The right direction.

Interim Financial Statements

June 30,

2013

Iccrea Banca

Interim financial statements at June 30, 2013 Iccrea Banca S.p.A.

Iccrea Banca S.p.A.
Registered office: Via Lucrezia Romana 41/47 - 00178 Rome
Company Register and Tax ID no. 04774801007 - R.E.A. of Rome no. 801787
Share capital: €216,913,200 fully paid up
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Entered in the register of banking groups at no. 20016
Subject to the management and coordination of
Iccrea Holding S.p.A.

CONTENTS

Interim Report on Operations

at June 30, 2013

CONTENTS

Interim Report on Operations

INTRODUCTION

The first half of 2013 was marked by tentative signals of strengthening in the world economy. The improvement was most apparent in the United States, where GDP rose by 1.8% in the first quarter, thanks mainly to the increase in US household consumption. This reflected an improvement in conditions in the labor market; the unemployment rate gradually fell from a peak of 10% to 7.6% in June.

Unfortunately, the improvement in the European economy was not as robust. Consumer confidence rose in the euro area and levels of activity fell at a slower pace as compared with the fourth quarter of 2012, but this did not reflect a true recovery. More specifically, the economic situation in the euro area was characterized by two phenomena: the drop in internal demand and the decline in the contribution of net foreign demand to growth.

With respect to the real economy, the true change has been the slowdown seen in the core countries of the euro area, indicating that growth is not just a problem for the peripheral nations. Germany has experienced a sharp decline in foreign trade as a result of the reduction in the ability of other European nations to purchase its goods. France has entered recession, reporting declines in GDP for two straight quarters.

The heavy focus of the peripheral European countries on restrictive fiscal policies has fostered the start of the process of restoring balance on current account, but has also stifled any growth.

Within this environment, Iccrea Banca has continued to operate to ensure that the funding and investment needs of the Group companies and the mutual banks are met.

With regard to short-term funding from mutual banks, a high level of liquidity was maintained as a result of divestments made in the first half of the year due to the tightening of Italy's sovereign risk, which was only partly reabsorbed during the period. The volumes of fixed-term deposits and investment accounts were essentially in line with the results reported at year-end. With a view to consolidating its maturity structure, the Bank renegotiated investment accounts with maturities ranging from 12 to 18 months.

As a result of the high levels of available liquidity, €2.2 billion in financing received in the ECB's three-year auctions were repaid starting from January.

In view of the various repayments made, the Bank increased its transactions in collateralized markets, where it traded a total of €194 billion in short-term (overnight/one month) securities, of which €144 billion in special securities and €50 billion in general collateral (GC) securities, for a total of 8,664 transactions. This made it possible for the Bank to negotiate better interest rates than the ECB rate.

At June 30, 2013, collateralized loans to mutual banks amounted to €18.2 billion, an increase of €1.96 billion over December 31, 2012.

In order to diversify its sources of liquidity, the Bank took part in the "Operations on Behalf of the Italian Treasury (Optes)" auctions held by the Ministry for the Economy and Finance and joined the ABACO project for refinancing bank loans through the ECB, in part with the aim of replacing bonds backed by the State maturing in 2015.

The financing until maturity of investments in government securities, carried out in the first half of the year for a total of €5 billion, also made a significant contribution to the profit margins of Iccrea Banca and the Group companies.

With respect to foreign exchange activities, volumes remained consistent with those of 2012, forging good customer loyalty on the part of the mutual banks.

Alongside this activity, in the first half of 2013 proprietary trading was consolidated at higher volumes and profit levels than in 2012.

We diversified our suppliers of gold, establishing new relationships with HSBC London and BSI Lugano. Volumes were similar to those in 2012 despite signs from the market of a continuation in the crisis in the Italian gold-working industry.

To provide support for treasury activities, the Bank began work on a project to introduce a new front office system in order to optimize the management of interest rate, exchange rate and liquidity risk positions and collateral.

As to medium/long-term funding, in the first half of the year, a total of €1.35 billion worth of bonds were issued, with an average maturity at issue of 4.02 years. These were meant to replace bonds reaching maturity and to provide support to the new operations of the Group companies. Of these bonds, €483 million where placed with the mutual banks for their own portfolios, €370 million with their retail customers and €500 million with non-Group retail customers. This latter activity, in addition to being a commercial transaction, was made in order to take advantage of an opportunity to diversify funding sources. This 5-year issue also served to extend the average maturity of the Bank's medium/long-term funding in line with its planned target.

At June 30, 2013, total medium/long-term liabilities issued by the Bank amounted to €5.1 billion with an average remaining life of 2.43 years.

The Bank's own portfolio expanded considerably in the first half of the year. Specifically, the Italian government securities component grew to €7.7 billion from €6.0 billion at December 31, 2012, up 28.3%. The average maturity of these assets was 2 years. The component related to medium/long-term intercompany assets was also consistent with the previous year at €3.98 billion, excluding past due positions.

Trading on the Bank's own portfolio also generated significant profits.

In the first half of 2013, the volumes handled as part of market-making activities on the Hi-MTF and the EuroTLX amounted to around €5.4 billion (+47% over the same period of 2012). Specifically, €4.8 billion in Italian government securities (+51% over 2012) and €0.6 billion in corporate securities (+22% over 2012) were traded.

With regard to Italian government securities traded on the wholesale market, Iccrea Banca is also active on the MTS and BondVision trading platforms, where volumes amounted to €50.6 billion, up 89% over the first half of 2012, with another €46 billion traded with mutual banks, of which €3.84 billion passing through the new Webfin platform for institutional customers, created in December 2012 and up and running since the start of the year.

With respect to orders collection for instruments listed on regulated markets and on MTFs, the first half of 2013 saw a sharp increase in the volumes traded by the mutual banks in bonds listed on Italian regulated markets and MTFs (MOT, EuroTLX, HI-MTF), reaching around €26 billion. A significant percentage of this turnover came from proprietary trading of Italian government securities by the mutual banks, which was particularly active during the period given the volatility of that market. As part of the effort to continually upgrade the offer system used in the financial intermediation sector, we instituted a strategy to find a new technological partner who could provide further development of the current platform for collecting orders and handling the dynamic best execution of those orders. The selection process was completed and the project has begun, with the new solution expected to be rolled out by the end of the year.

In introducing the new platform, the Bank has committed to pursuing the creation of an operational "hub" that better meets the operational needs of the mutual banks and their customers.

With regard to the primary market, large bond placements were made in the first six months of the year. In particular, we placed the fourth issue of the BTP Italia bond (Italian treasury bonds), attracting strong interest from the market in general and from the mutual banks, which subscribed a total of €1.3 billion (out of a total issue of €17 billion).

Alongside the traditional placement activities for other Italian government securities (BOTs, BTPs, CCTs, CTZs) amounting to over €1 billion, the Bank was also engaged in its own issues, which totaled €853 million, confirming the strong interest on the part of the mutual banks and their customers.

As to unlisted derivatives, given that trading volumes have not been strong due to the unfavorable economic and financial climate for the use of such instruments, the Bank intensified its efforts in connection with the

European Market Infrastructure Regulation (EMIR) project through which it plans to offer the mutual banks a set of operational solutions for implementing the requirements of the new regulation, which imposes a clearing obligation for OTC derivatives.

In the area of structured finance operations to support the liquidity needs of the mutual banks, in the first half of 2013 the process of structuring two securitization transactions was begun: one involving performing residential loans (CF12), in which 35 mutual banks participated in a total amount in excess of €1 billion, and another for performing commercial loans (CF14), in which 10 mutual banks participated in an amount of more than €300 million. The first operation will be completed in August, and the second in September.

The Credico Finance 2 and the Credico Funding 3 (CBO3) operations were closed and work has begun on the BCC Securis and Credico Finance 3 operations, with the liquidation of the vehicles and the transfer of the tax credit.

To ensure that we are compliant with the recent rules issued by the ECB concerning the refinancing eligibility requirements for asset-backed securities (ABSs), that Bank worked with the Loan Applications Unit to implement the procedure for gathering and reporting the information required with respect to each assigned loan (the so-called loan-by-loan process).

The Bank was also involved in finalizing the structuring of a securitization of the mutual banks' commercial loans as part of an initiative promoted by the EIB to support lending to SMEs.

Finally, initiatives were undertaken to optimize and improve the efficiency of activities aimed at mitigating counterparty risk, in line with the provisions of Bank of Italy Circular 263 of 2006.

The collateral management activities performed by the Finance and Middle Office Department involved collateralization agreements to manage cash collateral and financial guarantees relating to OTC derivatives which, at June 30, 2013, included 34 ISDA Credit Support Annexes (CSA) signed with leading market counterparties.

At June 30, 2013, guarantees received and issued amounted to €111 million and €110 million, respectively.

Similarly, agreements aimed at ensuring a daily cash margin for lending and/or financing transactions was also put into place.

In line with the risk mitigation practices mentioned above, these agreements (Global Master Repurchase Agreement - GMRA) govern repurchase agreements and the related exchange of guarantees in the event of any changes in the mark-to-market value of the underlying security.

At June 30, 2013 there were 8 GMRAs, with guarantees received totaling €1.34 million.

In light of the new rules introduced with the EMIR, the Finance and Middle Office Department Unit is developing, in line with the requirements of the regulation that will come into effect as from September 15, 2013, a special portal for reconciling the outstanding derivatives portfolios of the Bank and the mutual banks.

This activity was also carried out in preparation for the conclusion of Italian-law collateralization agreements with the mutual banks.

To that end, the Bank, along with Federcasse trade association, has undertaken a series of activities that will enable it to calculate the risks connected with OTC derivatives operations using risk mitigation techniques such as netting and collateralization. The exchange of collateral, expected to initially be in the form of cash and later to include securities, will be managed by the above portal for the daily variation margin only.

The activities performed by the Institutional Service unit were completely reorganized in the first half of the year, involving the streamlining of its organization and the redistribution of responsibilities in order to optimize controls, the allocation of resources and the costs of producing services. In order to improve the efficiency of operational processes, aimed at achieving excellence, the entire area was involved in the Lean Six Sigma process, with the opening of the first operational projects. The positive effects of this became apparent as early as the first half of the year and will generate further benefits with the completion of the initiative during the second half of the year and the implementation of the action plans.

The internal working group continued to study the impact of EMIR on the mutual banks and Iccrea Banca, identifying and launching project initiatives for meeting the various requirements within the timeframe called for under the regulation. In that regard, information and training were provided to the mutual banks through special presentations held nationally and regionally in conjunction with Federcasse and the local industry federations.

Among the initiatives pursued were those related to the Target2 Securities project. Target2 Securities is the new infrastructure, currently being launched by the ECB along with the European System of Central Banks, for the settlement of securities transactions, which will be rolled out in 2015. Studies were also conducted in preparation for defining, over the coming months, the procedures to be followed by Iccrea Banca in participating in the new settlement system, with the aim of strengthening the Bank's central role as a channel between the markets and the network of mutual banks and mitigating the impact on the organization and costs of the mutual bank system as a whole.

As to the securities database, the process of enhancing the efficiency and rationalizing information providers was begun in an effort to improve and strengthen the quality of data products and to optimize their costs.

The process of enhancing the dialogue between Iccrea Bank and the mutual banks continued with the implementation of the WebAmmTit platform. This will improve the acquisition and processing of database information, resulting in more streamlined operations and greater containment of operating risks with a view to continually upgrading the level of service offered by the Bank.

As to the support provided to mutual banks concerning the distribution of units in collective investment undertakings, the Fund Operation Unit took an active part in ABI's group pilot program on standardizing messaging, laying the groundwork for the subsequent implementation of the procedures that will allow the Bank to be one of the first Italian banks to adopt the new system standards at the national level.

In the payment systems area, we continued work on completing the SEPA Credit Transfer, Direct Debit and Cash products to ensure full compliance of the procedures with developments in national and international standards by 2014. The rationalization of processes will enable credit transfers and direct debits to be managed on a single platform, making it possible to handle tracking of an individual instrument from the time of receipt of the order to the moment it is settled, both for flows received and sent.

The activity conducted by the Bank on behalf of the banks continued, both at the operational level by minimizing the costs that the individual mutual banks would incur to conduct these transactions (connections, technological infrastructure, procedures, etc.), and at the level of regulatory compliance (participation in working groups sponsored by ABI, Bank of Italy CIPA, Target, etc.).

In addition:

- the record dematerialization service was launched with pilot mutual banks and will be extended to other mutual banks during the year;
- the electronic invoicing service, which has already been launched, is seeking mutual banks and customers to participate in the pilot project;
- the company M-Facility was formed as part of the project that will allow agreements with Major Customers concerning the collection of secured transactions in respect of debtor customers through the mutual banks, implementing an internal value-added circuit within the mutual bank industry that will lead to the Group being viewed as a single entity. The company was transformed from a private limited-liability company (Srl) into a company limited by shares (SpA). We expect to launch the service in autumn of 2013.

In 2013, sustained growth continued in all sectors of payment cards, both on the issuing side and on the POS and ATM acquiring side.

Regarding the Issuing sector, all three components (debit, prepaid, and credit) recorded substantial increases that can be summarized as follows:

- operative debit cards reached 1,825,193, an increase of 6.6% over June 2012;
- the stock of operative credit cards posted an increase of 6.8%, going from 622,588 cards at the end of June 2012 to 665,230 at June 30, 2013;
- active prepaid cards went from 260,146 at the end of June 2012 to 307,662 at the end of June 2013, an increase of 18.3%.

In a similar fashion, significant volume growth was posted in the Acquiring segment, reaching 236 million in the first half of 2013, compared with 220 million in 2012, a 7.4% increase.

Various projects were completed, resulting in the launch of new products and services, including:

- the CartaBCC TascaConto, a contactless prepaid card with an IBAN, that combines the main functions of a bank account in one card;
- the activation of Acquiring services through the international license for the VISA and MasterCard circuits, while, beginning in April, starting the process of transferring over 100,000 CartaSI merchants, with whom an agreement was reached for the block transfer of the contracts;
- the expansion of the www.cartabcc.it website with an e-commerce section to offer cardholders more shopping options and to increase the benefits of belonging to the ClubCartaBCC for merchants;
- the payment of the RAI state television license fee with the CartaBCC through the www.cartabcc.it website.

Assistance continued to be provided to the mutual banks through the "Corner in Branch" project, involving 22 mutual banks and 109 branches from January through June 2013, enabling a large increase in the number of cards issued.

Work also continued on the following projects that are nearing completion:

- the CartaBCC TascaConto Business, a contactless prepaid card with an IBAN for businesses;
- the Mobile Payments pilot project, which will allow CartaBCC holders to purchase services directly through their mobile device;
- the development of the ATM WEB platform, which will make it possible to provide the mutual banks with advanced services through ATMs;
- the replacement of the current carbon paper PIN forms with new A4-sized forms that are more secure, are compliant with the rules for the VISA and MasterCard circuits and can carry customized graphics and information for each CartaBCC product.

On the human capital front, developing our internal resources and the wealth of expertise within the Bank was a driving force behind most of the actions undertaken, such as: continuation of the plan to hold meetings on individual development and management for the entire workforce; providing training and development plans using a wide range of methods (classroom instruction, e-learning, learning-by-doing, training-on-the-job, etc.), job rotation aimed at spurring growth and covering the Bank's personnel needs.

In 2013, the Human Resources and Organization area continued to promote and support the corporate transformation process in line with the strategic objectives of the Bank through a structured program of interventions aimed at achieving excellence through the growth of the human capital and the continuous improvement of the levels of effectiveness and efficiency of the organization and processes.

Within this context, the Lean Six Sigma Program for the systematic optimization of the processes of the competence centers was launched following a trial period. This Program is focused on guaranteeing the rapid achievement of the objectives for disseminating the Lean Six Sigma culture and developing internal skills in order to guarantee the growing autonomy of the Bank in the application of the methodology and the optimization of the key processes of the competence centers. The principles and the instruments made available by this methodology will lend impetus to the effort to support the corporate competence centers in their evolution into excellence centers, with, as always, that excellence to be completely at the service of the mutual banks.

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After this discussion of the significant events and operational developments that characterized the Bank's activities in the first half of 2013, the following section provides an overview of performance and developments in the main financial aggregates. The accounting policies and detailed comments on the financial statements are provided in the notes to the financial statements. In addition, a discussion of macroeconomic conditions and the situation in the financial services sector offers context for a more complete understanding of the Bank's results.

