BCCs that have been “attacked” throughout the territory by other counterparties.

The greater cost of operations on unsecured deposits, which is also reflected by listings with growing spreads of credit lines linked to the BCCs and the drop of liquidity, have resulted in an increasing number of BCCs making more and more use of participation in ECB auctions and the trading of PCTs with government bonds. In this sector, volumes traded are up significantly in the last 3 months of the year, growing by around Euro 500 million up to almost Euro 3 billion.

All this has resulted in a significant change in the operations of the SMM, which has found itself having to manage non-automated operations with major operational risks but which, in any case, has guaranteed not only a suitable service to the BCCs but also a good economic result.

In order to provide a suitable response to the important challenges imposed by the evolution of markets and regulations, the Money Markets Service has proposed accelerating the complete reorganisation of collateralised operations in various ways: contracting, definition of counterparty limits, operative management, redefinition of tools for managing liquidity risks. These activities, which began during the last part of the year, will be completed during the first few months of 2011.

In 2010, the “Web Treasury” was started up, the Treasury Service portal that allows the BCCs to access, through a single access point, the various applications allowing for short-term treasury management. With this new service, which comes amongst those offered in support of the TARGET2 regulation system, Iccrea Banca is able to guarantee a facilitated, immediate entrance with reference to on-line Treasury services. “Web Treasury” allows operation of the following applications:

- RTGS sites – monitoring and management of some functions relating to payments transiting in TARTGET2;
- MROB – mobilisation of the compulsory reserve (ROB);
- TUT – the application to manage the new Consolidated Telematic Treasury system of the Bank of Italy.

Asset Management

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

In 2010, the MA.S. service was concentrated on three main operating lines:

1) management of portfolios owned by the BCC-CR;
2) consulting to BCC-CR about financial investments for Bank property;
3) BCC Vita portfolio management.

Equity management has suffered the adverse financial market conditions and, in particular, the CCT trends. This amendment, together with the gradual limitation of financial resources that can be allocated to the sector destined for trading securities by the BCC-CRs has had negative effects on all assets under management, which, at the end of 2010, is halved as compared with the balance of last year.

By contrast, consulting has continued to spread throughout the BCC-CRs and increase volumes, successfully managing to help the BCC-CRs assume defensive positions, limiting risk and documenting the choices of asset allocation as they are proposed to the Board of Directors, even at the times of greatest tension on the financial markets.

The totally managed assets (sum of the delegated and consulted operations) were Euro 3.7 billion, in line with that recorded at end 2009.

With regards to the BCC Vita portfolio management, assets managed have grown by 28% in one year, going from 818 million to 1,048 million at end 2010.

Proprietary and Trading Finance

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

The Service consists of four departments:
- Operational ALM department;
- Derivates and Integrated Risk Management Department;
- Market making department;
- Government bond department,

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

During 2010, under the scope of market making activities, we saw an initial increase in the volumes traded on the multilateral trading system Hi-Mtf, however the September 2010 adhesion of Iccrea Banca to EUROTLX, as the place of implementation for orders sent by the BCCs has resulted in a stabilisation with respect to the volumes recorded in previous years.

With regards to transactions in derivates, it is noted that contracts have been drawn up with market counterparties, mainly for the management of financial risks deriving from the activities with the BCCs, for a nominal total of approximately Euro 5 billion.

The business mainly focused on vanilla products, in line with the trend seen in the market of reference following the crisis affecting the international financial markets.

Iccrea Banca has also issued Covered Warrant Caps destined for retail customers of the BCCs to hedge the implicit interest rate risk in variable-rate loans for a nominal total of 158 million.

With reference to funding, we note that during 2010, Iccrea:

- made two issues under the Italian prospectus, destined both for retail and institutional customers for a nominal figure respectively amounting to:
  a) 100 million (security with fixed and variable rate with guaranteed minimum);
  b) 145 million (security with fixed and variable rate without guaranteed minimum).
- made an issue under the EMTN Program on the international markets for a nominal value of 400 million.

Customer Desk

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

In 2010, order collection on share titles listed on Borsa Italiana showed a slowing in volumes traded as compared with 2009. Against the Euro 5.1 billion achieved last year, in 2010 a drop of 0.4 billion was seen (Euro 4.7 billion in 2010). This trend is directly linked to the negative issues seen in the market of reference. The FTSE MIB index, which in 2009 recorded a 16.5% increase, this year suffered a 13% drop.

The conduct of BCC customers, mainly of the retail segment, has once again confirmed the direct relationship between market trends and operative behaviour seen in this category of investors.

The market share on the MTA segment is back at the levels of 2008 (0.24%) and is confirmed as distinctly lower than the corresponding share of assets developed by customers of the BCCs in the bond sector.

The traditional aversion to the risk of the retail sector has been further confirmed by the trend of volumes of trading defensive instruments and, in particular, Italian government bonds, for which volumes of orders collected have once again exceeded the record posted for 2009.

A significant portion of assets generated by the portfolio held by the BCCs has contributed to reaching this figure by moving from the wholesale MTS market to the more liquid, more flexible MOT market. On this matter, we should also note the excellent performance of the Hi-Mtf market, which has, by virtue of the quality of the prices exposed, successfully managed to attract a share of volumes equal to approximately Euro 3.5 billion.

The market shares calculated on the volumes traded by ICCREA on the segment in question have confirmed the trend that began after the 2007 financial crisis, which sees BCC customers favour investment in government bonds and bonds issued by the BCCs over higher risk instruments.

As of 31st December 2010, the market share held by Iccrea Banca on the MOT-Government bond sector has remained basically unchanged on last year, confirming the 3rd place enjoyed by our institute on a national level (Assosim processing of Borsa Italiana data).

The positive trend that has affected the fixed income sector has been further stressed by the data relating to the volumes channelled onto the Hi-Mtf market, where an increase has been seen in activities on euro bond securities (Euro 900 million conveyed as compared with the Euro 828 million for 2009).

With the introduction of regulations on "non-liquid" products (Consob communication of March 2009), the institute has striven to strengthen its competitive position by adhering to the EuroTLX market and introducing a basket of securities on which it can guarantee liquidity. With these two initiatives, it is able to ensure the BCCs operations on more than 4,000 listed bond instruments, hence classifiable as "liquid".

In the same way, a new segment of the Hi-Mtf market has been developed, referred to as "Order Driven" in which bonds of the BCC can be listed.

This solution has been greatly appreciated by Consob too, which has recognised the merits of an initiative looking to concentrate activities traditionally performed by the BCCs as a direct offset with its customers in a market that guarantees high levels of efficiency and transparency.

The trend of trading volumes on the securities in question has once again suffered the negative effects of the financial crisis.

With regards to Aureo Gestioni, the volume of turnover reserved to our institute stabilised at around 50% of the entire activities developed by the SGR.

As concerns OTC bonds, despite the great volatility that has marked the bond markets, the activity of "Non-systematic internalisation" has recorded this year a distinctly better trend than that which had been forecast during budget presentation.

As from 15th November 2010, trading on own behalf on the securities in question has been reorganised, with the separation of order collection (by the Customer Desk Service) from order implementation, which has been transferred to the Own Finance and Trading Service.

In 2010, feasibility analyses continued looking to identify a "system" solution with regards to operations on on-line channels in order to offset the constant erosion of the market shares in the specific on-line trading segment and, in more general terms, to suitably reposition cooperative credit.

Securitisations

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

The market is above all concentrated on securitisation operations looking to ensure re-financing with the ECB, the average spread changed during 2010 from approximately 160 bps going to 100 bps and then returning to approximately 170 bps for RMBS AAA securities. Following the decision to restrict eligibility of ABS securities with the ECB to only operations with two ratings, all players that had structured operations with just one rating have had to provide for, and indeed many are doing so now, a second rating to be assigned to operations with another agency.

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.

During 2010, the most important competitors structured eligible securitisations and/or covered bonds, taking advantage of very advantageous refinancing rates put into practice by the ECB. Additionally, some counterparties have structured securitisation transactions with an AAA tranche, with a very short average residual life (between 1.5 and 3 years) to be placed with public investors at spreads between 120 and 150 bps.

On 1 June 2010, the Credit Funding 2 transaction came to a close with the refund of all securities.

GBI's structured securitisations of the Credico Finance type are currently all performing. As with all transactions of this type, an increase has been recorded in delayed and/or doubtful loan positions, without determining action by ratings agencies.

The AAA securities of the Credico Funding 3 transaction have been downgraded by Moody's, going from Aaa to Aa2 in 2009, whilst S&P has downgraded the AAA securities, taking them to A rating, as well as downgrading all classes with ratings in August 2010.

Additionally, in April 2010, S&P reduced long and short-term ratings of all GBI from A/A-1 to A - negative watch / A-2.

All transactions with public ratings by S&P have been put to negative watch ratings as of 18th January 2011, due to the change in criteria for counterparties involved in securitisation transactions.

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

Loans and receivables

The Institutional and Special Credit Service carries out the activities associated with credit granting procedures in national and foreign currency for the relative clientele (institutional, large corporate, retail, ICCREA employees) and for special loans, and all activities connected with the same (development, pricing, management and monitoring). It carries out granting activities for the mandate for the issue of Bank A/C and for granting operating maximums of counterparties.

In 2010, Iccrea Banca, as concerns the loans sector, continued to provide financial support to its customers, ensuring loans to the following counterparties:

- BCC/Banks (325 resolutions);
- Group companies;
- Retail customers (322 resolutions) consisting of employees of the bank group and/or employees or customers presented by the BCC;
- Large corporate companies for transactions of significant value and tending towards the development of payment services;
- "Special credit" sector companies.

During the second half of the year, the second "spin-off" transactions of loans came to a close on 1 January 2011. The conferral, which particularly concerned the "special loans" sector, has significantly affected the relative activities.

During the first half of 2010, also thanks to the development and extension of the conventions in place with Fondosviluppo, BIT and Medio Credito Centrale (MCC), examined 102 requests for loans for a total of 106.3 million, of which 62 resolved for a total of 74.5 million (divided up into 33.4 million "agrarian", 38.8 million "Fondosviluppo" and 2.3 million "MCC"). Sector deliveries during the first half of 2010 amounted to 129 for capital o 54 million, broken down as follows: 19.4 million "agrarian"; 30.2 million "Fondosviluppo"; 1.6 million "Inail" and 2.8 million "MCC".

The institute, in continuing the work that began in 2009, also in compliance with the "New Prudential Supervisory Instructions for Banks" about liquidity risk management, completed the new configuration of the treasury credit lined in favour of the BCC/Banks, making available to them a range of instruments suitable for covering all of the BCC necessities regarding liquidity risk. More specifically, the remodulation concerned the division of the loan agreement "Mixed foreign business" on specific treasury lines. Additionally, in order to support the BCCs under the scope of the problem of a lack of liquid funds, the institute acquired mortgage loans defined by the BCCs (credit transfers) for a total of 58 positions and an amount of around 30 million.

Additionally, 34 concessions of new ceilings were resolved for finance to national and foreign banks.

As of 31st December 2010, performing net loans to ordinary, non-banking customers amounted to 1,091 million, of which 367 million used by companies of the Group.

In relations with banking counterparties and investment businesses, the results achieved in 2010 have continued to suffer – at least partially – the liquidity crisis present on the financial markets. This crisis has had a negative effect on the activities of the entire banking sector, including the BCCs.

The liquidity crisis has been associated with a rapid decline of share listings of credit institutes and the growth in the cost of funding.

Total uses of loans, treasury lines and repurchase agreements in favour of "banking" customers amounted to 8,231 million, of which 3,948 million towards BCCs, 334 million towards banks and 3,325 million towards Banca Agrileasing.

For what regards the Institutional sector, during 2010 activities continued which were aimed at ensuring financing operations directed toward BCC-CR and to Group companies and, to a lesser extent, to retain customers made up of the banking group's employees or by employees or clients presented by the BCC-CR and some companies classifiable as large corporate, for transactions of conspicuous amounts and in any case related to further developing payment services through our Bank, allowing to reach and/or gain the trust of very important economic counterparties.

Subsidised Loans

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

The Subsidised Loans Department promotes BCCs' customers ability to take advantage of subsidised financial instruments that work in favour of companies, including the so-called negotiated programme. The department activity has, for many years, been affected by evolution relating to the reorganisation of the benefits system, not in line with the policies thus far implemented, including a series of interventions that began in the 1990s. The agreements signed with the Ministry for Economic Development for the management of applications (pursuant to Italian Law no. 488/92) and for the management of Territorial Agreements impose a continuation of the management of contributions in favour of companies that have obtained benefits before the beneficial instruments were abandoned. The management period lasts for several years and during the year continued to commit the bank's departments dedicated to this activity, with characteristics of particular complexity and delicacy.

The global financial crisis and governments' necessity to adopt anti-recession measures in 2010 offered opportunities in the incentives sector which were accepted, such as management of the Cassa Depositi e Prestiti credit limit directed at Banks in order to coordinate the shares assigned to the entire system of the BCCs.

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

Since 1st January 2011, under the scope of the conferral to Banca Agrileasing of the corporate unit of Iccrea Banca, the department has been transferred to Banca Agrileasing to complete the grouping of corporate departments under the scope of the Iccrea Banking Group.

Foreign business

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

The continued international economic and financial crisis has penalised the trend of international trade, and its reflection on some countries in the Euro area (namely

Greece, Portugal, Ireland and Spain) are negative factors that, although have weighed significantly, have not managed to slow the upturn to international trade that is driven worldwide by emerging markets, with specific reference to the more known BRIC (Brazil, India and China) and others that have been less mentioned in the news, but which have performed excellently, such as Turkey, Malaysia and Chile. In this context, Italy, due to its low market share in emerging economies has, unfortunately benefitted less than other industrialised countries (in particular than Germany) from the return to world trade. Moving further down and transferring the previous concepts on a national and territorial basis, we must, once again, note that the companies that have best managed to make the most of the positive phase of the markets, are those with the greatest international vocation.

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

In this internationalisation context, Iccrea concentrated on the quality-quantity development of the range of services offered, dedicating a great deal of attention to the development of technical skills of our foreign workers, in order that the already high quality of the service provided to customers should soon reach excellent levels.

With regards to the distribution network, the spin-off has just been completed (1st January 2011) of the business unit relating to foreign business for Trade and Export finance for ICCREA Banca and Banca Agrileasing, a factor that should allow for a better commercial penetration, given the articulated presence of this sister bank on the territory.

Under the operating profile, we have completed the operating and decision-making "chain" that is very short so as to let us operate with particularly short execution times and so be able to satisfy the requirements of the most demanding customers. Through a direct channel with the Head Office, the possibility was also given, both to colleagues in the distribution network and to the clients, to be able to obtain practically in "real time" qualified operating assistance and elevated consulting support especially regarding all of the most complex transactions. Furthermore, broad consulting was supplied on all aspects related to the interexchange with foreign countries which could range from disinvestment of credits to export to information on how to access SACE services to ensure loans against political risks (default of the foreign debtor country) and/or commercial risks (default of the foreign debtor). In perspective, the objective to which to tend is to arrive at assisting companies to better set up their international activities and, in this context, the Iccrea Group proposes to offer the entire range of services typical of activity with foreign countries, supplying complete commercial and financial assistance in the management of operations and complex transactions.

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

- enlargement of its own catalogue of products/services, which currently is able to cover almost all of the main needs of export companies and/or companies that generally operate with foreign countries;

- in collaboration with S&F Consulting and Iccrea Holding, the supply of a series of training paths dedicated to “Foreign Specialists”, the benefits of which have already been broadly used for BCC-CR personnel;

- production of newly acquired procedures and the implementation of those already utilised for the management of new products (medium-/long-term financing also in pools, multiple effect discounts, transactions guaranteed by SACE);

- renewal, with SACE, of the “Framework Convention” (Credit Enhancement) for internationalisation transactions of small and medium-sized companies that are BCC-CR clients; signing, also with SACE, of two other “Conventions” to insure financing carried out on credit limits made available by the Deposits and Loans Fund and advances made against credits held regarding the Public Administration. It is noted that for these types of transactions, the Bank will operate only as an operational bank and therefore only to allow for BCC-CR and their customers to take advantage of insurance coverage;

- in collaboration with BCC Multimedia and Banca Agrileasing, the release of a “Foreign Gateway” to which the BCC-CR can, since last March, refer to find useful information on products, documents, markets, news, and in general on everything regarding the “foreign” world.

Payment systems

In 2010, evolution continued in the migration process to the single euro payments area (SEPA). In particular, since 1st March 2010, Italian Legislative Decree no. 11/2010 came into force, published in the Ordinary Supplement to the Official Gazette no. 36 of 13th February 2010, which incorporates Directive 2007/64/EC (Payment Services Directive - PSD) dated 13th November 2007, into the Italian order.

In this evolutionary context, interventions have been implemented in the various sectors of payments and the initiatives implemented have aimed to increase compliance to include the new system rules and develop new products.

Collections and payments

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

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

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

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), and with the objective of further speeding up exchanges and the related regulations.

With reference to the individual products, the following is noted:

- Transfers: move from the Italy transfer procedure to the SCT procedure. In this channel, to which all domestic traffic will migrate, ICCREA shall no longer receive the current commission of the banks directly adhering;
- Sales income: reduction of the tariff to offset the competition of the Cassa Centrale di Trento;

- Portfolio: reduction of tariff following the reduction (antitrust) of tariffs that the contracting bank must pay to the paying agent (from 0.25 to 0.16 RID). Previously, the tariff on the category circuit applied to customers (and priced at zero for the addressee BCC) amounted to 0.23, today it amounts to 0.13.

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

The table below shows the evolution of volumes conveyed.

INTERMEDIATED VOLUMES	2010	2009	DELTA
Total cheques	48,196,000	50,782,000	-2,586,000
Bank drafts issued	2,353,000	2,470,000	-117,000
Sales portfolio	41,673,000	36,087,000	5,586,000
Electronic and "Postel" income	9,916,000	10,467,000	-551,000
Total sales income	68,734,000	64,730,000	4,004,000
Total bank transfers	46,651,000	44,982,000	1,669,000
Effects	1,156,000	1,120,000	36,000
Pensions	8,227,000	8,035,000	192,000
Foreign (cheques)	196,000	200,000	-4,000
Foreign (after collection)	29,000	27,000	2,000
Foreign bank transfers+202+bir (“bonifici di importo rilevante”, significant-sized bank transfers)	2,106,276	2,004,189	102,087
TOTAL	**229,237,276**	**220,904,189**	**8,333,087**
% change	3.77%	1.67%	2.10%

The Applications Centre

The Standardised Interbank Applications Centre and Payment Card Service has the task of promoting and developing areas typical of the Interbank Applications Centre, the Intermediary Bank and of supporting the computer aspects and activities directly or indirectly relating to money (for credit cards, debit cards and prepaid cards) with reference to the entire issuing and acquiring process.

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, in the year just ended, Iccrea Banca has:

- aligned all applications to the dictates of the PSD in the terms and conditions defined in the Law Decree implementing the Directive;
- implemented the SCT (SEPA Credit Transfer) and SDD (SEPA Direct Debit) services to introduce the respective new releases;
- developed the UCAMP SIPAF project for the prevention of ATM/POS card fraud with activation on 2nd January 2011;
- developed the new functions in LCR (French Credit Letter) management;
- implemented the on-line control functions of levels of current a/c in national withdrawals using debit cards (OLCC);
- issued and managed the “Carta del Tifoso”.

At present, the following initiatives are underway:

- migration of the CBI application outsourced on Equens;
- acquisition of 12 popular banks in insourcing for the SWIFT application;
- new procedure for forwarding messages 034/097/A97;
- card with IBAN.

E-Banking

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

The payment cards sector, both in issuing and acquiring, plays an important role on the banking scene.

The needs of the banking and finance sector today especially regard the integration of systems, internationalisation, insourcing, safety, and conflicts with and management of fraud. The most important impacts are those determined by changes on the regulatory, procedural, and technological level, issued by bodies and initiatives known as SEPA (Single Euro Payment Area), EAPS (Euro Alliance of Payment Schemes), and PSD (Payment Services Directive), aimed at unifying, regulating, and rationalising business, without leaving behind customer protection in terms of information transparency and the conditions to adapt systems to each local market.

In this context, Iccrea was in line with the regulatory and market evolutions, and in fact payment cards represents an area with great growth potential for Iccrea.

In 2010, we attempted to: strengthen/increase market shares with regards to competitors through a vast range of issuing products and services offered; to develop innovative, competitive products focused on specific reference targets, such as the "young segment" with Carta Ateneum, Carta Conto with Iban, Carta del tifoso and the "SME" segment with Carta Impresa; to rely on the informative equity also through commercial agreements with third parties; to invest in acquiring through a review of the business model and a greater focus on the web.

In the last two years, the e-bank service has continued to develop its offer, guaranteeing a service level in line with regulatory and market evolution, allowing the BCCs to face up to the competition of their greatest national and international competitors.

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 2010:

- the debit cards issued with chip technology reached 1,996,570 at end 2010 as compared with 1,292,575 for 2009, up by 54.5%;
- prepaid cards issued are up from 494,121 for 2009 to 654,374 at end 2010 (+33%);
- also the stock of credit cards posted a sustained increase of 9.6%, moving from 1,203,171 at the end of 2010 to 1,318,555 in 2010.

It is also satisfying to note the growth of the Acquiring sector, reaching 4.3 billion in 2010 (of which 1.1 billion relating to the 8000 pagobancomat circuit and 3.2 billion referring to the international circuit) as compared with 3.5 billion in 2009, with a 24.4% increase.

The process of adapting the ATM and POS terminals to microcircuit technology also progressed at a sustained rate with 81,587 POSs and 3,910 ATMs migrated at the end of 2010.

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

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

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

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

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

The Bank's Global Custody service was set up so as to ensure a complete and integrated service to satisfy the entire range of needs for administrative and regulatory services for securities, providing in this way an adequate response to the needs of BCC-CR. At the end of 2010, the managed volume reached Euro 92 billion.

Under the scope of the Administrative Service, in 2010 a new relationship was started for the custody and administration of securities with the State Street Bank of Milan, previously Banca Intesa Securities Service.

Under the scope of the records services provided to the BCCs through the STD (ATCI), the supply of "Mifid 3" data has been activated. This has entailed the review of activity management and the introduction of quality control of data transmitted.

Additionally, a new section of the Webfin platform has been started, with the name Webamtit – securities administration portal, with the aim of dialoguing with the BCCs in relation to the administrative needs of the Issuers' Service.

At the end of the year, checklists for the planning and control of operative stages have been adopted (as agreed with the Iccrea Holding Audits Department) in relation to the payment of dividends and corporate actions.

The Correspondent Bank operates under the scope defined by B.o.I. 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).

The department also acts as Agent Bank for orders on UCITs of Italian Law and UCITs of foreign law, made by the BCCs 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 parameterisation service of parties and funds operating under the scope of the main services.

A copy is supplied to the various S.I.s of this parameterisation, operating in integration with Iccrea Banca;

- 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;
- B.o.I. notifications for the Sicav New Millennium.

The SIP activities are closely linked to the trend of the asset management market. Under this scope, the parent company has repositioned the marketing of units or shares of Italian and foreign UCITs in Italy, promoted and managed by third parties, previously carried out by Iccrea, at Aureo SGR (April 2009). The success of otherwise of the "Fund Advisory Service" InvestiperSCELTA of Aureo and, therefore, directly the activities of SIP Iccrea Banca. For this activity, Iccrea supports Aureo SGR through the supply and maintenance of specific technological infrastructure (Service supply contract – 16th March 2009).

Activities linked to the Agent bank service also present a close link with the asset management market trend.

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.

If we analyse details of the results achieved in 2010, we have:

- for SIP activities, at the start of 2010, assets under management (AUM) amounted to approximately 210 million and 360 million at the end of the year, showing an increase of around 70%;
- operations intermediated went from 2,500 in 2009 to 27,500 in 2010;
- net deposits for the year amounted to 150 million as compared with deposits of 80 million in 2009, showing an increase of 87.5%.

The Institute has played its institutional role of Deposit Bank of assets managed for the companies of the Banking Group and more generally for the cooperative credit system. 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 by Aureo Gestioni and BCC Private Equity, and for the National Pension Fund of the BCC/CRA. In the real estate funds sector, 2010 was a particular focus year. The development of volumes of activities implemented (Beni Stabili Gestioni, Numeria SGR, Investire Immobiliare and Polis Fondi) has taken the control structure to critical levels. During March, there was an inspection by the Bank of Italy, following which the typical nature of the controls due in an unusual subject for a bank structure, as is investment in real estate, was highlighted. Having noted this factor and in view of the indications received by the Bank of Italy, the Service was subject to a complex organisational and functional restructuring, the results of which, once completed, should allow for a service level that is compliance with current legislation, whilst retaining a profitable cost/benefit ratio. This objective will be verified during the next year.

BANK STRUCTURE, INITIATIVES AND SERVICES

Sales and marketing

The concrete operative development that has characterised business management for years now, is based on the good name that the bank has earned for itself and which is seen in the general market consideration. A reputational asset that has been built in respect of customers and is hinged on working relations based on the long-term, professionalism and reliability. The territorial approach has always been taken with a spirit of service, thereby aiming to meet the counterparties' demands. In other words, we have placed customer priorities right at the top of the scale, refusing the idea of budgeting at any cost.

This is an attitude that pays off in the long-term, as shown by the results posted during the financial crisis. Precisely when a lack of trust appeared to be winning all over, we increased working relations, thanks to the renewed appreciation of BCCs. A complete, accurate commercial proposal helped in this respect, which our people prepared in collaboration with the other companies of the GBI and parent company.

In compliance with the business plan and the simultaneous internal reorganisation of the Group and with the corporate transactions involving us, communication activities have been implemented aiming to ensure the clear, correct perception of the Bank's position and its offer with the various internal and external interlocutors.

Amongst other activities, we would mention the organisation of events for BCCs and focused on subjects of economic-financial interest and/or the promotion of new products/services.

Finally, together with the parent company, the Corporate Identity project has been developed and implemented. In this context, in particular, the new Bank website has been developed and published.

Personnel

The work of the "banker" consists, very briefly, of putting the financial resources entrusted to him by customers to good use, transforming them into commitments and, more specifically, in the case of our Bank, into services supporting and supplementing the operations of the BCCs. But the first and most important resource available to the bank is its staff and the optimisation of them is a fundamental point of all success stories. In Iccrea Banca, the circle of business efficiency focuses on its staff, which entertain daily relations with customers, guarantee competitiveness of the offer, manage and develop the complex organisational machine.

In our work, where reliability and a good name are key points, it is the men and women that make the difference, provide the result, best incarnating the distinctive, qualifying markers of our business. It is up to them to fully embody the ethical values deriving to us from tradition, causing them to come to life in their everyday work. Close, creative collaborators who are faithful to their mission. Hence, trust. On the basis of these unique elements, we are able to stand out and show our value in a bank market where the gigantic size of some operators inevitably involves a lack of personalisation, in an industrial logic where relations are "massed" together and do not belong to us. On the contrary, we must and indeed wish to safeguard the unique nature of each and every relationship, thereby ensuring that each customer can concretely perceive the qualifying characteristics of our work. In this way, we are able to make the most of the territorial presence guaranteed by a network of branches, which ensures immediacy and operative speed. To constantly supply the virtuous cycle that has thus far allowed us to ensure first rate human resources. The task of staff has efficiently pursued the objective of guaranteeing, both through internal rotations and new entrances, the satisfaction of the needs of resources necessary to strengthening the organisation and replacing employees who have left. All this, also from a perspective viewpoint, considering the evolution expected. To this end, training is defined in compliance with our consolidated development strategy. Thus performance is assessed, skills noted and the potential of each is analysed. In the progressive completion of a growth route that is of course professional, but also cultural and human, employees are called to cover roles of greater responsibility within the bank, also due to the expanding operations.

At the end of the year, the Bank had 734 employees, with a decrease of 6 on 31st December 2009.

During 2010, there was a turnover of 30 people, in addition to the 60 involved in the modifications to the company structures.

BREAKDOWN OF PERSONNEL ACCORDING TO POSITION (present values)		
	2010	2009
Managers	17	17
Middle managers	296	277
Others	421	446
TOTAL	**734**	**740**

% BREAKDOWN OF PERSONNEL ACCORDING TO POSITION (present values in %)		
	2010	2009
Managers	2.3	2.3
Middle managers	40.3	37.4
Others	57.4	60.3
TOTAL	**100**	**100**

With regards to the already mentioned training activities, it must be stressed that the constant and rapid evolution of bank work, in terms of products, services, technologies, distribution channels, means that each must duly extend and update their knowledge in a timely manner. It is only thus that the change can be dominated, and not overcome us. To this, we add the commitments arising from the many training obligations established by the many provisions of law and regulations. Hence the commitment of the HR department to continuously and efficiently go about their business, which in 2010 involved employees of all levels. Technical-specialist and IT training was given, as well as managerial courses for those in higher positions, and behavioural instruction for the rest of the staff, for a total of around 40,000 hours in the year.

More specifically, courses were delivered in extremely important matters in terms of legal compliance, such as: Anti-money laundering, Privacy, Administrative Responsibilities of Bodies/Code of Ethics, Workplace Safety Legislative Decree 81/08, and Information Security. Each of these training sessions concerned all staff and was adapted to the specific operative needs of each structure. There were also a great many interventions aimed at developing managerial and/or behavioural skills. To complete the picture, there were multimedia courses held for a wide variety of employees, granted access with great elasticity and a streamlined process, involved on many levels and many different subjects.

Particular attention was naturally paid to new employees, whose insertion constitutes an essential point in company life. The induction path reserved them is of a mixed nature and consists of both classroom activities, remote multimedia courses and flanking on field, where various sectors can start to operated, under the guidance of more expert colleagues. On a regulatory level, during the year in question there were no important new introductions. We therefore ensured that the simplification mechanisms introduced last year were implemented, and these have effectively reduced the bureaucracy involved.

Relations with trade union representatives, with whom negotiations were concluded for the renewal of the supplementary business contract, remain marked by mutual respect.

Underlying all this, there is a spirit of unity, whereby everyone feels that their work has a meaning and a value.

In order to improve the overall efficiency of the companies of the Iccrea banking Group at the service of the BCCs, on 14 September 2009 the parent company began the procedures envisaged with regards to the "Iccrea banking Group Intervention Plan". Upon completion of the forecast contractual procedures, on 21 January 2010 an Agreement was reached by the parties concerned of the Iccrea banking Group and the Supervisory Bodies.
By this Agreement, the parties decided as follows:

- to implement a voluntary redundancy program to be implemented in 2010-2011, the period for which the Agreement itself was to be valid, for a total number of 170 resources of the banking Group; with reference to the Bank, a total of 113 people are affected;

- to develop a banking Group reorganisation project based on a consolidation and centralisation of activities in order to avoid all duplication and overlap of functions and, at the same time, increase the efficiency of the professional performance of resources;
- to initiate specific training sessions aimed at ensuring the update, consolidation and development of professional skills and at strengthening a managerial culture in line with the restructuring project objectives.

Strategic planning

The planning and control service has extended the scope of monitoring of risks and managerial issues. In terms of management control, the greatest work went into the project aiming to incorporate the logic that – with regards to the items of the equity and the relevant sub-aggregates, to taxes, costs and other fees – are adopted for forecasting.

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

Central Services

The comments below relate to the bank's central services, whose contribution helps increase and optimise the quality of the offer to customers.

The Support Services Central Management provides for the technological and organisational set-up of the bank, whose complex activities involve demanding update projects and countless more minor interventions. The first, in particular, include the introduction of that envisaged by the European Payment Services Directive (PSD) and adjustment to the new regulations on bank transparency.

Interventions relating to regulatory innovation also involved the delicate matters of money laundering, broking, personal data processing and investment services. An intense, profitable and much appreciated activity enhanced by remote operations. The technological supports, which are constantly updated, and the efficiency of the staff involved qualify the structure.

Information Systems

Under the scope of Computer Systems, Iccrea Banca has enhanced the functions made available to its structure and customers, at the same time paying careful attention to aspects of regulatory compliance.

Various initiatives, including foreign business and centralised asset/liability managed, have been implemented to encourage and support rationalisation on a Group level.

For payments, the adaptation to the guidelines envisaged by the PSD has been completed and to the new standards for payments of the SEPA area (credit transfers, direct debits, etc.), whilst, on the domestic circuit, the regulation for transfers in various time zones within a single day, has been implemented. The project for the development of an electronic invoicing system has also been started.

In the Finance sector, initiatives aimed at guaranteeing adhesion to the TLX market and activating best execution, also with regards to the other Euro-Mot and HiMtf markets. Financial disclosures were further strengthened to adjust to meet the principles of MiFID level 3. Additionally, we also focused on extending the services made available to customer banks through the development of functions for the pricing of BCC Bond loans and for the management of implicit derivates in the loans issued by said BCCs.

Attention in terms of money laundering and anti-terrorism took concrete form not only in the general strengthening of the internal checking procedures, but also in the preparation of specific control functions on the “effective client” of banks resident in non-collaborating countries.

Amongst the open fronts, attempted fraud of internet banking applications, “phishing” continue to be particularly important, on which the efficient service action (continuous monitoring and carefully-designed preventative counter-measures) guarantees high levels of security.

Finally, the systematic update of all hardware/software infrastructures continued and a solid computer risk monitoring and analysis programme was implemented, in view of the new operating context. In this scope, the renewal of certifications ISO 27001 and BS 25999 was carried out successfully.

Organisational action

Organisational operations carried out in 2010, have allowed us to:

- separate, under the scope of the review of the payment systems structure and payment cards, technical-computing competences from business competences, positioning the first in the Support Services Central Management and the second in the “Market Area” General Deputy Management with the simultaneous elimination of the Central Payment Services Management;
- strengthen the devices for supervising the management of liquidity risk and for implementing emergency plans, incorporating the specific regulation issued by the parent company and assigning timely responsibilities, under the scope of the Finance Department, to the “Money Markets”, “Owned Finance and Trading” and “Technical Financial Secretariat and Auditing” services;
- further improve the processes relating to the delivery of financial services, constantly updating the execution policy, formalising the rules for determining the level of liquidity of financial instruments and starting the preparation of regulations for identifying funding needs, managing the liquidity risk, rate risk and exchange risk by the Owned Finance and Trading Service (U. ALMO) also under the scope of the Group Finance operations;
- start-up review of the loans sector for the transfer of the corporate loans branch and related activities concerning foreign business, special loans and subsidised loans to Banca Agrileasing under the scope of the stated TANGRAM project and the simultaneous decision to adopt an operative model of centralised risk management/assumption model with the foreign counterparties in Iccrea Banca. For 2010, activities focused on encouraging the transfer of operations to Banca Agrileasing, with the joint analysis of the processes concerned and a re-design of new operations involving the simultaneous action of the Institute and Banca Agrileasing. In the first quarter of 2011, the loans sector of the Institute will be updated and redesigned and the Correspondent Banking department will be activated;
- proceed with the analysis of the Global Custody processes, in particular custody services; clearing and settlement; records and pricing; deposit bank, to assess potential actions to be taken to make more efficient/reorganise and/or outsource;
- increase efficiency of cost governance through a centralisation of the planning, strategy and management control service of assets and administrative-accounting resources distributed into other organisational units;
- regulate activities linked to the totalling of data on the Balance Sheet and income statement, with particular reference to the income items forming the Regular Management Report;
- further improve the means for ensuring compliance with money laundering regulations, by means of the assignment of new tasks to some corporate structures (e.g. in relation to controls on the records held in the Consolidated Computer Archives) and some procedural updates (AUI monitoring system; timescales for the review of the risk profile; new indicators of anomalies for intermediaries; non-equivalent country

list; activities to be carried out when opening correspondence accounts and exchanging cash flow with financial counterparties not resident in Italy);
- strengthen some processes in support of current operations of the business structures for compliance with current regulations, through the preparation/update of specific procedural regulations: privacy (Italian Legislative Decree 196/03); code of ethics, protocols and organisational model (Italian Legislative Decree no. 231/01); provisions concerning communication obligations of data and information and the transmission of deeds and documents by the parties supervised by Consob (Consob Regulation 17297/2010); certified e-mail (Italian Presidential Decree no. 68 of 11 February 2005) for the sending and delivery of documents with legal value;
- update the regulatory framework and, more specifically: IT processes in relation to the detection and management of computer incidents and problems linked to security and the management of computer infrastructure and information; outsourcer management process, for limiting the risk deriving from outsourcing of part of the activity to legally independent parties; claims management process also with reference to claims relating to PSD; processes relating to the Deposit Bank service (Open-end Equity Funds, Real estate funds; pension funds – equity optimisation).
- The organisational reliability has been further strengthened with the issue/update of 26 new general process rules, including:
- 12 on finance (open-end equity funds, real estate funds, pension funds – equity optimisation, order transmission and implementation strategy, liquidity risk management regulation, policy for determining the level of liquidity of financial instruments, provisions concerning disclosure obligations of data and information and the transmission of deeds and documents by parties monitored by Consob, portfolio management, privileged information, personal transactions);
- 7 for compliance (money laundering and anti-terrorism, claims management, privacy, Italian Legislative Decree 231/01 – code of ethics, protocols and organisational model);
- 3 for transversal (PEC records management, regular updating of managerial data, outsourcer management);
- 4 for computing (noting and management of incidents and problems relating to the security and management of data and computer infrastructures, telecommunication network management, changes to the technological infrastructure and asset inventory management, data security management system).

The Economics Department supports business management and development through a careful monitoring of supply and logistics processes to the benefit of the central structures and territorial supervisory systems, with the primary objective of limiting costs.

With regards to the legal department, the structure has qualified for its advisory capacity, to the benefit of central offices and branches, and the efficient collaboration with the authorities in charge of the various inspection requests. Last, but not least, in terms of importance, collaboration for correct compliance with the delicate money-laundering regulations. Activities relating to the protection and collection of debts were carried out professionally and ensured complete monitoring of open situations. The enforcement and bankruptcy procedures are confirmed as inadequate, marked by excessively lengthy terms and thereby risking the efficiency of the effects.

Audit Departments

In 2010, 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, audits concerning money laundering and in the financial areas were of primary importance, both with reference to the Mifid regulatory framework of reference and to other regulations (MAD) or operations profiles (in particular OTC derivatives, ALM services to the BCCs and liquidity), which have helped complete the general assessment of the organisational structure and audits system of the area, aimed at ensuring the analyses necessary to defining the relevant reviews.

These activities saw the concrete, active contribution of "Remote Controls" that allowed attention to be focused on certain events or phenomena.

Equal attention was paid to the evolution of payment card services, both in terms of the management of compliance with money laundering and broking regulations (revolving cards) and in relation to computer security of platforms and products. With regards to payment services, in some situations, profiles implementing PSD were seen, and the evolution of partnerships with ICBPI in the SEPA and in other services (CAIS) concerned by agreements with the Institute.

In relation to the interventions carried out for the purpose of checking the audit system on information technology, 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, Bank trend control, 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 department 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 2010, the Compliance department implemented the planned auditing activities with specific reference to regulations on money laundering, bank transparency and privacy.

Consultancy was also provided through opinions on the scope of auditing, on the application of the regulations on the Institute's operations and on the compliance of contracts and forms with bank privacy and transparency rules.

The department also provided various supporting activities, including those aimed at adapting the records of AUI (Consolidated Computer Archives", in accordance with Italian Legislative Decree 231/07) transactions in view of the new regulations implemented (registration of data in relation to the effective holders), those focused on controls of sufficient checks in relation to the payment cards issued by Iccrea Banca and those linked to the adjustment of operations of the financial sector to Consob Communication no. 9019104/2009 on non-liquid products.

Continuous monitoring was ensured on AUI and operations with San Marino banks, also in view of the new Decalogue of the Bank of Italy and UIF communications on representative schemes of abnormal behaviour, in addition to those on claims management.

Finally, under the scope of general training of Bank employees, the senior staff of the compliance service supplied – as teaching or co-teaching staff – 34 training days for employees on the main subjects falling under its scope of control, with special reference to privacy and money laundering.

Risk management

In 2010, 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 also helped develop a risk profile analysis system of bank counterparties: a series of indicators ("alerts") have been defined and implemented in relation to Institute operations with said counterparties. 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. Moreover, the start-up of the Summit Risk Management project was also important, 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.

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

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

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 2010 operations with related parties were performed with methods and according to criteria in line with those found in the normal development of banking relationships maintained with banking and corporate customers. The transactions were carried out on arms-length terms or at least on the basis of assessments of specific economic advantage.

In particular, in the period no transactions of an "atypical or unusual" nature were performed, such as for their significance and importance would have given rise to doubts as to the protection of the corporate assets.
In the "related party transactions" paragraph of the explanatory notes, there is a summary table concerning related parties transactions. During 2009 and 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 underage children.

It should also be noted that in the first half of 2010 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 transactions are, in any case, included within the sphere of normal management and are carried out substantially in line with market conditions in force at the time of each transaction. The administrative organs have adopted rules of conduct that ensure transparency and substantial and procedural correctness of related parties transactions.

During 2010, with regard to the Rating Agencies:

- Standard & Poor's changed the "A-" and "A-2" ratings for respectively the long and short term, as well as the continuing stable outlook for the long term;
- Fitch confirmed the "A" and "F1" rating for respectively the long and short term, as well as the continuing stable outlook for the long term.

8. Important events after closure of the financial year

On the basis of specific guidelines by the parent company, under the scope of the GBI reorganisation project referred to as "Tangram":

- on 22 December 2010, ICCREA BANCA S.p.A. conferred, with effect as from 1st January 2011, to BANCA AGRILEASING S.P.A., 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" held by ICCREA BANCA S.p.A.. Said conferral was made to totally free the subscription of the share capital resolved by the extraordinary shareholders' meeting of BANCA AGRILEASING S.P.A.. For the purpose of said conferral, by appointment of Iccrea Banca Spa, the company KPMG Advisory SPA, as independent expert, in accordance with art. 2343-*ter* of the Italian Civil Code, prepared a specific report estimating the fair value of the business unit conferred, which was completed on 15th September 2010 with reference to the fair value of the branch for conferral on 31st August 2010.
- significant opportunities have been identified for improvement with the centralisation of the IT sector. This centralisation was resolved by the Bank's Board of Directors on 07 September 2010 following specific analyses and assessment. With this centralisation, the Bank acted as Specialised Representative for Technologies with start-up of operations on 01 January 2011;
- under the scope of Staff departments, it was considered appropriate to trace all administrative activities performed in the various GBI companies to a single responsibility. On 02 February 2011, the Bank's Board of Directors resolved the direct reporting of staff administration to the Acting General Deputy Manager and the functional reporting to the HR Department and Parent company organisation, in order to allow them to efficiently coordinate and control information.
- on 15 March 2011, the AAA securities of the Credico Funding 3 transaction were downgraded by Moody's, going from Aa2 to Baa2.

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.

9. Outlook for the future

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

With reference to the forecast outlook of Bank management, signs of an uptake and consolidation of the outlook cycle would now appear to take place fairly regularly.

In any case, numerous elements of uncertainty remain and, by contrast, the certainty that the benefits on employment remain to be seen. Also in terms of credit quality, it should be expected that the long wave of the crisis will leave some heritage yet.

The Parent Company, in order to pursue the development of a project aimed at completing the strategic rationalisation and repositioning plan of GBI, with the objective of more incisively supporting BCC-CR in the activity of service and relations with its customers, decided to implement the new 2011-2013 Industrial Plan, providing the relative guidelines, approved by its Board of Directors in the 21st October 2010 meeting. The 2010-2012 Plan constitutes GBI's response to the evolution of the crisis scenario both for the equity markets and for the real economy.

The 2011-2013 Plan is developed in continuity with the 2010-2012 Plan, including items regarding: revision of service and organisational structure models and coverage of the reference market; characterisation of the offering consistent with the needs expressed and not expressed by the Industry; safeguarding and valorising material resources (for example, funding and equity), and intangible resources (cohesion within the same network); risk control; cost containment. The Plan's key objectives are:

- 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 2011 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;
- the search for strategic alliances for processes and/or products and consolidation of those in existence.

On the basis of the general guidelines, the Bank has directed its own three-year 2011-2013 Plan in order to respond, in an increasingly more efficient and pro-active manner, to the Institutional market, developing operations with the BCC-CR and with the GBI companies.

The three-year 2011-2013 Industrial Plan was created focusing on the Bank's planning activity on: definition of business objectives per single BU in relation to the changed market context; cost rationalisation; risk containment; determination of financial and equity needs.

The Bank's lines of development:

- confirm the Bank's mission of sustaining Cooperative Banks in their functioning as subjects active in the development of local economies, through providing products and service necessary for fully carrying out their activities, taking advantage of economies of scale and of scope;
- pay attention to the need for close monitoring of active/passive relations with the BCCs;
- great commitment to the domestic and foreign market for the collection of financial resources by which to support the needs of the GBI and BCCs;
- stress the need to review contractual relations with ICBPI/EQUENS following the entrance into the ICBPI capital (10%) with a view to maximising returns for cooperative credit
- development of new products (ACH, mobile phone, electronic invoicing, etc.)
- overall reorganisation of the organisational structure following the centralisation of finance, the transfer of the corporate branch and Group IT insourcing;
- the pursuit and consolidation of the size growth realised in the last few years with a focus on valorising potentialities to increase its productivity and profitability, fundamental suppositions for self-financing of development, maintaining current good equity and risk containment levels, the capacity of value creation for the Cooperating Banking Industry.

With regards to forecasts on business results, the interest margin is forecast to decrease slightly, both due to the low rates and the limited growth of equity aggregates.

For net commission, positive dynamics are forecast, whilst for financial profits, the results of 2010 cannot be considered as likely to repeat.

The intermediation margin will therefore record a related increase.

Net adjustments on loans, following those of energies devoted to monitoring the relevant risk profile, are estimated to fall.

The increase of costs will not differ far from the general bank expansion dynamics. The net result may be in line with that of 2010.

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.

10. Principal risks and uncertainties

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

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

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

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

Dear Shareholders,

This year, the operations defined in the Industrial Plan were completed successfully and often ahead of the projections. The model of a bank at the service of its customers has definitively begun to be part of our way of being, and represents a tangible reality, appreciated by customers, and recognised by the financial community. Also in the year we have just finished, the improvement in capacity to satisfy the needs of Cooperative Banks was confirmed as the key factor for consolidating growth objectives. The Bank is presented with a clear, solid, and competitive cultural identity related to the important challenges that the market offers. The determination is strong to confront these challenges with the same commitment and the same pride which have encouraged the re-launching and change process.

At the end of a long series of data and information, aiming to provide a complete overview of the events of 2010, it is our duty to thank those who have allowed us to achieve these results.

The first thank you must go to the Shareholders and BCCs for their work and constant collaboration, a stimulus to operate well and help develop.

Our thanks also go to the Board of Auditors, which has carried out the many, delicate tasks assigned it devotedly and professionally.

Renewed esteem and due recognition goes to the Bank of Italy, the Governor, Mr. Mario Draghi, the members of the Management, the Head of the Supervisory Body and his collaborators, the General Functionaries and the Directors of the offices and branches established in the provinces in which we operate. Thanks for the constant collaboration with Representatives, Directors and Staff of Consob and the Ratings Agencies, who have always carefully monitored the Bank's activity and for the constant willingness and collaboration accorded us during the year. Our greetings and thanks go to all central and local Cooperative Banks, especially ICCREA Holding and Federcasse, and to all those who, with competence and in the name of reciprocal collaboration, have helped us in performing our business.

Lastly, but by no means least, we would like to warmly thank the General Management and our staff for the intelligent, faithful collaboration granted us and their affinity with the bank. Our thanks and appreciation also go to the Personnel Offices for the responsibility and the constructive spirit shown in this fragile phase of the company's life.

Finally, our thanks go to the General Manager leaving us, Dr. Luciano Giorgio Gornati.

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 2010, 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 2010, the following events occurred:

- the amount of Euro 385,545 was made available following a decrease or realisation of capital gain of financial assets measured at fair value, allocated in 2009 as unrealised capital gain;
- the income for 2010 includes an amount of Euro 1,181,191 to be allocated to the restricted reserve, in allocation, as it relates to unrealised capital gains recorded on the 2010 income statement deriving from the application of the fair value criteria to instruments not managerially hedged by derivative contracts.

We would therefore propose the following use of the net profits, which amount to a total Euro 20,255,947:

Unavailable reserve in accordance with article 6 Italian Legislative Decree 38/2005	Euro	792,843
Remuneration of the shareholders' equity, of Euro 46.20 per share	Euro	19,404,000
Available for the Board of Directors	Euro	59,104

With reference to the aforementioned proposal, it is noted that the Unavailable Reserve in accordance with Italian Legislative Decree no. 38 of 28 February 2005 is equal to the amount of the unrealised capital gains registered in the statement of income in 2009 and 2010, 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, 11th March 2011
THE BOARD OF DIRECTORS

Board of Auditors' Report

FINANCIAL YEAR
1ST JANUARY - 31ST DECEMBER 2010

"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 2010, 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 auditing activities performed by the Auditing Department of the Group Companies and the inspections also entrusted to the Auditing Department, as well as the work of the Compliance department. A great many works have been carried out, as described in the Management Report on Operations, in application of coordinated annual plans, which look to be focused on a careful assessment of the risks underlying the various business areas in which the Bank is involved, also on the basis of past experience. The contribution made by the two structures looks to be significant and worthy of due consideration. In actual fact, although having recently seen growing attention paid by the structures to the findings and requests of the Auditing Department and Compliance Department, also following the interventions made by General Management in the second part of the year, we consider it necessary to bring attention back to the need to ensure greater timeliness in initiatives aiming to remove critical issues seen or suggestions that have emerged following the work of the two departments.

From the evidence of the two departments and the audits carried out by the Board, the need has also arisen to pursue the determined, incisive reorganisation of some sectors and their adaptation to the evolution of activities, both in order to strengthen the fundamental risk governance and monitoring steps and to make the response to the reference market more appropriate.

The Risk Management department, operated by the Group's centralised department, continues the evolution underway, adjusting methods and tools by which credit, market and operational risks are monitored, in compliance with the organisational and operating evolution of the Group. Also in view of the difficult outlook, showing entirely new difficulties with respect to the Bank's experience, the Board hopes that the necessary monitoring will be suitably strengthened in the short-term, with specific reference to rate and liquidity risks and the development of efficient regular reporting for directors.

The Board of Directors set up the Internal Audits Committee during the year. This Committee consists of directors, with consulting tasks, responsible for investigating the many, complex matters of the company internal auditing system. This choice, forecast by the Corporate Governance Regulation and in line with best practices, bears witness to the growing awareness of the specific demands made of directors on auditing matters in complex structures. 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 already been able to verify, during the first few months of the Committee's work, positive contributions both with reference to monitoring the auditing system and with regards to the constant demands of the structures and entire Board of Directors of the matter.

The directors supplied us with the draft financial statements as of 31 December 2010 and the Management Report on Operations on the date on which they were approved by the Board of Directors, namely 11 March 2011. The shareholders of ICCREA HOLDING S.p.A. and Federazione Lombarda delle Banche di Credito Cooperativo, jointly representing the entire share capital, having noted that the meeting scheduled to approve the Company's financial statements as of 31 December 2010 has been called for 5 April 2011, have renounced the terms of 15 days for filing a copy of the draft financial statements and documents specified therein, including the reports by the Board of Auditors and the independent auditor at the Company's office, as established by art. 2429, paragraph 3 of the Italian Civil Code.

Not being required to carry out any analytical control or assessment of the merits of the financial statement, we agree with the Administration and with the Auditing Firm on the general approach to the same, on its compliance with law as regards its preparation and structure, and also its conformity with the provisions of the Bank of Italy.

We have, in any case, verified that the financial statements correspond to the facts and information which we obtained during the execution of our duties, as explained to this Board of Auditors by the Departments of the Company.

We would mention 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 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 on Operations by the Board of Directors illustrates the Institute's situation and the trend of 2010 operations, specifies the main results and developments of the various company structures and the management outlook following year end. On this point, the conferral with effect from 1 January 2011, from ICCREA BANCA S.p.A. to BANCA AGRILEASING S.p.A. of the business unit relating to loan transactions and services to businesses in the operating sectors referred to as "Special Loans", "Subsidised Loans" and "Foreign business" is worthy of note. This completes a process of reorganisation and redefinition of the roles of the main companies comprising the ICCREA Group.

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 on Operations and Explanatory Notes, including the consequences on the items of the income statement and balance sheet concerned.

The Board of Auditors has monitored the legal auditing of the accounts through regular meetings with the managers of the firm specifically appointed to this 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 auditors have supplied the Board of Auditors with the report established by art. 19 of Italian Legislative Decree no. 39/2010. This report does not reveal any significant deficiencies found in the internal auditing system in relation to the financial disclosure process.

The same firm has also issued the report in accordance with articles 14 and 16 of Italian Legislative Decree no. 39 dated 27 January 2010 for the statutory financial statements as of 31 December 2010. This report does not contain any findings or requests for disclosure and states that the statutory financial statements for ICCREA BANCA S.p.A. have been prepared clearly and provide a truthful and correct representation of the equity and financial position and economic result, changes to shareholders' equity and cash flow for the year ended 31 December 2010. The report by the independent auditing firm also states that the Management Report on Operations is coherent with the statutory financial statements as of 31 December 2010.

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 concern duties relating to the certification of the EMTN programmes service against payment of 55 euro/000, financial statement translation services and translation of the reports in English for 18 euro/000 and tax assistance provided by the Tax and Law Firm belonging to the REY network for 69 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 our checks, this Board of Auditors expresses a favourable opinion for the approval of the financial statements at 31 December 2010, 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, 30 March 2011
THE BOARD OF STATUTORY AUDITORS

The Company's Financial Statement Schedules

BALANCE SHEET

	ASSETS	31/12/2010		31/12/2009	
10.	Cash and cash equivalents		79,509,376		73,318,450
20.	Financial assets held for trading		438,256,201		461,722,383
30.	Financial assets designated at fair value through profit or loss		21,350,362		29,320,173
40.	Financial assets available for sale		750,269,651		662,895,338
60.	Due from banks		7,873,928,746		7,774,949,458
70.	Loans to customers		833,741,791		1,049,042,814
80.	Hedging derivatives		-		1,030,939
100.	Equity Investments		1,057,067		1,057,067
110.	Property and equipment		18,770,787		17,995,059
120.	Intangible assets		3,181,424		3,308,132
130.	Tax assets		31,614,463		19,043,945
	a) current	6,745,085		4,830,732	
	b) deferred	24,869,378		14,213,213	
140.	Non-current assets and asset disposal groups available for sale		498,179,997		-
150.	Other assets		104,751,427		101,723,020
	TOTAL ASSETS		**10,654,611,292**		**10,195,406,778**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2010		31/12/2009	
10.	Due to banks		5,559,083,368		7,386,774,472
20.	Due to customers		2,610,634,713		1,211,759,329
30.	Securities issued		830,271,041		287,157,594
40.	Financial liabilities held for trading		369,386,572		392,446,879
50.	Financial liabilities designated at fair value through profit or loss		300,364,612		311,797,417
60.	Hedging derivatives		17,431,759		8,316,325
80.	Tax liabilities		6,964,988		9,684,125
	a) current	5,645,432		7,247,780	
	b) deferred	1,319,556		2,436,345	
90.	Liabilities associated with assets available for sale		448,179,997		-
100.	Other liabilities		145,835,918		193,128,335
110.	Employee termination benefits		14,675,982		15,514,975
120.	Provisions for risks and charges:		13,184,644		11,538,374
	b) other provisions	13,184,644		11,538,374	
130.	Valuation reserves		30,290,771		50,966,679
160.	Reserves		71,137,780		69,487,957
180.	Share capital		216,913,200		216,913,200
200.	Net Profit (Loss) for the period (+/-)		20,255,947		29,921,117
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10,654,611,292**		**10,195,406,778**

INCOME STATEMENT

	ITEM	31/12/2010		31/12/2009	
10.	Interest and similar income		118,382,155		192,268,413
20.	Interest and similar expense		(73,275,146)		(119,834,003)
30.	**Net interest income**		**45,107,009**		**72,434,410**
40.	Fee and commission income		306,045,784		275,316,153
50.	Fee and commission expense		(192,660,946)		(160,743,075)
60.	**Net fees and commission income (expense)**		**113,384,838**		**114,573,078**
70.	Dividends and similar income		1,388,436		4,927,837
80.	Net gain (loss) on trading activities		8,084,754		23,451,909
90.	Net gain (loss) on the hedging activities		313,616		504,014
100.	Net gain (loss) on the disposal or repurchase of:		5,591,634		1,028,030
	a) loans	(89,911)		244,877	
	b) financial assets available for sale	5,148,327		767,915	
	d) financial liabilities	533,218		15,238	
110.	Net gain (loss) on financial assets and liabilities designated at fair value through rofit or loss		1,833,758		389,925
120.	**Gross income**		**175,704,045**		**217,309,203**
130.	Net losses/recoveries on impairment:		(8,285,582)		(23,588,170)
	a) loans	(8,010,129)		(15,938,555)	
	b) financial assets available for sale	(275,453)		(5,654,708)	
	d) other financial activities	-		(1,994,907)	
140.	**Net income (loss) from financial operations**		**167,418,463**		**193,721,033**
150.	Administrative expenses:		(138,220,793)		(147,973,467)
	a) personnel expenses	(59,718,975)		(69,779,344)	
	b) other administrative expenses	(78,501,818)		(78,194,123)	
160.	Net provisions for risks and charges		(4,977,800)		(1,270,509)
170.	Net adjustments of property and equipment		(2,635,023)		(3,176,396)
180.	Net adjustments of intangible assets		(2,081,766)		(2,688,176)
190.	Other operating income/expenses		11,774,041		12,087,579
200.	**Operating expenses**		**(136,141,341)**		**(143,020,969)**
250.	**Profit (Loss) before tax on continuing operations**		**31,277,122**		**50,700,064**
260.	Income tax expense from continuing operations		(12,202,313)		(20,778,947)
270.	**Profit (Loss) after tax on continuing operations**		**19,074,809**		**29,921,117**
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**		**20,255,947**		**29,921,117**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2010	31/12/2009
10.	**Net Profit (Loss) for the period**	**20,255,947**	**29,921,117**
	Other comprehensive income net of taxes		
20.	Financial assets available for sale	(20,675,907)	26,134,360
110.	**Total other comprehensive income net of taxes**	**(20,675,907)**	**26,134,360**
120	**Comprehensive income (Items 10+110)**	**(419,960)**	**56,055,477**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2010

	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Share capital:					
a) ordinary shares	216,913,200		216,913,200	-	
b) other shares	-		-	-	
Share premium reserve	-		-	-	
Reserves					
a) earnings	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)**

L'importo delle "riserve altre" corrisponde all'avviamento realizzato dalla cessione del ramo d'azienda Corporate.