1. MAIN RESULTS

	Reclassified balance sheet – Assets (thousands of euros)	Jun-2013	Dec-2012	% Change
10	Cash and cash equivalents	80,549	110,654	-27.2%
	Loans and receivables:			
70	a) Loans to customers	2,087,123	1,664,961	25.4%
60	b) Due from banks	33,009,826	27,022,845	22.2%
	Negotiable financial assets			
20		537,695	732,669	-26.6%
30		317,430	322,076	-1.4%
40		3,786,484	3,009,412	25.8%
50	Financial assets held to maturity	4,064,916	3,017,529	
90	Value adjustments of macro-hedged financial assets (+/-)	-459	0	
100	Equity investments	51,263	51,263	0.0%
	Property and equipment and intangible assets			
110		20,132	20,019	0.6%
120		6,468	5,756	12.4%
130	Tax assets	21,575	26,356	-18.1%
	Other assets			
80		7,875	14,148	-44.3%
140				
150		176,065	130,769	34.6%
160				
	Total assets	**44,166,941**	**36,128,458**	**22.2%**

	Reclassified balance sheet – Liabilities (thousands of euros)	Jun-2013	Dec-2012	% change
	Payables			
	a) Due to customers and securities issued			
20		17,340,487	9,270,697	87.0%
30		4,014,728	3,386,758	18.5%
50		760,269	745,365	2.0%
10	b) Due to banks	20,714,566	21,196,601	-2.3%
40	Financial liabilities held for trading	472,701	640,452	-26.2%
	Specific provisions			
110		14,261	14,288	-0.2%
120		6,242	6,411	-2.6%
	Other liabilities			
60		84,667	115,043	-26.4%
80		12,535	23,087	-45.7%
90				
100		264,593	227,869	16.1%
	Shareholders' equity			
130	a) Valuation reserves	50,826	68,069	-25.3%
160	d) Reserves	181,530	168,530	7.7%
180	f) Share capital	216,913	216,913	0.0%
200	h) Net profit (loss) for the period	32,623	48,376	-32.6%
	Total liabilities and shareholders' equity	**44,166,941**	**36,128,458**	**22.2%**

Reclassified income statement (thousands of euros)				
	Jun- 2013	**Jun-2012**	**% change**	**Items pursuant to format in Bank of Italy Circular 262 of 22/12/2005**
Net interest income	**37,158**	**39,583**	**-6.1%**	**10-20**
Gains (losses) on financial transactions	30,035	10,693	180.9%	80- 90-100-110
Dividends	143	3,252	-95.6%	70
Net fee and commission income	**58,166**	**58,800**	**-1.1%**	**40-50**
Other operating income and expense	9,933	8,485	17.1%	190
Total revenues	**135,435**	**120,813**	**12.1%**	
Personnel expenses	-30,975	-29,037	6.7%	150a
Other administrative expenses	-49,133	-45,123	8.9%	150b
Net adjustments of property and equipment and intangible assets	-3,342	-2,482	34.6%	170-180
Total operating expenses	**-83,450**	**-76,642**	**8.9%**	
Gross operating profit	**51,985**	**44,171**	**17.7%**	
Net provisions for risks and charges	169	-160	-205.5%	160
Net losses on impairment of loans and other financial activities	357	-1,293	-127.6%	130
Writedowns of goodwill				230
Total provisions and losses	**526**	**-1,453**	**-136.2%**	
Net operating profit	**52,511**	**42,718**	**22.9%**	
Profit (loss) before tax	**52,511**	**42,718**	**22.9%**	
Income tax expense from continuing operations	-19,888	-15,874	25.3%	260
Profit (loss) from disposal groups after tax				280
Net profit (loss) from disposal groups				280
Net profit (loss) for the period	**32,623**	**26,844**	**21.5%**	

Summary statement of results at 30/06/2013					
PERFORMANCE, FINANCIAL POSITION AND KEY OPERATING INDICATORS					
Performance (thousands of euros)	**Jun-2013**	**Jun-2012**	**Change**	**% Change**	**Items pursuant to format in Bank of Italy Circular 262 of 22/12/2005**
Gross income (Total revenues)	135,435	120,813	14,622	12.1%	120-190 IS
Gross operating profit	51,985	44,171	7,814	17.7%	120-190-150-170-180 IS
Profit before tax	52,511	42,718	9,794	22.9%	250 IS
Net profit for the period	32,623	26,844	5,779	21.5%	290 IS
Financial position (thousands of euros)	**Jun-2013**	**Dec-2012**	**Change**	**% Change**	
Total assets and liabilities	44,166,941	36,128,458	8,038,482	22.2%	
Funding from credit institutions	20,714,566	21,196,601	-482,035	-2.3%	10 CBS
Lending to credit institutions	33,009,826	27,022,845	5,986,981	22.2%	60 BS-A
Total interest-bearing assets	43,811,349	35,783,641	8,027,708	22.4%	20-30-40-60-70 BS-A
Total interest-bearing liabilities	43,387,419	35,354,916	8,032,503	22.7%	10-20-30-40-50-60 BS-L
Total shareholders’ equity	481,891	501,888	-19,997	-4.0%	130-160-180-200 BS-L
Credit quality ratios (%)	**Jun-2013**	**Dec-2012**	**Change**	**% Change**	
Net bad debts/Loans to customers	1.2%	1.5%	-0.3%		
Profitability ratios (%)	**Jun-2013**	**Jun-2012**	**Change**	**% Change**	
Cost-to-income ratio	61.62%	63.44%	-1.82%		
ROE (on shareholders’ equity – net profit)	7.26%	7.40%	-0.14%		
ROI (gross operating profit / total average assets)	0.17%	0.46%	-0.29%		
Capital ratios (%)	**Jun-2013**	**Dec-2012**	**Change**	**% Change**	
Regulatory capital	418,811	402,730	n.a.	n.a.	
Tier 1 capital	14,03%	16.76%	n.a.	n.a.	
Operating structure	**Jun-2013**	**Dec-2012**	**Change**	**% Change**	
Total no of employees - end-period figure	740	727	13	1.8%	

2 MACROECONOMIC CONDITIONS, ECB MONETARY POLICY AND DEVELOPMENTS IN THE EURO-AREA BANKING SYSTEM

The interim financial statements of Iccrea Banca reflect a market environment still colored by uncertainty.

The global economic expansion, which had gained pace in the first quarter thanks to stronger growth in several advanced countries, continued in the second quarter. However, the persistent sluggishness of activity in the euro area and a deceleration in the emerging economies of Asia kept the expansion of world trade at modest levels.

In its most recent *World Economic Outlook*, the IMF lowered its projections for global growth in 2013, which now stand at 3.1%, the same level as 2012. By contrast, the global economy is expected to expand by 3.8% in 2014. In both cases, the forecasts were revised downwards by 0.2%, reflecting the emergence of new risks, including the possibility of a broader slowdown in growth in the emerging markets.

The most recent threat is underscored by the slower growth in various key emerging markets, which join the substantial weakening of internal demand and the continuation of the recession in the euro area.

In the United States, the fiscal squeeze associated with the automatic cuts under the sequester have hindered the improvement in private-sector demand, with forecast growth of about 1.75% in 2013, a decrease on the figure published in April, and about 2.75% in 2014. Conversely the growth forecasts for Japan were revised upwards, with the economy expected to expand by 2% in 2013, thanks to the expansionary stance of the central bank, and by about 1.25% in 2014. Growth forecasts for all the BRICS countries have been revised downwards by between a quarter and three quarters of a percentage point. China, despite a reduction of 0.3% in growth projections for this year and 0.6% for 2014, will remain the driver of expansion, with GDP expected to rise by 7.8% in 2013 and 7.7% in 2014.

In the euro area, following the continued weakening of GDP in the first quarter of this year, the economic indicators signaled some progress in recent months; however, the levels are still low. In the last three months, consumer price inflation has fallen significantly, to 1.4% on average. The European Central Bank expects the key ECB interest rates to remain at present or lower levels for an extended period of time, given the subdued outlook for inflation, the broad-based weakness in the real economy and subdued monetary growth. In the first quarter of 2013 euro-area GDP fell for another quarter running (-0.3% compared with the previous period, against -0.6% at end-2012), mainly reflecting the further contraction in investment.

The rate of inflation is falling. In the second quarter of 2013 it came down to an average of 1.4% compared with the year-earlier quarter (down from 1.9% in the first quarter). In June the harmonized index rose slightly to 1.6%. This trend mainly reflects the negative comparison between the slight increase in energy prices compared with the previous month and the sharp fall observed twelve months earlier.

The European Central Bank maintained official rates at their previous levels. At its most recent meeting, the Governing Council explicitly expressed positions in favor of future rate cuts. Together with the Bank of England, the ECB is the central bank that has adopted the least accommodating policy stance, despite the fact that the European economy is weaker than other areas of the world. The Bank of England is also expected to ease monetary conditions. The dominant theme in money markets and elsewhere is the Federal Reserve's timing of the end of its expansionary measures. The Fed has set a target of 6.5% for unemployment (now 7.5%).

Macroeconomic conditions in Italy

Italian GDP continued to decline, falling by 0.5% compared with the previous quarter (down 2.3% year-on-year). Exports also fell (-1.9%) for the first time since the spring of 2009, mainly owing to the contraction in demand from the other EU countries; imports decreased by a slightly smaller amount.

Industrial production declined by 5.2% on an annualized basis. Among the various segments, only energy expanded (+2.2%), while capital goods (-8.0%), intermediate goods (-6.5%) and consumer goods (-4.5%) all contracted significantly. The strongest performance among the various segments was posted by the supply of electricity, gas, steam and air, pharmaceutical products (+3.4%) and the manufacture of electrical equipment (+1.8%), whereas extractive industries were especially hard hit.

The unemployment rate came to 12% (+1.5% annualized), with a decline of 18 thousand in the number of persons in employment. Over the same period, the rate of youth unemployment rose above 40% (up 5.9% on the previous year).

Banking

The financial situation remains tenuous despite the slow normalization of market conditions. The main source of uncertainty regards monetary policy, although the forward guidance rule introduced in July by the ECB in order to guide market expectations appears to have at least temporarily mitigated the impact on the euro area of the Fed's announcement of a possible reduction of its quantitative easing program in the short term.

The continuation of the recession beyond the first half of this year and the weak recovery expected in 2014-2015 will affect the growth in bank lending. In the new forecasting scenario, credit growth will be lower than under previous projections. More specifically, in 2013 bank lending, excluding the component attributable to Cassa Depositi e Prestiti, is forecast to contract by 0.8%. A positive contribution is expected from lending to other sectors, due to the continued strength of business by central counterparties, while lending to households and firms will continue to contract. Lending to households is projected to fall by 0.9%, while that to non-financial companies is expected to decline by 2.4%, primarily reflecting the weakness of longer-term lending.

In the first few months of 2013 funding was driven by the growth in deposits, thanks to the volume of retail business. Bond funding decreased, owing to challenging environment for bank bonds and the partial reduction in the demand for funds, partly due to the ECB refinancing operations and the growth in deposits. In the 2013-2015 period, direct funding by banks (deposits, bonds and repurchase agreements) is forecast to rise at a modest pace on average (+1.5%), with growth still driven by deposits.

The persistence of improved conditions in financial markets over the forecasting time horizon will gradually ease strains on funding costs for Italian banks. The cost of funding will nevertheless remain high owing to the shift towards longer-term deposits.

As regards profitability, any improvement will be slower and smaller than expected. The annualized return on equity fell two percentage points to 2.7%. Gross income contracted by 13%, mainly due to the decline in net interest income, which was impacted by developments in market rates and the fall in volumes. Another contributing factor was the absence of the trading revenues achieved in the first quarter of 2012. In the first three months of 2013, the capital ratios of the five largest banking groups were stable. At the end of March, the highest quality core Tier 1 ratio was 10.8%. The Tier 1 and total capital ratios were 11.5% and 14.4% respectively.

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

While the general state of the economy and the financial markets was challenging, during the first half of the year Iccrea Banca was able to achieve strong operating results by bolstering its presence and operations in the payment system sector and by carefully managing lending activities, selectively seeking out opportunities for trading in financial instruments and effectively controlling operating costs.

The balance sheet

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

At June 30, 2013, total assets and liabilities stood at €44,166.9 million, compared with €36,128.1 million at December 31, 2012, an increase of 22.3%.

On the asset side, the increase is mainly attributable to loans to customers, which rose by €422.2 million (+25.4%), as did financial assets held to maturity (+34.7%) and those available for sale (+25.8%). On the liability side, the largest increases came in amounts due to customers, which rose by €8,069.8 million (+87.0%) and in securities issued, which expanded by €628 million (+18.5%).

BALANCE SHEET (thousands of euros)				
	Jun-2013	Dec-2012	Change	% Change
ASSETS				
Due from banks	33,009,826	27,022,845	5,986,981	22.2%
Loans to customers	2,087,123	1,664,961	422,161	25.4%
Financial assets held for trading	537,695	732,669	-194,974	-26.6%
Financial assets at fair value through profit or loss	317,430	322,076	-4,646	-1.4%
Financial assets available for sale	3,786,484	3,009,412	777,072	25.8%
Financial assets held to maturity	4,064,916	3,017,529	1,047,387	34.7%
Hedging derivatives	7,875	14,148	-6,273	-44.3%
Total interest-bearing assets	**43,811,349**	**35,783,641**	**8,027,708**	**22.4%**
Total non-interest-bearing assets	355,592	344,818	10,774	3.1%
TOTAL ASSETS	**44,166,941**	**36,128,458**	**8,038,482**	**22.2%**

BALANCE SHEET (thousands of euros)				
	Jun-2013	Dec-2012	Change	% Change
LIABILITIES				
Due to banks	20,714,566	21,196,601	-482,035	-2.3%
Due to customers	17,340,487	9,270,697	8,069,790	87.0%
Securities and financial liabilities	5,332,366	4,887,618	444,748	9.1%
Liabilities associated with assets held for sale				
Total interest-bearing liabilities	**43,387,419**	**35,354,916**	**8,032,503**	**22.7%**
Other non-interest-bearing liabilities	291,389	265,243	26,145	9.9%
Equity and provisions	455,510	459,922	-4,412	-1.0%
Profit for the period	32,623	48,376	-15,754	-32.6%
TOTAL LIABILITIES	**44,166,941**	**36,128,458**	**8,038,482**	**22.2%**

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

Assets

Total interest-bearing assets increased from €35,783.6 million at December 31, 2012 to €43,811.3 million at June 30, 2013, an increase of €8,027.7 million (22.4%).

Amounts due from banks includes loans to mutual banks, which rose from €17,338.9 million to €19,223.9 million (10.9%), and loans to other credit institutions, which expanded from €9,683.9 million to €13,785.9 million (42.4%).

The total increase in interbank loans is mainly due to lending to Italian mutual banks in connection with European Central Bank programmes.

DUE FROM BANKS (thousands of euros)	Jun-2013	Dec-2012	Change	% Change
Mutual banks	19,223,933	17,338,901	1,885,032	10.9%
Other credit institutions	13,785,894	9,683,944	4,101,950	42.4%
Total	**33,009,826**	**27,022,845**	**5,986,981**	**22.2%**

BREAKDOWN OF AMOUNTS DUE FROM BANKS (thousands of euros)	Jun-2013	Dec-2012	Change	% Change
Due from central banks	**603,285**	**96,111**	**507,174**	**527.7%**
Reserve requirement	603,285	96,111	507,174	527.7%
Due from banks	**32,406,541**	**26,926,734**	**5,479,807**	**20.4%**
Current accounts and demand deposits	1,381,116	1,139,427	241,689	21.2%
Fixed-term deposits	722,545	347,291	375,254	108.1%
Other	26,406,312	21,481,615	4,924,697	22.9%
Debt securities	3,896,568	3,958,401	-61,833	-1.6%
Total due from banks	**33,009,826**	**27,022,845**	**5,986,981**	**22.2%**

Loans to non-bank customers rose by 25.4%, going from €1,665 million at December 31, 2012 to €2,087.1 million at June 30, 2013. They break down as follows.

BREAKDOWN OF LOANS TO CUSTOMERS (thousands of euros)	Jun-2013	Dec-2012	Change	% Change
Current accounts	242,801	437,081	-194,280	-44.4%
Medium/long-term loans	152,456	157,592	-5,136	-3.3%
Repurchase agreements	392,599	19,048	373,551	1961.1%
Other transactions	1,248,218	950,177	298,041	31.4%
Debt securities	16,903	70,222	-53,319	-75.9%
Impaired assets	34,146	30,841	3,305	10.7%
Total loans to customers	**2,087,123**	**1,664,961**	**422,162**	**25.4%**

The portfolio of financial assets held for trading decreased by 26.6%, going from €732.7 million at December 31, 2012 to €537.7 million at June 30, 2013.

BREAKDOWN OF FINANCIAL ASSETS HELD FOR TRADING (thousands of euros)	Jun-2013	Dec-2012	Change	Change %
Debt securities	25,265	17,937	7,328	40.9%
Equity securities	433	403	30	7.4%
Units in collective investment undertakings	1,208	1,975	-767	-38.8%
Total on-balance-sheet assets	**26,906**	**20,315**	**6,591**	**32.4%**
Derivative instruments	510,789	712,354	-201,565	-28.3%
Total derivative instruments	**510,789**	**712,354**	**-201,565**	**-28.3%**
Total financial assets	**537,695**	**732,669**	**-194,974**	**-26.6%**

At the end of June 2013, the portfolio of financial assets available for sale amounted to €3,786.5 million, an increase of 25.8% from the €3,009.4 million registered at December 31, 2012.

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

Liabilities

Interest-bearing funding totaled €43,387.4 million, an increase of 22.7% compared with December 31, 2012.

Interbank deposits amounted to €20,714.6 million at June 30, 2013 compared with €21,196.6 million at December 31, 2012, a decrease of €482.0 million (-2.3%). Within the aggregate, funding from mutual banks fell from €7,144.8 million to €6,348.9 million (-11.1%). Amounts due to other credit institutions rose, going from €14,051.8 million at December 31, 2012 to €14,365.7 million at June 30, 2013 (2.2%).

DUE TO BANKS (thousands of euros)	Jun-2013	Dec-2012	Change	Change %
Mutual banks	6,348,903	7,144,769	-795,866	-11.1%
Other credit institutions	14,365,663	14,051,832	313,831	2.2%
Total	**20,714,566**	**21,196,601**	**-482,035**	**-2.3%**

BREAKDOWN OF AMOUNTS DUE TO BANKS (thousands of euros)	Jun-2013	Dec-2012	Change	Change %
Due to central banks	13,521,849	12,706,391	815,458	6.4%
Current accounts and demand deposits	4,067,830	4,956,987	-889,157	-17.9%
Fixed-term deposits	3,033,398	3,459,949	-426,551	-12.3%
Loans	87,618	72,317	15,301	21.2%
Other payables	3,871	957	2,914	304.5%
Total amounts due to banks	**20,714,566**	**21,196,601**	**-482,035**	**-2.3%**

Funding from customers rose to €17,340.5 million at June 30, 2013, compared with €9,270.7 million at December 31, 2012.

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS (thousands of euros)	Jun-2013	Dec-2012	Change	Change %
Current accounts and demand deposits	1,044,009	656,291	387,718	59.1%
Fixed-term deposits	28,240	12,429	15,811	127.2%
Loans	15,898,475	8,221,709	7,676,766	93.4%
Other payables	369,763	380,268	-10,505	-2.8%
Total amounts due to customers	**17,340,487**	**9,270,697**	**8,069,790**	**87.0%**

The income statement

In order to facilitate a more immediate understanding of performance for the period, a condensed reclassified income statement has been prepared. Although market conditions remained unfavorable, the results achieved in the first half of 2013 underscore the Bank's capacity for sound, sustainable performance.

INCOME STATEMENT AGGREGATES (thousands of euros)				
	Jun-2013	Jun-2012	Change	% Change
Interest and similar income	235,012	214,607	20,406	9.5%
Interest and similar expense	-197,854	-175,024	-22,830	13.0%
Net interest income	**37,158**	**39,583**	**-2,425**	**-6.1%**
Fee and commission income	167,259	164,298	2,961	1.8%
Fee and commission expense	-109,093	-105,498	-3,595	3.4%
Net fees and commission income (expense)	**58,166**	**58,800**	**-634**	**-1.1%**
Dividends and similar income	143	3,252	-3,108	-95.6%
Net gain (loss) on trading activities	12,876	8,260	4,617	55.9%
Net gain (loss) on hedging activities	822	898	-77	-8.5%
Gain (loss) on disposals	27,273	2,779	24,494	881.3%
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	-10,936	-1,244	-9,692	779.1%
Other operating income/expense	9,933	8,485	1,447	17.1%
Total revenues	**135,435**	**120,813**	**14,622**	**12.1%**
Administrative expenses	-80,108	-74,160	-5,948	8.0%
Net adjustments of property and equipment	-1,766	-1,334	-431	32.3%
Net adjustments of intangible assets	-1,577	-1,148	-428	37.3%
Operating expenses	**-83,450**	**-76,642**	**-6,808**	**8.9%**
Gross operating profit/(loss)	**51,985**	**44,171**	**7,814**	**17.7%**
Net provisions for risks and charges	169	-160	330	-205.5%
Net losses/recoveries on impairment	357	-1,293	1,650	-127.6%
Total provisions and adjustments for impairment	**526**	**-1,453**	**1,980**	**-136.2%**
Net operating profit/(loss)	**52,511**	**42,718**	**9,794**	**22.9%**
Profit (loss) before tax	**52,511**	**42,718**	**9,794**	**22.9%**
Income tax expense from continuing operations	-19,888	-15,874	-4,015	25.3%
Profit (loss) from non-current assets held for sale after tax				
Net profit (loss) for the period	**32,623**	**26,844**	**5,779**	**21.5%**

Net interest income

Net interest income at June 30, 2013 amounted to €37.2 million, down 6.1% from June 30, 2012 (€39.6 million).

Net interest income corresponded to 27.4% of total revenues in the six months ended June 30, 2013 (32.8% in the year-earlier period).

Fees and commissions

Net fee and commission income from services came to €58.2 million at June 30, 2013, compared with €58.8 million in the corresponding period of 2012. Such income is mainly attributable to payment services.

Gains and losses on financial transactions

In the first half of 2013, gains from financial transactions came to €30 million, a €19.3 million increase over the €10.7 million reported at June 30, 2012.

Total revenues

Total revenues for the period ended at June 30, 2013 amounted to €135.4 million, up 12.1% over the result reported at June 30, 2012, essentially the outcome of the increase in profits on financial transactions.

Operating expenses

Operating expenses incurred in the first half of 2013 totaled €83.5 million (€76.6 million at June 30, 2012) and include personnel expenses, administrative expenses, indirect taxes and duties and net adjustments of property and equipment and intangible assets.

Personnel expenses

In the first half of 2013, personnel expenses amounted to €31 million, compared with €29 million in the same period of 2012, an increase of 6.7%.

Other administrative expenses

At the end of June 2013, other administrative expenses totaled €49.1 million, up 8.9% over the same period of the previous year (€45.1 million). The main increases were found in the electronic money initiatives implemented to enhance service levels connected with payment cards and achieve structural savings in the coming years.

Net adjustments of property and equipment and intangible assets

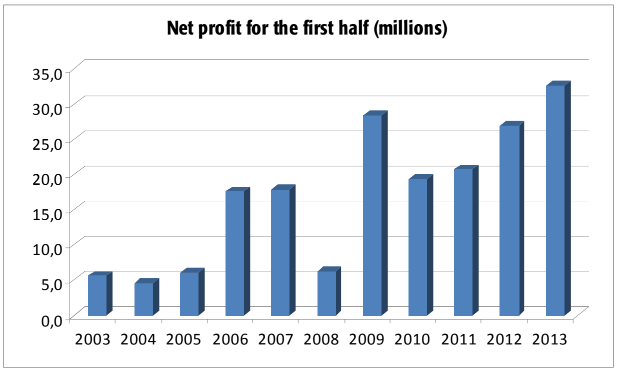
Net adjustments of property and equipment and intangible assets totaled around €3.3 million in the first half of 2013, compared with about €2.5 million in the period ended at June 30, 2012.

Gross operating profit

As a result of the foregoing, the gross profit from ordinary operations came to about €52 million, up 17.7% from June 2012 (€44.2 million).

Net profit for the period

Net profit, consisting of profit from continuing and discontinuing operations, net of the change in direct taxes for the period, amounted to €32.6 million, compared with €26.8 million in the first half of 2012, an increase of €5.8 million or 21.5%).



The cost-to-income ratio fell from 63.4% in the first half of 2012 to 61.6% in the first half of 2013.

4. SUBSEQUENT EVENTS

On July 24, 2013, Standard & Poor's lowered the rating of a number of Italian banks, including Iccrea Holding, Iccrea Banca and Iccrea BancaImpresa, which went from BBB- to BB+.

5. RELATED PARTIES TRANSACTIONS

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

Accordingly, in the first half of 2013, transactions with related parties were conducted in a manner and following standards in line with those applied in normal banking transactions with bank and corporate customers. Such transactions were undertaken on the basis of their specific financial benefit.

More specifically, the Bank did not engage in any atypical or unusual transactions during the period whose significance or scale might have raised concerns about the integrity of the company's financial position.

In the section "Transactions with related parties" of the explanatory notes, a summary table reports related party transactions. During the year under way, there are no positions or transactions resulting from atypical or unusual transactions. Pursuant to CONSOB communications DAC/98015375 of February 27, 1998 and DEM/1025564 of April 6, 2001, the term "atypical or unusual" refers to transactions whose scale, counterparties, purpose, method of determining the transfer price or timing might raise concern about the accuracy and completeness of the disclosures in the financial statements, conflicts of interest, preservation of the integrity of the company's financial position and protection of shareholders.

Part H – Transactions with related parties also reports the fees paid to directors, members of the Board of Auditors, the General Manager and key management personnel and any loans or guarantees granted to them, in accordance with Art. 136 of Legislative Decree 385 of September 1, 1993.

In application of Art. 79 of CONSOB Resolution no. 11971 of May 14, 1999, as amended, a specific schedule reports equity interests held in the Bank and its subsidiaries by directors, members of the Board of Auditors, the General Manager and key management personnel, either directly or through subsidiaries, trustee companies and third parties, including those held by spouses who are not legally separated and minor children.

In addition, in the first half of 2013, the Bank engaged in intercompany transactions that were deemed mutually financially beneficial and arrived at the applicable terms and conditions in accordance with the principles of substantive fairness inherent in the common goal of creating value for the entire Group.

6. OUTLOOK.FOR THE FULL YEAR

Although the Iccrea Banca expects the macroeconomic environment to remain challenging for the banking sector and considerably affected by developments in the euro-area crisis due to the uncertainty surrounding the financial and credit markets and the heightened concern about sovereign risk, we nevertheless plan to continue our support for the mutual banks through the pursuit of the multiple initiatives to strengthen and rationalize operations undertaken in the preceding months.

In addition, work will continue on optimizing processes and leveraging our in-house human capital, which will enable the Bank to consolidate efforts to improve operational effectiveness and efficiency and achieve the excellence targets we have set ourselves.

Overall, the actions undertaken should permit the Bank to achieve satisfactory returns in line with the targets set in the 2013–2015 Business Plan.

These interim financial statements were prepared and approved on August 8, 2013 by the Board of Directors, which authorized their release as no further modification will be possible.

Rome, August 8, 2013

THE BOARD OF DIRECTORS

Financial statements

BALANCE SHEET

	ASSETS		30/06/2013		31/12/2012*
10.	Cash and cash equivalents		80,549,021		110,654,336
20.	Financial assets held for trading		537,695,467		732,669,227
30.	Financial assets at fair value through profit or loss		317,429,989		322,075,890
40.	Financial assets available for sale		3,786,484,048		3,009,411,696
50.	Financial assets held to maturity		4,064,915,992		3,017,529,491
60.	Due from banks		33,009,826,220		27,022,845,050
70.	Loans to customers		2,087,122,617		1,664,961,402
80.	Hedging derivatives		7,875,038		14,148,147
90.	Adjustment of macro-hedged financial assets (+/-)		(459,369)		-
100.	Equity investments		51,262,750		51,262,750
110.	Property and equipment		20,131,751		20,019,339
120.	Intangible assets		6,468,241		5,756,191
130.	Tax assets		21,574,537		26,356,048
	a) current	2,703,140		7,743,173	
	b) deferred	18,871,397		18,612,875	
150.	Other assets		176,064,578		130,768,867
	TOTAL ASSETS		**44,166,940,880**		**36,128,458,434**

* Figures restated on uniform basis to take account of amendments to IAS 19.

	LIABILITIES AND SHAREHOLDERS' EQUITY		30/06/2013		31/12/2012*
10.	Due to banks		20,714,566,303		21,196,600,807
20.	Due to customers		17,340,487,132		9,270,697,190
30.	Securities issued		4,014,728,464		3,386,758,419
40.	Financial liabilities held for trading		472,701,307		640,452,044
50.	Financial liabilities at fair value through profit or loss		760,268,874		745,365,388
60.	Hedging derivatives		84,667,415		115,042,518
80.	Tax liabilities		12,534,810		23,086,510
	a) current	5,261,304		7,549,747	
	b) deferred	7,273,506		15,536,763	
100.	Other liabilities		264,592,847		227,868,973
110.	Employee termination benefits		14,260,908		14,287,760
120.	Provisions for risks and charges:		6,241,601		6,410,844
	b) other provisions	6,241,601		6,410,844	
130.	Valuation reserves		50,825,552		68,068,673
160.	Reserves		181,529,768		168,529,768
180.	Share capital		216,913,200		216,913,200
200.	Net profit (loss) for the period		32,622,699		48,376,340
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**44,166,940,880**		**36,128,458,434**

* Figures restated on uniform basis to take account of amendments to IAS 19.

INCOME STATEMENT

			30/06/2013		30/06/2012
10.	Interest and similar income		235,012,055		214,606,522
20.	Interest and similar expense		(197,854,072)		(175,023,584)
30.	Net interest income		37,157,983		39,582,938
40.	Fee and commission income		167,258,700		164,297,744
50.	Fee and commission expense		(109,092,682)		(105,497,958)
60.	Net fee and commission income (expense)		58,166,018		58,799,786
70.	Dividends and similar income		143,463		3,251,922
80.	Net gain (loss) on trading activities		12,876,353		8,259,809
90.	Net gain (loss) on hedging activities		821,664		898,470
100.	Net gain (loss) on the disposal or repurchase of:		27,273,219		2,779,200
	a) loans	(48,598)		(339)	
	b) financial assets available for sale	27,296,846		2,526,667	
	c) financial assets held to maturity	26		-	
	d) financial liabilities	24,945		252,872	
110.	Net gain (loss) on financial assets and liabilities at fair value through profit or loss		(10,936,048)		(1,244,061)
120.	Gross income		125,502,652		112,328,064
130.	Net losses/recoveries on impairment:		356,825		(1,293,110)
	a) loans	356,825		(1,293,110)	
140.	Net income (loss) from financial operations		125,859,477		111,034,954
150.	Administrative expenses:		(80,108,036)		(74,160,093)
	a) personnel expenses	(30,974,695)		(29,037,334)	
	b) other administrative expenses	(49,133,341)		(45,122,759)	
160.	Net provisions for risks and charges		169,243		(160,354)
170.	Net adjustments of property and equipment		(1,765,599)		(1,334,142)
180.	Net adjustments of intangible assets		(1,576,507)		(1,148,160)
190.	Other operating expenses/income		9,932,585		8,485,358
200.	Operating expenses		(73,348,314)		(68,317,391)
250.	Profit (loss) before tax on continuing operations		52,511,163		42,717,563
260.	Income tax expense from continuing operations		(19,888,464)		(15,873,613)
270.	Profit (loss) after tax on continuing operations		32,622,699		26,843,950
290.	Net profit (loss) for the period		32,622,699		26,843,950

STATEMENT OF COMPREHENSIVE INCOME[1]

		30/06/2013	30/06/2012*
10.	**Net profit (loss) for the period**	**32,622,699**	**26,843,950**
	Other comprehensive income net of taxes		
20.	Financial assets available for sale	(17,759,149)	(15,248,861)
60.	Cash flow hedges	759,046	(220,149)
90.	Actuarial gains (losses) on defined-benefit plans	(243,019)	(240,827)
110.	**Total other comprehensive income net of taxes**	**(17,243,122)**	**(15,709,837)**
120.	**Comprehensive income (Item 10+110)**	**15,379,577**	**11,134,113**

[1] An amendment of IAS 1 "Presentation of financial statements" concerning the reporting of other comprehensive income (OCI), endorsed with Regulation no. 475/2012, calls for the separate presentation of items of OCI that can be recycled to profit or loss and those that will never be recycled. In compliance with the new rules, Part D of the notes to the financial statements contains another statement of comprehensive income prepared on the basis of the new schedules envisaged in the draft Circular 262 of the Bank of Italy, which is still under discussion.

* Figures restated on uniform basis to take account of amendments to IAS 19..

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT JUNE 30, 2013

						CHANGES IN THE PERIOD								
				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD			EQUITY TRANSACTIONS							
	AS AT 31/12/2012	CHANGE IN OPENING BALANCE	AS AT 1/1/2013	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 THE FIRST HALF OF 2013	SHAREHOLDERS' EQUITY AS AT 30/06/2013
Share capital:														
a) ordinary shares	216,913,200		216,913,200	-			-	-						216,913,200
b) other shares	-		-	-			-	-						-
Share premium reserve	-		-	-			-							-
Reserves:														
a) earnings	86,922,929	-	86,922,929	13,000,000		-	-	-	-					99,922,929
b) other	81,606,839	-	81,606,839	-		-	-		-		-	-		81,606,839
Valuation reserves	69,056,182	(987,509)	68,068,673			-							(17,243,121)	50,825,552
Equity instruments	-		-							-				-
Treasury shares	-		-				-	-						-
Net profit (loss) for the period	**48,376,340**	**-**	**48,376,340**	**(13,000,000)**	**(35,376,340)**								**32,622,699**	**32,622,699**
Total shareholders' equity	**502,875,490**	**(987,509)**	**501,887,981**		**(35,376,340)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,379,578**	**481,891,219**

"Reserves: other" reports the goodwill in the transfer of the Corporate business area (2007), the payment made on capital account by the Parent Company, Iccrea Holding, and the merger of BCC Multimedia.

The amount reported in "change in opening balance" represents the impact of the application of the new IAS 19 endorsed with Regulation no. 475/2012.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT JUNE 30, 2012

				ALLOCATION OF NET PROFIT OF PREVIOUS PERIOD		CHANGES IN THE PERIOD								
							EQUITY TRANSACTIONS							
	AS AT 31/12/2011	CHANGE IN OPENING BALANCE	AS AT 1/1/2012	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 THE FIRST HALF OF 2012	SHAREHOLDERS' EQUITY AS AT 30/06/2012
Share capital:														
a) ordinary shares	216,913,200		216,913,200	-			-	-						216,913,200
b) other shares	-		-	-			-	-						-
Share premium reserve	-		-	-			-							-
Reserves:														
a) earnings	70,087,623	-	70,087,623	16,835,306		-	-	-	-					86,922,929
b) other	81,843,000	-	81,843,000	-		-	-		-		-	-		81,843,000
Valuation reserves	(7,505,231)	(684,098)	(8,189,329)			-							**(15,709,837)**	(23,899,166)
Equity instruments	-		-							-				-
Treasury shares	-		-				-	-						-
Net profit (loss) for the period	**43,888,543**	**-**	**43,888,543**	**(16,835,306)**	**(27,053,237)**								**26,843,950**	**26,843,950**
Total shareholders' equity	**405,227,133**	**(684,098)**	**404,543,037**		**(27,053,237)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,134,113**	**388,623,913**

"Reserves: other" reports the goodwill in the transfer of the Corporate business area (2007) and the payment made on capital account by the Parent Company, Iccrea Holding.

The amount reported in "change in opening balance" represents the impact of the application of the new IAS 19 endorsed with Regulation no. 475/2012.

STATEMENT OF CASH FLOWS: INDIRECT METHOD

	30/06/2013	31/12/2012	30/06/2012
A. OPERATING ACTIVITIES			
1. Operations	**187,046,026**	**173,422,631**	**33,341,861**
- net profit (loss) for the period (+/-)	32,622,699	48,376,340	26,843,950
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-)	33,744,465	4,041,372	23,639,851
- gains (losses) on hedging activities (+/-)	(821,664)	(428,367)	(898,470)
- net losses/recoveries on impairment (+/-)	301,125	3,364,757	935,804
- net adjustments of property and equipment and intangible assets (+/-)	3,212,017	6,373,141	2,482,302
- net provisions for risks and charges and other costs/revenues (+/-)	1,829,195	1,280,281	500,530
- taxes and duties to be settled (+)	19,717,547	26,877,898	15,883,719
- net adjustments of non-current assets held for sale net of tax effects (+/-)	-	-	-
- other adjustments (+/-)	96,440,641	83,537,209	(36,045,825)
2. Net cash flows from/used in financial assets	**(7,204,384,532)**	**(12,359,279,483)**	**(9,638,667,463)**
- financial assets held for trading	173,342,822	(93,772,205)	(93,253,405)
- financial assets at fair value through profit or loss	7,934,096	10,720,116	6,858,491
- financial assets available for sale	(796,292,110)	(707,322,769)	(442,989,659)
- due from banks: repayable on demand	(1,173,311,587)	331,564,709	445,349,584
- due from banks: other	(4,920,270,080)	(11,368,869,111)	(9,211,606,221)
- loans to customers	(432,132,039)	(535,848,414)	(259,761,815)
- other assets	(63,655,634)	4,248,191	(83,264,439)
3. Net cash flows from/used in financial liabilities	**8,083,109,588**	**14,936,996,845**	**10,295,588,647**
- due to banks: repayable on demand	(3,660,051,821)	1,724,819,982	(1,983,229,689)
- due to banks: other	3,281,930,619	3,891,252,431	6,955,813,355
- due to customers	8,039,343,346	7,527,152,426	4,494,068,832
- securities issued	634,157,769	1,672,482,732	751,316,914
- financial liabilities held for trading	(167,750,958)	114,835,928	109,554,201
- financial liabilities at fair value through profit or loss	(827,082)	(4,689,808)	(9,848,821)
- other liabilities	(43,692,285)	11,143,154	(22,086,146)
Net cash flows from/used in operating activities (A)	**1,065,771,083**	**2,751,139,994**	**690,263,045**
B. INVESTING ACTIVITIES			
1. Cash flows from	**132,799**	**325,404,469**	**181,673**
- sales of equity investments	-	1,969,399	-
- dividends on equity investments	-	181,673	181,673
- sales of financial assets held to maturity	-	323,248,950	-
- sales of property and equipment	132,799	4,126	-
- sales of intangible assets	-	321	-
- sales of subsidiaries and business units	-	-	-
2. Cash flows used in	**(1,060,632,857)**	**(3,017,960,913)**	**(666,638,024)**
- purchases of equity investments	-	(2,219,399)	(2,219,399)
- purchases of financial assets held to maturity	(1,056,463,580)	(3,007,587,216)	(661,694,083)
- purchases of property and equipment	(1,880,720)	(2,877,340)	(1,051,860)
- purchases of intangible assets	(2,288,557)	(5,276,957)	(1,672,682)
- purchases of subsidiaries and business units	-	-	-
Net cash flows from/used in investing activities (B)	**(1,060,500,058)**	**(2,692,556,443)**	**(666,456,351)**
C. FINANCING ACTIVITIES			
- issues/purchases of own shares	-	-	-
- issues/purchases of equity instruments	-	(236,161)	-
- dividend distribution and other	(35,376,340)	(27,053,237)	(27,053,237)
Net cash flows from/used in financing activities C (+/-)	**(35,376,340)**	**(27,289,398)**	**(27,053,237)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	**(30,105,315)**	**31,294,152**	**(3,246,543)**

RECONCILIATION

	30/06/2013	31/12/2012	30/06/2012
Cash and cash equivalents at beginning of period (E)	110,654,336	79,360,184	79,360,184
Net increase/decrease in cash and cash equivalents (D)	(30,105,315)	31,294,152	(3,246,543)
Cash and cash equivalents: net foreign exchange differences (F)	-	-	-
Cash and cash equivalents at end of period (G)=E+/-D+/-F	80,549,021	110,654,336	76,113,641

Notes to the financial statements

CONTENTS

PART - A

Accounting policies

PART A – ACCOUNTING POLICIES

A.1 – GENERAL INFORMATION

This section sets out the accounting policies adopted in preparing the interim financial statements at June 30, 2013. The presentation of the accounting policies – which are agreed at the Group level - is broken down into the stages of classification, recognition, measurement and derecognition for the various asset and liability items. A description of the impact on profit or loss, where material, is provided for each stage.