	CHANGES IN THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31/12/2010
	CHANGE IN RESERVES	EQUITY TRANSACTIONS						COMPREHENSIVE INCOME FOR 2010	
		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
	-							(20,675,907)	30,290,771
					-				-
		-	-						-
								20,255,947	**20,255,947**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(419,960)**	**338,597,698**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2009

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

L'importo delle "riserve altre" corrisponde all'avviamento realizzato dalla cessione del ramo d'azienda *Corporate*.

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

STATEMENT OF CASH FLOWS: INDIRECT METHOD

	31/12/2010	31/12/2009
A. OPERATING ACTIVITIES		
1. Operations	**34,527,648**	**75,356,603**
- net profit (loss) for the period (+/-)	20,255,947	29,921,117
- gains (losses) on financial assets held for trading and on financial assets/liabilities designated at fair value through profit or loss (+/-)	(5,197,623)	36,649,010
- gains/losses on hedging activities (+/-)	(313,616)	(504,014)
- net losses/recoveries on impairment (+/-)	8,285,582	(23,588,170)
- net adjustment of property and equipment and intangible assets (+/-)	4,716,789	5,850,888
- net provisions for risks and charges and other costs/revenues (+/-)	6,436,995	6,859,978
- taxes and duties (+) to be settled	12,202,313	20,778,947
- net adjustments of disposal groups available for sale net of tax effects (+/-)	-	-
- other adjustments(+/-)	(11,858,740)	(611,153)
2. Net cash flows from/used in financial assets	**(448,839,461)**	**(1,208,869,884)**
- financial assets held for trading	25,988,576	116,741,390
- financial assets designated at fair value through profit or loss	12,389,211	1,866,532
- financial assets available for sale	(107,409,178)	170,653,228
- due from banks: repayable on demand	971,975,993	(434,157,943)
- due from banks: other	(1,063,765,249)	(807,362,085)
- loans to customers	210,117,562	(237,898,232)
- other assets	(498,136,375)	(18,712,774)
3. Net Cash flows from/used in financial liabilities	**454,139,842**	**1,149,347,408**
- due to banks: repayable on demand	(1,298,167,531)	204,134,096
- due to banks: other	(531,647,822)	628,954,153
- due to customers	1,398,633,111	(182,823,537)
- securities issued	543,243,716	139,905,183
- financial liabilities held for trading	(23,060,303)	41,446,074
- financial liabilities designated at fair value through profit or loss(+/-)	(11,264,520)	295,473,355
- other liabilities	376,403,191	22,258,084
Net cash flows from/used in operating activities (A)	**39,828,029**	**15,834,127**

B. INVESTING ACTIVITIES	31/12/2010	31/12/2009
1. Cash flow from	**44,748**	**15,769**
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales of financial assets held to maturity	-	-
- sales of property and equipment	44,748	15,769
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
2. Cash flow used in	**(5,410,557)**	**(4,160,242)**
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of property and equipment	(3,455,500)	(1,131,069)
- purchases of intangible assets	(1,955,057)	(3,029,173)
- purchases of subsidiaries and business units	-	-
Net Cash flow from/used in investing activities (B)	**(5,365,809)**	**(4,144,473)**

C. FINANCING ACTIVITIES	31/12/2010	31/12/2009
- issue/purchases of treasury shares	-	-
- issue/purchases of equity instruments	-	-
- dividend distribution and other	(28,271,294)	(6,538,085)
Net Cash flow from/used in financing activities C (+/-)	**(28,271,294)**	**(6,538,085)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**6,190,926**	**5,151,569**

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2010	31/12/2009
Cash and cash equivalents at beginning period (E)	73,318,450	68,166,881
Net liquidity increase/decrease in cash and cash equivalents (D)	6,190,926	5,151,569
Cash and cash equivalents: net foreign exchange difference (F)	-	-
Cash and cash equivalents at end of period (G)=E+/-D+/-F	79,509,376	73,318,450

Explanatory Notes

CONTENTS

Part A
Accounting Policies

PART A - ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

The accounting standards adopted for preparation of the financial statements at 31st December 2010 are given in this chapter. The accounting standards, which are shared by the whole Group, are set out under the headings of classification, recognition, measurement and derecognition of the various asset and liability items. Where relevant, a description of their financial effects is provided for each of the aforesaid stages.

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

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

The financial statements at 31st December 2010 have been drawn up on the basis of Circular no. 262 of 22nd December 2005 "Financial statements of banks: presentation formats and rules" issued by the Bank of Italy.

The 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 2010

REGULATION APPROVAL	TITLE
460/2009	IFRIC 16 Hedges of a Net Investment in a Foreign Operation
494/2009	Changes to IAS 27 – Consolidated and Separate Financial Statements
495/2009	Changes to IFRS 3 – Business combinations
839/2009	IAS 30 – Eligible hedged items – Amendment to IAS 39 Financial instruments: recognition and measurement
1136/2009	Changes to IFRS 1 – First-time Adoption of International Financial Reporting Standard
1142/2009	IFRIC 17 – Distribution of non-cash assets to owners
1164/2009	IFRIC 18 – Transfer of assets from customers
243/2010	Improvements to IFRS – Changes to IFRS 2, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16
244/2010	Changes to IFRS 2 - Share-based payment
550/2010	Amendments to IFRS 1 - Additional exemptions for first-time adopters

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

Section 2: General accounting principles

The financial statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' equity, the Statement of Cash Flows and the Explanatory notes, accompanied by the Directors' Management 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 Explanatory notes and the Management 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 Explanatory notes give not only the amounts for to the period of reference but also the corresponding data at 31st December 2009 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 Explanatory notes 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 Shareholders’ equity

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

Section 3: Events subsequent to the reporting date

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 relating to events subsequent to year end and, in particular, the conferral of the business unit to Banca Agrileasing, please refer to that described in the Management Report on Operations.

Section 4: Other aspects

Option for national tax consolidation

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

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

Other aspects

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

A.2 – THE MAIN ACCOUNTING ITEMS

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

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

Moreover, as required by the changes made by the IASB to IFRS 7 in March 2009, endorsed by the European Commission with Regulation (EC) N° 1165/2009 on 27 November 2009 and transposed by the Bank of Italy in Circ. N°

262/2005 with its 1st revision of 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). In particular the fair value must be divided into three hierarchical levels that reflect the significance of the inputs used:

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

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

Details of the division of financial instruments into fair value levels are provided in the specific sections of the Explanatory notes.

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 recognized at fair value, which normally corresponds to the amount paid or collected. If the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the price and the fair value is entered in the Income Statement.

Derivatives embedded in financial instruments or other contractual forms that present economic and risk characteristics not connected to the host instrument or which have elements such as to be considered derivative contracts themselves, are recognized separately in the category of financial assets held for trading, unless the compound instrument in which they are contained is designated at fair value through profit or loss 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 designated at fair value through profit or loss. For financial instruments quoted on active markets, determination of the fair value of financial assets or liabilities is based on official prices recognized on the reporting date. For financial instruments, including equity securities, not quoted on active markets, the fair value is determined using measurement techniques and data available on the market, such as active market quotations for similar instruments, discounted cash flow calculations, option price calculation models, or values recognized in recent comparable transactions.

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 recognizing 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 designated at fair value through profit or loss”, “Financial assets held to maturity”, “Due from banks” and “Loans to customers”.

Specifically, this item 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 recognized at fair value, which normally corresponds to the amount paid or received. If the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the price and the fair value is entered in the Income Statement. The value on initial recognition includes marginal expenses and income directly attributable to the transaction and quantifiable on the date of recognition, even if paid or received later.

Measurement criteria

After initial recognition, financial assets available for sale are designated at fair value through profit or loss. 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 income components

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

Financial assets available for sale are subjected to an impairment test to check for the existence of objective evidence of a loss. If such evidence is found, the accumulated loss which has been recognized directly in equity is reversed and recognized in the income statement; the amount of the loss is calculated as the difference between the purchase cost, net of any reimbursement of capital and net of depreciation, and the current fair value, after deduction of any impairment loss previously recorded in the income statement. If the reasons for the impairment loss no longer exist following an event occurring after recognition of the loss, the increase in the value of securities or debt instruments is booked to the Income Statement, 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

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

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 recognized at the fair value of the receivable in question, determined by means of measurement techniques; the difference between fair value and the amount disbursed or the subscription price is recognized in the income statement.

Contangos and repurchase agreements with forward repurchase or resale of the obligation are recognized as deposit or loan transactions; cash sale and forward repurchase transactions are recognised on the financial statements as payables for the cash amount received, while cash purchase and forward re-sale operations are recognized as receivables valued at the cash amount paid. Transactions with banks, with which 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 receivables takes into consideration: the "maximum recoverable" amount, corresponding to the most precise calculation possible according to expected cash flows and interest from the receivable; the sale value of any guarantees net of expenses for recovery; recovery times, estimated on the basis of the contractual expiry dates if present, and on reasonable estimates if there are no contractual agreements; the discount rate, i.e. the original effective interest rate; and for impaired receivables existing at the transition date for which it would be excessively costly to obtain data, reasonable estimates such as the average rate of the loans which have became non-performing in the year, or the restructuring rate.

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

Receivables without objective evidence of impairment losses are subject to collective measurement by the creation of groups of positions with a similar risk profile. They are then written down on the basis of the historical trend of losses for each specific group. In order to determine the historical series, positions subject to analytical measurement are not included in such groups. The consequent collective value adjustments are entered in the income statement. Impairment of unsecured loans is also subjected to 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 securitization transactions if carried out prior to 1 January 2004. By virtue of this exception, for securitization 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 securitizations carried out before 1 January 2004.

CRITERIA FOR RECOGNIZING INCOME COMPONENTS

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

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

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

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

Classification criteria

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

Recognition criteria

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

Measurement criteria

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

Derecognition criteria

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

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

Criteria for recognizing income components

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

6 – Hedging activities

Classification criteria

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

Recognition criteria

Hedging derivates and effectively hedged financial assets and liabilities are recognized in accordance with the accounting criteria for hedging 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 designated at fair value through profit or loss. 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 recognized in shareholders’ equity, and entered in the income statement only when, with reference to the item hedged, there is a change in the cash flows to be offset.

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

Derecognition criteria

If the tests carried out do not confirm the effectiveness of the hedge, the accounting of the hedging 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 recognized in the income statement. For cash flow hedges, if the transaction hedged is no longer expected to be carried out, the accumulated gain or loss entered in the shareholders’ equity reserve is transferred to the income statement.

7 – Equity investments

Classification criteria

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

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

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

RECOGNITION CRITERIA

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

MEASUREMENT CRITERIA

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

DERECOGNITION CRITERIA

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

CRITERIA FOR RECOGNIZING INCOME COMPONENTS

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, plant 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 income components

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 recognized in the Income Statement. If the reasons that led to the value adjustment no longer apply, the value is written back in the Income Statement. However, the reversal may not result in a value greater than that which the asset would have had, net of depreciation calculated in the absence of previous impairment losses.

REAL ESTATE INVESTMENTS

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

9 – Intangible assets

Classification criteria

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

Recognition criteria

Intangible assets are recognized in the Balance Sheet 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 income components

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

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

Recognition and classification criteria

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

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 income components

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 income components

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 recognized at fair value according to the best estimate, and the difference between this value and the amount paid or the value of the issue is booked to the Income Statement.

Measurement and recognition criteria for income components

After initial recognition, these items are carried at their amortized cost, calculated using the effective interest rate method, except for short term liabilities which, if the conditions are 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 recognized at its fair value and the difference between the price and the fair value is booked to the Income Statement.

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

Measurement criteria

After initial recognition financial liabilities held for trading are designated at fair value through profit or loss. 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 income components

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

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

Classification criteria

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

Recognition criteria

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

Measurement criteria

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

Derecognition criteria

Financial liabilities designated at fair value through profit or loss are derecognized 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 income components

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

16 - Currency transactions

Recognition criteria

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

Measurement criteria

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

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

Criteria for recognizing income components

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

17 – Other information

EMPLOYEE TERMINATION BENEFITS

The complementary pension reform, introduced in Lgs. Decree 255 of 5 December 2005, changed the methods of recognizing termination benefits. Severance indemnity units matured at 31 December 2006 are classified as “defined-benefit” schemes, since the company must pay the employee, in the cases prescribed by law, the amount determined under Art. 2120 of the Civil Code. The changes compared to the situation prior to 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 recognized on an accruals basis according to the contractual interest rate or the effective rate in the case of application of the amortized cost;
- default interest, if contractually provided for, is recognized in the Income Statement only when it is effectively collected;
- dividends are recognized in the Income Statement when their distribution is approved;
- fees for revenues from services are recognized in the period in which the services are performed;
- revenues from the placing of financial instruments, calculated as the difference between the price of the transaction and the fair value of the instrument, are recognized in the Income Statement when the transaction is recorded if the fair value can be determined according to recently observed parameters or transactions on the same market in which the instrument is traded. If such values are difficult to obtain or if they present reduced liquidity, the financial instrument is recognized at the transaction price, after deduction of the mark up; the difference between this and fair value is recognized in the Income Statement for the entire period of the transaction, with gradual reduction, in the measurement model, of the corrective factor linked to the reduced liquidity of the instrument;
- revenues from the sale of non-financial assets are recognized at the moment of conclusion of the sale, unless the bank has maintained most of the risks and benefits associated with the asset.

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[t] revision of 18 November 2009; the associated depreciation, applied for a period which does not exceed the rental contract, is recognized under other operating costs.

A.3 – FAIR VALUE DISCLOSURE

A.3.1 TRANSFERS BETWEEN PORTFOLIOS

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

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL PORTFOLIO	DESTINATION PORTFOLIO	BOOK VALUE AS AT 31/12/2010	*FAIR VALUE AS AT 31/12/2010*	COMPREHENSIVE INCOME IN ABSENCE OF THE TRANSFER (PRE-TAX)		COMPREHENSIVE INCOME POSTED DURING THE PERIOD (PRE-TAX)	
					ASSESS-MENTS	OTHERS	ASSESS-MENTS	OTHERS
Debt securities	Assets held for trading	Assets available for sale	109,752	109,752	(2,709)	1,052	(2,875)	1,219

A.3.1.2 Reclassification of financial assets: effects on comprehensive income prior to 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 held for trading:

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

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

ISIN CODE	DESCRIPTION OF SECURITY	INTERNAL RATE OF RETURN AT 31/12/2010	EXPECTED FUTURE FLOWS AT 31/12/2010
IT0004224041	CCT 1.3.2014	1.292114	BOT 6 months + 0.15
IT0003658009	CCT 1.5.2011	1.642792	BOT 6 months + 0.15
XS0247770224	ITALY 22.3.2018	2.101972	The lower of (2.25 x European inflation rate) and (Euribor 6 months + 0.60)
IT0003858856	CCT 1.3.2012	1.449481	BOT 6 months + 0.15
IT0003746366	CCT 1.11.2011	1.667723	BOT 6 months + 0.15

A.3.2 FAIR VALUE HIERARCHY

A.3.2.1 ACCOUNTING PORTFOLIOS: DIVISION BY FAIR VALUE LEVELS

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31/12/2010			31/12/2009		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	57,724	380,266	266	42,797	418,837	88
2. Financial assets designated at fair value through profit or loss	-	13,615	7,735	-	22,373	6,947
3. Financial assets available for sale	674,317	71,706	4,247	547,583	75,982	39,330
4. Hedging derivatives	-	-	-	-	1,031	-
TOTAL	**732,041**	**465,587**	**12,248**	**590,380**	**518,223**	**46,365**
1. Financial liabilities held for trading	163	369,224	-	1,014	391,433	-
2. Financial liabilities designated at fair value thorugh profit or loss	293,782	6,583	-	297,938	13,859	-
3. Hedging derivatives	-	17,432	-	-	8,316	-
TOTAL	**293,945**	**393,239**	**-**	**298,952**	**413,608**	**-**

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

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

- **Level 1:** prices quoted (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 variations of financial assets assessed at fair value (level 3)

	FINANCIAL ASSETS			
	HELD FOR TRADING	DESIGNED AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE FOR SALE	HEDGING
1. Opening balance	**88**	**6,947**	**39,330**	**-**
2. Increases	**2,101**	**788**	**1**	**-**
2.1 Purchases	1,887	-	1	-
2.2 Profits connected to:	37	788	-	-
2.2.1 Income Statement	37	788	-	-
- of which capital gains	33	788	-	-
2.2.2 Shareholders' equity	X	X	-	-
2.3 Transfers from other levels	-	-	-	-
2.4 Other increase variations	177	-	-	-
3. Decreases	**1,923**	**-**	**35,084**	**-**
3.1 Sales	1,890	-	34,034	-
3.2 Refunds	-	-	-	-
3.3 Losses connected to:	33	-	1,050	-
3.3.1 Income Statement	33	-	927	-
- of which capital losses	23	-	-	-
3.3.2 Shareholders' equity	X	X	123	-
3.4 Transfers to other levels	-	-	-	-
3.5 Other decrease variations	-	-	-	-
4. Closing balance	**266**	**7,735**	**4,247**	**-**

With reference to paragraph 27B of IFRS7, the Table represents, relative to fair value measurements of Level 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 variations of financial liabilities assessed at fair value (Level 3)

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

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

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

Part - B
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 31/12/2010	TOTAL AT 31/12/2009
a) Cash	79,509	73,318
b) Demand deposits at Central Banks	-	-
TOTAL	**79,509**	**73,318**

The sub-item “cash” includes foreign currency for a counter value of Euro 15,482 thousand.

SECTION 2 – FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

ITEMS/AMOUNTS	TOTAL AT 31/12/2010			TOTAL AT 31/12/2009		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A Cash assets						
1. Debt securities	**55,602**	**1,098**	**177**	**39,262**	**21,217**	**-**
1.1 Structured securities	2,194	701	176	2,548	170	-
1.2 Other debt securities	53,408	397	1	36,714	21,047	-
2. Equity Securities	**-**	**-**	**89**	**26**	**-**	**88**
3. UCITS Units	**1,932**	**-**	**-**	**3,153**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total A	**57,534**	**1,098**	**266**	**42,441**	**21,217**	**88**
B Derivative instruments						
1. Financial derivatives	**190**	**379,168**	**-**	**356**	**397,620**	**-**
1.1 trading	190	377,565	-	356	396,218	-
1.2 linked to fair value option	-	1,603	-	-	1,402	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 linked to fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total B	**190**	**379,168**	**-**	**356**	**397,620**	**-**
Total (A+B)	**57,724**	**380,266**	**266**	**42,797**	**418,837**	**88**

The amount under letter B point 1.2 refers to derivative contracts linked to the use of the fair value option, operationally connected to two debenture bonds issued by the bank. The equity items covered are classified in the financial liabilities designated at fair value through profit or loss.

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

ITEMS/AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Cash assets		
1. Debt securities	**56,877**	**60,479**
a) Governments and Central Banks	36,459	34,470
b) Other public bodies	-	-
c) Banks	19,105	25,003
d) Other issuers	1,313	1,006
2. Equity securities	**89**	**114**
a) Banks	-	2
b) Other issuers:	89	112
- insurance companies	-	12
- financial companies	6	13
- non-financial companies	83	87
- others	-	-
3. UCITS units	**1,932**	**3,153**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
Total A	**58,898**	**63,746**
B. Derivative instruments		
a) Banks	**364,432**	**389,470**
- fair value	364,432	389,470
b) Customers	**14,926**	**8,506**
- fair value	14,926	8,506
TOTAL B	**379,358**	**397,976**
TOTAL (A+B)	**438,256**	**461,722**

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 31/12/2010
A. Opening balance	**60,479**	**114**	**3,153**	**-**	**63,746**
B. Increases	**46,246,214**	**108,685**	**783**	**-**	**46,355,682**
B1. Purchases	46,239,065	108,623	409	-	46,348,097
B2. Positive changes in fair value	12	33	202	-	247
B3. Other changes	7,137	29	172	-	7,338
C. Decreases	**46,249,816**	**108,710**	**2,004**	**-**	**46,360,530**
C1. Sales	46,246,656	108,669	2,001	-	46,357,326
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	1,420	23	-	-	1,443
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other changes	1,740	18	3	-	1,761
D. Closing balance	**56,877**	**89**	**1,932**	**-**	**58,898**

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

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

3.1 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN BY TYPE

ITEMS/AMOUNTS	TOTAL AT 31/12/2010			TOTAL AT 31/12/2009		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**13,615**	**7,735**	**-**	**22,373**	**6,947**
1.1 Structured securities	-	13,615	7,735	-	22,373	6,947
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. UCITS units	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
TOTAL	**-**	**13,615**	**7,735**	**-**	**22,373**	**6,947**
Cost	**-**	**13,362**	**6,947**	**-**	**19,906**	**5,465**

The amounts indicated alongside “cost” refer to the purchase cost of the financial assets remaining on the reporting date. The *Fair Value Option* was used for 3 structured loans in order to avoid unbundling the embedded derivative.

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

ITEMS/AMOUNTS	TOTAL 31/12/2010	TOTAL 31/12/2009
1. Debt securities	**21,350**	**29,320**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	6,237	14,403
d) Other issuers	15,113	14,917
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- others	-	-
3. UCITS units	**-**	**-**
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**21,350**	**29,320**

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

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

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS	TOTAL AT 31/12/2010
A. Opening balance	**29,320**	**-**	**-**	**-**	**29,320**
B. Increases	**1,641**	**-**	**-**	**-**	**1,641**
B1. Purchases	-	-	-	-	-
B2. Positive changes in fair value	788	-	-	-	788
B3. Other changes	853	-	-	-	853
C. Decreases	**9,611**	**-**	**-**	**-**	**9,611**
C1. Sales	7,244	-	-	-	7,244
C2. Redemptions	-	-	-	-	-
C3. Negative changes in fair value	599	-	-	-	599
C4. Other variations	1,768	-	-	-	1,768
D. Closing balance	**21,350**	**-**	**-**	**-**	**21,350**

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

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

4.1 Financial assets available for sale: breakdown by type

ITEMS/AMOUNTS	TOTAL AT 31/12/2010			TOTAL AT 31/12/2009		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**608,802**	**71,706**	**-**	**492,788**	**75,982**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	608,802	71,706	-	492,788	75,982	-
2. Equity securities	**301**	**-**	**3,724**	**276**	**-**	**22,691**
2.1 Designated at fair value through profit or loss	301	-	600	276	-	19,567
2.2 Carried at cost	-	-	3,124	-	-	3,124
3. UCITS units	**65,214**	**-**	**523**	**54,519**	**-**	**16,639**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**674,317**	**71,706**	**4,247**	**547,583**	**75,982**	**39,330**

With reference to the interest in listed equity securities classified in the category of instruments available for sale, we can note that, as required by IAS 39 paragraph 61, and in compliance with the provisions of Document No. 4 of 3 March 2010 issued jointly by the Bank of Italy, CONSOB, and Isvap, a check was made on the conditions for any impairment of the securities affecting the income statement. In order to identify evidence of impairment, the Bank interpreted the feature of "significant" reduction as a contraction of more than 30% in the initial book value, while "prolonged" reduction of value was taken to mean a constant reduction in the value for over 24 months. Considering that during the period, and in particular with regards to the preparation of the 2010 Interim Financial Statements, as regards the Securfondo interest, a listed equity instrument belonging to the Closed-end Real estate fund category, the criterion of "prolonged drop in prices" was fulfilled, and, in addition to that noted on the 2009 financial statements, a further impairment loss of approximately € 275 thousand was booked to the Income Statement. Please note, however, and on this, please refer to Part C – Information on the Income Statement – Section 8.2, that the share value as of 31st December 2010 has entirely recovered the loss as of 30th June 2010 and also partially the adjusted amount as of 31th December 2009.

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

ITEMS/AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Debt securities	**680,508**	**568,770**
a) Governments and Central Banks	680,508	568,770
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity securities	**4,025**	**22,967**
a) Banks	1	-
b) Other issuers:	4,024	22,967
- insurance companies	-	-
- financial companies	1,476	20,418
- non-financial companies	2,548	2,549
- others	-	-
3. UCITS units	**65,737**	**71,158**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other subjects	-	-
TOTAL	**750,270**	**662,895**

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

4.3 Financial assets available for sale with micro-hedging

ASSET/ TYPE OF HEDGING	HEDGED ASSETS			
	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	FAIR VALUE	CASH FLOWS	FAIR VALUE	CASH FLOWS
1. Debt securities	63,530	-	20,524	-
2. Equity securities	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
TOTAL	**63,530**	**-**	**20,524**	**-**

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 31/12/2010
A. Opening balance	**568,770**	**22,967**	**71,158**	**-**	**662,895**
B. Increases	**249,652**	**295**	**15,811**	**-**	**265,758**
B1. Purchases	244,405	1	13,759	-	258,165
B2. Positive changes in fair value	-	-	-	-	-
B3. Writebacks	-	-	2,052	-	2,052
- booked to the statement of income	-	X	-	-	-
- booked to the shareholders' equity	-	-	2,052	-	2,052
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other changes	5,247	294	-	-	5,541
C. Decreases	**137,914**	**19,237**	**21,232**	**-**	**178,383**
C1. Sales	109,587	19,170	15,159	-	143,916
C2. Redemptions	-	-	4,841	-	4,841
C3. Negative changes in fair value	24,412	66	32	-	24,510
C4. Impairment losses	-	-	275	-	275
- booked to the statement of income	-	-	275	-	275
- booked to shareholders' equity	-	-	-	-	-
C5. Transfer to other portfolios	-	-	-	-	-
C6. Other changes	3,915	1	925	-	4,841
D. Closing balance	**680,508**	**4,025**	**65,737**	**-**	**750,270**

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

In June 2010, the interest held in Key-client S.p.A. was sold for € 18,876 thousand to the Istituto Centrale delle Banche Popolari Italiane (ICPBI). This sale generated income from assets available for sale for € 3,934 thousand.