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

In compliance with the provisions of Legislative Decree 38 of February 28, 2005, the interim financial statements at June 30, 2013 of Iccrea Banca have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission as established by Regulation (EC) no. 1606 of July 19, 2002, as amended.

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

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

The accounting policies described as follows were applied in preparing the financial statements for all the periods presented in the interim financial statements and are unchanged from those used to prepare the annual financial statements for 2012, except for changes in accounting standards that were adopted following the reporting date for the most recent financial statements.

The following table sets out the new international accounting standards and amendments to existing accounting standards, with the related endorsement regulations of the European Commission, that took effect as from January 1, 2013:

ENDORSEMENT REGULATION	IAS/IFRS AND SHORT DESCRIPTION
475/2012	**IAS 1 – Presentation of financial statements** - Presentation of items of other comprehensive income: calls for the separate presentation of items of other comprehensive income (OCI) that can be recycled to profit or loss and those that will never be recycled (annual reporting periods beginning on or after July 1, 2012)
475/2012	**IAS 19 – Employee benefits** - Among other things, the numerous amendments of IAS 19 provide for the elimination of the corridor approach, with the recognition of actuarial gains and losses only under other comprehensive income, the improvement of disclosures concerning risks associated with defined benefit plans, the introduction of a specific time period (12 months) in the definition of short-term benefits and a number of clarifications concerning termination benefits
1255/2012	**IFRS 13 – Fair value measurement** - The standard establishes a new definition of fair value, providing criteria for the measurement of the fair value of financial and non-financial instruments where called for in another accounting standard
1256/2012	**IFRS 7 - Financial instruments: Disclosure** - Amendments of IFRS 7 - Offsetting financial assets and financial liabilities: they require more extensive disclosures on the effect of offsetting of financial instruments if the netting arrangement meets the requirements established by IAS 32
183/2013	**IFRS 1 –First-time adoption of International Financial Reporting Standards**- Government loans: the amendment introduces an exception to the retrospective application of the IFRS for first time adopters: IFRS 9 "Financial instruments" and IAS 20 "Accounting for government grants and disclosure of government assistance" shall be applied prospectively to government loans that have already been entered into as of the date of transition to the IFRS. Retrospective application is permitted only where the information necessary for such application was obtained at the time of initially accounting for that loan.
301/2013	In May 2012, the IASB approved a series of amendments grouped together as **Annual improvements (2009- 2011)** to the IAS/IFRS following the consultation involving the Exposure Draft published I June 2011. In short: **IFRS 1 First-time adoption of International Financial Reporting Standards** - the amendments of IFRS 1 clarify issues associated with the possibility of an entity reapplying the IFRS if it had previously ceased to do so; **IAS 1 Presentation of financial statements**- the amendments clarify issues associated with voluntary additional comparative disclosures and minimum comparative disclosures; **IAS 16 Property, plant and equipment** - the amendments clarify issues associated with the classification of spare parts and servicing equipment; **IAS 32 Financial instruments: Presentation** - the amendments specify that the effects of income taxes relating to distributions to equity holders shall be accounted for in accordance with IAS 12; **IAS 34 Interim financial reporting** - the amendments of IAS 34 establish segment reporting requirements for total assets and total liabilities in interim financial reports.

The new version of IAS 19 was applied for the first in these interim financial statements. The revised standard was endorsed by the European Commission on June 5, 2012 with Regulation no. 475/2012. The effects of such application, in accordance with the provisions of the Regulation and IAS 8, have been reported in the notes to the financial statements.

On January 1, 2013, following endorsement by the European Commission with Regulation no. 1255/2012 on December 11, 2012, the new IFRS 13 entered force. It provides clear guidelines for measuring fair value. Application of the new standard required additional disclosures concerning financial instruments, which are provided in the notes to the financial statements, but did not have an impact on the performance or financial position of the Bank.

As regards the new disclosures concerning offsetting following the amendment of IFRS 7, endorsed with Regulation (EU) no. 1256/2012, but not incorporated in IAS 34 (unlike IFRS 13), the IFRIC, which has been asked to provide an interpretation concerning the applicability of the amendment to interim periods, has not yet issued an official response. The discussion of the issue by the IASB and the IFRIC is still under way and, accordingly, the disclosures have not been provided in these interim financial statements.

Finally, the amendments to IFRS 1 – First-time adoption of International Financial Reporting Standards – endorsed with Regulations no. 183/2013 and no. 301/2013, do not regard Iccrea Banca as the Bank is not a first-time adopter of the IFRS.

The following table reports new international accounting standards and amendments to existing standards issued by the IASB that have not yet entered force:

ENDORSEMENT REGULATION	IAS/IFRS AND SHORT DESCRIPTION	ENTRY INTO FORCE
1254/2012	**IFRS 10 Consolidated financial statements** - The new standard establishes the criteria for the preparation and presentation of the consolidated financial statements. It defines new concepts of control, replacing those set out in IAS 27 and SIC 12	Annual reporting periods beginning on or after January 1, 2014
1254/2012	**IFRS 11 Joint arrangements** - Establishes principles for the accounting treatment of joint arrangements, replacing IAS 31 and SIC 13	Annual reporting periods beginning on or after January 1, 2014
1254/2012	**IFRS 12 Disclosure of interests in other entities** - The standard establishes the disclosures that must be provided concerning equity investments and, among others, SPVs ("structured entities"). The objective is to provide disclosures on the nature of the risks associated with interests in other entities and the impact on the financial position, performance and cash flows	Annual reporting periods beginning on or after January 1, 2014
1254/2012	**IAS 27 Separate financial statements** - As a consequence of the introduction of IFRS 10 and IFRS 12, the standard limits its scope to defining criteria for the treatment in the separate financial statements of subsidiaries, associates and joint ventures	Annual reporting periods beginning on or after January 1, 2014
1254/2012	**IAS 28 Investments in associates and joint ventures** - As a consequence of the introduction of IFRS 11 and IFRS 12 the standard was renamed "Investments in associates and joint ventures", setting out the accounting treatment of such entities	Annual reporting periods beginning on or after January 1, 2014
1256/2012	**IAS 32 Financial instruments: Presentation** - Amendments of IAS 32 - Offsetting financial assets and financial liabilities: they establish procedures and criteria for offsetting financial assets and liabilities and their presentation in the financial statements	Annual reporting periods beginning on or after January 1, 2014
313/2013	**IFRS 10 Consolidated financial statements - IFRS 11 Joint arrangements - IFRS 12 Disclosures of interests in other entities –** On June 28, 2012, the IASB published amendments to these standards on the basis of the proposals set out in Exposure Draft 2011/7 - Transition Guidance of December 2011. The objective is to clarify the transitional provisions governing the application of IFRS 10 and to limit the requirement for comparative disclosures under IFRS 10, IFRS 11 and IFRS 12 to only the previous comparative year	Annual reporting periods beginning on or after January 1, 2014
To be determined	**IFRS 9 Financial instruments–** The standard establishes criteria for the classification and measurement of financial assets and liabilities, replacing IAS 39, with a view to improving the materiality and utility of the disclosures. The project has been structured into three phases: Classification and measurement, Impairment methodology and Hedge accounting. The first phase, Classification and Measurement, saw the publication of the first version of IFRS 9 in November 2009, the issue of a second version in October 2010 and the completion, on March 28, 2013, of the consultation on Exposure Draft 2012/4 - Limited Amendments to IFRS 9. For the second phase, Impairment Methodology, the Exposure Draft 2013/3 - Expected Credit Losses was published in March 2013, and the associated consultation will end on July 5, 2013. The third phase, Hedge Accounting, has in turn been divided into General Hedge Accounting, the definitive publication of which is expected shortly, and Accounting for Macro Hedging, for which the publication of a Discussion Paper is still pending.	Annual reporting periods beginning on or after January 1, 2015
To be determined	In October 2012, the IASB approved a number of amendments concerning **Investment Entities** in **IFRS 10, IFRS 12 and IAS 27** following the consultation concerning Exposure Draft - Investment Entities published in August 2012. The amendments regarded the definition of investment entity and the introduction of an exception to consolidation rules, establishing that investment entities shall measure certain subsidiaries at fair value through profit or loss rather than consolidating them	Annual reporting periods beginning on or after January 1, 2014

Section 2 – General preparation principles

The interim financial statements consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows, and the explanatory notes to the financial statements, along with the report on operations and the performance and financial position of Iccrea Banca. In compliance with Article 5 of Legislative Decree 38/2005, the financial statements use the euro as the reporting currency.

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

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

The balance sheet and the accompanying notes set out the figures for the present period as well as comparative figures at December 31, 2012, while the income statement and its notes provide comparative figures for the same period of the previous year.

CONTENT OF THE FINANCIAL STATEMENTS

BALANCE SHEET AND INCOME STATEMENT

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

STATEMENT OF COMPREHENSIVE INCOME

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

STATEMENT OF CHANGES IN EQUITY

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

STATEMENT OF CASH FLOWS

The statements of cash flows for the present and the previous period were prepared using the indirect method, under which cash flows from operating activities are represented by the profit (loss) for the period, adjusted for the impact of non-monetary transactions. Cash flows are broken down into cash flows from/used in operating activities, investing activities and financing activities. Cash flows generated during the period are shown without a sign, while those used are shown within parentheses.

NOTES TO THE FINANCIAL STATEMENTS

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

Section 3: Events subsequent to the balance sheet date

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

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

Section 4 – Other information

CONSOLIDATED TAX MECHANISM OPTION

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

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

OTHER ISSUES

The interim financial statements have undergone a limited review by Reconta Ernst & Young S.p.A., which was engaged to perform statutory audit functions for the 2010-2018 period in implementation of the resolution of the Shareholders' Meeting of April 22, 2010.

A.2 – NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

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

During 2008, as envisaged under Regulation (EC) no. 1004/2008 approved by the European Commission on October 15, 2008 containing amendments to IAS 39 and IFRS 7 on the reclassification of financial assets, Iccrea Banca availed itself of the option to reclassify to the "available-for-sale" category financial instruments initially recognized among "financial assets held for trading". The impact on performance and the financial position for the current period of that previous reclassification are reported in the individual sections of the explanatory notes.

In addition, as required under the amendments of IFRS 7 issued by IASB in March 2009, endorsed by the European Commission with Regulation (EC) no. 1165/2009 on November 27, 2009 and incorporated by the Bank of Italy in Circular no. 262/2005 with the 1st update of November 18, 2009, to ensure proper disclosure Iccrea Banca reports the quality of the inputs used to determine the fair value of financial instruments (the "fair value hierarchy"). Specifically, the fair value is assigned to one of three levels that reflect the quality of the inputs. The procedures for determining fair value and assigning instruments to the levels in the fair value hierarchy are discussed in section 17 "Other information" below.

1 – Financial assets held for trading

CLASSIFICATION

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

RECOGNITION

DEBT AND EQUITY SECURITIES ARE INITIALLY RECOGNIZED AT THE SETTLEMENT DATE, WHILE DERIVATIVE CONTRACTS ARE RECOGNIZED AT THE TRADING DATE. FINANCIAL ASSETS HELD FOR TRADING ARE INITIALLY RECOGNIZED AT FAIR VALUE, WHICH IS USUALLY THE AMOUNT PAID OR RECEIVED. WHERE THE PRICE IS DIFFERENT FROM THE FAIR VALUE, THE FINANCIAL ASSET IS RECOGNIZED AT ITS FAIR VALUE AND THE DIFFERENCE BETWEEN THE TWO AMOUNTS IS RECOGNIZED THROUGH PROFIT OR LOSS.

DERIVATIVE CONTRACTS EMBEDDED IN OTHER FINANCIAL INSTRUMENTS OR CONTRACTS THAT HAVE FINANCIAL AND RISK CHARACTERISTICS THAT ARE NOT CORRELATED WITH THE HOST INSTRUMENT OR WHICH MEET THE REQUIREMENTS TO BE CLASSIFIED INDEPENDENTLY AS DERIVATIVE CONTRACTS ARE RECOGNIZED SEPARATELY AMONG FINANCIAL ASSETS HELD FOR TRADING, EXCEPT IN CASES WHERE THE COMPOUND HOST INSTRUMENT IS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS. AFTER SEPARATING THE EMBEDDED DERIVATIVE, THE HOST CONTRACT IS THEN TREATED IN ACCORDANCE WITH THE ACCOUNTING RULES FOR ITS CATEGORY

MEASUREMENT

Financial assets held for trading are measured at fair value following initial recognition. For financial instruments listed on active markets, the fair value of financial assets or liabilities is determined on the basis of the official prices observed at the balance sheet date. For financial instruments, including equity securities, that are not listed on active markets, fair value is determined using valuation techniques and market information, such as the price of listed instruments with similar features, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions.

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

DERECOGNITION

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

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

RECOGNITION OF INCOME COMPONENTS

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

2 – Financial assets available for sale

CLASSIFICATION

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

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

RECOGNITION

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

MEASUREMENT

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

DERECOGNITION

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

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows. Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

RECOGNITION OF INCOME COMPONENTS

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

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

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

3 – Financial assets held to maturity

CLASSIFICATION

This category comprises listed debt instruments with fixed or determinable payments and a fixed maturity for which the Bank has the positive intention and ability to hold until maturity.

In the circumstances permitted by the applicable accounting standards, such assets may only be reclassified as financial assets available for sale. If more than an insignificant amount of such instruments should be sold or reclassified during the year before their maturity, the remaining financial assets held to maturity would be reclassified as financial assets available for sale and it would not be permitted to classify instruments in this category for the subsequent two years, unless the sales or reclassifications:

– are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;

– occur after the entity has collected substantially all of the financial asset’s original principal through scheduled payments or prepayments; or

– are attributable to an isolated event that is beyond the entity’s control, is non-recurring and could not have been reasonably anticipated by the entity.

RECOGNITION

Financial assets held to maturity are recognized at the settlement date.

Such financial assets are initially recognized at fair value, including any directly attributable costs and income.

If the financial assets are recognized in this category as a result of reclassification from financial assets available for sale or, in the case of unusual events, from financial assets held for trading, the fair value of the assets at the reclassification date is deemed to be the new amortized cost of the assets.

MEASUREMENT

Subsequent to initial recognition, financial assets held to maturity are measured at amortized cost, using the effective interest rate method.

Assets held to maturity are evaluated for objective evidence of impairment.

If such evidence is found, the amount of the loss is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognized in profit or loss.

If the reasons for the impairment loss should no longer obtain following an event occurring after the impairment was recognized, the impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount that exceeds what the amortized cost would have been in the absence of the previously recognized impairment losses.

DERECOGNITION

The financial assets are derecognized only when a disposal transfers substantially all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the assets continue to be recognized even if legal title has been transferred.

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

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

RECOGNITION OF INCOME COMPONENTS

Gains or losses in respect of assets held to maturity are recognized through profit or loss at the time the assets are derecognized or they incur an impairment loss, as well as through the process of amortization of the difference between the carrying amount and the amount repayable at maturity.

4 – Loans and receivables

CLASSIFICATION

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

RECOGNITION

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

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

MEASUREMENT

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

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

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

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

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

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

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

DERECOGNITION

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

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

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

Recognition of income components

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

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

Impairment losses, as defined in the preceding sub-section on measuring loans, are recognized in the income statement. If the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, a writeback is taken to the income statement. The value of the asset after the writeback shall not in any event exceed the amortized cost that the instrument would have had in the absence of the prior writedown. Writebacks connected with the passage of time, corresponding to interest accrued during the period based on the original effective interest rate previously used to calculate impairment losses, are recognized among writebacks for impairment.

5 – Financial assets at fair value through profit or loss

Classification

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

Recognition

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

Measurement

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

Derecognition

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

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained.

Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows. Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

RECOGNITION OF INCOME COMPONENTS

The result of the measurement is recognized in the income statement. On the basis of the provisions of Article 6 of Legislative Decree 38 of February 28, 2005, the part of the profit for the period, corresponding to the capital gains recognized in the income statement, net of the associated tax expense, originated by the application of the fair value criterion, is allocated to an unavailable reserve that is reduced by an amount corresponding to the capital gains realized. The amount allocated to the unavailable reserve refers to capital gains relating to financial instruments among assets and liabilities not operationally hedged by derivative instruments, and to those on operationally hedged financial instruments for the part exceeding the associated capital losses.

6 - Hedging

CLASSIFICATION

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

RECOGNITION

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

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

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

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

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

DERECOGNITION

If the tests carried out do not confirm the effectiveness of the hedge, hedge accounting is discontinued in accordance with the criteria set out in this section, the accounting policies envisaged for the category to which the derivative belongs are applied, and the derivative is reclassified as a trading instrument. Subsequent changes in fair value are recognized in the income statement. For cash flow hedges, if the transaction hedged is no longer expected to be carried out, the cumulative gain or loss recognized in the equity reserve is reversed to the income statement.

7 – Equity investments

CLASSIFICATION

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

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

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

RECOGNITION

Equity investments are initially recognized at cost at the settlement date including costs and revenues that are directly attributable to the transaction.

MEASUREMENT

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

DERECOGNITION

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

RECOGNITION OF INCOME COMPONENTS

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

8 – Property and equipment

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

PROPERTY AND EQUIPMENT USED IN OPERATIONS

CLASSIFICATION

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

RECOGNITION

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

MEASUREMENT

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

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

DERECOGNITION

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

RECOGNITION OF INCOME COMPONENTS

Depreciation is recognized through profit or loss. If there is evidence of possible impairment of the asset, the asset's carrying amount is compared against its recoverable value, which is equal to the greater of the value in use of the asset, meaning the present value of future cash flows originated by the asset and its fair value, net of any disposal costs. Any negative difference between the carrying amount and the recoverable value is recognized in the income statement. If the reasons for the impairment should cease to obtain, a writeback is recognized in the income statement. The carrying amount following the writeback shall not exceed the value that the asset would have had, net of depreciation, in the absence of the prior writedowns.

INVESTMENT PROPERTY

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

9 - Intangible assets

CLASSIFICATION

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

RECOGNITION

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

MEASUREMENT

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

DERECOGNITION

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

RECOGNITION OF INCOME COMPONENTS

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

10 – Non-current assets and liabilities and disposal groups held for sale

RECOGNITION AND CLASSIFICATION

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

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

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

11 – Current and deferred taxation

CLASSIFICATION

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

RECOGNITION

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

MEASUREMENT

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

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

RECOGNITION OF INCOME COMPONENTS

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

12 – Provisions for risks and charges

OTHER PROVISIONS FOR RISKS AND CHARGES

RECOGNITION AND CLASSIFICATION

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

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

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

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

DERECOGNITION

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

13 – Debt and securities issued

CLASSIFICATION

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

RECOGNITION

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

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

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

DERECOGNITION

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

14 – Financial liabilities held for trading

CLASSIFICATION

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

RECOGNITION

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

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

MEASUREMENT

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

DERECOGNITION

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

RECOGNITION OF INCOME COMPONENTS

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

15 – Financial liabilities at fair value through profit or loss

CLASSIFICATION

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

RECOGNITION

Financial liabilities at fair value through profit or loss are initially recognized at the settlement date for debt and equity instruments. Initial recognition of financial liabilities is at fair value, which normally corresponds to the price paid. If the price is different from the fair value, the financial liability is recognized at its fair value and the difference between the price and the fair value is recognized in the income statement.

MEASUREMENT

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

DERECOGNITION

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

RECOGNITION OF INCOME COMPONENTS

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

16 – Foreign currency transactions

RECOGNITION

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

MEASUREMENT

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

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

RECOGNIZING GAINS OR LOSSES

Exchange differences relating to monetary and non-monetary items designated as at fair value through profit or loss are recognized in the income statement under item 80 ("Net gain (loss) on trading activities"). If the asset is classified as available for sale, exchange differences are allocated to the valuation reserves.

17 – Other information

EMPLOYEE TERMINATION BENEFITS

Following the reform of supplementary pension schemes introduced by Legislative Decree 252 of December 5, 2005, changes were made to the way in which employee termination benefits are recognized. The portion of termination benefits accrued through December 31, 2006 is treated as a defined-benefit plan, since the company is required under law to pay the employee an amount determined pursuant to Article 2120 of the Italian Civil Code. The change with respect to the situation prior to December 31, 2006 relates to the actuarial assumptions of the model, which must incorporate the rate of salary increases provided for by Article 2120 of the Civil Code (application of a rate equal to 1.5% plus 75% of the change in the ISTAT inflation index) and not that estimated by the company. As a result, the termination benefit provision at

December 31, 2006 was measured using the new model, which no longer takes account of a number of variables such as the average annual rate of salary increases, pay grades based on seniority, and the percentage increase in salary due to promotion.

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

Therefore, starting January 1, 2007, the Bank:

- continues to recognize the obligation accrued at December 31, 2006 in accordance with the rules for defined-benefit plans. It shall measure the obligation for benefits accrued by employees using actuarial techniques and shall calculate the total amount of actuarial gains and losses and the portion of these to be recognized in accordance with IAS 19 Revised;
- recognizes the obligation for portions accrued starting January 1, 2007, payable to a supplementary pension scheme or to the treasury fund managed by INPS, on the basis of the contributions owed in each period, as a defined contribution plan.

RECOGNITION OF REVENUES

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

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

ACCRUALS AND DEFERRALS

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

COSTS FOR LEASEHOLD IMPROVEMENTS

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

DETERMINATION OF FAIR VALUE

Fair value is the amount for which an asset (or liability) could be exchanged between knowledgeable, willing parties in an arm's length transaction. In the definition of fair value, a key assumption is that an entity is fully operational (the assumption that an entity is a going concern) and does not have the intention or the need to liquidate, significantly reduce its operations or undertake transactions on unfavorable terms. In other words, fair value is not the amount an entity would receive or would pay in a forced transaction, an involuntary liquidation or a distress sale. Nevertheless, the fair value reflects the credit quality of the instrument as it incorporates counterparty risk.

The fair value of financial instruments is determined on the basis of prices on financial markets in the case of instruments quoted on active markets and through the use of internal valuation techniques for other financial instruments. A financial instrument is considered to be quoted on an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, authorized agency, regulatory authority or multilateral trading facility (MTF) and those prices represent actual and regularly occurring market transactions over a normal reference period. The most appropriate fair value for an asset held or a liability to be issued is the current price offered by the purchaser (bid), while for an asset to be purchased or a liability held it is the current price requested by the seller (ask). In the absence of a quoted price on an active market or a regularly functioning market, i.e. when the market does not have a sufficient and continuous number of transactions, bid-ask spreads and volatility are not sufficiently low, the fair value of financial instruments is mainly determined using valuation techniques that seek to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Valuation techniques consider:

- prices in recent market transactions in similar instruments, if available, corrected appropriately to reflect changes in market conditions and technical differences between the instrument being valued and the similar instrument (the 'comparable approach');
- valuation models commonly used by market participants that have been demonstrated to provide reliable estimates over time of prices obtained in current market conditions.

Financial instruments are assigned to one of three levels that reflect the characteristics and significance of the inputs used in determining fair value:

- o **Level 1**: when the financial assets and liabilities have unadjusted quoted prices on an active market;
- o **Level 2**: when quoted prices on an active market for similar assets and liabilities are available or prices are derived from valuation techniques whose inputs are directly or indirectly observable market parameters;
- o **Level 3**: when prices are calculated using valuation techniques whose significant inputs are not observable on the market.

The choice between these methods is not discretionary and the valuation techniques used must maximize the use of observable market parameters, employing subjective parameters as little as possible.

In the absence of active markets (effective market quotes – Level 1), financial assets and liabilities are measured with valuation techniques using inputs that are directly or indirectly observable on the market other than the prices of financial instruments (comparable approach – Level 2) or, in the absence of such inputs or in the presence of inputs that are only partially based on parameters observable on the market, fair value is calculated on the basis of valuation techniques commonly used by market participants and, therefore, are more discretionary in nature (mark-to-model approach – Level 3).

The following are considered to be quoted on an active market (**Level 1**):

- listed shares;
- government securities quoted on a regulated market;

- bonds with significant contributed prices;
- listed funds or funds whose net asset value is calculated on a daily basis;
- derivatives contracts for which prices on an active market are available (listed derivatives).

The price used for financial instruments quoted on active markets is the current price offered for financial assets (bid) and the current price requested (ask) for financial liabilities, on the main trading market, at the close of the reporting period. In the case of financial instruments for which the bid-ask spread is not significant or for financial assets and liabilities whose characteristics give rise to offsetting positions in market risk, a mid-market price is used (once again as at the last day of the reporting period) rather than the bid or ask price.

In the absence of prices observable on active markets, the fair value of financial instruments is determined using the "comparable approach" (**Level 2**), which involves the use of valuation techniques that use market inputs. In this case, the valuation is not based on quotations for the financial instrument being measured but rather on prices or credit spreads drawn from the official prices of instruments with substantially similar risk factors, using a pricing model. Valuation techniques to determine fair value should make maximum use of observable inputs, should not require significant price adjustments and should not be based on assumptions specific to the entity performing the valuation. More specifically, they provide for:

- the use of current market prices of substantially similar instruments where they are considered highly comparable (on the basis of the country and sector involved, the rating, the maturity and the seniority of the securities) such as to avoid significant changes in the prices themselves;
- the use of prices of instruments with similar calibration characteristics;
- discounted cash flow models;
- option pricing models.

For derivatives, in view of their variety and complexity, a systematic reference framework has been developed that represents the common elements (calculation algorithms, valuation models, market data used, underlying assumptions of the model) on which the valuation of each category of derivative is based.

Derivatives on interest rates, exchange rates, equities, inflation and commodities not traded on regulated markets are over-the-counter instruments. In other words, they are negotiated bilaterally with market counterparties and their fair value is determined with specific pricing models that use inputs (such as yield curves, exchange rates and volatility) observed on the market.

For structured credit products and ABSs, if reliable prices are not available, valuation techniques using market-derived parameters are employed.

To determine the fair value of certain types of financial instrument, it is necessary to use valuation techniques that employ inputs that are not directly observable in the market and therefore require estimates and assumptions on the part of the person measuring the instrument (**Level 3**). More specifically, the mark-to-model approach is applied to all financial instruments not quoted on an active market when:

- even if observable inputs are available, it is necessary to make significant adjustments to such inputs that are based on unobservable inputs;
- the estimation is based on assumptions specific to the Bank concerning future cash flows and the adjustment for the discount rate risk.

In any event, the goal is to obtain a value for the instrument that is consistent with the assumptions that market participants would use in forming a price. Such assumptions also regard the risk associated with a given valuation technique and/or the inputs employed.

The valuation technique used for a financial instrument is adopted consistently over time and is modified only in response to material changes in market conditions or the condition of the issuer of the financial instrument.

For the purpose of reporting for financial instruments at fair value, the above hierarchy adopted in determining fair value is used consistently for the allocation of the portfolio to the fair value input levels (see section A.3 of Part A).

Additional information on the modeling used by the Bank in determining fair value is provided in section E of these notes.

The entire system of rules and responsibilities for the valuation of the Bank's financial instruments is set out in the Fair Value Policy, which specifies the main components of the entire methodological framework in terms of:

- the roles and responsibilities of the company bodies and functions involved;
- the rules for classification of financial instruments within the fair value hierarchy provided for under the IASs/IFRSs;
- the valuation techniques and methods used for financial instruments;
- reporting flows.

DETERMINATION OF IMPAIRMENT

At each reporting date, the Bank determines whether there is objective evidence that a financial asset or group of financial assets has incurred a "prolonged" reduction in value.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Accordingly, in the case of a prolonged reduction in value, the following procedures are adopted:

- for financial assets carried at amortized cost (loans & receivables and held-to-maturity investments), if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.
- when a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss even though the financial asset has not been derecognized

Any writebacks are recognized as follows:

- for financial assets classified as held to maturity investments and loans & receivables, in profit or loss;

- for financial assets classified as available for sale, in equity for equity instruments and in profit or loss for debt instruments.

The price of impaired financial instruments is determined as follows:

- for financial assets classified as held to maturity investments and loans & receivables, it is the present value of the expected cash flows (not considering future losses that have not yet occurred) discounted at the original internal rate of return of the instrument;
- for financial assets classified as available for sale, it is the fair value of the instrument.

Financial assets subject to impairment testing are debt securities and equity securities classified in the following IAS categories:

- held to maturity (HTM);
- loans and receivables (L&R);
- available for sale (AFS).

For the purposes of individual impairment testing, it is necessary to take account of the following factors:

- general market conditions;
- the correlation between the impairment loss on the individual financial instrument and a general decline in market indices (comparable analysis).

Debt securities

For debt securities, it is essential to assess the relevance of a deterioration in the conditions of the issuer on the basis of a careful and prompt evaluation of market information.

To this end, it is appropriate to consider specialized sources of information (such as, for example, investment advice from specialized financial institutions, rating reports, etc.) or from information providers (Bloomberg, Reuters, etc.).

In order to identify objective evidence of impairment giving rise to an impairment loss on the financial instrument, it is necessary to monitor developments. Indicators of possible impairment include, for example:

- default of the financial asset;
- significant financial difficulty of the issuer;
- default or delinquency in interest or principal payments;
- the possibility that borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for the asset.

Equity securities

IAS 39 calls for impairment testing in the event of the joint presence of two circumstances:

- the occurrence of one or more adverse events after initial recognition of the financial asset;
- the fact that such event has an adverse impact on expected future cash flows.

In addition to these circumstances, objective evidence of impairment of equity securities classified as available for sale includes a “significant” or “prolonged” reduction in fair value below its cost, determined as follows: a decrease of more than 30% in the fair value of equity securities below their carrying amount or a continuous decrease for a period of over 18 months.

FINANCIAL GUARANTEES

As part of its ordinary banking operations, the Bank grants financial guarantees in the form of letters of credit, acceptances and other guarantees. The value of guarantees at the time of initial recognition is equal to the commission received. Commission income earned on guarantees, net of the portion representing the recovery of costs incurred in issuing the guarantee, are recognized on an accruals basis under "Fee and commission income", taking account of the term and residual value of the guarantees.

Following initial recognition, the liability in respect of each guarantee is measured as the greater of the initial recognition amount less cumulative amortization recognized in profit or loss and the best estimate of the expense required to settle the financial obligation that arose following the granting of the guarantee.

Any losses and value adjustments on such guarantees are reported under "value adjustments". Writedowns for impairment of guarantees are reported under "Other liabilities".

Guarantees are off-balance-sheet transactions and are reported under "Other information" in Part B of the notes to the financial statements.

A.3 – FAIR VALUE DISCLOSURES

IFRS 13 has introduced clear guidelines for the measurement of fair value in all circumstances. The new standard does not change the cases in which fair value must be used but rather provides guidance on how to measure the fair value of financial instruments and non-financial assets and liabilities whenever the application of fair value is required or permitted by other international accounting standards.

More specifically, the standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the “exit price”).

IFRS 13 also requires specific disclosures on fair value that, pending the issue of the new schedules provided for in the draft Bank of Italy Circular no. 262 still under discussion, are provided in section A.2 of Accounting policies – subsection 17 “Determination of fair value”.

A.3.1 TRANSFERS BETWEEN CATEGORIES

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

TYPE OF FINANCIAL INSTRUMENT	ORIGINAL CLASSIFICATION	NEW CLASSIFICATION	CARRYING AMOUNT AT 30/06/2013	FAIR VALUE AT 30/06/2013	INCOME COMPONENTS WITHOUT TRANSFER (PRE TAX)		INCOME COMPONENTS RECOGNIZED IN THE PERIOD (PRE TAX)	
					VALUATION	OTHER		
Debt securities	Assets held for trading	Assets available for sale	79,990	79,990	737	698	637	799

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

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

A.3.1.3 TRANSFERS OF FINANCIAL ASSETS HELD FOR TRADING

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

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

ISIN	DESCRIPTION OF SECURITY	INTERNAL RATE OF RETURN AT 30/06/2013	EXPECTED CASH FLOWS AT 30/06/2013
IT0004224041	CCT 1/3/2014	1.942193	6-month BOT + 0.15
XS0247770224	ITALY 22/3/2018	1.502728	Lower of (2.25 * European inflation rate) and (6-month Euribor + 0.60)

A.3.2 Fair value hierarchy

A.3.2.1 Portfolios: breakdown by fair value input level

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	30/06/2013			31/12/2012		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	23,928	513,421	346	19,745	712,622	302
2. Financial assets designated at fair value	-	309,234	8,196	-	314,003	8,073
3. Financial assets available for sale	3,697,479	85,370	3,635	2,922,387	83,382	3,643
4. Hedging derivatives	-	7,875	-	-	14,148	-
TOTAL	**3,721,407**	**915,900**	**12,177**	**2,942,132**	**1,124,155**	**12,018**
1. Financial liabilities held for trading	2,633	470,068	-	423	640,029	-
2. Financial liabilities at fair value	754,062	6,207	-	739,162	6,203	-
3. Hedging derivatives	-	84,667	-	-	115,042	-
TOTAL	**756,695**	**560,942**	**-**	**739,585**	**761,274**	**-**

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

In order to ensure accurate disclosure, both the new IFRS 13, paragraphs 72 et seq., and IFRS 7, paragraph 27, provides for the classification of financial instruments into three levels based on the characteristics and meaningfulness of the inputs used in pricing those instruments. The levels are:

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

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

The Bank constantly assesses compliance with the requirements for classification under the fair value input hierarchy and if those requirements are no longer met, it makes the appropriate transfers.

During the period under review, no transfers were made between Level 1 and Level 2 (IFRS 13 paragraph 93/d), nor were any transfers made to/from Level 3 (IFRS 13 paragraph 93/e).

A.3.3 Disclosures on "day one profit/loss"

Pursuant to paragraph 28 of IFRS 7, during the period under review a number of asset swap transactions involving Italian government bonds (BTPs) linked to inflation gave rise to differences in fair value at the time of initial recognition and the value recalculated at the same date using valuation techniques in accordance with IAS 39, paragraphs AG 74 - AG 79 and IFRS 7, paragraph IG 14.

The net effect associated with the purchase of those securities and the connected hedging transactions in the form of asset swaps was a loss of €373 thousand recognized entirely through profit or loss. Paragraph AG 76, point a), of IAS 39 establishes that the entity shall recognize through profit or loss the difference between the fair value at the date of initial recognition (whether a quoted price in an active market - Level 1 or based on a valuation technique that uses observable data – Level 2) and the transaction price.

Part B

Information on the balance sheet

Parte B – Stato Patrimoniale

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM 10

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

1.1 CASH AND CASH EQUIVALENTS: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
a) Cash	80,549	110,654
b) Demand deposits with central banks	-	-
TOTAL	**80,549**	**110,654**

"Cash" includes foreign currency in the amount of €16,418 thousand.

SECTION 2 – FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	TOTAL 30/06/2013			TOTAL 31/12/2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. On-balance-sheet assets						
1. Debt securities	**20,026**	**5,032**	**207**	**17,032**	**720**	**185**
1.1 structured securities	2,837	-	207	256	719	185
1.2 other debt securities	17,189	5,032	-	16,776	1	-
2. Equity securities	**294**	**-**	**139**	**286**	**-**	**117**
3. Units in collective investment undertakings	**1,208**	**-**	**-**	**1,975**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
TOTAL A	**21,528**	**5,032**	**346**	**19,293**	**720**	**302**
B Derivatives						
1. Financial derivatives	**2,400**	**508,389**	**-**	**452**	**711,902**	**-**
1.1 trading	2,400	482,571	-	452	678,426	-
1.2 associated with fair value option	-	25,818	-	-	33,476	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
TOTAL B	**2,400**	**508,389**	**-**	**452**	**711,902**	**-**
TOTAL (A+B)	**23,928**	**513,421**	**346**	**19,745**	**712,622**	**302**

The amount reported at B (1.2) regards derivatives associated with the election of the fair value option. The associated balance-sheet items are classified under financial assets and financial liabilities at fair value (for more information, please see section 3 of assets).

SECTION 3 – FINANCIAL ASSETS AT FAIR VALUE – ITEM 30

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

3.1 FINANCIAL ASSETS AT FAIR VALUE: COMPOSITION BY TYPE

	TOTAL 30/06/2013			TOTAL 31/12/2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**309,234**	**8,196**	**-**	**314,003**	**8,073**
1.1 Structured securities	-	-	8,196	-	16,404	8,073
1.2 Other debt securities	-	309,234	-	-	297,599	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in collective investment undertakings	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
TOTAL	**-**	**309,234**	**8,196**	**-**	**314,003**	**8,073**
COST	**-**	**296,261**	**8,071**	**-**	**304,710**	**7,367**

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

Overall, the Bank exercised the fair value option for the following transactions:

- one structured debt security held in portfolio in order to avoid the need to unbundle the embedded derivatives (reported in the table above in point 1.1);
- two structured bonds issued by the Bank, which are operationally connected with derivatives, in order to avoid an accounting mismatch, thereby creating establishing a natural hedge (see section 5 of liabilities);
- one structured bond issued by the Bank in order to avoid the need to unbundle the embedded derivative (see section 5 of liabilities);
- a group of financial instruments in order to significantly reduce the overall mismatching in the accounts. The group consists of (see section 5 of liabilities):
  - a bond issued by the Bank containing a separable embedded derivative;
  - a debt security issued by Iccrea BancaImpresa held by the Bank (reported in the table above in point 1.2);
  - derivatives connected with the above instruments that establish a natural hedge.

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

This item reports all financial assets (debt securities, equity securities, derivatives, etc.) classified as "available for sale". Equity securities essentially regard equity investments that no longer qualify to be classified as such in the international accounting standards.