In December, the sale of shares in the “Melograno” fund was completed. More specifically, 29 shares were sold to the National Pension Fund for BCC/CR personnel, for an equivalent value of € 15,159 thousand. At the same time, the Pension Fund sold Iccrea Banca 6,198 shares in the listed fund “Securfondo” for an equivalent value of € 13,759 thousand at a balance payment of € 1,400 thousand.

The amount of € 4,841 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 2009 approved on 25th February 2010.

SECTION 5 – FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

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

SECTION 6 – DUE FROM BANKS – ITEM 60

This item includes unlisted financial assets due from banks (current accounts, demand and time deposits, guarantee deposits, debt securities, etc.) classified in the receivables portfolio pursuant to IAS 39.

6.1 Due from banks: breakdown by type

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Due from Central Banks	**473,008**	**1,357,564**
1. Time deposits	-	-
2. Obligatory reserve	473,008	1,357,564
3. Repurchase agreements	-	-
4. Others	-	-
B. Due from banks	**7,400,921**	**6,417,385**
1. Current accounts and demand deposits	601,484	688,905
2. Time deposits	722,601	2,499,518
3. Other loans:	2,818,550	702,358
3.1 Repurchase agreements	2,064,157	366,744
3.2 Financial leasing	-	-
3.3 Others	754,393	335,614
4. Debt securities	3,258,286	2,526,604
4.1 Structured securities	91,410	121,232
4.2 Other debt securities	3,166,876	2,405,372
TOTAL (BOOK VALUE)	**7,873,929**	**7,774,949**
TOTAL (FAIR VALUE)	**7,812,265**	**7,775,910**

Amounts due from banks are entered net of impairment losses.

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

The sub-item “Obligatory reserve” includes the reserve managed on behalf of the Cooperative and Rural Banks.

The sub-item “current accounts and demand deposits” includes the deposit relating to the funds of the former Central Guarantee Fund, of Euro 1,311 thousand.

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 2,582 thousand.

Following the start of the process of review of the Banking Group's organisational model, the Parent Company started the "Group financial management" project. With a resolution on 16 January 2009, the bank's Board, acknowledging the direction received, started the new activity, gradually transferring to the Bank all funding and market risk management trading operations of G.B.I.

In particular the following securities issued by Banca Agrileasing were subscribed and classified in the sub-item "Due from banks – Debt securities – Others" :

ISIN	NOMINAL	ISSUANCE	EXPIRY
IT0004563372	400,000,000	30/12/2009	30/12/2014
IT0004511561	180,000,000	01/07/2009	01/07/2014
IT0004511512	720,000,000	01/07/2009	01/07/2014
IT0004493067	81,000,000	15/05/2009	01/04/2014
IT0004494719	666,000,000	15/05/2009	01/04/2014
IT0004494859	99,000,000	15/05/2009	01/04/2014
IT0004494842	54,000,000	15/05/2009	01/04/2014
IT0004628035	245,000,000	02/08/2010	02/08/2015
IT0004657505	400,000,000	16/11/2010	16/11/2012
TOTALE	**2,845,000,000**		

The nominal value shown is expressed in euro units.

6.2 Due from banks: micro-hedged assets

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Receivables with micro-hedging of fair value:	**273,290**	**328,033**
a) interest rate risk	273,290	328,033
b) exchange risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Receivables with micro-hedging of cash flows:	**-**	**-**
a) interest rate	-	-
b) exchange rate	-	-
c) other	-	-
TOTAL	**273,290**	**328,033**

The item consists of 2 fixed-rate securities issued by Banca Agrileasing, hedged by Interest Rate Swap (IRS) type derivative instruments (see also section 6.2 of the Liabilities below).

6.3 Financial leasing

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

SECTION 7 – LOANS TO CUSTOMERS – ITEM 70

This item comprises financial instruments, including unlisted debt securities loans to customers, which IAS 39 classifies as "Loans and Receivables".

7.1 Loans to customers: breakdown by type

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	282,936	4,363	219,485	2,663
2. Repurchase agreements	26,675	-	-	-
3. Mortgages	244,615	30,868	547,052	11,996
4. Credit cards, personal loans and salary-backed loans	-	311	-	476
5. Financial leasing	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	88,738	3,367	109,260	10,882
8. Debt securities	150,994	875	146,378	851
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	150,994	875	146,378	851
TOTAL (BOOK VALUE)	**793,958**	**39,784**	**1,022,175**	**26,868**
TOTAL (FAIR VALUE)	**794,523**	**39,784**	**1,066,817**	**26,868**

Amounts due from customers are shown net of impairment losses.

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

The sub-item "Other debt securities" includes securities from the securitisation transaction named "CBO3" for an amount of € 150,894 thousand. Further information is provided in part E section 1 para. C of the Explanatory Notes.

Impaired assets include non-performing positions for € 9,290 thousand with regards to the Lehman Brothers Group, written-down for € 6,022 thousand.

The significant drop in the item "Customer receivables" is due to the reclassification, in accordance with IFRS 5 of non-current assets and groups of assets held for disposal, following the Tangram group project that involves the transfer, with effect as from 1st January 2011 of the Corporate assets and liabilities relating to the operative sectors Special Loans, Subsidised Loans and Foreign Business, by means of the conferral of the business unit to Banca Agrileasing S.p.A..

7.2 Loans to customers: breakdown by debtors/issuers

Type of transaction/ amounts	Total at 31/12/2010		Total at 31/12/2009	
	Performing	Impaired	Performing	Impaired
1. Debt securities:	**150,994**	**875**	**146,378**	**851**
a) Governments	-	-	-	-
b) Other public bodies	-	-	-	-
c) Other issuers	150,994	875	146,378	851
- non-financial companies	100	-	102	-
- financial companies	150,894	875	146,276	851
- insurance	-	-	-	-
- others	-	-	-	-
2. Loans to:	**642,964**	**38,909**	**875,797**	**26,017**
a) Governments	-	-	-	-
b) Other public bodies	124	-	3,979	-
c) Other subjects	642,840	38,909	871,818	26,017
- non-financial companies	70,061	26,768	556,682	16,934
- financial companies	451,942	2,983	177,327	2,897
- insurance	2	-	2	-
- others	120,835	9,158	137,807	6,186
TOTAL	**793,958**	**39,784**	**1,022,175**	**26,868**

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

7.3 Loans to customers: micro-hedged assets

Transaction type/ amounts	Total at 31/12/2010	Total at 31/12/2009
1. Receivables with micro-hedging of fair value:	**31,319**	**32,013**
a) interest rate risk	31,319	32,013
b) exchange risk	-	-
c) credit risk	-	-
d) more than one risk	-	-
2. Receivables with micro-hedging of cash flows:	**-**	**-**
a) interest rate risk	-	-
b) exchange risk	-	-
c) other	-	-
TOTAL	**31,319**	**32,013**

Receivables with micro-hedging of fair value are recognised at cost adjusted for the fair value changes for the hedged risk accrued up to the reporting date. The amount, in particular, refers to a fixed-rate loan contract – entered into with BCC Solutions of Euro 28,625 thousand (residual debt at 31 December 2010) – hedged against interest rate risk.

7.4 Financial leasing

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

SECTION 8 – HEDGING DERIVATIVES – ITEM 80

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

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

	FV AT 31/12/2010			NV AT 31/12/2010	FV AT 31/12/2009			NV AT 31/12/2009
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**-**	**-**	**-**	**-**	**1,031**	**-**	**35,000**
1) Fair value	-	-	-	-	-	1,031	-	35,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**1,031**	**-**	**35,000**

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

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

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

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

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

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

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

COMPANY	TOTAL ASSETS	TOTAL REVENUES	PROFIT (LOSS)	TOTAL SHAREHOLDERS' EQUITY	BOOK VALUE	FAIR VALUE
A. Wholly-owned subsidiaries						
1.Credico Finance s.r.l.	482	74	-	57	48	X
2. Bcc Securis s.r.l.	34	65	-	11	9	X
B. Joint Ventures						
C. Companies subject to significant influence						
1. Hi-Mtf	5,005	2,720	547	4,514	1,000	-
TOTAL AT 31/12/2010	**5,521**	**2,859**	**547**	**4,582**	**1,057**	**-**

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

COMPANY	TOTAL ASSETS	TOTAL REVENUES	PROFIT (LOSS)	TOTAL SHAREHOLDERS' EQUITY	BOOK VALUE	FAIR VALUE
A. Wholly-owned subsidiaries						
1.Credico Finance s.r.l.	482	74	-	57	48	X
2. Bcc Securis s.r.l.	34	65	-	11	9	X
B. Joint Ventures						
C. Companies subject to significant influence						
1. Hi-Mtf	5,005	2,720	547	4,514	1,000	-
TOTAL AT 31/12/2010	**5,521**	**2,859**	**547**	**4,582**	**1,057**	**-**

Considering the strategic nature, the goodwill of the company Hi-Mtf and the positive results of the period, it is considered that there is no basis by which to proceed with impairment. The data are those of the financial statement at 31st December 2010.

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 31/12/2010	TOTAL AT 31/12/2009
A. Opening balance	**1,057**	**1,057**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Sales	-	-
C.2 Adjustments	-	-
C.3 Other changes	-	-
D. Closing balance	**1,057**	**1,057**
E. Total revaluations	**-**	**-**
F. Total adjustments	**-**	**-**

10.4 Commitments relating to equity investments in subsidiaries

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

10.5 Commitments relating to equity investments in joint ventures

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

10.6 Commitments relating to equity investments in companies subject to significant influence

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

SECTION 11 – PROPERTY AND EQUIPMENT – ITEM 110

This item comprises property and equipment 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

ASSETS/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Operating assets		
1.1 Company owned	**5,886**	**4,594**
a) land	-	-
b) buildings	-	-
c) furniture	357	437
d) electronic systems	5,000	3,518
e) others	529	639
1.2 purchased in financial leasing	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) others	-	-
Total A	**5,886**	**4,594**
B. Assets held for investment		
2.1 Company owned	**12,885**	**13,401**
a) land	-	-
b) buildings	12,885	13,401
2.2 purchased in financial leasing	-	-
a) land	-	-
b) buildings	-	-
TOTAL B	**12,885**	**13,401**
TOTAL (A+B)	**18,771**	**17,995**

11.2 Property and equipment: breakdown of assets designated 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 Property and equipment for operating purposes: annual change

	LAND	BUILDINGS	FURNITURE	ELECTRONIC SYSTEMS	OTHERS	TOTAL AT 31/12/2010
A. Gross opening balance	**-**	**-**	**2,653**	**17,825**	**6,332**	**26,810**
A.1 Total net value adjustments	-	-	2,216	14,307	5,693	22,216
A.2 Net opening balance	**-**	**-**	**437**	**3,518**	**639**	**4,594**
B. Increases:	**-**	**-**	**13**	**3,273**	**170**	**3,456**
B.1 Purchases	-	-	13	3,273	170	3,456
B.2 Expenses for capitalised improvements	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Positive changes in fair value booked to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) statement of income	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer of real estate held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**-**	**93**	**1,791**	**280**	**2,164**
C.1 Sales	-	-	11	14	20	45
C.2 Depreciation	-	-	82	1,741	260	2,083
C.3 Depreciation adjustments booked to	-	-	-	36	-	36
a) shareholders' equity	-	-	-	-	-	-
b) statement of income	-	-	-	*36*	-	*36*
C.4 Negative changes in fair value booked to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) statement of income	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) assets held for investment	-	-	-	-	-	-
b) assets available for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**357**	**5,000**	**529**	**5,886**
D.1 Adjustment of total net amounts	-	-	2,309	16,098	5,973	24,380
D.2 Gross closing balance	-	-	2,666	21,098	6,502	30,266
E. Measurement at cost	**-**	**-**	**2,666**	**21,098**	**6,502**	**30,266**

11.4 Property and equipment held for investments: annual change

	Total at 31/12/2010	
	Land	Buildings
A. Opening balance	**-**	**13,401**
B. Increases	**-**	**-**
B.1 Purchases	-	-
B.2 Expenses for capitalised improvements	-	-
B.3 Positive changes in fair value	-	-
B.4 Writebacks	-	-
B.5 Positive exchange differences	-	-
B.6 Transfer from real estate to operating assets	-	-
B.7 Other changes	-	-
C. Decreases	**-**	**516**
C.1 Sales	-	-
C.2 Depreciation	-	516
C.3 Negative changes in fair value	-	-
C.4 Adjustments for impairment	-	-
C.5 Negative exchange differences	-	-
C.6 Transfer of assets to other portfolios	-	-
a) operating assets	-	-
b) non-current assets available for sale	-	-
C.7 Other changes	-	-
D. Closing balance	**-**	**12,885**
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/ AMOUNTS	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	DEFINED DURATION	UNDEFINED DURATION	DEFINED DURATION	UNDEFINED DURATION
A.1 Goodwill	X	**-**	X	
A.2 Other intangible assets	**3,181**	**-**	**3,308**	**-**
A.2.1 Assets carried at cost:	3,181	-	3,308	-
a) Intangible assets generated internally	-	-	-	
b) Other assets	3,181	-	3,308	-
A.2.2 Assets designated at fair value through profit or loss:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
TOTAL	**3,181**	**-**	**3,308**	**-**

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: others		Total at 31/12/2010
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**-**	**-**	**-**	**3,308**	**-**	**3,308**
A.1 Total net value adjustments	-	-	-	-	-	-
A.2 Net opening balance	**-**	**-**	**-**	**3,308**	**-**	**3,308**
B. Increases	-	-	-	1,955	-	1,955
B.1 Purchases	-	-	-	1,955	-	1,955
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Positive changes in fair value:		-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the statement of income	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**2,082**	**-**	**2,082**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	-	-	2,082	-	2,082
- Amortisation	X	-	-	2,082	-	2,082
- Impairments:	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ statement of income	-	-	-	-	-	-
C.3 Negative changes to fair value:		-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- statement of income	X	-	-	-	-	-
C.4 Transfers to non-current assets available for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**-**	**3,181**	**-**	**3,181**
D.1 Total net adjustments	-	-	-	-	-	-
E. Gross closing balance	**-**	**-**	**-**	**3,181**	**-**	**3,181**
F. Measured at cost	**-**	**-**	**-**	**3,181**	**-**	**3,181**

Key: Def: limited 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

ITEMS/AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Receivables	10,400	8,520
Other financial instruments	10,655	2,512
Goodwill	-	24
Long term charges	-	-
Property and equipment	75	60
Provisions for risks and charges	1,494	1,525
Agency costs	4	12
Personnel costs	2,241	1,560
Tax losses	-	-
Non-deductible tax credit	-	-
Others	-	-
Total	**24,869**	**14,213**

13.2 Deferred tax liabilities: breakdown

ITEMS/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Capital gains to be spread over several periods	375	1,222
Goodwill	-	-
Property and equipment	-	-
Financial instruments	790	1,044
Personnel costs	-	-
Others	155	170
TOTAL	**1,320**	**2,436**

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 11.4 million euro were not set aside.

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

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Opening balance	**12,522**	**8,006**
2. Increases	**3,792**	**6,402**
2.1 Prepaid taxes arising in the year	3,783	6,402
a) pertaining to previous periods	-	-
b) due to change in accounting standards	-	-
c) writebacks	-	-
d) others	3,783	6,402
2.2 New taxes or increases in tax rates	9	-
2.3 Other increases	-	-
3. Decreases	**1,270**	**1,886**
3.1 Prepaid taxes cancelled in the period	1,270	1,886
a) reversals	1,270	1,886
b) writeoffs for uncollectability	-	-
c) due to change in accounting standards	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**15,044**	**12,522**

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

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Opening balance	**1,393**	**4,514**
2. Increases	**6**	**7**
2.1 Deferred taxes recognized in the year	-	7
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	-	7
2.2 New taxes or increases in tax rates	6	-
2.3 Other increases	-	-
3. Decreases	**868**	**3,128**
3.1 Deferred taxes cancelled in the period	868	3,128
a) reversals	868	3,128
b) due to changes in accounting standards	-	-
c) others	-	-
3.2 Reduction of tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**531**	**1,393**

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

	Total at 31/12/2010	Total at 31/12/2009
1. Opening balance	**1,691**	**13,552**
2. Increases	**8,134**	**-**
2.1 Prepaid taxes arising in the year	8,126	-
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	8,126	-
2.2 New taxes or increases in tax rates	8	-
2.3 Other increases	-	-
3. Decreases	**-**	**11,861**
3.1 Prepaid taxes cancelled in the period	-	11,861
a) reversals	-	11,861
b) writeoffs for uncollectibility	-	-
c) due to changes in accounting standards	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**9,825**	**1,691**

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

	Total at 31/12/2010	Total at 31/12/2009
1. Opening balance	**1,044**	**826**
2. Increases	**680**	**218**
2.1 Deferred taxes arising in the period	668	218
a) pertaining to previous periods	-	-
b) due to changes in accounting standards	-	-
c) others	668	218
2.2 New taxes or increases in tax rates	12	-
2.3 Other increases	-	-
3. Decreases	**935**	**-**
3.1 Deferred taxes cancelled in the period	935	-
a) reversals	935	-
b) due to changes in accounting standards	-	-
c) others	-	-
3.2 Reduction of tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**789**	**1,044**

13.7 Other information

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

- for financial years 2006, 2007, 2008 and 2009 (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 Banca Agrileasing, 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 Banca Agrileasing S.p.A.;
  - control of increases and decreases made during IRES/IRAP declarations of the 2008 Consolidated Model.

As of today, on the basis of the daily reports prepared, no disputes have been raised;

- the Bank received a notice of liquidation for registry tax on the sale of the “corporate” business unit to Banca Agrileasing. The payment was made and at the same time an appeal was lodged with the Provincial Tax Commission of Rome, because the demands of the financial administration seem groundless both from a legal point of view and as regards administrative practice;
- in March 2008 the Bank received from the Provincial Office of the Territory of Treviso a notice of liquidation of the mortgage tax on the registration relating to the opening of a current account overdraft facility, transferred as part of the “corporate” business unit, made in a pool with Banca di Credito Cooperativo Centromarca. In May an appeal was lodged with the Provincial Tax Commission of Treviso, because the demands of the financial administration seem groundless both from a legal point of view and as regards administrative practice. On 6th April 2009, the Provincial Commission of Treviso issued a judgement in the Bank’s favour. The sentence became final in June 2010.

SECTION 14 – NON-CURRENT ASSETS AND GROUPS OF ASSETS IN THE PROCESS OF BEING SOLD OFF – 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 groups of assets in the process of being sold off: breakdown by type of asset

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
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 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 investmentsi	-	-
B.8 Property and equipment	21	-
B.9 Intangible assets	-	-
B.10 Other assets	1,520	-
TOTAL B	**498,180**	**-**
C. Liabilities associated with assets available 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 at fair value through profit or loss	-	-
D.6 Provisions	998	-
D.7 Other liabilities	1,649	-
TOTALE D	**448,180**	**-**

14.2 Other information

On 22nd December 2010, the subscription of the share capital increase was completed for Banca Agrileasing S.p.A. with the conferral of the Corporate company branch, with effect from 1st January 2011. By this deed, Iccrea Banca S.p.A. acquired 756,970 shares in Banca Agrileasing 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. based on the branch's balance sheet data as of 30th June 2010

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 31/12/2010	TOTAL AT 31/12/2009
Items being processed	10,196	7,219
Receivables for future premiums	20,437	12,021
Commissions	13,358	13,159
Receivables due from parent company for tax consolidation	19,777	12,930
Definitive items not related to other items	25,264	40,074
Tax receivables due from Inland Revenue and other tax bodies	15,719	16,320
TOTAL	**104,751**	**101,723**

The sub-item "Definitive items not related to other items" includes transactions that were implemented in the first few days of 2011.

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

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Due to central banks	**-**	**215,335**
2. Due to banks	**5,559,083**	**7,171,439**
2.1 Current accounts and demand deposits	3,091,517	4,389,687
2.2 Time deposits	2,417,456	2,582,264
2.3 Loans	47,348	190,272
2.3.1 Repurchase agreements	3,942	1,995
2.3.2 Others	43,406	188,277
2.4 Payables to repurchase own equity instruments	-	-
2.5 Other payables	2,762	9,216
TOTAL	**5,559,083**	**7,386,774**
Fair value	**5,536,630**	**7,391,750**

The sub-item "Time deposits" also includes deposits received from other banks for Euro 1,291,362 thousand regarding the indirect discharge of obligatory reserve liabilities.

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

1.2. Breakdown of item 10 "due to banks": subordinate payables

On 4th August 2010, in accordance with the counterparty, the subordinate loan of € 150,000 thousand stipulated with DZ Bank, transferred to us by the parent company Iccrea Holding on 18th December 2009, was repaid early.

1.3. Breakdown of item 10 "due to banks": structured debt

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

1.4 Payables subject to micro hedging

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

1.5 Due for financial leasing

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

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

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

2.1 Due to customers: breakdown by type

TRANSACTION TYPE/AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Current accounts and demand deposits	630,964	847,025
2. Time deposits	79,381	1,752
3. Loans	1,507,158	-
3.1 Repurchase agreements	1,507,158	-
3.2 Others	-	-
4. Payables to repurchase own equity instruments	-	-
5. Other payables	393,132	362,982
Total	**2,610,635**	**1,211,759**
Fair value	**2,611,793**	**1,212,278**

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": subordinate payables

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

2.3 Breakdown of item 20 "due to customers": structured debts

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

2.4 Due to customers subject to micro hedging

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

2.5 Due for financial leasing

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

SECTION 3 – SECURITIES ISSUED – ITEM 30

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

3.1 Securities issued: breakdown by type

TYPE OF SECURITIES/ AMOUNTS	TOTAL AT 31/12/2010				TOTAL AT 31/12/2009			
	BOOK VALUE	*FAIR VALUE*			BOOK VALUE	*FAIR VALUE*		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	830,271	-	847,200	-	287,158	-	291,663	-
1.1 structured	157,566	-	157,636	-	167,013	-	167,134	-
1.2 others	672,705	-	689,564	-	120,145	-	124,529	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
TOTAL	**830,271**	**-**	**847,200**	**-**	**287,158**	**-**	**291,663**	**-**

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

3.2 Breakdown of item 30 "Securities issued": subordinated securities

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

3.3 Securities issued subject to micro hedging

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Securities with micro hedging of fair value:	**239,079**	**35,690**
a) interest rate risk	239,079	35,690
b) exchange risk	-	-
c) more than one risk	-	-
2. Securities with micro hedging of cash flow:	**-**	**-**
a) interest rate risk	-	-
b) exchange risk	-	-
c) other	-	-

The amount refers to 2 bonds issued by the Bank and hedged against interest rate risk by means of derivative contracts on interest rates.

SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

This item comprises derivative financial instruments held for trading.

4.1 Financial liabilities held for trading: breakdown by type

TRANSACTION TYPE/ AMOUNTS	TOTAL AT 31/12/2010					TOTAL AT 31/12/2009				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	3	3	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Others	-	-	-	-	X	-	-	-	-	X
Total A	-	-	-	-	-	3	3	-	-	-
B. Derivative instruments										
1. Financial derivatives		163	369,224	-	-		1,011	391,433	-	
1.1 For trading	X	163	369,224	-	X	X	1,011	388,635	-	X
1.2 Linked to the fair value option	X	-	-	-	X	X	-	2,798	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-			-	-	-	
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Linked to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
TOTAL B	X	163	369,224	-	X	X	1,011	391,433	-	X
TOTAL (A+B)	X	163	369,224	-	X	X	1,014	391,433	-	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": subordinated debt

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

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

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

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

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

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

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

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

TRANSACTION TYPE / AMOUNTS	TOTAL AT 31/12/2010					TOTAL AT 31/12/2009				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Others	-	-	-	-	X	-	-	-	-	X
2. Due to customers	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Others	-	-	-	-	X	-	-	-	-	X
3. Debt securities	**299,171**	**293,782**	**6,583**	**-**	**292,187**	**312,153**	**297,938**	**13,859**	**-**	**297,252**
3.1 Structured	293,156	293,782	-	-	X	299,575	297,938	-	-	X
3.2 Others	6,015	-	6,583	-	X	12,578	-	13,859	-	X
TOTAL	**299,171**	**293,782**	**6,583**	**-**	**292,187**	**312,153**	**297,938**	**13,859**	**-**	**297,252**

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

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

5.2 Breakdown of item 50 “Financial liabilities designated at fair value through profit or loss: subordinated debt

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

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

	DUE TO BANKS	DUE TO CUSTOMERS	DEBT SECURITIES ISSUED	TOTAL AT 31/12/2010
A. Opening balance	**-**	**-**	**311,797**	**311,797**
B. Increases	**-**	**-**	**35,959**	**35,959**
B1. Issuances	-	-	-	-
B2. Sales	-	-	33,134	33,134
B3. Positive changes in fair value	-	-	2,056	2,056
B4. Other changes	-	-	769	769
C. Decreases	**-**	**-**	**47,391**	**47,391**
C1. Purchases	-	-	46,187	46,187
C2. Redemptions	-	-	-	-
C3. Negative changes in fair value	-	-	44	44
C4. Other changes	-	-	1,160	1,160
D. Closing balance	**-**	**-**	**300,365**	**300,365**

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 levels

	FAIR VALUE AL 31/12/2010			NV AT 31/12/2010	FAIR VALUE AT 31/12/2009			NV AT 31/12/2009
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**17,432**	**-**	**699,543**	**-**	**8,316**	**-**	**370,518**
1) Fair value	-	17,432	-	699,543	-	8,316	-	370,518
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**17,432**	**-**	**699,543**	**-**	**8,316**	**-**	**370,518**

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.

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

TRANSACTIONS/ TYPE OF HEDGING	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	RATE RISK	EXCHANGE RISK	CREDIT RISK	PRICE RISK	MORE THAN ONE RISK				
1. Financial assets available for sale	2,325	-	-	-	-	X	-	X	X
2. Receivables	14,045	-	-	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 31/12/2010	**16,370**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	1,062	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES AT 31/12/2010	**1,062**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	-	-

The receivables hedged by the rate risk refer to a fixed-rate loan stipulated with BCC Solutions that is hedged by means of an Interest Rate Swap (IRS) derivative contract and to 2 securities held in the portfolio at fixed rate, issued by Banca Agrileasing and hedged by means of Interest Rate Swap (IRS) derivative contracts.

The amounts in "Financial assets available 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.

"Financial liabilities" refer to 2 blended-rate bond loans issued by the Institute during the year and subjected to hedging the rate risk by means of Interest Rate Swap (IRS) derivative contracts and Interest rate Option (CAP) derivative contracts.

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 31/12/2010	TOTAL ATL 31/12/2009
Due to national insurance institutions	5,961	6,412
Amounts at the disposal of customers	41,739	69,797
Former Central Guarantee Fund reserve	1,313	2,341
Items being processed	7,598	5,631
Definitive items not classifiable under other items	17,717	14,660
Payables for future premiums	11,995	6,342
Due to the parent company for tax consolidation	11,854	21,861
Due to inland Revenue and other tax bodies	7,288	7,061
Invoices to be paid not yet received	21,470	17,161
Failed purchasing operations	10,004	26,716
Illiquid portfolio items	6,902	13,151
Impairment of issued financial guarantees	1,995	1,995
TOTAL	**145,836**	**193,128**

The sub-item "Definitive items not classifiable under other items" includes transactions that were implemented in the first few days of 2011.

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 2010 are the following:

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Assets		
Deposits with banks	1,308	1,311
Loans	-	1,033
Other assets	8	-
TOTAL ASSETS	**1,316**	**2,344**
Liabilities		
Taxes payable	3	3
Payables to CGF reserve	1,313	2,341
Total liabilities	**1,316**	**2,344**

As concerns the item relating to "loans", please note that following communication of the liquidator of the ex BCC of San Marcellino, the loan has been considered as unrecoverable. Consequently, the loss has been booked and the available reserve used.

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

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

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

11.1 Employee termination benefits: annual change

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Opening balance	**15,515**	**15,372**
B. Increases	**743**	**703**
B.1 Provision for the period	706	703
B.2 Other changes	37	-
C. Decreases	**1,582**	**560**
C.1 Benefits paid	693	560
C.2 Other changes	889	-
D. Closing balance	**14,676**	**15,515**
TOTAL	**14,676**	**15,515**

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 16,643 thousand (Euro 17,722 thousand at 31 December 2009).

"Other changes" refer to the amounts due to staff of the business unit to be conferred with effect from 1st January 2011 to Banca Agrileasing. These amounts have been included amongst the liabilities associated with non-current assets and groups of assets held for disposal (see also section 14 of the Assets).

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 3.60% per annum;
- **Financial factors**: the estimates were made on the basis of an interest rate of 4.15%;
- **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

ITEMS/ AMOUNTS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1 Provisions for retirement benefits	**-**	**-**
2. Other provisions for risks and changes	**13,185**	**11,538**
2.1 Legal disputes	5,301	5,711
2.2 personnel expenses	3,099	5,827
2.3 other	4,785	-
TOTAL	**13,185**	**11,538**

The sub-item "Legal disputes" includes Euro 3,882 thousand for Revocatory actions and Euro 1,419 thousand for Litigation and Lawsuits. Personnel costs are for unused holiday time and incentives.

The sub-item "other" refers to charges deriving from the trade union agreement of 21 January 2010, for which costs relating to personnel leaving in 2011 have been allocated, which, as of the date of approval of the financial statements by the Board of Directors had already expressed their desire to terminate their employment, signing the related settlement report. Expenses were calculated on the basis of outgoing data and according to the period of time spent in the Solidarity Fund.

12.2 Provisions for risks and charges: annual change

	ETIREMENT BENEFITS	OTHER PROVISIONS	TOTAL AT 31/12/2010
A. Opening balance	**-**	**11,538**	**11,538**
B. Increases	**-**	**6,217**	**6,217**
B.1 Provisions for the period	-	6,003	6,003
B.2 Variations due to the passing of time	-	119	119
B.3 Variations due to changes in the discount rate	-	95	95
B.4 Other changes	-	-	-
C. Decreases	**-**	**4,570**	**4,570**
C.1 Profit for the period	-	4,456	4,456
C.2 Variations due to changes in the discount rate	-	-	-
C.3 Other changes	-	114	114
D. Closing balance	**-**	**13,185**	**13,185**

12.3 Company Retirement provisions as defined benefits

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

12.4 Provisions for risks and charges – other provisions

TYPE	OPENING BALANCE	PROFITS	PROVISIONS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Provision for revocatory actions	3,705	28	205	3,882	3,705
Reserve for legal actions and disputes	2,006	914	327	1,419	2,006
Provision for personnel expenses	5,827	3,628	900	3,099	5,827
Provision for voluntary redundancy	-	-	4,785	4,785	-
Closing balance	**11,538**	**4,570**	**6,217**	**13,185**	**11,538**

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

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

14.3 Share capital: other information

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

14.4 Earnings reserves: other information

These reserves amount to Euro 71,138 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 company branch to Banca Agrileasing, an unavailable reserve relating to unrealised capital gains on financial instruments measured at the fair value option (1,650 thousand) in application of Art. 6 of Lgs Dec. 38/2005, as well as the effect generated by transition to the international accounting standards (15,378 thousand). According to statutory provisions at least three tenths of profit must be allocated to the legal reserve up to a limit of one fifth of the share capital; the remaining seven tenths are available for distribution to shareholders, and for allocation of a portion of them by the Board of Directors to charity and advertising expenditure. The Legal reserve reached one-fifth of the share capital.

DISTRIBUTABILITY, AVAILABILITY AND FORMATION OF CAPITAL RESERVES

In compliance with the provisions of Art. 2427, N° 4 and 7-*bis* of the Civil Code, 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 (*)	AMOUNT AVAILABLE	SUMMARY OF USE IN THE LAST THREE FINANCIAL PERIODS	
				TO COVER LOSSES	FOR OTHER REASONS
Share capital	216,913				
Reserves:					
a) legal reserve	48,201	B	48,201		
b) statutory reserve	205	A – B - C	205		
c) extraordinary reserve	3,861	A – B - C	3,861		
d) other reserves	3,493	A – B - C	1,843		
e) other reserves (first time adoption)	15,378	A – B - C	15,378		
Valuation reserves:					
a) available for sale	(17,575)		-		
Revaluation reserves:					
(Law n. 342 of 22/11/2000)	47,866	A – B – C (**)	47,866		
Profit for the period	20,256				
TOTAL	**338,598**				

(*) 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 31/12/2010	TOTAL AT 31/12/2009
1) Guarantees granted of a financial nature	**640,891**	**283,722**
a) Banks	628,846	270,793
b) Customers	12,045	12,929
2) Guarantees granted of a commercial nature	**76,399**	**114,062**
a) Banks	54,546	48,866
b) Customers	21,853	65,196
3) Irrevocable payment commitments	**1,301,154**	**1,084,915**
a) Banks	1,034,913	807,097
i) with certain use	437,493	396,835
ii) with uncertain use	597,420	410,262
b) Customers	266,241	277,818
i) with certain use	165,546	145,741
ii) with uncertain use	100,695	132,077
4) Commitments underlying credit derivatives: protection sales	**10,000**	**10,000**
5) Assets pledged to guarantee third-party obligations	**5,188**	**-**
6) Other commitments	**-**	**50,690**
TOTAL	**2,033,632**	**1,543,389**

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

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

2. Assets pledged as collateral for own liabilities and commitments

PORTFOLIO	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Financial assets held for trading	2,883	20,908
2. Financial assets designated at fair value through profit or loss	-	-
3. Financial assets available for sale	677,852	376,812
4. Financial assets held to maturity	-	-
5. Due from banks	-	-
6. Loans to customers	125,074	-
7. Property and equipment	-	-

The items also include securities deposited as guarantees with the Bank of Italy, and specifically Euro 78,276 thousand for bank drafts, Euro 113,804 thousand for the settlement of securities and derivatives, Euro 436,940 thousand for repurchase agreements, Euro 52,806 thousand for trading on the MIC (Collateralized Interbank Market) and, finally, Euro 123,983 thousand for marginal refinancing operations with the European Central Bank.

3. Information on Operating leases

The table has not been compiled since there were no balances for this item when the financial statements were drawn up.

4. Management and broking for third parties

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

TIPOLOGIA SERVIZI	TOTALE AL 31/12/2010
1. Executing orders on behalf of customers	**84,529,492**
a) Purchases	38,952,040
1. regulated	38,949,401
2. unregulated	2,639
b) Sales	45,577,452
1. regulated	44,947,003
2. unregulated	630,449
2. Portfolio management	**1,640,458**
a) individual	1,640,458
b) collective	-
3. Custody and administration of securities	**195,801,224**
a) third-party securities on deposit: associated with the role of custodian bank (excluding portfolio management)	2,392,340
1. securities issued by the reporting bank	-
2. other securities	2,392,340
b) third-party securities on deposit (excluding portfolio management): others	95,201,340
1. securities issued by the reporting bank	931,899
2. other securities	94,269,441
c) third-party securities on deposit with third parties	93,889,000
d) own securities on deposit with third parties	4,318,544
4. Other transactions	**-**

Part - C
Information on the Income Statement

PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 – INTEREST – ITEMS 10 AND 20

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

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

1.1 1.1 Interest and similar income: breakdown

	ITEM/ TECHNICAL TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1	Financial assets held for trading	1,793	-	1,828	3,621	2,552
2	Financial assets available for sale	9,004	-	-	9,004	14,174
3	Financial assets held to maturity	-	-	-	-	-
4	Due from banks	44,159	42,106	-	86,265	142,211
5	Loans to customers	4,595	12,644	254	17,493	32,629
6	Financial assets designated at fair value through profit or loss	1,999	-	-	1,999	702
7	Hedging derivatives	X	X	-	-	-
8	Other assets	X	X	-	-	-
	TOTAL	**61,550**	**54,750**	**2,082**	**118,382**	**192,268**

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 Interessi attivi su attività finanziarie in valuta

	ITEM	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1.	Debt securities	19	10
2.	Due from Banks	3,417	4,574
3.	Due from CBs and RBs	2,281	3,726
4.	Loans to Customers	-	-
	TOTAL	**5,717**	**8,310**

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 31/12/2010	TOTAL AT 31/12/2009
1.	Due to central banks	(1,496)	X	-	**(1,496)**	**(1,700)**
2.	Due to banks	(42,369)	X	-	**(42,369)**	**(83,837)**
3.	Due to customers	(6,408)	X	-	**(6,408)**	**(9,341)**
4.	Securities issued	X	(7,542)	-	**(7,542)**	**(5,286)**
5.	Financial liabilities held for trading	-	-	-	**-**	**-**
6.	Financial liabilities designated at fair value through profit or loss	-	(8,225)	-	**(8,225)**	**(1,181)**
7.	Other liabilities and provisions	X	X	-	**-**	**-**
8.	Hedging derivatives	X	X	(7,235)	**(7,235)**	**(18,489)**
	TOTAL	**(50,273)**	**(15,767)**	**(7,235)**	**(73,275)**	**(119,834)**

1.5 Interest and similar expense: spreads on hedging transactions

ITEMS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Positive spreads on hedging transactions:	3,243	4,293
B. Negative spreads on hedging transactions:	(10,478)	(22,782)
C. Balance (A-B)	**(7,235)**	**(18,489)**

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 Interessi passivi su passività in valuta

ITEMS	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. Due to Banks	(1,836)	(2,764)
2. Due to CBs and RBs	(775)	(1,622)
3. Due to Customers	-	-
Total	**(2,611)**	**(4,386)**

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 31/12/2010	TOTAL AT 31/12/2009
a) guarantees given	**465**	**742**
b) credit derivatives	**-**	**-**
c) management, broking, and consulting services:	**25,795**	**29,307**
1. financial instrument trading	6,772	7,445
2. currency trading	366	341
3. portfolio management	1,353	2,175
3.1. individual	1,353	2,175
3.2. collective	-	-
4. custody and administration of securities	6,354	6,719
5. custodian bank	4,258	4,242
6. placing of securities	3,927	4,700
7. receiving and sending orders	1,677	1,357
8. consulting	1,088	2,328
8.1. about investments	203	147
8.2. about financial structure	885	2,181
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	**61,025**	**60,543**
e) servicing of securitisation transactions	**234**	**260**
f) factoring transaction services	**-**	**-**
g) management of rate - and tax - collection agencies	**-**	**-**
h) management of multilateral trading systems	**-**	**-**
i) holding and managing current accounts	**282**	**307**
j) other services	**218,245**	**184,157**
TOTAL	**306,046**	**275,316**

2.2 FEE AND COMMISSION INCOME: PRODUCT AND SERVICE DISTRIBUTION CHANNELS

CHANNEL/ AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
a) through own branches:	**5,280**	**6,875**
1. portfolio management	1,353	2,175
2. placing of securities	3,927	4,700
3. third-party products and services	-	-
b) offered externally:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party products and services	-	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placing of securities	-	-
3. third-party products and services	-	-

2.3 FEE AND COMMISSION EXPENSE: BREAKDOWN

CHANNEL/ AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
a) guarantees received	**-**	**(202)**
b) credit derivatives	**-**	**-**
c) management and broking services:	**(8,934)**	**(8,894)**
1. financial instrument trading	(952)	(1,161)
2. currency trading	(7)	(8)
3. portfolio management:	-	-
3.1 own	-	-
3.2 third-party	-	-
4. custody and administration of securities	(3,305)	(3,177)
5. placing of financial instruments	(4,670)	(4,548)
6. financial instruments, products, and services offered externally	-	-
d) collection and payment services	**(12,068)**	**(11,362)**
e) other services	**(171,659)**	**(140,285)**
TOTAL	**(192,661)**	**(160,743)**

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 31/12/2010		TOTAL AT 31/12/2009	
		DIVIDENDS	INCOME FROM UCITS UNITS	DIVIDENDS	INCOME FROM UCITS UNITS
A.	Financial assets held for trading	1	-	1	-
B.	Financial assets available for sale	843	544	693	4,234
C.	Financial assets designated at fair value through profit or loss	-	-	-	-
D.	Equity investments	-	X	-	X
	TOTAL	**844**	**544**	**694**	**4,234**

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 designated at fair value through profit or loss”, under item 110 on the income statement;

b) the balance between gains and losses on financial transactions other than those designated at fair value through profit or loss and those for hedging, in foreign currency, including gains on the measurement of such transactions.

4.1 Net gain (loss) on trading activities: breakdown

TRANSACTION/ COMPREHENSIVE INCOME	CAPITAL GAINS (A)	TRADING EARNINGS (B)	CAPITAL LOSSES (C)	TRADING LOSSES (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets held for trading	**247**	**6,763**	**(1,443)**	**(1,519)**	**4,048**
1.1 Debt securities	12	6,572	(1,420)	(1,499)	3,665
1.2 Equity securities	33	19	(23)	(18)	11
1.3 UCITS units	202	172	-	(2)	372
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**3,548**
4. Derivative instruments	**53,346**	**358,401**	**(48,173)**	**(361,058)**	**489**
4.1 Financial derivatives:	53,346	358,401	(48,173)	(361,058)	2,516
- On debt securities and interest rates	44,221	351,888	(43,656)	(351,614)	839
- On equity securities and share indices	1,988	6,513	(3,735)	(9,444)	(4,678)
- On currencies and gold	X	X	X	X	(2,027)
- Others	7,137	-	(782)	-	6,355
4.2 Credit derivatives	-	-	-	-	-
TOTAL	**53,593**	**365,164**	**(49,616)**	**(362,577)**	**8,085**

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

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

5.1 Net gain (loss) on the hedging activities: breakdown

	COMPREHENSIVE INCOME / AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A.	**Income relating to:**		
A.1	Fair value hedging derivatives	70	11,118
A.2	Hedged financial assets (fair value)	7,583	3,699
A.3	Hedged financial liabilities (fair value)	2,952	168
A.4	Cash flow hedging derivatives	-	-
A.5	Financial assets and liabilities in foreign currencies	-	-
	TOTAL INCOME FROM HEDGING ACTIVITIES (A)	**10,605**	**14,985**
B.	**Expenses relating to:**		
B.1	Fair value hedging derivatives	(10,232)	(3,705)
B.2	Hedged financial assets (fair value)	(59)	(10,601)
B.3	Hedged financial liabilities (fair value)	-	(175)
B.4	Cash flow hedging derivatives	-	-
B.5	Financial assets and liabilities in foreign currencies	-	-
	TOTAL EXPENSES FROM HEDGING ACTIVITIES (B)	**(10,291)**	**(14,481)**
C.	**NET RESULT OF HEDGING ACTIVITIES (A - B)**	**314**	**504**

The larger amounts are for hedging on debt securities in portfolio issued by Banca Agrileasing and hedged with Interest Rate Swap (IRS) derivative contracts, hedging of BTP government securities in asset swaps, hedging of 2 bond loans issued during the period and heding of the loan supplied to BCC Solutions by means of an Interest Rate Swap (IRS) derivative contract.

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

This item presents the positive or negative balances between gains and losses resulting from the sale of financial assets or liabilities other than those held for trading and those designated at fair value through profit or loss.

6.1 Net gain (loss) on the disposal or repurchase: breakdown

ITEM/ COMPREHENSIVE INCOME	TOTAL AT 31/12/2010			TOTAL AT 31/12/2009		
	PROFITS	LOSSES	NET RESULT	PROFITS	LOSSES	NET RESULT
Financial assets						
1. Due from banks	22	(1)	21	5	(4)	1
2. Loans to customers	78	(189)	(111)	244	-	244
3. Financial assets available for sale	6,076	(927)	5,149	770	(2)	768
3.1 Debt securities	263	-	263	766	(1)	765
3.2 Equity securities	4,228	(1)	4,227	4	-	4
3.3 UCITS units	1,585	(926)	659	-	(1)	(1)
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
TOTAL ASSETS	**6,176**	**(1,117)**	**5,059**	**1,019**	**(6)**	**1,013**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	533	-	533	15	-	15
TOTAL LIABILITIES	**533**	**-**	**533**	**15**	**-**	**15**

The income pursuant to sub-item “3.2 Equity securities” refers to the realisation of the reserve for sale to the Istituto Centrale delle Banche Popolari Italiane (ICBPI) of interest held in Key-Client S.p.A. for € 3,934 thousand and for € 294 thousand from the sale of Mastercard.

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.

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

	CAPITAL GAINS (A)	GAINS ON SALE (B)	CAPITAL LOSSES (C)	LOSSES ON SALE (D)	NET RESULT [(A+B) - (C+D)]
1. Financial assets	**788**	**-**	**(599)**	**(888)**	**(699)**
1.1 Debt securities	788	-	(599)	(888)	(699)
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**44**	**351**	**(2,056)**	**(64)**	**(1,725)**
2.1 Debt securities	44	351	(2,056)	(64)	(1,725)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**4,307**	**-**	**(49)**	**-**	**4,258**
TOTAL AT 31/12/2010	**5,139**	**351**	**(2,704)**	**(952)**	**1,834**

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

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

8.1 Net losses/recoveries on impairment of receivables: breakdown

TRANSACTION/ COMPREHENSIVE INCOME	WRITEDOWNS(1)			WRITEBACKS(2)				TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
	SPECIFIC		FROM PORTFOLIO	SPECIFIC		FROM PORTFOLIO			
	WRITE- OFFS	OTHERS		A	B	A	B		
A. Due from banks	**-**	**(1,357)**	**-**	**-**	**182**	**-**	**-**	**(1,175)**	**(9,203)**
- loans	-	(1,357)	-	-	182	-	-	(1,175)	(9,203)
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(102)**	**(10,550)**	**(45)**	**1,093**	**2,237**	**-**	**532**	**(6,835)**	**(6,735)**
- loans	(102)	(10,550)	(45)	1,093	2,237	-	532	(6,835)	(6,735)
- debt securities	-	-	-	-	-	-	-	-	-
C. TOTAL	**(102)**	**(11,907)**	**(45)**	**1,093**	**2,419**	**-**	**532**	**(8,010)**	**(15,938)**

Key: A = from interest / B = other reversals

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

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

Transaction/ Comprehensive income	Writedowns (1) Specifiche		Writebacks (2) Specifiche		Total at 31/12/2010	Total at 31/12/2009
	Write-offs	Others	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	X	X	-	-
C. UCITS units	-	(275)	X	-	(275)	(5,655)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(275)**	**-**	**-**	**(275)**	**(5,655)**

Key: A = from interest / B = other reversals

Value adjustments due to impairment refer to the shares held in the closed real estate fund "Securfondo" following a prolonged reduction in market value seen during the 1st half of 2010. The unit value as of 31st December 2010 had fully recovered the loss as of 30th June and partially also the adjusted amount of 31st December 2009.

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

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

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

Transaction/ Income components	Writedowns(1) Specific		Writedowns(1) From portfolio	Writebacks (2) Specific		Writebacks (2) From portfolio		Total at 31/12/2010	Total at 31/12/2009
	Write-offs	Others		A	B	A	B		
A. Guarantees given	-	-	-	-	-	-	-	-	(1,995)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,995)**

Key: A = from interest / B = other reversals

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 31/12/2010	TOTALT AT 31/12/2009
1) Employees	**(58,916)**	**(69,095)**
a) salaries and wages	(40,880)	(48,356)
b) social security contributions	(10,591)	(12,754)
c) termination benefits	(2,808)	(2,856)
d) other pension schemes	-	-
e) employee termination benefits	(684)	(711)
f) provision for retirement and similar benefits:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) payments to complementary external pension funds::	(1,661)	(1,746)
- defined contribution	(1,661)	(1,746)
- defined benefits	-	-
h) costs pursuant to payment agreements based on own equity instruments	-	-
i) other employee benefits	(2,292)	(2,672)
2) Other personnel at work	**(142)**	**(41)**
3) Directors and statutory auditors	**(683)**	**(653)**
4) Personnel on leave	**-**	**-**
5) Expense recovery for employees seconded to other companies	**141**	**129**
6) Expense recovery for employees seconded to the company	**(119)**	**(119)**
TOTAL	**(59,719)**	**(69,779)**

9.2 Average number of employees by category

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Employees:	**700**	**722**
a)managers	17	17
b) total middle managers	279	270
c) remaining employees	404	435
Other personnel	**5**	**1**

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 net of the contribution of € 847 thousand that the Solidarity Fund will deliver to the Institute during 2011.

9.5 Other administrative expenses: breakdown

EXPENSE TYPE/ AMOUNT	TOTAL AT 31/12/2010	TOTALT AT 31/12/2009
Electronic data processing	**(31,947)**	**(32,250)**
Buildings and furniture	**(8,973)**	**(9,137)**
Rental expenses	(7,956)	(8,056)
Cleaning of premises	(529)	(525)
Surveillance	(488)	(556)
Purchase of non-professional goods and services	**(16,307)**	**(14,563)**
Telephone and data transmission	(1,356)	(1,276)
Postal expenses	(7,324)	(6,352)
Work outsourced to third parties	(2,653)	(2,622)
Transportation and control of valuables	(179)	(308)
Electricity, heating, and water	(957)	(1,028)
Transport	(651)	(629)
Stationery and printed matter	(3,097)	(2,250)
Subscriptions, magazines, and newspapers	(90)	(98)
Purchase of professional goods and services	**(9,226)**	**(9,218)**
Professional fees	(2,188)	(2,454)
Legal fees, information, and reports	(109)	(85)
Insurance premiums	(796)	(684)
Services rendered by third parties	(6,133)	(5,995)
Advertising, promotion, marketing, and agency fees	**(686)**	**(1,104)**
Membership fees	**(2,186)**	**(2,099)**
Beneficienza	**-**	**-**
Other expenses	**(49)**	**(563)**
Indirect duties and taxes	**(9,128)**	**(9,260)**
Stamp duty	(8,601)	(8,611)
Substitution tax Pres. Decree 601/73	(363)	(483)
Local property rates	(91)	(91)
Taxes on stock exchange contracts	-	-
Other indirect duties and taxes	(73)	(75)
TOTAL ADMINISTRATIVE EXPENSES	**(78,502)**	**(78,194)**

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 31/12/2010	TOTAL AT 31/12/2009
Net provisions for risks and charges	**(4,978)**	**(1,271)**

The item refers mainly to allocations made for staff leaving.

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

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

11.1 Net adjustments of property and equipment: breakdown

ASSET/COMPREHENSIVE INCOME	DEPRECIATION (A)	IMPAIRMENT WRITEDOWNS (B)	WRITEBACKS (C)	NET RESULT (A + B - C)
A. Property and equipment				
A.1 Company owned	(2,599)	(36)	-	(2,635)
- For operating purposes	(2,083)	(36)	-	(2,119)
- For investment	(516)	-	-	(516)
A.2 Purchased in financial leasing	-	-	-	-
- For operating purposes	-	-	-	-
- For investment	-	-	-	-
TOTAL	**(2,599)**	**(36)**	**-**	**(2,635)**

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	(2,082)	-	-	(2,082)
- Developed internally by the company	-	-	-	-
- Others	(2,082)	-	-	(2,082)
A.2 Purchased in financial leasing	-	-	-	-
TOTAL	**(2,082)**	**-**	**-**	**(2,082)**

SECTION 13 – OTHER OPERATING EXPENSES AND INCOME – ITEM 190

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

13.1 Other operating expenses: breakdown

COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
Other expenses	(694)	(128)
TOTAL	**(694)**	**(128)**

13.2 Other operating income: breakdown

COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2010	TOTAL AT31/12/2009
Property rental income	276	12
Recovery:		
- Stamp duty	6,348	6,056
- Substitute tax	315	477
Income for Milano Finanza Web services	402	409
Income for subsidised financial services	-	130
Income for personnel administration services	401	385
Income from insourcing	1,974	1,951
Other revenues	2,752	2,795
TOTAL	**12,468**	**12,215**

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

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

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

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

SECTION 16 – WRITEDOWNS OF GOODWILL – ITEM 230

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

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

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

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

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

18.1 Income tax expense from continuing operations: breakdown

	COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1.	Current taxes (-)	(15,586)	(28,932)
2.	Changes in current taxes of previous periods (+/-)	-	516
3.	Reductions in current taxes for the period (+)	-	-
4.	Changes in prepaid taxes (+/-)	2,522	4,516
5.	Changes in deferred taxes (+/-)	862	3,121
6.	**Taxes for the period (-) (-1+/-2+3+/-4+/-5)**	**(12,202)**	**(20,779)**

Income tax expenses for the period are calculated taking into account the entry into force of Decree Law 112 of 25/06/2008 which, in Art. 82, amending the Consolidated Tax Act, introduced a non-deductible fixed 4% on interest expense. The economic effects of this measure increased the tax burden by about Euro 796 thousand. Following the amendment of the Consolidation Agreement, as from 2010 the Parent company is debtor to the Bank for the year in question for € 529 thousand, equal to 4% of the interest expense recognised by the other companies belonging to the same consolidated company as reimbursement for the bank of the GBI lender activity.

18.2 Reconciliation between theoretical tax burden and effective tax burden recognized

Reconciliation between the theoretical tax burden and effective tax burden recognized	Corporate income tax		Regional business tax	
	Taxable amount	Tax	Taxable amount	Tax
Profit before tax	**31,277**			
Theoretical tax burden (27.5%)		**8,601**		
Difference between value and cost of production			**100,883**	
Theoretical tax burden (4.97%)				**5,014**
Temporary differences taxable in future periods	-	-	-	-
Temporary differences deductible in future periods	13,750	3,781	46	2
Reversal of temporary differences from preceding periods:				
Cancellation of deductible temporary differences	(4,602)	(1,266)	(99)	(5)
Cancellation of taxable temporary differences	2,681	737	2,627	131
Differences not transferable to future periods:				
Permanent negative changes in taxable income	(6,845)	(1,882)	(13,885)	(690)
Permanent positive changes in taxable income	4,526	1,245	9,123	453
Taxable income	**40,787**			
Current income taxes for the period		**11,216**		
Taxable income for Regional Business Tax			**98,695**	
Current Regional Business Tax for the period				**4,905**

SUMMARY:	
CORPORATE INCOME TAX	11,216
REGIONAL BUSINESS TAX	4,905
Recovery of Substitute tax - EC section exemption	(6)
Expenses recovered: 4% infragroup interest expense	(529)
Total current taxes	**15,586**

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

COMPREHENSIVE INCOME/AMOUNT	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
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 taxe expense in respect of disposal groups

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
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 31/12/2010	TOTAL AT 31/12/2009
Net period result	20,255,947	29,921,117
Attributable profit	19,404,000	28,203,000
Average number of ordinary shares outstanding	420,000	420,000
Profit per share	48.23	71.24
Attributable profit per share	46.20	67.15

The above amounts are in euro units.

Part - D

Statement of Comprehensive Income

PART D - STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	ITEMS	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10.	**Net Profit (Loss) for year**	**X**	**X**	**20.255.947**
	Other income components			
20.	**Financial assets available for sale::**	**(29,064,800)**	**8,388,893**	**(20,675,907)**
	a) changes in fair value	(23,821,885)	7,714,219	(16,107,666)
	b) reversals to the statement of income	(5,242,915)	674,674	(4,568,241)
	- impairment adjustments	275,453	(89,440)	186,013
	- profits/losses on sale	(5,518,368)	764,114	(4,754,254)
	c) other changes	-	-	-
30	**Property and equipment**	**-**	**-**	**-**
40.	**Intangible assets**	**-**	**-**	**-**
50.	**Hedging of foreign investments:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
60.	**Cash flow hedges::**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
70.	**Exchange differences:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
80.	**Non-current assets in the process of being sold off:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	c) other changes	-	-	-
90.	**Actuarial profits (losses) on defined benefits plans**	**-**	**-**	**-**
100.	**Share of the valuation provision of investments entered in the shareholders' equity:**	**-**	**-**	**-**
	a) changes in fair value	-	-	-
	b) reversals to the statement of income	-	-	-
	- impairment adjustments	-	-	-
	- profits/losses on sale	-	-	-
	c) other changes	-	-	-
110.	**Total other comprehensive income net of taxes**	**(29,064,800)**	**8,388,893**	**(20,675,907)**
120	**Comprehensive Income (items 10+110)**	**(29,064,800)**	**8,388,893**	**(419,960)**

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:

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

2. Credit risk management policies

2.1 Organisational aspects

Organizational structures involved

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

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

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

The Credit Risk Service of the Risk Management Department has the task of promoting the adoption of procedures for accepting, managing and controlling credit risks and of carrying out operating procedures which can guarantee effective control of the risks in line with the principles of the supervisory regulations and with the management needs. Among other things, the Service also produces independent reporting on the matter, and takes part in the updating and development of regulations governing credit risk with particular regard to operational mandates and limits.