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

	TOTAL 30/06/2013			TOTAL 31/12/2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,694,495**	**85,370**	**-**	**2,919,917**	**83,382**	**-**
1.1 Structured securities	872,864	79,450	-	786,767	77,572	-
1.2 Other debt securities	2,821,631	5,920	-	2,133,150	5,810	-
2. Equity securities	**2,984**	**-**	**3,146**	**2,470**	**-**	**3,146**
2.1 Carried at fair value	2,984	-	-	2,470	-	-
2.2 Carried at cost	-	-	3,146	-	-	3,146
3. Units in collective investment undertakings	**-**	**-**	**489**	**-**	**-**	**497**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**3,697,479**	**85,370**	**3,635**	**2,922,387**	**83,382**	**3,643**

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE: ASSETS HEDGED SPECIFICALLY

	HEDGED ASSETS			
	TOTAL 30/06/2013		TOTAL 31/12/2012	
	FAIR VALUE	CASH FLOWS	FAIR VALUE	CASH FLOWS
1. Debt securities	613,249	128,879	692,525	32,710
2. Equity securities	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
TOTAL	**613,249**	**128,879**	**692,525**	**32,710**

The item comprises Italian fixed-rate and inflation-linked government securities (BTPs) hedged with asset swaps in order to immunize interest rate risk (fair value hedging) and stabilize cash flows (cash flow hedging).

SECTION 5 – FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

This item comprises listed debt instruments and loans with fixed or determinable payments and a fixed maturity for which the Bank has the positive intention and ability to hold until maturity.

5 1 FINANCIAL ASSETS HELD TO MATURITY: COMPOSITION BY TYPE

	TOTAL 30/06/2013				TOTAL 31/12/2012			
	CARRYING AMOUNT	FAIR VALUE			CARRYING AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**4,064,916**	**4,081,116**	**-**	**-**	**3,017,529**	**3,048,579**	**-**	**-**
- structured	-	-	-	-	-	-	-	-
- other	4,064,916	4,081,116	-	-	3,017,529	3,048,579	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**4,064,916**	**4,081,116**	**-**	**-**	**3,017,529**	**3,048,579**	**-**	**-**

SECTION 6 – DUE FROM BANKS – ITEM 60

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

6.1 DUE FROM BANKS: COMPOSITION BY TYPE

	TOTAL 30/06/2013	TOTAL 31/12/2012
A. Claims on central banks	**603,285**	**96,111**
1. Fixed-term deposits	-	-
2. Reserve requirement	603,285	96,111
3. Repurchase agreements	-	-
4. Other	-	-
B. Due from banks	**32,406,541**	**26,926,734**
1. Current account and demand deposits	1,381,116	1,139,427
2. Fixed-term deposits	722,545	347,291
3. Other financing:	26,406,312	21,481,615
3.1 Repurchase agreements	6,853,947	3,795,712
3.2 Finance leases	-	-
3.3 Other	19,552,365	17,685,903
4. Debt securities	3,896,568	3,958,401
4.1 Structured securities	118,789	125,739
4.2 Other debt securities	3,777,779	3,832,662
TOTAL (CARRYING AMOUNT)	**33,009,826**	**27,022,845**
TOTAL (FAIR VALUE)	**33,455,947**	**27,331,433**

Amounts due from banks are reported net of impairment adjustments.

The fair value is obtained using discounted cash flow techniques.

The sub-item "reserve requirement" includes the requirements managed on behalf of the mutual banks, with a contra-item under item 10 of liabilities (Due to banks).

The item "Other financing – Other" includes impaired assets classified as bad debts in respect of the following Icelandic banks:

- Landsbanki Island hf, receivable amounting to €15,534 thousand, entirely written off;
- Kaupthing Bank hf, receivable amounting to €3,039 thousand, written down in the amount of €2,537 thousand.

Loans granted to the mutual banks associated with operations with the European Central Bank, in particular advances received from the latter secured by securities eligible for use in refinancing transactions (pool collateral) amounted to €17,581 million and are reported under letter "B", "Other financing – Other". The securities pledged as collateral by the mutual banks amount to €21,948 million net of the haircut applied to the various types of security.

Following the introduction of the Group's new organizational model, the Bank, in its capacity as the manager of Group financial resources, is responsible for funding and financing all the companies of the Iccrea Banking Group. Specifically, the following securities issued by Iccrea BancaImpresa were subscribed and classified under "Due from banks – debt securities – Other":

ISIN	NOMINAL VALUE	COUPON AT 30/06/2013	ISSUE DATE	MATURITY
IT0004493067	81,000,000.00	3.225%	15/05/2009	01/04/2014
IT0004494719	666,000,000.00	0.706%	15/05/2009	01/04/2014
IT0004494842	54,000,000.00	0.835%	15/05/2009	01/04/2014
IT0004494859	99,000,000.00	0.712%	15/05/2009	01/04/2014
IT0004511512	720,000,000.00	0.720%	01/07/2009	01/07/2014
IT0004511561	180,000,000.00	3.402%	01/07/2009	01/07/2014
IT0004563372	400,000,000.00	0.706%	30/12/2009	30/12/2014
IT0004628035	245,000,000.00	1.157%	02/08/2010	02/08/2015
IT0004675127	12,383,000.00	3.600%	01/01/2011	01/05/2016
IT0004813033	21,000,000.00	3.722%	16/04/2012	03/04/2017
IT0004813041	14,700,000.00	3.192%	16/04/2012	01/04/2015
IT0004816564	5,960,000.00	3.192%	10/05/2012	01/04/2015
IT0004816598	13,000,000.00	3.722%	10/05/2012	03/04/2017
IT0004840523	11,300,000.00	3.682%	12/07/2012	01/07/2022
IT0004840531	11,500,000.00	3.732%	12/07/2012	01/07/2019
IT0004840549	16,300,000.00	3.321%	12/07/2012	03/07/2017
IT0004840556	19,950,000.00	3.002%	12/07/2012	01/07/2015
IT0004865595	17,000,000.00	2.982%	23/10/2012	02/10/2017
IT0004865603	14,000,000.00	3.542%	23/10/2012	01/10/2025
IT0004865611	24,530,000.00	2.602%	23/10/2012	01/10/2015
IT0004870769	15,350,000.00	1.312%	21/11/2012	01/10/2015
IT0004870777	10,330,000.00	1.250%	21/11/2012	01/07/2015
IT0004870785	12,300,000.00	2.900%	21/11/2012	01/07/2027
IT0004870793	8,900,000.00	1.540%	21/11/2012	01/10/2015
IT0004894280	58,000,000.00	1.862%	08/02/2013	02/01/2018
IT0004894298	31,000,000.00	1.351%	08/02/2013	04/01/2016
IT0004894454	109,480,000.00	1.322%	08/02/2013	04/01/2016
IT0004894546	25,640,000.00	1.520%	08/02/2013	01/01/2016
IT0004894660	22,000,000.00	1.901%	08/02/2013	02/01/2018
IT0004920614	45,000,000.00	6.609%	07/05/2013	01/04/2025
IT0004920630	75,000,000.00	2.969%	07/05/2013	03/04/2028
IT0004921075	120,000,000.00	3.489%	07/05/2013	01/07/2025
IT0004929870	34,000,000.00	3.523%	24/05/2013	01/10/2019
IT0004936685	20,000,000.00	2.711%	17/06/2013	01/07/2020
IT0004936693	50,000,000.00	2.831%	17/06/2013	03/07/2023
TOTAL	**3,263,623,000**			

The nominal value is reported in euros.

6.2 DUE FROM BANKS: ASSETS HEDGED SPECIFICALLY

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Loans with specific fair value hedges:	**905,097**	**344,456**
a) interest rate risk	905,097	344,456
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Loans with specific cash flow hedges:	**-**	**626,307**
a) interest rate risk	-	626,307
b) exchange rate risk	-	-
c) other	-	-
TOTAL	**905,097**	**970,763**

The item consists of 2 fixed-rate securities issued by Iccrea BancaImpresa, hedged with interest rate swaps (IRS), fixed-rate treasury deposits hedged with overnight indexed swaps and repurchase agreements with Banca Sviluppo, also hedged with overnight indexed swaps.

SECTION 7 – LOANS TO CUSTOMERS – ITEM 70

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

7.1 LOANS TO CUSTOMERS: COMPOSITION BY TYPE

	TOTAL 30/06/2013			TOTAL 31/12/2012		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHER		PURCHASED	OTHER
1. Current accounts	242,801	-	3,232	437,081	-	3,548
2. Repurchase agreements	392,599	-	-	19,048	-	-
3. Medium/long-term loans	152,456	-	29,069	157,592	-	25,552
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	-	-	1	-	-	-
5. Finance leases	-	-	-	-	-	-
6. Factoring	-	-	-	-	-	-
7. Other	1,248,218	-	1,844	950,177	-	1,741
8. Debt securities	16,903	-	-	70,222	-	-
8.1 Structured securities	-	-	-	-	-	-
8.2 Other debt securities	16,903	-	-	70,222	-	-
TOTAL (CARRYING AMOUNT)	**2,052,977**	**-**	**34,146**	**1,634,120**	**-**	**30,841**
TOTAL (FAIR VALUE)	**2,146,336**	**-**	**34,146**	**1,721,558**	**-**	**30,841**

Loans to customers are reported net of impairment losses.
The fair value is obtained using discounted cash flow techniques.

Impaired assets include bad debts in the amount of €5,461 thousand in respect of the Lehman Brothers Group, which have been written down in the amount of €5,272 thousand. In July, approval was given for the assignment to Yorvik Partners LLP of the receivable in respect of the cash variation margin due from Lehman Brothers International Europe. On the completion of that transaction, the remaining receivable will have been entirely written down.

7.3 LOANS TO CUSTOMERS: ASSETS HEDGED SPECIFICALLY

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Loans with specific fair value hedges:	**47,307**	**51,776**
a) interest rate risk	47,307	51,776
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Loans with specific cash flow hedges:	**-**	**-**
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other	-	-
TOTAL	**47,307**	**51,776**

Loans covered by fair value micro-hedges are reported at cost adjusted by changes in fair value attributable to the hedged risk accrued as of the reporting date. The amount reported regards two fixed-rate loans – one to BCC Solutions in the amount of €25,187 thousand (outstanding debt at June 30, 2013) and the other to BCC CreditoConsumo in the amount of €17,215 thousand (outstanding debt at June 30, 2013) – hedged against interest rate risk (fair value hedge).

SECTION 8 – HEDGING DERIVATIVES – ITEM 80

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

8.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND LEVEL

	FV 30/06/2013			NV 30/06/2013	FV 31/12/2012			NV 31/12/2012
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**7,875**	**-**	**1,346,512**	**-**	**14,148**	**-**	**951,600**
1) Fair value	-	6,634	-	1,245,889	-	7,715	-	327,700
2) Cash flows	-	1,241	-	100,623	-	6,433	-	623,900
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**7,875**	**-**	**1,346,512**	**-**	**14,148**	**-**	**951,600**

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

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

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

	FAIR VALUE						CASH FLOWS		INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Financial assets available for sale	1,085	-	-	-	-	X	1,241	X	X
2. Loans	431	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	441	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
TOTAL ASSETS 30/06/2013	**1,516**	**-**	**-**	**-**	**-**	**441**	**1,241**	**-**	**-**
1. Financial liabilities	4,677	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES 30/06/2013	**4,677**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The amount reported under point 1 "Financial assets available for sale" regards the positive fair values of the asset swaps hedging an Italian government inflation-linked BTP and an Italian government fixed-rate BTP.

The item "Loans" reports the fair value of overnight indexed swaps hedging the treasury's deposits and repurchase agreements.

Point 4 "Portfolio" regards the positive fair value of overnight indexed swaps used for the macro-hedging of asset portfolios (deposits and repurchase agreements).

The item "Financial liabilities" reports the positive fair values of interest rate swaps and interest rate options hedging two fixed-rate bonds and two mixed-rate bonds issued by the Bank.

Finally, the micro-hedging of cash flows in respect of financial assets available for sale regards an asset swap involving an Italian government inflation-linked BTP.

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

This item reports the positive or negative balance of changes in the value of assets macro-hedged against interest rate risk, in application of IAS 39.

9.1 VALUE ADJUSTMENTS OF HEDGED ASSETS: COMPOSITION OF HEDGED PORTFOLIOS

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Positive adjustments	**-**	**-**
1.1 of specific portfolios:	-	-
a) loans	-	-
b) financial assets available for sale	-	-
1.2 comprehensive	-	-
2. Negative adjustments	**(459)**	**-**
2.1 of specific portfolios:	(459)	-
a) loans	(459)	-
b) financial assets available for sale	-	-
2.2 comprehensive	-	-
TOTAL	**(459)**	**-**

9.2 ASSETS MACRO-HEDGED AGAINST INTEREST RATE RISK

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Loans	635,000	-
2. Assets available for sale	-	-
3. Portfolio	-	-
TOTAL	**635,000**	**-**

The macro-hedging was conducted for portfolios of deposits and repurchase agreements, managed by the treasury unit, using overnight indexed swaps.

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

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

	REGISTERED OFFICE	% HOLDING	% OF VOTES
A. Wholly-owned subsidiaries			
1. BCC Securis s.r.l.	Rome	90.00	90.00
B. Joint ventures			
C. Companies subject to significant influence			
1. M-Facility s.r.l.	Rome	37.50	37.50
2. Hi-Mtf S.p.A.	Milan	25.00	25.00

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

	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS)	SHAREHOLDERS' EQUITY	CARRYING AMOUNT	FAIR VALUE
A. Wholly-owned subsidiaries						
1. BCC Securis s.r.l.	29	66	-	11	9	X
B. Joint ventures						
C. Companies subject to significant influence						
1. M-Facility s.r.l.	10	-	(3)	7	4	-
2. Hi-Mtf S.p.A.	5,876	2,878	451	5,210	1,250	-
3. Iccrea BancaImpresa S.p.A.	12,511,029	391,777	1,598	576,730	50,000	-
TOTAL					**51,263**	**-**

The figures are drawn from financial reports at December 31, 2012, with the exception of the column “carrying amount”, which is stated as of the reporting date for the period under review.

As regards M-Facility S.r.l., in July it was transformed into a company limited by shares (*società per azioni* or S.p.A.), with a concomitant capital increase. The share pertaining to the Bank amounted to €700,875 and was paid on July 30, 2013.

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

SECTION 11 – PROPERTY AND EQUIPMENT – ITEM 110

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

11.1 PROPERTY AND EQUIPMENT: COMPOSITION OF ASSETS CARRIED AT COST

	TOTAL 30/06/2013	TOTAL 31/12/2012
A. Operating assets		
1.1 owned	**8,538**	**8,167**
a) land	-	-
b) buildings	-	-
c) movables	340	342
d) electrical plant	7,739	7,084
e) other	459	741
1.2 acquired under finance leases	**-**	**-**
a) land	-	-
b) buildings	-	-
c) movables	-	-
d) electrical plant	-	-
e) other	-	-
TOTAL A	**8,538**	**8,167**
B. Investment property		
2.1 owned	**11,594**	**11,852**
a) land	-	-
b) buildings	11,594	11,852
2.2 acquired under finance leases	-	-
a) land	-	-
b) buildings	-	-
TOTAL B	**11,594**	**11,852**
TOTAL (A+B)	**20,132**	**20,019**

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

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

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

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

12.1 INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	TOTAL 30/06/2013		TOTAL 31/12/2012	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	-	X	-
A.2 Other intangible assets	**6,468**	-	**5,756**	-
A.2.1 Assets carried at cost:	6,468	-	5,756	-
a) internally-generated intangible assets	-	-	-	-
b) other assets	6,468	-	5,756	-
A.2.2 Assets at fair value:	-	-	-	-
a) internally-generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
TOTAL	**6,468**	**-**	**5,756**	**-**

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

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

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

13.1 DEFERRED TAX ASSETS: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
Loans	9,757	9,871
Other financial instruments	6,617	6,280
Goodwill	-	-
Deferred charges	-	-
Property and equipment	113	106
Provisions for risks and charges	1,651	1,698
Entertainment expenses	-	-
Personnel costs	733	658
Tax losses	-	-
Unused tax credits to deduct	-	-
Other	-	-
TOTAL	**18,871**	**18,613**

13.2 DEFERRED TAX LIABILITIES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
Capital gains tax in installments	-	-
Goodwill	-	-
Property and equipment	-	-
Financial instruments	7,274	15,537
Personnel costs	-	-
Other	-	-
TOTAL	**7,274**	**15,537**

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

DEFERRED TAXES NOT RECOGNIZED

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

- deferred tax liabilities in respect of the revaluation reserve established in 2003 pursuant to Law 342 of 22/11/2000 net of the special capital gains tax already paid (€11,227 thousand). As the reserve is not expected to be distributed to shareholders, no provision had been made for deferred taxes in the amount of about €8.3 million.

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

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Opening balance	**11,958**	**14,346**
2. Increases	**11**	**274**
2.1 Deferred tax assets recognized during the period	11	274
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	11	274
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**182**	**2,662**
3.1 Deferred tax assets derecognized during the period	182	2,662
a) reversals	182	2,662
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
a) transformation into tax credits pursuant to Law 214/2011	-	-
b) other	-	-
4. Closing balance	**11,787**	**11,958**

13.3.1 CHANGES IN DEFERRED TAX ASSETS UNDER LAW 214/2011 (RECOGNIZED IN INCOME STATEMENT)

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

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

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

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

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Opening balance	**6,655**	**29,715**
2. Increases	**4,084**	**550**
2.1 Deferred tax assets recognized during the period	4,084	550
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	4,084	550
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3,655**	**23,610**
3.1 Deferred tax assets derecognized during the period	3,655	23,610
a) reversals	3,655	23,610
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**7,084**	**6,655**

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

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Opening balance	**15,537**	**1,442**
2. Increases	**2,142**	**15,290**
2.1 Deferred tax liabilities recognized during the period	2,142	15,290
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	2,142	15,290
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**10,405**	**1,195**
3.1 Deferred tax liabilities derecognized during the period	10,405	1,195
a) reversals	10,405	1,195
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**7,274**	**15,537**

13.7 OTHER INFORMATION

As regards its tax position, the Bank reports:

- for the financial years 2009, 2010 and 2011 (for which the tax assessment time limit has not expired), no formal notice of assessment has yet been received;
- the Bank received a notice of liquidation for registration fees on the sale of the "Corporate" business unit to Iccrea BancaImpresa. The payment was made and at the same time an appeal was lodged with the Provincial Tax Commission of Rome as the claims of the tax authorities appear groundless both in law and in administrative practice. On December 15, 2011, with ruling 499/26/11, the Provincial Tax Commission of Rome granted our appeal in full, finding that the Revenue Agency was in clear violation of a specific provision of the uniform registration fee code. As no appeal has been filed to date by the Revenue Agency and as the long statute of limitations deadline provided for in Article 38 of Legislative Decree 546/92 has passed, the Bank will request reimbursement of the tax paid.
- On November 14, 2012, the Bank received a notice of assessment from the Revenue Agency, Regional Directorate of Lazio - Large Taxpayer Office for the 2007 financial year with which the taxable amounts subject to VAT declared on activities performed as depository bank were adjusted. The assessment stems from a formal notice of assessment from the audit activities performed by that Office in respect of Beni Stabili Gestione SGR. The increase in tax comes to €33,520 for VAT plus penalties of €41,900. On 11 January 2013 an appeal was filed against the above assessment in order to challenge the claims of the tax authorities.