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 and ordinary customers.

2.3 Credit risk mitigation techniques

A series of measures have already been defined for adaptation of the bank's organisational structures and its software in order to create structural frameworks and processes which can be effective and adequate to ensure full compliance with the organisational, economic and legal requisites pursuant to the new regulations and to guarantee the protection of the entire acquisition, assessment, audit and construction processes of the instruments used to mitigate credit risk.

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

The guarantees available for mitigation of credit risk are defined in an "Analytic Guarantee Form" which gives a specific description of all the information necessary for correct use of the guarantees. The types of guarantee must be approved by the Board of Directors.

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

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

In order to mitigate the credit risk associated with trading in financial derivative instruments with 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 2010 lending exposure related to trading in derivative contracts are hedged by guarantees received in the area of CSA contracts for about 85 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;
  - national or local conditions that could generate default for a group of receivables.

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

Within the scope of the test for the existence of objective evidence of impairment, non-*performing* loans are classified in the following categories:
- bad loans: loans to parties in a state of insolvency (even if bankruptcy has not been declared by a court) or in substantially equivalent situations, regardless of any expectations of loss formulated by the company;
- watchlist loans: loans showing a temporary situation of objective difficulty, the removal of which can be foreseen within a reasonable period of time;
- restructured loans: loans for which, owing to deterioration in the financial and economic conditions of the debtor, a pool of banks (or a single bank) allows for modifications to the original contractual conditions giving rise to a loss;
- for 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 write-down no longer apply.

Quantitative information

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING CREDIT EXPOSURE: AMOUNTS, VALUE ADJUSTMENTS, TRENDS, ECONOMIC AND GEOGRAPHICAL DISTRIBUTION

A.1.1 DISTRIBUTION OF CREDIT EXPOSURE BY PORTFOLIO AND BY CREDIT QUALITY (BOOK VALUES)

PORTFOLIO/ QUALITY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	436,235	436,235
2. Financial assets available for sale	-	-	-	-	680,508	680,508
3. Financial assets held to maturity	-	-	-	-	-	-
4. Due from banks	457	-	-	-	7,873,472	7,873,929
5. Loans to customers	18,673	18,116	-	2,998	793,955	833,742
6. Financial assets designated at fair value through profit or loss	-	-	-	-	21,350	21,350
7. Financial assets available for sale	-	2,705	-	303	493,631	496,639
8. Hedging derivatives	-	-	-	-	-	-
TOTAL AT 31/12/2010	**19,130**	**20,821**	**-**	**3,301**	**10,299,151**	**10,342,403**
TOTAL AT 31/12/2009	**19,007**	**7,557**	**-**	**1,338**	**9,853,666**	**9,881,568**

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	436,235	436,235
2. Financial assets available for sale	-	-	-	680,508	-	680,508	680,508
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	18,573	18,116	457	7,873,472	-	7,873,472	7,873,929
5. Loans to customers	80,156	40,369	39,787	794,368	413	793,955	833,742
6. Financial assets designated at fair value through profit or loss	-	-	-	X	X	21,350	21,350
7. Financial assets available for sale	3,029	21	3,008	496,593	2,962	493,631	496,639
8. Hedging derivatives	-	-	-	X	X	-	-
TOTAL AT 31/12/2010	**101,758**	**58,506**	**43,252**	**9,844,941**	**3,375**	**10,299,151**	**10,342,403**
TOTAL AT 31/12/2009	**77,637**	**49,735**	**27,902**	**9,368,026**	**3,166**	**9,853,666**	**9,881,568**

The detail is given below, by portfolio, of the "performing loans" distinguished by exposures subject to renegotiation in the scope of collective agreements and other exposures

PORTFOLIO/ QUALITY	PERFORMING				
	RENEGOTIATED EXPOSURES				OTHER EXPOSURES
	UP TO 3 MONTHS	FROM MORE THAN 3 MONTHS TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	
Loans to customers	85	-	234	-	793,638
Financial assets available for sale	2,632	131	5,464	2,033	484,910
TOTAL AT 31/12/2010	**2,717**	**131**	**5,698**	**2,033**	**1,278,548**

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.CASH EXPOSURE				
a) Bad loans	18,573	18,116	X	457
b) Sub-standard loans	-	-	X	-
c) Restructured loans	-	-	X	-
d) Past due loans	-	-	X	-
e) Other assets	7,899,666	X	-	7,899,666
TOTAL A at 31/12/2010	**7,918,239**	**18,116**	**-**	**7,900,123**
B. OFF-BALANCE EXPOSURE				
a) Impaired	-	-	X	-
b) Others	1,679,018	X	-	1,679,018
TOTAL B at 31/12/2010	**1,679,018**	**-**	**-**	**1,679,018**

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

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Gross opening exposure	**-**	**17,974**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**18,573**	**-**	**-**	**-**
B.1 inflows from performing loans	-	-	-	-
B.2 transfers from other impaired loans categories	17,974	-	-	-
B.3 other increases	599	-	-	-
C. Decreases	**-**	**17,974**	**-**	**-**
C.1 outflows to performing loans	-	-	-	-
C.2 write-offs	-	-	-	-
C.3 collections	-	-	-	-
C.4 disposals	-	-	-	-
C.5 transfers to other impaired loans categories	-	17,974	-	-
C.6 other decreases	-	-	-	-
D. Net closing exposure	**18,573**	**-**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-

For more information, please refer to Part B - Information on the Balance Sheet - Assets - Section 6.

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

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Total initial writedowns	**-**	**16,940**	**-**	**-**
- of which: loans sold but not derecognised	-	-	-	-
B. Increases	**18,116**	**-**	**-**	**-**
B.1 adjustments	1,176	-	-	-
B.2 transfers from other impaired loans categories	16,940	-	-	-
B.3 other increases	-	-	-	-
C. Decreases	**-**	**16,940**	**-**	**-**
C.1 writebacks from valuation	-	-	-	-
C. 2 writebacks for collection	-	-	-	-
C.3 writeoffs	-	-	-	-
C.4 transfers to other impaired loans categories	-	16,940	-	-
C.5 other decreases	-	-	-	-
D. Total final writedowns	**18,116**	**-**	**-**	**-**
- 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	51,184	32,511	X	18,673
b) Sub-standard loans	28,678	7,857	X	20,821
c) Restructured loans	-	-	X	-
d) Past due loans	3,323	22	X	3,301
e) Other assets	2,023,503	X	3,375	2,020,128
TOTAL A at 31/12/2010	**2,106,688**	**40,390**	**3,375**	**2,062,923**
B. OFF- BALANCE EXPOSURE				
a) Impaired	-	-	X	-
b) Others	603,290	X	-	603,290
TOTAL B at 31/12/2010	**603,290**	**-**	**-**	**603,290**

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

REASON/ CATEGORY	BAD LOANS	SUB-STANDARD LOANS	RESTRUCTURED LOANS	PAST DUE LOANS
A. Gross opening exposure	**50,389**	**7,927**	**-**	**1,347**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**7,943**	**27,649**	**-**	**3,606**
B.1 from performing credit exposures	2,367	26,084	-	3,509
B.2 transfers from other impaired loans categorie	5,543	252	-	62
B.3 other increases	33	1,313	-	35
C. Decreases	**7,148**	**6,898**	**-**	**1,629**
C.1 to performing credit exposures	502	719	-	1,172
C.2 write-offs	1,239	-	-	-
C.3 collections	5,407	636	-	205
C.4 assignments	-	-	-	-
C.5 transfers to other categories of impaired positions	-	5,543	-	252
C.6 other decreases	-	-	-	-
D. Closing gross exposure	**51,184**	**28,678**	**-**	**3,323**
- 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	**31,382**	**1,404**	**-**	**9**
- of which: exposures assigned but not derecognized	-	-	-	-
B. Increases	**5,585**	**7,849**	**-**	**20**
B.1 writedowns	4,188	7,684	-	3
B.2 transfers from other impaired loans categories	1,388	2	-	-
B.3 other increase	9	163	-	17
C. Decreases	**4,456**	**1,396**	**-**	**7**
C.1 writebacks from valuation	1,753	2	-	2
C. 2 writebacks for collection	1,460	1	-	-
C.3 write-offs	1,239	-	-	-
C.4 transfers to other impaired loans categories	-	1,388	-	2
C.5 other decreases	4	5	-	3
D. Total closing adjustments	**32,511**	**7,857**	**-**	**22**
- 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 31/12/2010
	AAA/AA-	A+/A-	BBB+/ BBB-	BB+/BB-	B+/B-	Less than B-		
A. On-balance-sheet exposure	**760,616**	**3,471,201**	**73,209**	**-**	**41**	**-**	**5,726,337**	**10,031,404**
B. Derivatives	**114,657**	**68,329**	**-**	**-**	**-**	**-**	**83,363**	**266,349**
B.1 Financial derivatives	114,657	68,329	-	-	-	-	73,363	**256,349**
B.2 Credit derivatives	-	-	-	-	-	-	10,000	**10,000**
C. Guarantees given	**210**	**625,613**	**2,992**	**-**	**-**	**-**	**88,476**	**717,291**
D. Commitments to disburse funds	**303,547**	**2,219**	**1,360**	**663**	**672**	**-**	**765,646**	**1,074,107**
TOTAL	**1,179,030**	**4,167,362**	**77,561**	**663**	**713**	**-**	**6,663,822**	**12,089,151**

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 31/12/2010 (1)+(2)
					Credit derivatives					Unsecured loans				
						Other derivatives								
		Property	Securities	Other collaterial 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.fully secured	110,245	5,355	102,087	-	-	-	-	-	-	-	-	2,804	-	**110,246**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	22,513	-	14,160	-	-	-	-	-	-	-	-	-	-	**14,160**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2. Secured off-balance-sheet exposures::														
1.1 fully secured	44,929	-	14,929	-	-	-	-	-	-	-	-	30,000	-	**44,929**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially secured	129,743	-	66,848	-	-	-	-	-	-	-	-	7,999	-	**74,847**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

A.3.2 Secured credit exposure to customers

		Collateral guaranty(1)			Personal guaranty ((2)									
					Credit derivatives					Unsecured loans				
						Other derivatives								
	Net exposure amount	Property	Securities	Other collateral guaranties	CLN	Governments and central banks	Other public bodies	Banks	Other subjects	Governments and central banks	Other public bodies	Banks	Other subjects	Total at 31/12/2010 (1)+(2)
1. Secured on-balance-sheet exposures:														
2.1 fully secured	543,065	497,648	19,513	3,233	-	-	-	-	-	-	13	7,180	15,477	**543,064**
- of which impaired	37,355	32,853	-	482	-	-	-	-	-	-	-	40	3,980	**37,355**
2.2 partially secured	11,041	1,628	-	2,300	-	-	-	-	-	-	-	1,893	1,853	**7,674**
- of which impaired	120	2	-	-	-	-	-	-	-	-	-	28	58	**88**
2. Secured off-balance-sheet exposures:														
2.1 fully secured	2,900	-	-	-	-	-	-	-	-	-	-	-	2,900	**2,900**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially secured	5,155	-	-	750	-	-	-	-	-	-	-	2,328	-	**3,078**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

B. CREDIT EXPOSURE DISTRIBUTION AND CONCENTRATION

B.1 Distribution of cash and “off-balance sheet” loans to customers according to sector (book value)

EXPOSURE/ COUNTERPARTY	GOVERNMENTS			OTHER PUBLIC BODIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS
A On-balance-sheet exposure									
A.1 Bad loans	-	-	X	-	-	X	3,858	6,090	X
A.2 Sub-standard loans	-	-	X	-	-	X	-	-	X
A.3 Restructured loans	-	-	X	-	-	X	-	-	X
A.4 Past due loans	-	-	X	-	-	X	-	-	X
A.5 Other exposure	716.968	X	-	1,769	X	1	612,785	X	122
TOTAL A	**716,968**	**-**	**-**	**1,769**	**-**	**1**	**616,643**	**6,090**	**122**
B. Off-balance-sheet exposures									
B.1 Bad loans	-	-	X	-	-	X	-	-	X
B.2 Sub-standard loans	-	-	X	-	-	X	-	-	X
B.3 Other impaired assets	-	-	X	-	-	X	-	-	X
B.4 Other exposures	300,670	X	-	816	X	-	240,505	X	-
TOTAL B	**300,670**	**-**	**-**	**816**	**-**	**-**	**240,505**	**-**	**-**
TOTAL (A+B) AT 31/12/2010	**1,017,638**	**-**	**-**	**2,585**	**-**	**1**	**857,148**	**6,090**	**122**
TOTAL (A+B) AT 31/12/2009	**890,779**	**-**	**-**	**4,877**	**-**	**1**	**564,302**	**6,199**	**207**

	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	11,668	21,120	X	3,147	5,301	X
	-	-	X	14,363	7,813	X	6,459	44	X
	-	-	X	-	-	X	-	-	X
	-	-	X	2,199	15	X	1,102	7	X
	2	X	-	516,577	X	2,926	172,027	X	326
	2	**-**	**-**	**544,806**	**28,948**	**2,926**	**182,735**	**5,352**	**326**
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	-	-	X	-	-	X	-	-	X
	553	X	-	51,821	X	-	8,925	X	-
	553	**-**	**-**	**51,821**	**-**	**-**	**8,925**	**-**	**-**
	555	**-**	**-**	**596,627**	**28,948**	**2,926**	**191,660**	**5,352**	**326**
	1,170	**-**	**-**	**628,474**	**20,310**	**2,645**	**145,854**	**6,286**	**313**

B.2 Territorial distribution of cash and "off-balance sheet" loans to customers (book value)

Exposure/ Geographic area	Italy		Other European Countries		America		Asia		Rest of the World	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	15,405	26,489	1,060	467	2,208	5,555	-	-	-	-
A.2 Sub-standard loans	20,821	7,857	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	3,301	22	-	-	-	-	-	-	-	-
A.5 Other exposures	1,992,711	3,359	18,040	12	2,206	1	7,171	2	-	-
TOTAL A	**2,032,238**	**37,727**	**19,100**	**479**	**4,414**	**5,556**	**7,171**	**2**	**-**	**-**
B Off-balance-sheet exposures"										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Sub-standard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	592,220	-	9,626	-	1,406	-	-	-	38	-
TOTAL B	**592,220**	**-**	**9,626**	**-**	**1,406**	**-**	**-**	**-**	**38**	**-**
TOTAL (A+B) AT 31/12/2010	**2,624,458**	**37,727**	**28,726**	**479**	**5,820**	**5,556**	**7,171**	**2**	**38**	**-**
TOTAL (A+B) AT 31/12/2009	**2,153,851**	**29,834**	**77,360**	**510**	**4,176**	**5,617**	**-**	**-**	**68**	**-**

B.3 TERRITORIAL DISTRIBUTION OF CASH AND "OFF-BALANCE SHSET" BANK LOANS (BOOK VALUE)

EXPOSURE/ GEOGRAPHICAL AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	457	18,116	-	-	-	-	-	-
A.2 Sub-standard loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	7,731,684	-	120,111	-	39,631	-	6,129	-	2,111	-
TOTAL A	**7,731,684**	**-**	**120,568**	**18,116**	**39,631**	**-**	**6,129**	**-**	**2,111**	**-**
B. Off-balance-sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Sub-standard loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	1,506,166	-	167,432	-	377	-	798	-	4,245	-
TOTAL B	**1,506,166**	**-**	**167,432**	**-**	**377**	**-**	**798**	**-**	**4,245**	**-**
TOTAL (A+B) AT 31/12/2010	**9,237,850**	**-**	**288,000**	**18,116**	**40,008**	**-**	**6,927**	**-**	**6,356**	**-**
TOTAL (A+B) AT 31/12/2009	**8,073,111**	**-**	**930,311**	**16,940**	**97,658**	**-**	**7,157**	**-**	**8,274**	**-**

B.4 Major Risks

a) Number of positions	**71**
b) Book value	**11,204,540**
c) Weighted value	**3,890,468**

The legislation in force defines "major risks" as exposures amounting to 10% or more of the regulatory capital.

The changes made during the year by the Bank of Italy (6th update of 27th December 2010 of Circ. 263 of 27th December 2006), amongst other matters, altered the way in which major risks are represented. More specifically, these changes concern:

- the reporting of the book value in lieu of the weighted value;
- the reporting of infra-group transactions previously not reported.

It is also noted that the positions mainly refer to transactions with bank counterparties by virtue of our role as Central Category Institution and Group finance manager.

C. SECURITISATION AND ASSET SALE TRANSACTIONS

C.1 Securitisation transactions

Qualitative information

During 2004 and 2007, pursuant to Law 130 of 30 April 1999 on credit securitisation, Iccrea Bank carried out three sale transactions of securities issued by the Cooperative Banks. The transactions were carried out to meet the needs of the CBs to raise capital directly in the medium/long-term in order to:

- reduce the interest rate risk of the CBs by acting on the transformation of maturity dates;
- rebalance the assets and liabilities in the accounts;
- broaden the possibilities of use.

The first sale, on 5 July 2004, was of bonds with a nominal value of Euro 1,159,500 thousand, to Credico Funding 2 s.r.l., Milan. This is a special purpose entity founded pursuant to Law 130 of 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° 35452, and on the special list held by the Bank of Italy pursuant to Art. 107 of the Consolidated Banking Act, under N° 32898. The above transaction for the sale of securities issued by Cooperative Banks (entitled CBO2) matured on 31 May 2010. The Special Purpose Vehicle redeemed all the tranches of the securities issued in 2004 and paid the associated interest.

The second 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 were assigned to the securities:

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

Class A securities were placed with institutional investors while those relating to the other classes, including Class F which has no rating, were entirely underwritten internally by the Bank and partly placed with CBs.

At 31st December 2010, there are Class F securities in the portfolio for a nominal value of Euro 15,874 thousand (the same amount as at 31 December 2009) while for the remaining Classes the nominal value of the securities is Euro 137,450 thousand (Euro 68,300 thousand at 31 December 2009) .

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 ASSET/ EXPOSURE	ON-BALANCE-SHEET EXPOSURES						GUARANTEES GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.	GROSS EXPOS.	NET EXPOS.
A. With own underlying assets:	**127,896**	**127,896**	**4,679**	**4,679**	**18,320**	**18,320**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	127,896	127,896	4,679	4,679	18,320	18,320	-	-	-	-	-	-	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.1.2 Exposure for own main securitisation transactions according to the type of securitised asset and type of exposure

TYPE OF SECURITISED ASSET/ EXPOSURE	ON-BALANCE SHEET EXPOSURE						GUARANTEES GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A. Assets completely derecognised from the balance sheet	**127,896**	**-**	**4,679**	**-**	**18,320**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Credico funding 3 s.r.l CBO3																		
- debt securities	127,896	-	4,679	-	18,320	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 securitisation name..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 securitisation name..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Assets partially derecognised from the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 securitisation name 1																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 securitisation name 2																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 securitisation name ..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised from the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 securitisation name 1																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.2 securitisation name 2																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.3 securitisation name ..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.1.3 Exposure for third-party main securitisation transactions according to the type of securitised asset and type of exposure

TYPE OF SECURITISED ASSET/ EXPOSUREI	ON-BALANCE-SHEET EXPOSURE						GUARANTEES GIVEN						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	BOOK VALUE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP	NET EXPOSURE	VALUE WRITE-DOWN/ WRITE-UP
A.1 Agricart 4 Finance 2009																		
- leasing receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	-	-
A.2 securitisation name 2																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 securitisation name ..																		
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

This is a subordinate cash line loaned to Banca Agrileasing under the scope of the securitisation transaction "Agricart 4 Finance 2009" for the exclusive benefit of Class A securities should the funds available for the vehicle not be sufficient to pay the interest and capital on said securities.

C.1.4 Exposure for securitisation operations according to portfolio and type

EXPOSURE/ PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FAIR VALUE OPTION FINANCIAL ASSETS	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	RECEIVABLES	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
1. On-balance-sheet exposures	**-**	**-**	**-**	**-**	**150,895**	**150,895**	**146,276**
- "senior"	-	-	-	-	127,896	127,896	96,418
- "mezzanine"	-	-	-	-	4,679	4,679	18,959
- "junior"	-	-	-	-	18,320	18,320	30,899
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- "senior"	-	-	-	-	-	-	-
- "mezzanine"	-	-	-	-	-	-	-
- "junior"	-	-	-	-	-	-	-

C.1.5 Total amount of securitised assets underlying junior securities or other credit forms

ASSET/ AMOUNT	TRADITIONAL SECURITISATION	SYNTHETIC SECURITISATION
A. Own underlying assets:	**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 derecognised	-	
1. Bad loans	-	X
2. Sub-standard loans	-	X
3. Restructured loans	-	X
4. Past due loans	-	X
5. Other assets	-	X
A.3 Not derecognised	-	-
1. Bad loans	-	-
2. Sub-standard loans	-	-
3. Restructured loans	-	-
4. Past due loans	-	-
5. Other assets	-	-
B. Third-party underlying assets:	**-**	**-**
B1. Bad loans	-	-
B2. Sub-standard loans	-	-
B3. Restructured loans	-	-
B4. Past due loans	-	-
B5. Other assets	-	-

C.1.6 Equity held in special purpose entity

The table has not been drafted since there were no balances for this item relative to the special purpose entities involved in 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

Società veicolo	Securitised assets (end of period)		Credit collected during the period		Percentage of securities redeemed (end of period)					
					Senior		Mezzanine		Junior	
	Impaired	Performing	Impaired	Performing	Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets
Credico funding 2 s.r.l. CBO2	-	-	-	1,159,500	-	100%	-	100%	-	100%
Credico funding 3 s.r.l. CBO3	-	1,222,500	-	-	-	-	-	-	-	-

C.2 Sale transactions

C.2.1 Financial assets sold but not derecognized

TECHNICAL TYPE / PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS			FINANCIAL ASSETS AVAILABLE FOR SALE			FINANCIAL ASSETS HELD TO MATURITY			DUE FROM BANKS			LOANS TO CUSTOMERS			TOTAL AT	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2010	31/12/2009
A. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**435,866**	**-**	**-**	**-**	**-**	**-**	**1,091**	**-**	**-**	**-**	**-**	**-**	**436,957**	**4,353**
1. Debt securities	-	-	-	-	-	-	435,866	-	-	-	-	-	1,091	-	-	-	-	-	436,957	4,353
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 31/12/2010	**-**	**-**	**-**	**-**	**-**	**-**	**435,866**	**-**	**-**	**-**	**-**	**-**	**1,091**	**-**	**-**	**-**	**-**	**-**	**436,957**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL AT 31/12/2009	**2,958**	**-**	**-**	**-**	**-**	**-**	**1,395**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,353**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key:

A = financial assets sold and recognized in full (book value)
B = financial assets sold and recognized in part (book value)
C = financial assets sold and recognized in part (full value)

C.2.2. Financial liabilities against financial assets sold but not derecognized

LIABILITY/ASSET PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS HELD TO MATURITY	DUE FROM BANKS	LOANS TO CUSTOMERS	TOTAL AT 31/12/2010
1. Due to customers	**-**	**-**	**441,306**	**-**	**950**	**-**	**442,256**
a) against fully recognised assets	-	-	441,306	-	950	-	442,256
b) against partially recognised assets	-	-	-	-	-	-	-
2. Due to banks	**-**	**-**	**-**	**-**	**145**	**-**	**145**
a) against fully recognised assets	-	-	-	-	145	-	145
b) against partially recognised assets	-	-	-	-	-	-	-
TOTAL AT 31/12/2010	**-**	**-**	**441,306**	**-**	**1,095**	**-**	**442,401**
TOTAL AT 31/12/2009	**215,335**	**-**	**1,995**	**-**	**-**	**-**	**217,330**

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.

The assumption and management of market risk is the responsibility of the Central Finance and Credit Office, which manages assets owned by the bank in accordance with the guidelines defined when the strategic plans are decided.

The main activities performed are:
- funding and lending on the interbank market;
- trading as a primary dealer on the MTS market;
- ensuring Market maker activity on multilateral trading systems (e.g. Hi-MTF);
- 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 clientele;
- the offer to the CBs of financial investment services, performing reception and transmission of trading orders for third parties and placing of financial instruments;
- management of liquidity and of the short-term interest rate profile deriving from transactions on the interbank, foreign exchange and precious metals markets.

2.1 INTEREST RATE AND PRICE RISK – REGULATORY TRADING BOOK

Qualitative information

A. General aspects

Within the framework of the trading activities carried out by Iccrea Banca on the financial markets, the interest rate risk derives mainly from transactions on interbank markets, from trading in derivatives on regulated markets and over the counter (OTC), and securities trading on the MTS and HiMTF markets.

In the context of the operating powers, specific operating limits are defined for trading which generate exposure to interest rate risk. This risk is assumed on domestic government securities and futures contracts traded on official markets with offset and guarantee mechanisms, and derivative contracts on interest rates, mainly plain vanilla derivatives, for the purpose of hedging the risk of the CBs. Within the sphere of transactions in interest rate derivative products, interest rate 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 interest rate risk is concentrated in euro operations, and therefore the effects of correlation between trends in interest rate curves referring to different currency areas are marginal.

B. Interest rate and price risk management and measurement methods

The assumption and management of market risk is the responsibility of the Central Finance and Credit Office, which manages assets owned by the bank in accordance with guidelines formulated by the General Management.

Within the General Management, the management of market risk is attributed to the Finance Department, in accordance with the strategic objectives of the Bank defined together with the coordinating bodies established at the Group level. Within the Finance Department, risk positions are assumed and managed by the following Services:

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

Monitoring of the risk profiles deriving from trading book positions is carried out by the Controls Service and Finance Technical Office and by the Group Risk Management and ALM Unit, through the use of metrics in line with the best practices of the market: sensitivity analyses, estimates of Value at Risk and Stress Tests. 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 current Delegated Powers.

The current operating limits are structured in keeping with the organizational/operational structure of the Finance Department and consist of:

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

The Bank's own portfolio maintained a significant proportion of floating-rate government securities in the first half of 2010, held both for the purpose of liquidity and for guarantee and operating purposes.

Trading in interest rate derivative products with maturity at more than 12 months was carried on consistently with the mission of supporting the CBs, with volumes in line with those of the previous year. This business is subject to sensitivity limits in respect of interest rate and volatility factors (the scenario method).

Within the system of operating limits, interest-rate derivative contracts with maturity at less than 12 months are considered within the context of the overall treasury position. Maximum loss and economic caution threshold limits are laid down.

Pursuant to specific activity aimed at migrating the positions into a single system for holding and managing the front-to-back positions dedicated to financial transactions, the use, for management purposes, of the "Delta-Gamma VaR" method was consolidated, for the purpose of quantitative reporting and monitoring of both the linear instruments and those with an optional content. An audit section of the Finance Department has the responsibility for monitoring and controlling market risk. This section, together with the Risk Management Department, monitors business and analysis market risk on the trading book on a daily basis. In order to strengthen further the risk monitoring and measurement processes, during the first half of 2010 work of analysis began for the preparation of an independent risk framework. This dedicated environment will enable the Risk Management unit to obtain an integrated view and hedging 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 financial VaR limits measured with the parametric method (with a holding period of 10 days and confidence interval of 99%), and through sensitivity analysis.

With regard to equities, trading involved plain vanilla options on highly liquid stock exchange indices (Eurostoxx50, Nikkei225, S&P-MIB) and nominative shares of leading listed companies on the Italian stock exchange linked mainly to the structuring of indexed bonds of the CBs and of the BCC Vita life assurance company. The options sold are also partly hedged with market counterparties and partly with the delta hedging technique.

Sensitivity techniques are used with assumptions of sudden price changes of up to 24% (with steps of 8%) together with sudden volatility changes of up to 25% (with steps of 8%).

Also in support of the CBs in terms of hedging their structured bond issues, options on unit trusts and cash fund units are bought and sold, in accordance with delta hedging management procedures.

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

Quantitative information

1. Regulatory trading book: distribution by residual duration (re-pricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

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

2. Regulatory trading book: distribution of exposure in equity securities and equity indices by main quotation market countries

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

3. Regulatory trading book: internal models and other methods for sensitivity analysis

with reference to the interest rate risk, the following table shows the results of the *sensitivity* analysis on value following a *shift* of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	Estimated impact on net banking income		Impact on profit for the period		Estimated change in equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	3.19	-4.28	2.16	-2.89	0.62	-0.83

Figures in €/mln at 31 December 2010

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	0.42	-0.58	0.28	-0.40	0.08	-0.11

Figures in €/mln at 31 December 2010

2.2 Interest rate and price risk – Banking book

Qualitative information

A. Interest rate and price risk: General aspects, management procedures and measurement methods

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

In 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 Central Finance and Credit Department.

In the context of treasury operations a quantitative limit is adopted, for each currency, which combines the imbalance of loans and deposits with the related interest rate maturities. Funding and lending operations are mainly carried out on the interbank market; in particular funds raised by the CBs, chiefly through the use of the daily settlement account, are lent out on the interbank market with maximum terms of up to 12 months, in accordance with current delegated powers; interest-rate derivative contracts maturing within 12 months are operationally linked with such operations, and some of these were tested for effectiveness as envisaged by the hedge accounting rules.

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

The Risk Management Unit and the Controls Service and Finance Technical Office include, in their reporting systems, position and risk information on the banking book; treasury positions are subject to operating limits which are monitored daily.

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 loans issued by the Bank which are operationally linked derivative instruments, so as to avoid accounting mismatching, achieving so-called "natural hedging", as well as for three structured debt securities, in order to avoid unbundling of the embedded derivative.

At 31st December 2010, there was a balance of Euro 65.7 million in units of two real estate funds (Securfondo and Melograno), as well as an overall balance of Euro 4.5 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 2010 the following are hedged:

- A fixed-rate mortgage issued to BCC Solutions whose remaining debt is currently Euro 28.6 million hedged by means of an Interest Rate Swap (IRS) derivative contract;
- 2 blended-rate bond loans issued by the Bank and subject to hedging through *Interest Rate Swap* (IRS) and Interest Rate Option (CAP) derivative contracts for a nominal value of € 245 million;
- Fixed rate treasury bond (BTP) government securities hedged by means of asset swap transactions for a total nominal amount of Euro 20 million;
- 2 fixed-rate portfolio securities issued by Banca Agrileasing and hedged by means of Interest Rate Swap (IRS) derivative contracts for a nominal value of Euro 261 million;

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

At the reporting date the Bank was not carrying out any cash flow hedging activities.

Quantitative information

1. Banking book: distribution by residual duration (by re-pricing date) of financial assets and liabilities

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

2. Banking book: internal models and other methods for sensitivity analysis

With reference to the Interest Rate Risk, the following table shows the results of the *sensitivity* analysis on value following a *shift* of +/- 100 bp on the interest rate curves in relation to the currencies in the positions.

	ESTIMATED IMPACT ON NET INTEREST INCOME		IMPACT ON PROFIT FOR THE PERIOD		ESTIMATED CHANGE IN EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	3.14	-3.34	2.13	-2.26	0.61	-0.65

Figures in €/mln at 31 December 2010

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	17.01	-17.01	11.51	-11.51	3.31	-3.31

Figures in €/mln at 31 December 2010

2.3 Exchange rate risk

Qualitative information

A. Exchange rate risk: general aspects, management processes and measurement methods

The exchange rate risk is managed in a centralized manner by the Treasury. The Bank implements a policy of constant dimensioning of the positions assumed in the various currencies in a context of support for the home currency operations of the CBs and other Group companies.

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

B. EXCHANGE RATE RISK HEDGING ACTIVITIES

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

Quantitative information

1. Distribution by currency of denomination of assets, liabilities and derivatives

ITEM	CURRENCIES					
	USA DOLLARS	STERLING	YEN	CANADIAN DOLLARS	SWISS FRANCS	OTHER CURRENCIES
A. Financial assets	**207,348**	**7,916**	**124,921**	**5,490**	**165,676**	**20,382**
A.1 Debt securities	301	-	-	-	-	-
A.2 Equity securities	600	301	-	-	-	-
A.3 Loans to banks	206,407	7,615	123,724	5,490	165,121	20,382
A.4 Loans to customers	40	-	1,197	-	555	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**5,969**	**3,090**	**458**	**1,301**	**3,063**	**1,590**
C. Financial liabilities	**231,528**	**19,729**	**66,285**	**6,550**	**66,552**	**23,843**
C.1 Due to banks	222,977	13,617	60,601	4,827	53,913	11,234
C.2 Due to customers	8,551	6,112	5,684	1,723	12,639	12,609
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**1**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**1,409,855**	**205,799**	**441,462**	**34,222**	**141,605**	**104,743**
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other derivatives	1,409,855	205,799	441,462	34,222	141,605	104,743
+ long positions	714,422	107,569	191,233	17,092	19,834	53,413
+ short positions	695,433	98,230	250,229	17,130	121,771	51,330
TOTAL ASSETS	**927,739**	**118,575**	**316,612**	**23,883**	**188,573**	**75,385**
TOTAL LIABILITIES	**926,962**	**117,959**	**316,514**	**23,680**	**188,323**	**75,173**
Differences (+/-)	**777**	**616**	**98**	**203**	**250**	**212**

2. INTERNAL MODELS AND OTHER METHODS FOR SENSITIVITY ANALYSIS

There is no information apart from that already given above.

2.4 Derivative financial instruments

A. Financial derivatives

A.1 Regulatory trading book: notional values at end of period and averages

Underlying asset/ type of derivative	Total at 31/12/2010		Total at 31/12/2009	
	Over the counter	Central counter-parties	Over the counter	Central counter-parties
1. Debt securities and interest rates	**40,030,673**	**53,378**	**43,111,271**	**309,840**
a) Options	2,388,068	-	2,501,161	-
b) Swaps	37,237,602	-	38,001,521	-
c) Forwards	405,003	19,878	2,608,589	109,340
d) Futures	-	33,500	-	200,500
e) Others	-	-	-	-
2. Equity securities and share indices	**385,948**	**1,515**	**778,111**	**1,818**
a) Options	385,948	-	778,111	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	1,515	-	1,818
e) Others	-	-	-	-
3. Currencies and gold	**2,144,059**	**-**	**2,011,954**	**-**
a) Options	-	-	-	-
b) Swaps	32,530	-	-	-
c) Forwards	2,111,529	-	2,011,954	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**42,560,680**	**54,893**	**45,901,336**	**311,658**
Average values	**44,231,008**	**183,276**	**42,176,947**	**397,866**

A.2 Banking book: notional values at end of period and averages

A.2.1 Hedging

ATTIVITÀ SOTTOSTANTI/TIPOLOGIE DERIVATI	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
1. Debt securities and interest rates	**699,543**	**-**	**405,518**	**-**
a) Options	100,000	-	-	-
b) Swaps	599,543	-	405,518	-
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	**699,543**	**-**	**405,518**	**-**
Average value	**552,531**	**-**	**665,770**	**-**

A.2.2 Other derivatives

Underlying assets/ type of derivative	Total at 31/12/2010		Total at 31/12/2009	
	Over the counter	Central counter-parties	Over the counter	Central counter-parties
1. Debt securities and interest rates	**630,076**	**-**	**637,543**	**-**
a) Options	324,038	-	315,150	-
b) Swaps	306,038	-	322,393	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity securities and share indices	**20,000**	**-**	**14,486**	**-**
a) Options	20,000	-	7,243	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	7,243	-
3. Currencies and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**650,076**	**-**	**652,029**	**-**
Average values	**651,053**	**-**	**624,529**	**-**

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

PORTFOLIOS/ TYPE OF DERIVATIVE	POSITIVE FAIR VALUE			
	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	OVER THE COUNTER	CENTRAL COUNTER-PARTIES	OVER THE COUNTER	CENTRAL COUNTER-PARTIES
A. Regulatory trading book	**377,692**	**63**	**399,087**	**303**
a) Options	23,331	-	24,581	-
b) Interest rate swap	333,891	-	362,084	-
c) Cross currency swap	2,638	-	-	-
d) Equity swap	-	-	-	-
e) Forward	17,832	28	12,422	13
f) Futures	-	35	-	290
g) Others	-	-	-	-
B. Banking book - hedging	**-**	**-**	**1,031**	**-**
a) Options	-	-	-	-
b) Interest rate swap	-	-	1,031	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**6,874**	**-**	**2,349**	**-**
a) Options	5,337	-	1,054	-
b) Interest rate swap	1,537	-	1,295	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**384,566**	**63**	**402,467**	**303**

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

Portfolio/ type of derivative	Negative fair value			
	Total at 31/12/2010		Total at 31/12/2009	
	Over the counter	Central counter-parties	Over the counter	Central counter-parties
A. Regulatory trading book	**369,296**	**91**	**388,982**	**662**
a) Options	25,465	-	23,241	-
b) Interest rate swap	322,385	-	352,821	-
c) Cross currency swap	2,361	-	-	-
d) Equity swap	-	-	-	-
e) Forward	19,085	23	12,920	209
f) Futures	-	68	-	453
g) Others	-	-	-	-
B. Banking book - hedging	**17,432**	**-**	**8,316**	**-**
a) Options	-	-	-	-
b) Interest rate swap	17,432	-	8,316	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**2,265**	**-**	**2,798**	**-**
a) Options	2,265	-	-	-
b) Interest rate swap	-	-	2,798	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**388,993**	**91**	**400,096**	**662**

A.5 OTC financial derivatives - regulatory trading book: notional values, positive and negative gross fair value by counterparty – contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	75,971	10,362	15,013,578	131,884	160,432	-	202,116
- positive fair value	11	110	118,212	1,803	475	-	-
- negative fair value	-	-	206,521	885	20,006	-	5,004
- future exposure	-	71	60,090	1,162	412	-	-
2) Equity securities and share indices							
- notional value	-	-	65,198	5,000	126,768	-	-
- positive fair value	-	-	1,431	102	68	-	-
- negative fair value	-	-	66	68	3,971	-	-
- future exposure	-	-	1,532	240	160	-	-
3) Currencies and gold							
- notional value	-	-	273,677	795,680	-	4	127
- positive fair value	-	-	3,430	11,847	-	-	1
- negative fair value	-	-	2,999	1,208	2,361	-	-
- future exposure	-	-	3,334	7,955	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.6 OTC FINANCIAL DERIVATIVES - REGULATORY TRADING BOOK: NOTIONAL VALUES, POSITIVE AND NEGATIVE GROSS FAIR VALUE BY COUNTERPARTY – CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS

CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	24,090,530	345,800	-	-	-
- positive fair value	-	-	230,228	437	-	-	-
- negative fair value	-	-	110,244	466	-	-	-
2) Equity securities and share indices							
- notional value	-	-	188,442	540	-	-	-
- positive fair value	-	-	4,425	56	-	-	-
- negative fair value	-	-	691	-	-	-	-
3) Currencies and gold							
- notional value	-	-	1,074,571	-	-	-	-
- positive fair value	-	-	5,056	-	-	-	-
- negative fair value	-	-	14,806	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.7 OTC financial derivatives – banking book: notional values, positive and negative gross fair value by counterparty – contracts not classified under settlement agreements

CONTRACTS NOT CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	18,000	-	-	-	-
- positive fair value	-	-	5,271	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	270	-	-	-	-
2) Equity securities and share indices							
- notional value	-	-	-	20,000	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	2,265	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4) Other valuables							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives – banking book: notional values, positive and negative gross fair value by counterparty – contracts classified under settlement agreements

CONTRACTS CLASSIFIED UNDER SETTLEMENT AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Debt securities and interest rates							
- notional value	-	-	1,311,619	-	-	-	-
- positive fair value	-	-	1,603	-	-	-	-
- negative fair value	-	-	17,432	-	-	-	-
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	**22,261,932**	**15,580,189**	**4,718,559**	**42,560,680**
A.1 Financial derivatives on debt securities and interest rates	19,874,161	15,437,953	4,718,559	40,030,673
A.2 Financial derivatives on equity securities and share indices	244,542	141,406	-	385,948
A.3 Financial derivatives on exchange rates and gold	2,143,229	830	-	2,144,059
A.4 Financial derivatives on other valuables	-	-	-	-
B. Banking book	**246,325**	**1,029,011**	**74,283**	**1,349,619**
B.1 Financial derivatives on debt securities and interest rates	246,325	1,009,011	74,283	1,329,619
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 31/12/2010	**22,508,257**	**16,609,200**	**4,792,842**	**43,910,299**
TOTAL AT 31/12/2009	**28,593,021**	**14,816,023**	**3,549,839**	**46,958,883**

A.10 OTC financial derivatives: counterparty risk/financial risk – internal models

At the date of these financial statements, internal models were not used to measure counterparty/financial risk.

B. Credit derivatives

B.1 Credit derivatives: notional values at end of period and averages

TYPE OF TRANSACTIONS	REGULATORY TRADING BOOK		BANKING BOOK	
	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)	ON A SINGLE SUBJECT	ON SEVERAL SUBJECTS (BASKET)
1. Protection purchases				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	-	-
TOTAL AT 31/12/2010	**-**	**-**	**-**	**-**
Average value	**-**	**-**	**-**	**-**
TOTAL AT 31/12/2009	**-**	**-**	**-**	**-**
2. Protection sales				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Others	-	-	10,000	-
TOTAL AT 31/12/2010	**-**	**-**	**10,000**	**-**
Average value	**-**	**-**	**10,000**	**-**
TOTAL AT 31/12/2009	**-**	**-**	**10,000**	**-**

B.2 OTC credit derivatives: 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 derivatives: negative gross fair value – division by product

PORTFOLIO/TYPE OF DERIVATIVE	NEGATIVE FAIR VALUE	
	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Regulatory trading book:	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
B. Banking book	**1,453**	**730**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	1,453	730
TOTAL	**1,453**	**730**

B.4 OTC credit derivatives: notional values, positive and negative gross fair value by counterparty – contracts not classified under settlement agreements

Contracts not classified under settlement agreements	Governments and central banks	Other public bodies	Banks	Financial companies	Insurance companies	Non-financial companies	Other subjects
Regulatory trading							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking book							
1) Protection purchases							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2) Protection sales							
- notional value	-	-	-	-	-	10,000	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	1,453	-

B.5 OTC credit derivatives: positive and negative gross fair value by counterparty – contracts 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 ASSETS RESIDUAL LIFE	UP TO 1 YEAR	FROM MORE THAN 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
A. Regulatory trading book	-	-	-	-
A.1 Credit derivatives with "qualified" reference obligation	-	-	-	-
A.2 Credit derivatives with non qualified reference obligation	-	-	-	-
B. Banking book	-	-	10,000	10,000
B.1 Credit derivatives with "qualified" reference obligation	-	-	-	-
B.2 Credit derivatives with non qualified reference obligation	-	-	10,000	10,000
TOTAL AT 31/12/2010	**-**	**-**	**10,000**	**10,000**
TOTAL AT 31/12/2009	**-**	**-**	**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 fair value and future exposure by counterparty

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	BANKS	FINANCAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER SUBJECTS
1) Financial derivative bilateral agreements							
- positive fair value	-	-	116,918	27	-	-	-
- negative fair value	-	-	18,779	-	-	-	-
- future exposure	-	-	9,132	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
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 Central Finance and Credit Department, which mainly lends on the interbank market in the form of time deposits. Owing to its role as an intermediary with the settlement systems on behalf of the CBs, the liquid funds of the Cooperative Banking system are concentrated in ICCREA Bank.

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 cashflow.

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 cashflow with determined maturity or estimated maturity which falls within a 12-month timeframe.

In order to monitor and manage the short term liquidity risk, individual indicators have been defined for Iccrea Banka 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 timeframe 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 BCE. 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 timeframe 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 timeframe exceeding one year in the face of on and off balance sheet assets and liabilities within each individual timeframe.

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 timescale of the liquidity).

Risk is measured by the Technical Secretary and Financial Audits 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.

Since October 2008, the Group's liquidity position has also been reported specifically every week on a consolidated basis to the Bank of Italy.

Quantitative information

1 Time distribution by residual contractual term of financial assets and liabilities currency of denomination: euro

Item/ Time bracket	On demand	From more than 1 to 7 days	From more than 7 to 15 days	From more than 15 days to 1 month	From more than 1 month to 3 months	From more than 3 month to 6 months	From more than 6 months to 1 year	From more than 1 year to 5 years	More than 5 years	For an undetermined term
Cash assets	**1,045,128**	**657,192**	**199,276**	**708,195**	**1,427,821**	**618,631**	**178,835**	**4,055,964**	**562,940**	**-**
A.1 Government securities	1	-	-	-	2,990	5,009	50,559	520,471	137,938	-
A.2 Other debt securities	1	-	4	-	20,598	61,837	64,859	3,263,457	39,653	-
A.3 UCITS units	67,669	-	-	-	-	-	-	-	-	-
A.4 Loans	977,457	657,192	199,272	708,195	1,404,233	551,785	63,417	272,036	385,349	-
- banks	648,532	656,983	198,462	630,310	1,397,177	512,997	11,200	30,157	1,201	-
- customers	328,925	209	810	77,885	7,056	38,788	52,217	241,879	384,148	-
Cash liabilities	**5,084,945**	**579,113**	**643,936**	**726,126**	**366,991**	**330,135**	**73,795**	**1,133,187**	**-**	**-**
B.1 Deposits and current accounts	5,084,775	249,340	56,064	138,288	363,155	328,355	73,795	-	-	-
- banks	4,501,099	249,340	56,064	101,781	283,040	328,355	72,292	-	-	-
- customers	583,676	-	-	36,507	80,115	-	1,503	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	1,133,187	-	-
B.3 Other liabilities	170	329,773	587,872	587,838	3,836	1,780	-	-	-	-
Off-balance-sheet transactions	**1,889,739**	**533,543**	**197,053**	**1,587,338**	**135,648**	**127,692**	**105,094**	**166,306**	**395,553**	**-**
C.1 Financial derivatives with principal exchange	3	484,111	197,053	1,546,814	117,887	111,016	24,198	809	73	-
- long positions	-	166,633	95,210	821,051	60,531	53,593	13,242	283	31	-
- short positions	3	317.478	101.843	725.763	57.356	57.423	10.956	526	42	-
C.2 Financial derivatives without principal exchange	727.858	2.631	-	-	1.988	3.431	8.063	-	-	-
- long positions	369,123	187	-	-	1,300	797	2,392	-	-	-
- short positions	358,735	2,444	-	-	688	2,634	5,671	-	-	-
C.3 Deposits and loans to be received	1,157,538	-	-	-	-	-	-	-	-	-
- long positions	578,769	-	-	-	-	-	-	-	-	-
- short positions	578,769	-	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	46,801	-	20,628	14,297	11,876	-	-	20,000	-
- long positions	-	46,801	-	-	-	-	-	-	10,000	-
- short positions	-	-	-	20,628	14,297	11,876	-	-	10,000	-
C.5 Financial guarantees given	4,340	-	-	19,896	1,476	1,369	72,833	165,497	375,480	-

Currency of denomination: DOLLAR (USA)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**9,412**	**26,152**	**5,024**	**120,754**	**37,945**	**6,850**	**310**	**301**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	301	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	9,412	26,152	5,024	120,754	37,945	6,850	310	-	-	-
- banks	9,372	26,152	5,024	120,754	37,945	6,850	310	-	-	-
- customers	40	-	-	-	-	-	-	-	-	-
Cash liabilities	**91,931**	**12,958**	**19,261**	**52,787**	**32,474**	**12,982**	**9,135**	**-**	**-**	**-**
B.1 Deposits and current accounts	91,930	12,958	19,261	22,993	19,101	12,744	9,135	-	-	-
- banks	83,379	12,958	19,261	22,993	19,101	12,744	9,135	-	-	-
- customers	8,551	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	1	-	-	29,794	13,373	238	-	-	-	-
Off-balance-sheet transactions	**5,112**	**112,867**	**169,229**	**1,064,702**	**35,061**	**37,898**	**25,988**	**828**	**6**	**-**
C.1 Financial derivatives with principal exchange	-	78,019	169,229	1,064,702	35,061	37,898	25,988	828	6	-
- long positions	-	22,700	143,122	505,676	14,874	17,971	10,457	559	3	-
- short positions	-	55,319	26,107	559,026	20,187	19,927	15,531	269	3	-
C.2 Financial derivatives without principal exchange	5,112	-	-	-	-	-	-	-	-	-
- long positions	2,060	-	-	-	-	-	-	-	-	-
- short positions	3,052	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	22,990	-	-	-	-	-	-	-	-
- long positions	-	11,495	-	-	-	-	-	-	-	-
- short positions	-	11,495	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	11,858	-	-	-	-	-	-	-	-
- long positions	-	5,929	-	-	-	-	-	-	-	-
- short positions	-	5,929	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

CURRENCY OF DENOMINATION: STERLING (GBP)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**2,868**	**342**	**744**	**2,674**	**271**	**717**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,868	342	744	2,674	271	717	-	-	-	-
- banks	2,868	342	744	2,674	271	717	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**13,330**	**2,382**	**745**	**648**	**579**	**821**	**1,222**	**-**	**-**	**-**
B.1 Deposits and current accounts	13,330	2,382	745	648	579	821	1,222	-	-	-
- banks	7,218	2,382	745	648	579	821	1,222	-	-	-
- customers	6,112	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**10,686**	**6,497**	**123,322**	**580**	**65,495**	**-**	**-**	**4**	**-**
C.1 Financial derivatives with principal exchange	-	10,266	6,497	123,322	580	65,495	-	-	4	-
- long positions	-	9,578	5,916	59,080	231	32,944	-	-	2	-
- short positions	-	688	581	64,242	349	32,551	-	-	2	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	260	-	-	-	-	-	-	-	-
- long positions	-	130	-	-	-	-	-	-	-	-
- short positions	-	130	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	160	-	-	-	-	-	-	-	-
- long positions	-	80	-	-	-	-	-	-	-	-
- short positions	-	80	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: YEN (JAPAN)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**2,868**	**342**	**744**	**2,674**	**271**	**717**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,868	342	744	2,674	271	717	-	-	-	-
- banks	2,868	342	744	2,674	271	717	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**13,330**	**2,382**	**745**	**648**	**579**	**821**	**1,222**	**-**	**-**	**-**
B.1 Deposits and current accounts	13,330	2,382	745	648	579	821	1,222	-	-	-
- banks	7,218	2,382	745	648	579	821	1,222	-	-	-
- customers	6,112	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**10,686**	**6,497**	**123,322**	**580**	**65,495**	**-**	**-**	**4**	**-**
C.1 Financial derivatives with principal exchange	-	10,266	6,497	123,322	580	65,495	-	-	4	-
- long positions	-	9,578	5,916	59,080	231	32,944	-	-	2	-
- short positions	-	688	581	64,242	349	32,551	-	-	2	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	260	-	-	-	-	-	-	-	-
- long positions	-	130	-	-	-	-	-	-	-	-
- short positions	-	130	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	160	-	-	-	-	-	-	-	-
- long positions	-	80	-	-	-	-	-	-	-	-
- short positions	-	80	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: CAD (Canada)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**5,372**	**22**	**38**	**8**	**51**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	5,372	22	38	8	51	-	-	-	-	-
- banks	5,372	22	38	8	51	-	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**4,452**	**55**	**1,975**	**48**	**-**	**20**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	4,452	55	1,975	48	-	20	-	-	-	-
- banks	2,729	55	1,975	48	-	20	-	-	-	-
- customers	1,723	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**250**	**2,552**	**31,647**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	148	2,552	31,647	-	-	-	-	-	-
- long positions	-	80	1,276	15,799	-	-	-	-	-	-
- short positions	-	68	1,276	15,848	-	-	-	-	-	-
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	-	102	-	-	-	-	-	-	-	-
- long positions	-	51	-	-	-	-	-	-	-	-
- short positions	-	51	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: CHF (Switzerland)

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**2,048**	**22,566**	**26,127**	**38,590**	**55,105**	**20,397**	**843**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,048	22,566	26,127	38,590	55,105	20,397	843	-	-	-
- banks	1,493	22,566	26,127	38,590	55,105	20,397	843	-	-	-
- customers	555	-	-	-	-	-	-	-	-	-
Cash liabilities	**23,742**	**200**	**1,459**	**25,208**	**14,799**	**1,115**	**29**	**-**	**-**	**-**
B.1 Deposits and current accounts	23,742	200	1,459	25,208	14,799	1,115	29	-	-	-
- banks	11,103	200	1,459	25,208	14,799	1,115	29	-	-	-
- customers	12,639	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**207**	**21,112**	**72,217**	**40,091**	**10,507**	**4,336**	**973**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	13,480	72,217	40,091	10,507	4,336	973	-	-	-
- long positions	-	1,140	240	9,941	5,427	2,718	368	-	-	-
- short positions	-	12,340	71,977	30,150	5,080	1,618	605	-	-	-
C.2 Financial derivatives without principal exchange	207	-	-	-	-	-	-	-	-	-
- long positions	139	-	-	-	-	-	-	-	-	-
- short positions	68	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	368	-	-	-	-	-	-	-	-
- long positions	-	184	-	-	-	-	-	-	-	-
- short positions	-	184	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	7,264	-	-	-	-	-	-	-	-
- long positions	-	3,632	-	-	-	-	-	-	-	-
- short positions	-	3,632	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

OTHER CURRENCIES

ITEM/ TIME BRACKET	ON DEMAND	FROM MORE THAN 1 TO 7 DAYS	FROM MORE THAN 7 TO 15 DAYS	FROM MORE THAN 15 DAYS TO 1 MONTH	FROM MORE THAN 1 MONTH TO 3 MONTHS	FROM MORE THAN 3 MONTH TO 6 MONTHS	FROM MORE THAN 6 MONTHS TO 1 YEAR	FROM MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	FOR AN UNDETERMINED TERM
Cash assets	**16,695**	**71**	**112**	**671**	**929**	**1,235**	**673**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	16,695	71	112	671	929	1,235	673	-	-	-
- banks	16,695	71	112	671	929	1,235	673	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**20,485**	**2,209**	**938**	**85**	**17**	**-**	**112**	**-**	**-**	**-**
B.1 Deposits and current accounts	20,485	2,209	938	85	17	-	112	-	-	-
- banks	7,877	2,209	938	85	17	-	112	-	-	-
- customers	12,608	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**7,183**	**14,153**	**78,729**	**3,138**	**2,825**	**115**	**-**	**-**	**-**
C.1 Financial derivatives with principal exchange	-	5,903	14,153	78,729	3,138	2,825	115	-	-	-
- long positions	-	2,084	8,750	38,574	1,691	2,297	76	-	-	-
- short positions	-	3,819	5,403	40,155	1,447	528	39	-	-	-
C.2 Financial derivatives without principal exchange	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	20	-	-	-	-	-	-	-	-
- long positions	-	10	-	-	-	-	-	-	-	-
- short positions	-	10	-	-	-	-	-	-	-	-
C.4 Irrevocable payment commitments	-	1,260	-	-	-	-	-	-	-	-
- long positions	-	630	-	-	-	-	-	-	-	-
- short positions	-	630	-	-	-	-	-	-	-	-
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 criticalities 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 € 20,809 thousand.