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

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

SECTION 15 – OTHER ASSETS – ITEM 150

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

15.1 OTHER ASSETS: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
Items being processed	37,305	18,585
Receivables for future premiums	23,750	24,826
Commissions	13,363	22,481
Receivables due from Parent Company in respect of consolidated tax mechanism	12,091	22,541
Definitive items not allocable to other accounts	75,218	26,725
Tax receivables due from tax authorities and other entities	14,338	15,611
TOTAL	**176,065**	**130,769**

LIABILITIES

SECTION 1 – DUE TO BANKS – ITEM 10

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

1.1 DUE TO BANKS: COMPOSITION BY TYPE

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Due to central banks	**13,521,849**	**12,706,391**
2. Due to banks	**7,192,717**	**8,490,210**
2.1 Current accounts and demand deposits	4,067,830	4,956,987
2.2 Fixed-term deposits	3,033,398	3,459,949
2.3 Loans	87,618	72,317
2.3.1 Repurchase agreements	72,354	48,808
2.3.2 Other	15,264	23,509
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	-
2.5 Other payables	3,871	957
TOTAL	**20,714,566**	**21,196,601**
FAIR VALUE	**20,817,880**	**21,092,967**

The item “due to central banks” represents financing from the ECB for advances secured by securities owned by the mutual banks and the Bank. The amount also includes the advance of €271,150 thousand in respect of the secured liabilities issued pursuant to Article 8 of Decree Law 201 of December 6, 2011, ratified with Law 214 of December 24, 2011, in the amount of €290 million. During the first half of the year, the ECB advances were partially repaid, in the amount of €2,200 million, while use was made of a short-term advance totaling €3,000 million, which fell due on July 3, 2013.

The sub-item “fixed-term deposits” also includes deposits received from mutual banks in the amount of about €680 million used to meet reserve requirements indirectly.

The fair value is obtained using discounted cash flow techniques.

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

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

2.1 DUE TO CUSTOMERS: COMPOSITION BY TYPE

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Current accounts and demand deposits	1,044,009	656,291
2. Fixed-term deposits	28,240	12,429
3. Loans	15,898,475	8,221,709
3.1 Repurchase agreements	15,898,475	8,221,709
3.2 Other	-	-
4. Liabilities in respect of commitments to repurchase own equity instruments	-	-
5. Other payables	369,763	380,268
TOTAL	**17,340,487**	**9,270,697**
FAIR VALUE	**17,132,980**	**9,295,893**

The sub-item "Repurchase agreements" is composed entirely by transactions with the Clearing and Guarantee Fund.

The sub-item "Other payables" essentially regards bankers' drafts issued and not yet presented for extinguishment.

The fair value is obtained using discounted cash flow techniques.

SECTION 3 – SECURITIES ISSUED – ITEM 30

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

3.1 SECURITIES ISSUED: COMPOSITION BY TYPE

	TOTAL 30/06/2013				TOTAL 31/12/2012			
	CARRYING AMOUNT	FAIR VALUE			CARRYING AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	4,014,728	2,198,168	1,884,269	-	3,386,758	1,229,310	2,176,923	-
1.1 structured	558,721	584,823	8,098	-	111,239	97,575	8,100	-
1.2 other	3,456,007	1,613,345	1,876,171	-	3,275,519	1,131,735	2,168,823	-
2. Other	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
TOTAL	**4,014,728**	**2,198,168**	**1,884,269**	**-**	**3,386,758**	**1,229,310**	**2,176,923**	**-**

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

3.3 SECURITIES ISSUED: SECURITIES HEDGED SPECIFICALLY

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Securities covered by specific fair value hedges:	**564,342**	**262,292**
a) interest rate risk	564,342	262,292
b) exchange rate risk	-	-
c) multiple risks	-	-
2. Securities covered by specific cash flow hedges	**-**	**591,218**
a) interest rate risk	-	591,218
b) exchange rate risk	-	-
c) other	-	-

The amounts reported regard 5 bonds issued by the Bank and micro-hedged for interest rate risk using interest rate derivatives.

SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

This item reports financial derivatives held for trading.

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	TOTAL 30/06/2013					TOTAL 31/12/2012				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	**196**	**188**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Due to customers	**153**	**162**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3. Debt securities	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
3.1 Bonds	-	-	-	-		-	-	-	-	
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3 2 Other	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
TOTAL A	**349**	**350**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives		**2,283**	**470,068**	**-**	**-**		**423**	**640,029**	**-**	**-**
1.1 Trading	X	2,283	470,068	-	X	X	423	640,029	-	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		**-**	**-**	**-**			**-**	**-**	**-**	
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
TOTAL B	**X**	**2,283**	**470,068**	**-**	**X**	**X**	**423**	**640,029**	**-**	**X**
TOTAL (A+B)	**X**	**2,633**	**470,068**	**-**	**X**	**X**	**423**	**640,029**	**-**	**X**

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

L1 = Level 1
L2 = Level 2
L3 = Level 3

Part A of the table reports "technical overdrafts" in respect of debt securities (reported under amounts due to banks or customers depending on the issuer).

SECTION 5 – FINANCIAL LIABILITIES AT FAIR VALUE – ITEM 50

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

5.1 FINANCIAL LIABILITIES AT FAIR VALUE: COMPOSITION BY TYPE

	TOTAL 30/06/2013					TOTAL 31/12/2012				
	NV	FV			FV *	NV	FV			FV *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Due to customers	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
3. Debt securities	**750,529**	**754,062**	**6,207**	**-**	**787,247**	**751,645**	**739,162**	**6,203**	**-**	**797,137**
3.1 Structured	750,529	754,062	6,207	-	X	751,645	739,162	6,203	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
TOTAL	**750,529**	**754,062**	**6,207**	**-**	**787,247**	**751,645**	**739,162**	**6,203**	**-**	**797,137**

Key:
FV = Fair value
FV*= Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date
NV = nominal value
L1 = Level 1
L2 = Level 2
L3 = Level 3

"Financial liabilities at fair value" include:

- 2 structured bonds issued by the Bank that are operationally connected to derivatives used to establish a natural hedge;
- 1 bond connected with a group of financial instruments in order to reduce overall mismatching significantly (see Section 3, part B, of assets);
- 1 structured bond issued by the bank in order to avoid the need to separate the embedded derivative.

SECTION 6 – HEDGING DERIVATIVES – ITEM 60

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

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

	FAIR VALUE 30/06/2013			NV 30/06/2013	FAIR VALUE 31/12/2012			NV 31/12/2012
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**84,667**	**-**	**1,756,842**	**-**	**115,043**	**-**	**1,637,762**
1) Fair value	-	82,377	-	1,724,452	-	105,427	-	981,693
2) Cash flows	-	2,290	-	32,390	-	9,616	-	656,069
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
TOTAL	**-**	**84,667**	**-**	**1,756,842**	**-**	**115,043**	**-**	**1,637,762**

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

These are financial derivatives designated as hedges of the risk of changes in the fair value or cash flows of financial instruments classified as “financial assets available for sale”, “loans” and “financial liabilities”, as reported in the following table.

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

	FAIR VALUE						CASH FLOW		INVESTMENTS IN FOREIGN OPERATIONS
	SPECIFIC					GENERIC	SPECIFIC	GENERIC	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Financial assets available for sale	37,699	-	-	-	-	X	2,290	X	X
2. Loans	14,659	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
TOTAL ASSETS 30/06/2013	**52,358**	**-**	**-**	**-**	**-**	**-**	**2,290**	**-**	**-**
1. Financial liabilities	30,019	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
TOTAL LIABILITIES 30/06/2013	**30,019**	**-**	**-**	**X**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	X	-	-

The amounts reported in respect of “financial assets available for sale” regard hedges that the Bank has established using asset swap derivatives to sterilize the interest rate risk connected with listed debt securities (fixed-rate and inflation-linked BTPs). This approach makes it possible to synthetically replicate a floating-rate instrument.

“Loans” hedged against interest rate risk refer to 2 fixed-rate loans to BCC Solutions and BCC CreditoConsumo hedged with interest rate swaps and 2 fixed-rate securities issued by Iccrea BancaImpresa hedged with interest rate swaps.

The item “financial liabilities” reports the negative fair value of interest rate swaps and interest rate options hedging a mixed-rate bond issued by the Bank.

The amount reported in respect of cash flow hedges of “financial assets available for sale” regards the negative fair value of an asset swap involving an inflation-linked BTP.

SECTION 7 – VALUE ADJUSTMENTS OF MACRO-HEDGED LIABILITIES – ITEM 70

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

SECTION 8 – TAX LIABILITIES – ITEM 80

See section 13 under assets.

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

See section 14 under assets.

SECTION 10 – OTHER LIABILITIES – ITEM 100

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

10.1 OTHER LIABILITIES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
Amounts due to social security institutions and State	10,731	10,924
Amounts available to customers	85,328	35,357
Reserve - former Central Guarantee Fund	-	1,356
Items being processed	30,414	14,071
Securities to be settled	30,268	32,819
Definitive items not allocable to other accounts	7,871	17,050
Liabilities for future premiums	15,310	16,753
Payables due to Parent Company in respect of consolidated tax mechanism	15,962	22,434
Tax payables due to tax authorities and other entities	4,684	8,344
Payables due to employees	4,203	4,731
Invoices to be paid and to be received	21,514	23,453
Failed purchase transactions	36,517	33,557
Illiquid portfolio items	1,791	7,020
TOTAL	**264,593**	**227,869**

The sub-items "securities to be settled" and "definitive items not allocable to other accounts" include transactions settled in July 2013.

The item "Reserve – former Central Guarantee Fund" regards the residual amounts available of the assets of the former fund established in 1979 to safeguard the image of the mutual banks. Following the creation of the new Deposit Guarantee Fund, all of the tied deposits of the participating mutual banks were gradually reimbursed.

	TOTAL 30/06/2013	TOTAL 31/12/2012
Assets		
Bank deposits	-	1,331
Loans	-	-
Other assets	-	37
TOTAL ASSETS	**-**	**1,368**
Liabilities		
Due to tax authorities	-	12
Due in respect of CGF reserve	-	1,356
TOTAL LIABILITIES	**-**	**1,368**

Management of the fund has no financial impact on the performance of the Bank. On December 20, 2012, the Executive Committee of Federcasse approved the allocation of the remainder of the reserve on hand at Iccrea Banca to the Mutual Credit Deposit Guarantee Fund. Following the request of the guarantee fund, on February 14, 2013 the amount of €1,355,965.58 was credited to the account held by the Fund at the Bank. The Fund's assets and liabilities are equal to nil as of the reporting date.

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

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

11.1 EMPLOYEE TERMINATION BENEFITS: CHANGE FOR THE PERIOD

	TOTAL 30/06/2013	TOTAL 31/12/2012
A. Opening balance	**14,288**	**14,109**
B. Increases	**598**	**1,108**
B.1 Provision for the period	263	689
B.2 Other increases	335	419
C. Decreases	**625**	**929**
C.1 Benefit payments	625	929
C.2 Other decreases	-	-
D. Closing balance	**14,261**	**14,288**
TOTAL	**14,261**	**14,288**

11.2 OTHER INFORMATION

Employee termination benefits cover the entire entitlement accrued as at the reporting date by employees, in conformity with applicable law, the collective bargaining agreement and supplementary company-level contract. The liability calculated pursuant to Art. 2120 of the Civil Code amounted to €14,232 thousand at June 30, 2013 (€14,500 thousand at December 31, 2012).

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

- **demographic parameters**: drawn from ISTAT's 2004 mortality tables and the INPS disability tables. As regards the probability of leaving work for reasons other than death, the calculation used turnover rates consistent with past experience, with the annual rate of exit from work set at 2.75%;
- **financial parameters**: the calculations assumed an interest rate of 3.00%;
- **economic parameters**: the rate of inflation was assumed to be 2.00%, while the rate of increase in salaries was 2.38% for all categories of employee and used only for seniority purposes.

The independent actuary determined the discount rate using as a reference basket the Iboxx Obbligazioni Corporate AA index at June 30, 2013 for the euro area, with an average duration comparable to the group being assessed.

On January 1, 2013, a number of amendments to IAS 19 – Employee benefits – entered force, with the main change regarding the elimination of the "corridor approach", with the recognition of actuarial gains/losses in other comprehensive income. The amount recognized at June 30, 2013, amounted to €1,136 thousand net of taxes.

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

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

12.1 PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
1 Company pension plans	**-**	**-**
2. Other provisions for risks and charges	**6,242**	**6,411**
2.1 legal disputes	6,242	6,411
2.2 personnel charges	-	-
2.3 other	-	-
TOTAL	**6,242**	**6,411**

"Legal disputes" include €4,248 thousand for revocatory actions in bankruptcy and €1,994 thousand for litigation and disputes.

12.4 PROVISIONS FOR RISKS AND CHARGES: OTHER

	OPENING BALANCE	USES	PROVISIONS	TOTAL 30/06/2013	TOTAL 31/12/2012
Revocatory actions	4,253	5	-	4,248	4,253
Litigation and disputes	2,158	188	24	1,994	2,158
CLOSING BALANCE	**6,411**	**193**	**24**	**6,242**	**6,411**

As regards the exposure for revocatory actions in respect of Giacomelli Sport, the amount currently provisioned amounts to €3,140 thousand, of which €2,053 thousand for the Iccrea pool, €802 thousand for the Efibanca pool, and €285 thousand for legal costs. At June 30, the first suit (Iccrea pool) was being decided, while with regard to the position associated with the former Efibanca pool, a ruling of July 4, 2013, by the Court of Rimini upheld the defense offered by the Bank and ordered the company to pay court costs, which were settled in the amount of €23 thousand (plus VAT and social security contributions).

As regards the position in respect of the loan to the Iccrea pool, in mid July 2013, the Court of Rimini issued a judgment (at first instance) finding that the payments of €514 thousand by Giacomelli from March 17, 2003 to April 17, 2003, were unenforceable as repayment of the pool loan of which Iccrea Banca was the lead bank. The ruling ordered Iccrea Banca to repay the amounts received plus legal interest, as well as the excess interest from the difference between the legal rate of interest and the yield on government securities, for an overall total of about €612 thousand. That amount is to be divided pro rata among the participants in the pool.

SECTION 13 – REDEEMABLE SHARES – ITEM 140

There were no such shares as of the reporting date.

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

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

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

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

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

14.3 SHARE CAPITAL: OTHER INFORMATION

On December 30, 2011, the Parent Company, Iccrea Holding, made a payment of €80,000 thousand on capital account. The non-interest-bearing, non-repayable sum was classified in item 160 of liabilities under "other reserves".

14.4 EARNINGS RESERVES: OTHER INFORMATION

Reserves amount to €101,530 thousand and include: the legal reserve (€48,201 thousand), the reserve established in the articles of association (€205 thousand), the extraordinary reserve (€22,734 thousand), a reserve (€1,843 thousand) generated following the transfer of the Corporate business unit to Iccrea BancaImpresa in 2007, a negative reserve (€236 thousand) from the merger of BCC Multimedia, a restricted reserve in respect of the unrealized gains on financial instruments measured using the fair value option (€13,404 thousand) in application of Art. 6 of Legislative Decree 38/2005, as well as the impact of the transition to international accounting standards (€15,378 thousand). Following partial realization and decreases in previous gains, the restricted reserve established pursuant Art. 6 of Legislative Decree 38/2005 declined by €7,726 thousand in the period, which will be allocated by the Shareholders' Meeting.

Pursuant to the articles of association, at least three-tenths of net profit for the period is allocated to the legal reserve until such reserve shall be equal to one-fifth of share capital, while the remaining seven-tenths are available for distribution to shareholders and the earmarking of a part of profit that shall be available to the Board of Directors for charity and publicity. The legal reserve has reached one-fifth of share capital.

AVAILABILITY AND FORMATION OF EQUITY RESERVES

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

	AMOUNT	POSSIBLE USES (*)	AVAILABLE AMOUNT	SUMMARY OF USES IN LAST THREE YEARS	
				LOSS COVERAGE	OTHER
Share capital	216,913				
Reserves: a) legal reserve	48,201	B	48,201		
b) reserve in articles of association	205	A – B – C	205		
c) extraordinary reserve	22,734	A – B – C	22,734		
d) other reserves	95,011	A – B – C	7,521		
e) other reserves *(first-time adoption)*	15,378	A – B – C	15,378		
Valuation reserves: a) financial assets available for sale	3,305		–		
b) cash flow hedges	886		–		
c) actuarial gains (losses) on defined-benefit plans	(1,231)				
Valuation reserves: (Law 342 of 22/11/2000)	47,866	A – B – C (**)	47,866		
Net profit for the period	32,623				
TOTAL	**481,891**				

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

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

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

OTHER INFORMATION

1. GUARANTEES ISSUED AND COMMITMENTS

	TOTAL 30/06/2013	TOTAL 31/12/2012
1) Financial guarantees issued	**847,723**	**869,069**
a) Banks	838,647	859,380
b) Customers	9,076	9,689
2) Commercial guarantees issued	**53,439**	**38,865**
a) Banks	53,431	38,857
b) Customers	8	8
3) Irrevocable commitments to disburse funds	**2,384,728**	**1,036,157**
a) Banks	1,692,288	657,795
i) certain use	1,384,942	286,415
ii) uncertain use	307,346	371,380
b) Customers	692,440	378,362
i) certain use	492,440	178,362
ii) uncertain use	200,000	200,000
4) Commitments underlying credit derivatives: sales of protection	**-**	**18,000**
5) Assets pledged as collateral for third-party debts	**7,227**	**1,418**
6) Other commitments	**9,500**	**-**
TOTAL	**3,302,617**	**1,963,509**

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

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

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

Part C

Information on the income statement

PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST – ITEMS 10 AND 20

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

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

1.1 INTEREST AND SIMILAR INCOME: COMPOSITION

		DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL 30/06/2013	TOTAL 30/06/2012
1	Financial assets held for trading	120	-	6,051	**6,171**	**3,473**
2	Financial assets available for sale	40,592	-	-	**40,592**	**44,570**
3	Financial assets held to maturity	48,342	-	-	**48,342**	**10,907**
4	Due from banks	33,301	87,834	-	**121,135**	**135,659**
5	Loans to customers	2,246	13,096	-	**15,342**	**15,208**
6	Financial assets at fair value	2,857	-	-	**2,857**	**4,790**
7	Hedging derivatives	X	X	573	**573**	**-**
8	Other assets	X	X	-	**-**	**-**
	TOTAL	**127,458**	**100,930**	**6,624**	**235,012**	**214,607**

1.4 INTEREST AND SIMILAR EXPENSE: COMPOSITION

		DEBT	SECURITIES	OTHER TRANSACTIONS	TOTAL 30/06/2013	TOTAL 30/06/2012
1.	Due to central banks	(40,408)	X	-	**(40,408)**	**(56,515)**
2.	Due to banks	(47,357)	X	-	**(47,357)**	**(59,221)**
3.	Due to customers	(25,487)	X	-	**(25,487)**	**(9,343)**
4.	Securities issued	X	(72,306)	-	**(72,306)**	**(35,532)**
5.	Financial liabilities held for trading	-	-	-	**-**	**-**
6.	Financial liabilities at fair value	-	(12,296)	-	**(12,296)**	**(12,300)**
7.	Other liabilities and provisions	X	X	-	**-**	**-**
8.	Hedging derivatives	X	X	-	**-**	**(2,113)**
	TOTAL	**(113,252)**	**(84,602)**	**-**	**(197,854)**	**(175,024)**