Part - F
Information on 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 31/12/2010	TOTAL AT 31/12/2009
1. Share capital	**216,913**	**216,913**
2. Share premium reserve	**-**	**-**
3. Reserves	**71,138**	**69,488**
- profits	71,138	69,488
a) legal	48,201	48,201
b) statutory	205	205
c) treasury shares	-	-
d) others	22,732	21,082
- others	-	-
4. Equity Instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**30,291**	**50,967**
- Financial assets available for sale	(17,575)	3,101
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Hedging of cash flows	-	-
- Exchange differences	-	-
- Non-current assets available for sale	-	-
- Actuarial profits (losses) regarding defined benefits social security plans	-	-
- Share of the valuation reserve regarding subsidiaries entered in the shareholders' equity	-	-
- Special revaluation laws	47,866	47,866
7. Net Profit (Loss) for the period	**20,256**	**29,921**
TOTAL	**338,598**	**367,289**

B.2 Reserves from valuation of financial assets available for sale: breakdown

ASSETS/ AMOUNT	TOTAL AT 31/12/2010		TOTAL AT 31/12/2009	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	-	(20,690)	322	(3,799)
2. Equity securities	1,714	-	5,469	-
3. UCITS units	1,401	-	1,109	-
4. Loans	-	-	-	-
TOTAL	**3,115**	**(20,690)**	**6,900**	**(3,799)**

B.3 Reserves from valuation of financial assets available for sale: annual change

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	LOANS
1. Opening balance	**(3,478)**	**5,469**	**1,109**	**-**
2. Increases	**156**	**24**	**1,386**	**-**
2.1 Increases in fair value	-	24	1,386	-
2.2 Switched to the income statement, negative reserves:	-	-	-	-
- from impairment	-	-	-	-
- from sales	-	-	-	-
2.3 Other changes	156	-	-	-
3. Decreases	**17,368**	**3,779**	**1,094**	**-**
3.1 Reductions in fair value	17,367	86	-	-
3.2 Adjustments for impairment	-	-	-	-
3.3 Switched to the income statement, positive reserves: from sales	-	3,684	1,092	-
3.4 Other changes	1	9	2	-
4. Closing balance	**(20,690)**	**1,714**	**1,401**	**-**

SECTION 2 – CAPITAL AND CAPITAL RATIOS

2.1 Regulatory capital

A. Qualitative information

The Regulatory Capital and the Capital Ratios are calculated on the basis of the economic result's capital values 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 No. 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 € 325,220,972, 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). Altogether the Tier 1 Capital at 31st December 2010, before application of the prudential filters, amounted to € 285,662,400; applying the prudential filters, represented by positive changes in the Bank's own creditworthiness of € 1,595,062 and by the negative reserves on debt securities available for sale of € 3,469,996, the Tier 1 Capital gross of the ineligible elements was € 283,787,466. The ineligible elements, consisting of 50% of the equity interests and subordinate instruments in financial companies of equal to and less than 10% of the share capital of the investee entity, amounted to € 3,995,006 and brought the total Tier 1 Capital to € 279,792,460.

2. Tier 2 capital

The Tier 2 Capital before application of the prudential filters amounted to € 50,981,387; applying the prudential filters, represented by the ineligible portion of the positive reserves on available-for-sale securities (50%) of € 1,557,868, the Tier 2 Capital gross of the ineligible elements was € 49,423,518. The ineligible elements, consisting of 50% of the equity interests and subordinate instruments in financial companies of qual to or less than 10% of the share capital of the investee entity, amounted to € 3,995,006 and brought the total Tier 2 Capital to € 45,428,513.

3. Tier 3 capital

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

B. Quantitative information

	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. Core tier 1 capital before application of prudential filters	**285,662**	**284,743**
B. Core tier 1 capital prudential filters:	(1,875)	(2,792)
B.1 Positive IAS/IFRS prudential filters(+)	1,595	686
B.2 Negative IAS/IFRS prudential filters (-)	(3,470)	(3,478)
C. Core tier 1 capital gross of elements to be deducted (A+B)	**283,787**	**281,951**
D. Elements to be deducted from Tier 1 equity	3,995	500
E. Total core tier 1 capital (TIER 1) (C-D)	**279,792**	**281,451**
F. Tier 2 capital before application of the prudential filters	**50,981**	**54,444**
G. Tier 2 capital prudential filters:	(1,558)	(3,289)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,558)	(3,289)
H. Tier 2 capital gross of elements to be deducted (F+G)	**49,423**	**51,155**
I. Elements to be deducted from the Tier 2 capital	3,994	500
L. Total Tier 2 capital (TIER 2) (H-I)	**45,429**	**50,655**
M. Elements to be deducted from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**325,221**	**332,106**
O. Tier 3 capital (TIER 3)	-	-
P. Regulatory capital inclusive of Tier 3 (N+O)	**325,221**	**332,106**

2.2 Capital adequacy

A. Qualitative information

B. Quantitative information

CATEGORY/ AMOUNT	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/ REQUIREMENTS	
	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009	TOTAL AT 31/12/2010	TOTAL AT 31/12/2009
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**15,378,549**	**14,168,344**	**2,328,959**	**2,463,900**
1. Standardised approach	15,124,500	13,914,462	1,954,143	1,878,308
2. Internal ratings based approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisation	254,049	253,882	374,816	585,592
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			**139,738**	**147,834**
B.2 MARKET RISKS			**75,534**	**43,806**
1. Standard approach			75,534	43,806
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATING RISK			**20,809**	**20,298**
1. Basic approach			20,809	20,298
2. Standardised approach			-	-
3. Advanced approach			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			**-**	**-**
B.5 OTHER CALCULATION ELEMENTS			**-**	**-**
B.6 TOTAL PRUDENTIAL REQUIREMENTS			**236,081**	**211,938**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**2,951,013**	**2,649,225**
C.2 Tier 1 capital/ Risk-weighted assets (Tier 1 capital ratio)			**9.48%**	**10.62%**
C.3 Regulatory capital including TIER 3/ Risk-weighted assets (Total capital ratio)			**11.02%**	**12.54%**

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 available for sale (AFS)” portfolio, issued by central administrations of countries in the European Union. This option has neutralised, in the Regulatory Capital, negative reserves for € 17,220 thousand.

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 Combination Related to Companies or Business Units

PART G – BUSINESS COMBINATIONS RELATED TO COMPANIES OR BUSINESS UNITS

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

Part - H
Related Parties Transactions

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 31/12/2010
Fees and remuneration (1)	2,116
Post-employment benefits (2)	70

(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 31/12/2010
Board of Auditors' fees	155

Credit facilities and guarantees given:

	TOTAL AT 31/12/2010
Directors	371
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 provides information on the fees paid in the period to the independent auditing firm Reconta Ernst & Young S.p.A. and entities belonging to its network.

PARTY PROVIDING THE SERVICE	TYPE OF SERVICE	FEE (€/000)*
Reconta Ernst & Young S.p.A.	Auditing of the accounts	108
Reconta Ernst & Young S.p.A.	Auditing-related services	18
Reconta Ernst & Young S.p.A.	Certification services (EMTN programme)	55
Ernst & Young Studio Legale e Tributario	Tax assistance	69
TOTAL		**250**

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 2009 (€/1000)

BALANCE SHEET	TOTAL AT 31/12/2009
Assets	**942,800**
Liabilities	**148,045**
Share Capital	712,420
Legal reserve	21,051
Treasury share reserve	383
Other reserves	40,742
Revaluation reserves	3,476
Treasury shares	(383)
Profit for the period	17,066
Total shareholders' equity	**794,755**

INCOME STATEMENT	TOTAL AT 31/12/2009
Net interest income	(3,081)
Net fees and commission income (expense)	2,127
Gross income	14,466
Net income (loss) from financial operations	13,017
Operating expenses	(18,103)
Profit/loss on continuing operations before tax	9,448
Profit for the period	**17,066**

The parent company carries out control and coordination activities.

The items of the balance sheet statement and the income statement regarding intra-group relationships are detailed below

ASSETS	A20 FINANCIAL ASSETS HELD FOR TRADING	A60 DUE FROM BANKS	A70 LOANS TO CUSTOMERS	A150 OTHER ASSETS
Aureo Gestioni	-	-	-	127
Banca Agrileasing	39,107	3,325,014	-	15,759
Bcc Gestione Crediti	-	-	-	-
Bcc Solutions	-	-	29,987	1,875
Bcc Private Equity	-	-	-	-
Bcc Securis	-	-	-	-
Bcc Multimedia	-	-	-	-
Credico Finance	-	-	-	-
Iccrea Holding	-	-	59,458	19,101
Immicra	-	-	-	-
Bcc Lease	-	-	61,545	-
Bcc Credito Consumo	-	-	9	1
Bcc Factoring	-	-	215,570	3
Hi - Mtf	-	-	-	-
GRAND TOTAL	**39,107**	**3,325,014**	**366,569**	**36,866**

LIABILITIES	P10 DUE TO BANKS	P20 DUE TO CUSTOMERS	P40 FINANCIAL LIABILITIES HELD FOR TRADING	P100 OTHER LIABILITIES
Aureo Gestioni	-	17.032	-	-
Banca Agrileasing	35,106	-	18,036	705
Bcc Gestione Crediti	-	705	-	-
Bcc Solutions	-	4,727	-	1,825
Bcc Private Equity	-	1,703	-	-
Bcc Securis	-	9	-	-
Bcc Multimedia	-	633	-	610
Credico Finance	-	54	-	-
Iccrea Holding	-	71,397	-	12,557
Immicra	-	160	-	-
Bcc Lease	-	-	-	9
Bcc Credito Consumo	-	-	-	-
Bcc Factoring	-	-	-	-
Hi - Mtf	-	-	-	202
GRAND TOTAL	**35,106**	**96,420**	**18,036**	**15,908**

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 operating and strategic decisions. The following are the Bank's main economic and equity aggregates.

Primary disclosure

Iccrea Banca systematically draws up a management report, in accordance with a specific "data model", on the results obtained by the individual business segments into which the bank's activities are subdivided and which reflect the organizational structure. These sectors are:

- finance;
- credit;
- payment systems;
  - in addition to which there are the central governance and support functions and the Agency Service grouped in the "Corporate Centre".

This representation reflects the operating responsibilities sanctioned in the Bank's organizational structure; the business segments are made up of an aggregation of units and business lines which have similar characteristics regarding the type of products and services brokered and the reference regulatory context. The business segment results are periodically summarised in a statement at the highest decision-making level.

Income statement

The table below shows the main economic aggregates of the aforesaid Business Segments. We note that in preparing this table, the positive or negative income entries (interest, commission, etc.) and expense entries (income expense, etc.) relating to groups of assets and liabilities currently being disposed of, have been returned to the original item, net of current and deferred tax, specified on the financial statements under item 280 of the income statement and in relation to the conferral of the business unit receivables to Banca Agrileasing.

ITEM/BUSINESS SECTOR	FINANCE		RECEIVABLES		PAYMENT SERVICES		CORPORATE CENTRE		TOTAL	
(figures in thousands of euro)	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09
Net interest income	30,278	59,193	19,060	17,467	730	-2,044	1,494	-2,182	51,562	72,434
Net income from services	19,918	39,863	5,548	2,648	89,751	86,493	28,444	27,959	143,662	156,962
TOTAL REVENUES	**50,197**	**99,056**	**24,609**	**20,115**	**90,481**	**84,448**	**29,938**	**25,778**	**195,224**	**229,397**
Administrative expenses	37,491	41,946	14,191	12,101	57,835	60,079	33,637	33,848	143,154	147,973
GROSS OPERATING PROFIT	**12,706**	**57,110**	**10,417**	**8,014**	**32,646**	**24,370**	**-3,699**	**-8,070**	**52,070**	**81,423**
Total writedowns	1,089	1,601	515	441	1,817	2,046	1,304	1,777	4,725	5,865
NET OPERATING PROFIT	**11,616**	**55,509**	**9,902**	**7,573**	**30,829**	**22,324**	**-5,003**	**-9,847**	**47,345**	**75,559**

* For correlation with the items on the Income Statement see Table "A" at the foot of this section of the Explanatory Notes.

With reference to the criteria for calculating the profitability of the Business Segments, it should be noted that the statement of income was drawn up in accordance with the following procedures:

- net interest income was calculated by contribution on the basis of the internal transfer rate;
- 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.

Equity aggregates

The table below shows the main equity aggregates relating to the utilization of and deposits made by customers and banks. The equity values are those of period end. Liabilities include capital, reserves and the period result. It is noted that in preparing this table, the amounts relating to groups of assets currently being disposed of, specified as items 140 of the assets and 90 of the liabilities, relating to the conferral of the business unit receivables to Banca Agrileasing, have been returned to their original items.

ITEM/BUSINESS SECTOR	FINANCE		RECEIVABLES		PAYMENT SERVICES		CORPORATE CENTRE		TOTAL	
(figures in millions of euro)	DEC 10	DEC 09	DEC 10	DEC 09	DEC 10	DEC 09	DEC 10	DEC 09	DEC 10	DEC 09
Loans to customers	283	276	1,063	782	16	4	-	-	1,362	1,061
Due from banks	8,269	8,188	11	-	-	2	-	-	8,281	8,190
Financial assets and equity investments	765	686	-	-	-	-	247	258	1,012	944
TOTAL LOANS	**9,317**	**9,150**	**1,074**	**782**	**16**	**6**	**247**	**258**	**10,655**	**10,195**
Due to customers	2,258	2	1	-	441	960	21	375	2,722	1,337
Due to banks	7,478	8,106	-	-	-	-	-	287	7,478	8,393
Other financial liabilities	3	-	-	-	-	-	452	465	455	465
TOTAL DEPOSITS	**9,739**	**8,108**	**1**	**-**	**441**	**960**	**473**	**1,127**	**10,655**	**10,195**

Secondary disclosure

With regard to the secondary report, it should be noted that the Bank's activities are almost exclusively carried out in Italy.

TABLE "A": CORRELATION WITH THE INCOME STATEMENT	
Aggregate	**Income Statement item**
Net interest income	30;280
Net income from services	60;70;80;90;100;110;190;280
Total revenues	Net interest income + net income from services
Administrative expenses	150a;150b;280
Operating profit	Total revenues – Administrative expenses

Appendices

- BCC SECURIS
- CREDICO FINANCE
- HI-MTF
- SITUATION OF THE CENTRAL GUARANTEE FUND

BCC SECURIS THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2010		31/12/2009	
60.	Amounts due from banks		8,851		8,979
120.	Tax assets		9,093		9,129
	a) current	2,607		2,892	
	b) deferred	6,486		6,237	
140.	Other assets		16,489		16,694
	TOTAL ASSETS		**34,433**		**34,802**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2010		31/12/2009	
70.	Tax liabilities		245		268
	a) current	245		339	
	b) deferred	-		-	
90.	Other liabilities		23,587		23,869
120.	Share capital		10,000		10,000
160.	Reserves		593		544
180.	Net Profit/(Loss) for the period		8		50
	TOTAL LIABILITIES		**34,433**		**35,682**

INCOME STATEMENT

	ITEM	31/12/2010		31/12/2009	
10.	Interest and similar income		8		50
	Net interest income		**8**		**50**
40.	Fee and commission expense		(60)		(60)
	Net fees and commission income (expense)		**(60)**		**(60)**
	Gross income		**(52)**		**(10)**
120.	Administrative expenses:		(65,191)		(67,948)
	a) personnel expenses	(8,736)		(8,736)	
	b) other administrative expenses	(56,455)		(59,212)	
180.	Other operating income (expenses)		65,249		68,035
	Profit (loss) from financial operations		**58**		**87**
	Profit (loss) before tax on continuing operations		**6**		**77**
190.	Income tax expense from continuing operations corrente		2		(27)
	Profit(loss) after tax on continuing operations		**8**		**50**
	Net Profit/(Loss) for the period		**8**		**50**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2010	31/12/2009
10.	Net Profit/(Loss) for the period	8	50
110.	Total other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	8	50

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD								
							EQUITY TRANSACTIONS							
	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME FOR 2010	PATRIMONIO NETTO AL 31/12/2010
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	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net Profit/(Loss) for the period	**50**	**-**	**50**	**(50)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**8**
Total shareholders' equity	**10,594**		**10,594**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**10,602**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31/12/2008	CHANGE IN OPENING BALANCE	AS AT 1/1/2009	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON TREASURY SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME FOR 2009	SHAREHOLDERS' EQUITY AS AT 31/12/2009
Share capital:	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	**10,000**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	239	-	239	305	-	-	-	-	-	-	-	-	-	**544**
a) earnings	1,121	-	1,121	305	-	-	-	-	-	-	-	-	-	**1,426**
b) others	(882)	-	(882)	-	-	-	-	-	-	-	-	-	-	**(882)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net Profit/(Loss) for the period	**305**	**-**	**305**	**(305)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**50**
Total shareholders' equity	**10,544**		**10,544**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**10,594**

STATEMENT OF CASH FLOWS

	31/12/2010	31/12/2009
OPERATING ASSETS		
1. Operations	**8**	**50**
- Interest income collected	8	50
- Interest expense paid	-	-
- Dividends and similar income	-	-
- Net fees and commission income (expense)	(60)	(60)
- Personnel expenses	-	-
- Other costs	(65,977)	(70,709)
- Other income	66,035	70,795
- Dues and taxes	2	(26)
- Costs/ revenue regarding groups of assets available for sale and net of any tax effect	-	-
2. Net cash flows from/used in financial assets	**241**	**245**
- 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	241	245
3. Net Cash flows from/used in financial liabilities	**(377)**	**(392)**
- 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	(377)	(392)
Net cash flows from/used in operating activities	**(128)**	**(97)**
INVESTMENT ASSETS		
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	**(128)**	**(97)**

Reconciliation

BALANCE SHEET ITEMS	31/12/2010	31/12/2009
Cash and cash equivalents at beginning period	8,979	9,076
Net increase/decrease in cash and cash equivalents	(128)	(97)
Cash and cash equivalents at end of period	8,851	8,979

CREDICO FINANCE THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2010		31/12/2009	
60.	Amounts due from banks		61,878		44,065
120	Tax assets		409,401		2,470
	a) current	409,401		2,470	
	b) deferred				
140.	Other assets		10,695		26,697
	TOTAL ASSETS		**481,973**		**73,232**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2010		31/12/2009	
90.	Other liabilities		424,895		16,122
120.	Share capital		51,645		51,645
160.	Reserves		5,464		5,465
180.	Net Profit/(Loss) for the period		(31)		-
	Total Liabilities		**481,973**		**73,232**

INCOME STATEMENT

	ITEM	31/12/2010		31/12/2009	
10.	Interest and similar income		169		397
	Net interest income		**169**		**397**
	Gross income		**169**		**397**
120.	Administrative expenses:		(74,356)		(84,833)
	a) personnel expenses	(6,555)		(8,736)	
	b) other administrative expenses	(67,801)		(76,097)	
160.	Other operating income/expenses		74,224		84,659
	Profit (loss) from financial operations		**(132)**		**(174)**
	Profit (loss) before tax on continuing operations		**36**		**223**
210.	Income tax expense from continuing operations		(67)		(223)
	Profit(loss) after tax on continuing operations		**(31)**		**-**
	Net Profit/(Loss) for the period		**(31)**		**-**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2010	31/12/2009
10.	Net Profit/(Loss) for the period	(31)	-
110.	Other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	(31)	-

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							SHAREHOLDERS' EQUITY AS AT 31/12/2010
							EQUITY TRANSACTIONS						
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	NET PROFIT/(LOSS) FOR THE PERIOD AS AT 31/12/2010	
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	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**	**(31)**
Total shareholders' equity	**57,110**		**57,109**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**	**57,078**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

	AS AT 31/12/2008	CHANGE IN OPENING BALANCE	AS AT 1/1/2009	ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							SHAREHOLDERS' EQUITY AS AT 31/12/2009
							EQUITY TRANSACTIONS						
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	NET PROFIT/(LOSS) FOR THE PERIOD AS AT 31/12/2009	
Share capital:	51,645	-	51,645	-	-	-	-	-	-	-	-	-	**51,645**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
a) earnings	5,759	-	5,759	(294)	-	-	-	-	-	-	-	-	**5,465**
b) others	(1,495)	-	(1,495)	1,495	-	-	-	-	-	-	-	-	**-**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit/(loss) for the year	**1,201**	**-**	**1,201**	**(1,201)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**57,110**		**57,110**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,110**

STATEMENT OF CASH FLOWS

	31/12/2010	31/12/2009
A. OPERATING ACTIVITIES		
1. Operations	**(31)**	**63**
- Interest income collected	169	397
- Interest expense paid	-	-
- Dividends and similar income	-	-
- Net fees and commission income (expense)	-	-
- Personnel expenses	-	-
- Other costs	(74,357)	(85,421)
- Other income	74,224	85,247
- Dues and taxes	(67)	(160)
- Costs/ revenue regarding groups of assets available for sale and net of any tax effect		
2. Net cash flows from/used in financial assets	**(380,782)**	**(606)**
- 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	(380,782)	(606)
3. Net Cash flows from/used in financial liabilities	**398,626**	**(513)**
- Due to banks	-	-
- Due from financial bodies	-	-
- Due to customers	-	-
- Securities issued	-	-
- Financial liabilities held for trading		-
- Financial liabilities designated at fair value through profit or loss	-	-
- Other liabilities	398,626	(513)
5. Cash flow used in redemption/repurchase of financial liabilities	**17,844**	**156**
- Payables	-	-
- Debt securities issued	-	-
- Financial liabilities held for trading	-	-
- Financial liabilities designated at fair value through profit or loss	-	-
- Other liabilities	-	-
Net cash flows from/used in operating activities (A)	**-**	**-**

	31/12/2009	31/12/2008
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 investing activities (B)	**-**	**-**
C. FINANCING ACTIVITIES		
- Issue/purchase of treasury shares	-	-
- Issue/purchase of equity instruments	-	-
- Dividend distribution and other	-	-
Net Cash flow from/used in FINANCING ACTIVITIES (C)	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**17,813**	**156**

RECONCILIATION

BALANCE SHEET ITEMS	31/12/2010	31/12/2009
Cash and cash equivalents at beginning period	44,065	43,909
Net increase/decrease in cash and cash equivalents	17,813	156
Cash and cash equivalents at end of period	61,878	44,065

HI-MTF THE COMPANY'S FINANCIAL STATEMENT SCHEDULES

BALANCE SHEET

	ASSETS	31/12/2010		31/12/2009	
10.	Cash and cash equivalents		350		137
60.	Loans and receivables		3,911,760		3,507,173
100.	Property and equipment		54,841		49,596
110.	Intangible assets		38,582		20,000
120	Tax assets		143,519		38,086
	a) current	15,892		20,000	
	b) deferred	127,627		18,086	
140.	Other assets		855,707		732,322
	TOTAL ASSETS		**5,004,758**		**4,347,314**

	LIABILITY AND SHAREHOLDERS' EQUITY	31/12/2010		31/12/2009	
70.	Tax liabilities		20,285		32,391
	a) current	20,285		32,391	
	b) deferred	-		-	
90.	Other liabilities		425,218		319,423
100.	Employee termination benefits		45,204		28,358
120.	Share capital		5,000,000		5,000,000
160.	Reserves		(1,032,858)		(1,153,526)
180.	Net profit/(Loss) for the period		546,910		120,668
	TOTAL LIABILITIES		**5,004,758**		**4,347,314**

INCOME STATEMENT

	ITEM	31/12/2010		31/12/2009	
50.	Fee and commission income		2,660,994		2,051,842
60.	Fee and commission expense		(85,649)		(32,121)
70.	Interest and similar income		58,858		74,073
80.	Interest and similar expense		(1,097)		(347)
	Gross income		**2,633,105**		**2,093,447**
110.	Administrative expenses:		(2,082,082)		(1,884,893)
	a) personnel expenses	(862,839)		(788,140)	
	b) other administrative expenses	(1,219,243)		(1,096,753)	
120.	Net adjustments of property and equipment		(17,390)		(13,494)
130.	Net adjustments of intangible assets		(30,873)		(48,631)
160.	Other operating income/expenses		-		-
	Profit (loss) from financial operations		**502,760**		**146,429**
	Profit (loss) before tax on continuing operations		**502,760**		**146,429**
190.	Income tax expense from continuing operations		44,150		(20,761)
	Profit(loss) after tax on continuing operations		**546,910**		**120,668**
	Net profit/(Loss) for the period		**546,910**		**120,668**

STATEMENT OF COMPREHENSIVE INCOME

	ITEM	31/12/2010	31/12/2009
10.	Net profit/(Loss) for the period	546,910	120,668
110.	Other comprehensive income net of taxes	-	-
120.	Comprehensive income (Items 10+110)	546,910	120,668

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR 2010

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31/12/2009	CHANGE IN OPENING BALANCE	AS AT 1/1/2010	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2010	SHAREHOLDERS' EQUITY AS AT 31/12/2010
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 CHANGES IN SHAREHOLDERS' EQUITY YEAR 2009

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD							
							EQUITY TRANSACTIONS						
	AS AT 31/12/2008	CHANGE IN OPENING BALANCE	AS AT 1/1/2009	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGE IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	OTHER CHANGES	COMPREHENSIVE INCOME FOR 2009	SHAREHOLDERS' EQUITY AS AT 31/12/2009
Share capital:	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	**5,000,000**
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
a) earnings	(574,489)	-	(574,489)	(554,179)	-	-	-	-	-	-	-	-	**(1,128,668)**
b) others	(24,858)	-	(24,858)	-	-	-	-	-	-	-	-	-	**(24,858)**
Valuation reserves:	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Net profit/(Loss) for the year	**(554,179)**	**-**	**(554,179)**	**554,179**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,668**	**120,668**
Total shareholders' equity	**3,846,474**	**-**	**3,846,474**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,668**	**3,967,142**

STATEMENT OF CASH FLOWS

	31/12/2010	31/12/2009
A. OPERATING ACTIVITIES		
1. Operations	**595,173**	**182,792**
- Interest income collected	58,858	74,073
- interest expense paid	(1,097)	(347)
- Net fees and commission income (expense)	2,575,347	2,019,721
- Personnel expenses	(862,839)	(788,140)
- Other costs	(1,219,243)	(1,096,753)
- Dues	44,150	(25,761)
2. Net cash flows from/used in financial assets	**(228,818)**	**(221,339)**
- Financial assets available for sale	-	-
- Other assets	(228,818)	(221,339)
3. Net Cash flows from/used in financial liabilities	**110,534**	**44,222**
- Other assets	110,534	(44,222)
Net cash flows from/used in operating activities	**476,899**	**5,675**
INVESTING ACTIVITIES		
1. Cash flow from:	**-**	**-**
- sales of property and equipment	-	-
- sales of intangible assets	-	-
2. Cash flow used in:	**(72,090)**	(5,919)
- purchases of property and equipment	(22,635)	**(5,919)**
- purchases of intangible assets	(49,455)	-
Net Cash flow from/used in investing activities	**(72,090)**	(5,919)
FINANCING ACTIVITIES		
- Issue/purchase of treasury shares	-	-
- Dividend distribution and other	-	-
Net Cash flow from/used in financing activities	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**404,800**	**(244)**

RECONCILIATION

	31/12/2010	31/12/2009
Cash and cash equivalents at beginning period	3,507,309	3,507,553
Net increase/decrease in cash and cash equivalents	404,800	(244)
Cash and cash equivalents at end of period	3,912,109	3,507,309

SITUATION OF THE FONDO CENTRALE DI GARANZIA AT 31ST DECEMBER 2010

BALANCE SHEET

	31/12/2010	31/12/2009
Assets		
Deposits with banks	1,307,731	1,310,736
Loans	-	1,032,914
Other assets	8,509	-
TOTAL ASSETS	**1,316,240**	**2,343,650**
Liabilities		
Taxes payable	2,763	3,005
Payables to CGF reserve	1,313,477	2,340,645
TOTAL LIABILITIES	**1,316,240**	**2,343,650**

INCOME STATEMENT

	31/12/2010	31/12/2009
Costs		
Fees and consultancy	-	-
Provisions for taxes	(2,763)	(3,005)
Allocation to the reserve	(5,746)	(6,292)
TOTAL COSTS	**(1,041,423)**	**(9,297)**
Revenues		
Interests on bank deposits	8,509	9,297
TOTAL REVENUE	**1,041,423**	**9,297**

The action still to be defined regards:

- a guarantee of Euro 877,976 issued to Credito Emiliano in favour of the former BCC Corleonese for which a release was requested in as much as the tax dispute should be completely closed;
- Litigation is still pending with the former Tursi BCC and Benestare BCC regarding the collection of the differential profits accrued at the time and which were not paid.

Please note that following communication of the liquidator of the ex BCC of San Marcellino, the loan has been considered as unrecoverable. Consequently, the loss has been booked and the available reserve used.

Auditors' Report

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, 2010, 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 31, 2010.
3. In our opinion, the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Iccrea Banca S.p.A. for the year then ended.
4. The management of Iccrea Banca S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by 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 is consistent with the financial statements of Iccrea Banca S.p.A. as of and for the year ended December 31, 2010.

Rome, March 25, 2011

Reconta Ernst & Young S.p.A.
signed by: Francesco Natale, partner

Iccrea Banca

BCC
CREDITO COOPERATIVO