SECTION 2 – FEES AND COMMISSIONS – ITEMS 40 AND 50

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

2.1 FEE AND COMMISSION INCOME: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
a) guarantees issued	**361**	**376**
b) credit derivatives	**-**	**-**
c) management, intermediation and advisory services:	**12,404**	**11,986**
1 trading in financial instruments	4,458	3,414
2 foreign exchange	89	185
3 asset management	140	144
3.1. individual	140	144
3.2. collective	-	-
4 securities custody and administration	2,946	4,057
5 depository services	2,085	1,724
6 securities placement	1,450	1,275
7 order collection and transmission	754	609
8 advisory services	482	578
8.1 concerning investments	-	76
8.2 concerning financial structure	482	502
9. distribution of third-party services	-	-
9.1. asset management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other	-	-
d) collection and payment services	**25,132**	**27,548**
e) servicing activities for securitizations	**33**	**69**
f) services for factoring transactions	**-**	**-**
g) tax collection services	**-**	**-**
h) management of multilateral trading systems	**-**	**-**
i) holding and management of current accounts	**152**	**192**
j) other services	**129,177**	**124,127**
TOTAL	**167,259**	**164,298**

2.3 FEE AND COMMISSION EXPENSE: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
a) guarantees received	**(1,524)**	**(1,367)**
b) credit derivatives	**-**	**-**
c) management and intermediation services:	**(3,709)**	**(3,297)**
1. trading in financial instruments	(596)	(417)
2. foreign exchange	(51)	(13)
3. asset management:	-	-
3.1 own portfolio	-	-
3.2 third-party portfolio	-	-
4. securities custody and administration	(1,814)	(1,764)
5. placement of financial instruments	(1,248)	(1,103)
6. off-premises distribution of securities, products and services	-	-
d) collection and payment services	**(4,039)**	**(5,575)**
e) other services	**(99,821)**	**(95,259)**
TOTAL	**(109,093)**	**(105,498)**

SECTION 3 – DIVIDENDS AND SIMILAR REVENUES – ITEM 70

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

3.1 DIVIDENDS AND SIMILAR INCOME: COMPOSITION

		TOTAL 30/06/2013		TOTAL 30/06/2012	
		DIVIDENDS	INCOME FROM UNITS IN COLLECTIVE INVESTMENT UNDERTAKINGS	DIVIDENDS	INCOME FROM UNITS IN COLLECTIVE INVESTMENT UNDERTAKINGS
A.	Financial assets held for trading	5	-	6	-
B.	Financial assets available for sale	138	-	9	3,055
C.	Financial assets at fair value	-	-	-	-
D.	Equity investments	-	X	182	X
	TOTAL	**143**	**-**	**197**	**3,055**

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

The item reports the overall difference in respect of:

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

b) the balance of gains and losses on financial transactions other than those designated as at fair value and hedge transactions, denominated in foreign currency, including the outcome of the measurement of such transactions.

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: COMPOSITION

	CAPITAL GAINS (A)	TRADING PROFITS (B)	CAPITAL LOSSES (C)	TRADING LOSSES (D)	NET GAIN (LOSS) [(A+B) - (C+D)]
1. Financial assets held for trading	**155**	**8,883**	**(177)**	**(113)**	**8,748**
1.1 Debt securities	104	8,849	(142)	(110)	8,701
1.2 Equity securities	51	2	(21)	(3)	29
1.3 Units in collective investment undertakings	-	32	(14)	-	18
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**160**	**(5)**	**-**	**155**
2.1 Debt securities	-	160	(5)	-	155
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**(8,884)**
4. Derivatives	**173,998**	**168,146**	**(198,731)**	**(140,659)**	**12,857**
4.1 Financial derivatives:	173,998	168,146	(198,731)	(140,659)	12,857
- on debt securities and interest rates	166,899	161,174	(195,480)	(130,919)	1,674
- on equity securities and equity indices	14	236	(170)	(230)	(150)
- on foreign currencies and gold	X	X	X	X	10,103
- other	7,085	6,736	(3,081)	(9,510)	1,230
4.2 Credit derivatives	-	-	-	-	-
TOTAL	**174,153**	**177,189**	**(198,913)**	**(140,772)**	**12,876**

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

The item reports the overall difference in respect of:

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

5.1 NET GAIN (LOSS) ON HEDGING ACTIVITIES: COMPOSITION

		TOTAL 30/06/2013	TOTAL 30/06/2012
A.	**Gain on:**		
A.1	Fair value hedges	7,046	3,347
A.2	Hedged financial assets (fair value)	16,804	49,550
A.3	Hedged financial liabilities (fair value)	32,500	-
A.4	Cash flow hedges	358	-
A.5	Assets and liabilities in foreign currencies	-	-
	TOTAL INCOME ON HEDGING ACTIVITIES (A)	**56,708**	**52,897**
B.	**Loss on:**		
B.1	Fair value hedges	(37,236)	(49,292)
B.2	Hedged financial assets (fair value)	(17,903)	-
B.3	Hedged financial liabilities (fair value)	(747)	(2,599)
B.4	Cash flow hedges	-	(108)
B.5	Assets and liabilities in foreign currencies	-	-
	TOTAL EXPENSE ON HEDGING ACTIVITIES (B)	**(55,886)**	**(51,999)**
C.	**NET GAIN (LOSS) ON HEDGING ACTIVITIES (A - B)**	**822**	**898**

The amounts regard the following transactions:

- hedges of debt securities held by the Bank and issued by Iccrea BancaImpresa, obtained using interest rate swaps;
- hedges of fixed-rate and inflation linked Italian government BTPs using asset swaps;
- hedges of 5 bonds issued by the Bank using interest rate swaps and interest rate options;
- hedges of loans to BCC Solutions and BCC CreditoConsumo using interest rate swaps;
- hedges of treasury deposits and repurchase agreements using overnight indexed swaps;
- cash flow hedges of inflation-linked Italian government BTPs;
- macro-hedges of portfolios of deposits and repurchase agreements using overnight indexed swaps.

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

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

6.1 GAIN (LOSS) ON DISPOSAL OR REPURCHASE: COMPOSITION

	TOTAL 30/06/2013			TOTAL 30/06/2012		
	GAINS	LOSSES	NET GAIN (LOSS)	GAINS	LOSSES	NET GAIN (LOSS)
Financial assets						
1. Due from banks	1	(50)	(49)	2	(1)	1
2. Loans to customers	-	-	-	-	(2)	(2)
3. Financial assets available for sale	42,133	(14,836)	27,297	7,534	(5,007)	2,527
3.1 Debt securities	42,133	(14,836)	27,297	7,507	(4,997)	2,510
3.2 Equity securities	-	-	-	22	(10)	12
3.3 Units in collective investment undertakings	-	-	-	5	-	5
3.4 Loans	-	-	-	-	-	-
4.Financial assets held to maturity	-	-	-	-	-	-
TOTAL ASSETS	**42,134**	**(14,886)**	**27,248**	**7,536**	**(5,010)**	**2,526**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	415	(390)	25	356	(103)	253
TOTAL LIABILITIES	**415**	**(390)**	**25**	**356**	**(103)**	**253**

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

This section reports the positive or negative balance between gains and losses on financial assets/liabilities at fair value and the operationally connected instruments for which the fair value option has been exercised, including the impact of the fair value measurement of such instruments (see also sections 3 of assets and 5 of liabilities).

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

	CAPITAL GAINS (A)	TRADING PROFITS (B)	CAPITAL LOSSES (C)	TRADING PROFITS (D)	NET GAIN (LOSS) [(A+B) - (C+D)]
1. Financial assets	**11,783**	**788**	**-**	**-**	**12,571**
1.1 Debt securities	11,783	788	-	-	12,571
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**111**	**-**	**(15,787)**	**(129)**	**(15,805)**
2.1 Debt securities	111	-	(15,787)	(129)	(15,805)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-**
4. Financial and credit derivatives	**-**	**-**	**(7,702)**	**-**	**(7,702)**
TOTAL 30/06/2013	**11,894**	**788**	**(23,489)**	**(129)**	**(10,936)**

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

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

8.1 NET LOSSES/RECOVERIES ON IMPAIRMENT OF LOANS: COMPOSITION

	LOSSES (1) – SPECIFIC – WRITEOFFS	LOSSES (1) – SPECIFIC – OTHER	LOSSES (1) – PORTFOLIO	RECOVERIES (2) – SPECIFIC – A	RECOVERIES (2) – SPECIFIC – B	RECOVERIES (2) – PORTFOLIO – A	RECOVERIES (2) – PORTFOLIO – B	TOTAL 30/06/2013	TOTAL 30/06/2012
A. Due from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**
- loans	-	-	-	-	-	-	-	-	11
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(3)**	**(895)**	**-**	**154**	**1,094**	**-**	**7**	**357**	**(1,304)**
Purchased impaired loans									
- loans	-	-	-	-	-	-	-	-	-
- debt securities	-	-	-	-	-	-	-	-	-
Other loans									
- loans	(3)	(895)	-	154	1,094	-	7	357	(1,304)
- debt securities	-	-	-	-	-	-	-	-	-
C. TOTAL	**(3)**	**(895)**	**-**	**154**	**1,094**	**-**	**7**	**357**	**(1,293)**

Key:
A= recoveries from interest
B= other recoveries

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

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

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

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

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

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

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

SECTION 9 – ADMINISTRATIVE EXPENSES – ITEM 150

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

- expenses for Bank employees seconded to other companies and the related recovery of costs;
- expenses in respect of persons hired on atypical contracts;
- reimbursements of expenses for employees of other companies seconded to the Bank;
- the compensation of directors and members of the Board of Auditors.

9.1 PERSONNEL EXPENSES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
1) Employees	**(30,319)**	**(28,296)**
a) wages and salaries	(20,524)	(19,543)
b) social security contributions	(5,611)	(5,344)
c) termination benefits	(1,479)	(1,402)
d) pensions	-	-
e) allocation to employee termination benefit provision	(49)	(345)
f) allocation to provision for retirement and similar liabilities	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(905)	(781)
- defined contribution	(905)	(781)
- defined benefit	-	-
h) costs in respect of agreements to make payments in own equity instruments	-	-
i) other employee benefits	(1,751)	(881)
2) Other personnel	**(15)**	**(19)**
3) Board of Directors and members of Board of Auditors	**(189)**	**(383)**
4) Retired personnel	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**153**	**136**
6) Reimbursement of expenses for third-party employees seconded to the Company	**(605)**	**(475)**
TOTAL	**(30,975)**	**(29,037)**

The increase is attributable to the renewal of the national collective bargaining agreement, increased costs for the merger of BCC Multimedia and the reallocation of staff within the Group (risk management).

9.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
Information technology	**(22,728)**	**(20,500)**
Property and movables	**(4,621)**	**(4,545)**
Rental and fees	(4,162)	(4,108)
Cleaning	(261)	(242)
Security	(198)	(195)
Goods and services	**(8,661)**	**(6,835)**
Telephone and data transmission	(1,272)	(1,144)
Postal	(2,799)	(1,976)
External processing	(1,249)	(1,259)
Asset transport and counting	(37)	(37)
Electricity, heating and water	(706)	(414)
Transportation	(384)	(325)
Office supplies and printed materials	(2,086)	(1,561)
Subscriptions, magazines and newspapers	(128)	(119)
Professional services	**(4,842)**	**(5,778)**
Professional fees	(1,973)	(2,043)
Court costs, information and title searches	(45)	(23)
Insurance	(387)	(529)
Third-party services	(2,437)	(3,183)
Advertising and entertainment	**(322)**	**(143)**
Association dues	**(1,829)**	**(1,744)**
Other	**(825)**	**(721)**
Indirect taxes and duties	**(5,305)**	**(4,857)**
Stamp duty	(4,730)	(4,475)
Long-term loan tax - Pres. Decree 601/73	(417)	(267)
Municipal property tax	(111)	(80)
Other indirect taxes and duties	(47)	(35)
TOTAL	**(49,133)**	**(45,123)**

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

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

10.1 NET PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
Net provisions for risks and charges	**169**	**(160)**

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

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

11.1 NET ADJUSTMENTS OF PROPERTY AND EQUIPMENT: COMPOSITION

	DEPRECIATION (A)	WRITEDOWNS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET ADJUSTMENTS (A + B - C)
A. Property and equipment				
A.1 owned	(1,636)	(130)	-	(1,766)
- operating assets	(1,378)	(130)	-	(1,508)
- investment property	(258)	-	-	(258)
A.2 acquired under finance leases	-	-	-	-
- operating assets	-	-	-	-
- investment property	-	-	-	-
TOTAL	**(1,636)**	**(130)**	**-**	**(1,766)**

SECTION 12 - NET ADJUSTMENTS OF INTANGIBLE ASSETS – ITEM 180

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

12.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

	AMORTIZATION (A)	WRITEDOWNS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET ADJUSTMENTS (A + B - C)
A. Intangible assets				
A.1 owned	(1,577)	-	-	(1,577)
-generated internally by the Bank	-	-	-	-
- other	(1,577)	-	-	(1,577)
A.2 acquired under finance leases	-	-	-	-
TOTAL	**(1,577)**	**-**	**-**	**(1,577)**

SECTION 13 – OTHER OPERATING EXPENSES/INCOME – ITEM 190

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

13.1 OTHER OPERATING EXPENSES: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
Other charges	(64)	(188)
TOTAL	**(64)**	**(188)**

13.2 OTHER OPERATING INCOME: COMPOSITION

	TOTAL 30/06/2013	TOTAL 30/06/2012
Property rental income	151	143
Recoveries:		
- Stamp duty	3,756	3,400
- Tax on loan transactions	429	271
Revenues from Milano Finanza Web services and Swift fees	400	360
Revenues for personnel administration services	208	180
Insourcing revenues	3,627	2,874
Other income	653	1,445
Other web and multichannel income	773	-
TOTAL	**9,997**	**8,673**

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

There were no such positions as of the reporting date.

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

There were no such positions as of the reporting date.

SECTION 16 – VALUE ADJUSTMENTS OF GOODWILL – ITEM 230

There were no such positions as of the reporting date.

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

There were no such positions as of the reporting date.

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

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

18.1 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS: COMPOSITION

		TOTAL 30/06/2013	TOTAL 30/06/2012
1.	Current taxes (-)	(19,717)	(15,884)
2.	Changes in current taxes from previous periods (+/-)	-	-
3.	Reduction of current taxes for the period (+)	-	-
3. bis	Reduction of current taxes for the period for tax credits under Law 214/2011 (+)	-	-
4.	Change in deferred tax assets (+/-)	(171)	10
5.	Change in deferred tax liabilities (+/-)	-	-
6.	**INCOME TAXES FOR THE PERIOD (-) (-1+/-2+3+/-4+/-5)**	**(19,888)**	**(15,874)**

SUMMARY:	
I.R.E.S.	(15,962)
I.R.A.P.	(4,469)
Recovery I.R.E.S. in respect of 4% of intercompany interest expense	714
TOTAL CURRENT TAXES	**(19,717)**

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

There were no such positions as of the reporting date.

SECTION 20 – OTHER INFORMATION

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

Part D

Comprehensive income

PART D – COMPREHENSIVE INCOME

DETAILED BREAKDOWN OF COMPREHENSIVE INCOME

		GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10.	**Net profit (loss) for the period**	**X**	**X**	**32,622,699**
	Other comprehensive income			
20.	**Financial assets available for sale:**	**(26,734,706)**	**8,975,557**	**(17,759,149)**
	a) fair value changes	5,389,813	(1,648,021)	3,741,791
	b) reversal to income statement	(32,124,518)	10,623,578	(21,500,940)
	- impairment adjustments	-	-	-
	- gain/loss on realization	(32,124,518)	10,623,578	(21,500,940)
	c) other changes	-	-	-
30	**Property and equipment**	**-**	**-**	**-**
40.	**Intangible assets**	**-**	**-**	**-**
50.	**Hedging of investments in foreign operations:**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
60.	**Cash flow hedges:**	**1,134,082**	**(375,036)**	**759,046**
	a) fair value changes	1,146,933	(379,286)	767,647
	b) reversal to income statement	(12,851)	4,250	(8,601)
	c) other changes	-	-	-
70.	**Foreign exchange differences:**	**-**	**-**	**-**
	a) value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
80.	**Non-current assets held for sale:**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
90.	**Actuarial gains (losses) on defined benefit plans**	**(335,198)**	**92,179**	**(243,019)**
100.	**Valuation reserves of equity investments accounted for with equity method (pro rata):**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	- impairment adjustments	-	-	-
	- gain/loss on realization	-	-	-
	c) other changes	-	-	-
110.	**Total other comprehensive income**	**(25,935,821)**	**8,692,700**	**(17,243,122)**
120	**Comprehensive income (Item 10+110)**	**(25,935,821)**	**8,692,700**	**15,379,577**

NEW DETAILED BREAKDOWN OF COMPREHENSIVE INCOME

The amendment of IAS 1 – Presentation of financial statements - regarding the presentation of items of other comprehensive income, as endorsed with Regulation 475/2012, calls for the separate presentation of items of other comprehensive income that can be recycled to profit or loss and those that will never be recycled. Accordingly, we have prepared another statement of comprehensive income based on the new schedules provided for in the draft Circular 262 of the Bank of Italy, which is still under discussion.

		GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10.	Net profit (loss) for the period	X	X	32,622,699
	Other comprehensive income not recyclable to profit or loss			
20.	Property and equipment	-	-	-
30.	Intangible assets	-	-	-
40.	Actuarial gains (losses) on defined benefit plans	(335,198)	92,179	(243,019)
50.	Non-current assets held for sale	-	-	-
60.	Valuation reserves of equity investments accounted for with equity method (pro rata)	-	-	-
	Other comprehensive income recyclable to profit or loss			
70.	Hedging of investments in foreign operations:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
80.	Foreign exchange differences:	-	-	-
	a) value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
90.	Cash flow hedges:	1,134,082	(375,036)	759,046
	a) fair value changes	1,146,933	(379,286)	767,647
	b) reversal to income statement	(12,851)	4,250	(8,601)
	c) other changes	-	-	-
100.	Financial assets available for sale:	(26,734,706)	8,975,557	(17,759,149)
	a) fair value changes	5,389,813	(1,648,021)	3,741,791
	b) reversal to income statement	(32,124,518)	10,623,578	(21,500,940)
	- impairment adjustments	-	-	-
	- gain/loss on realization	(32,124,518)	10,623,578	(21,500,940)
	c) other changes	-	-	-
110.	Non-current assets held for sale:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
120.	Valuation reserves of equity investments accounted for with equity method (pro rata):	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	- impairment adjustments	-	-	-
	- gain/loss on realization	-	-	-
	c) other changes	-	-	-
130.	Total other comprehensive income	(25,935,821)	8,692,700	(17,243,122)
140	Comprehensive income (Item 10+110)	(25,935,821)	8,692,700	15,379,577

Part E

Risks and risk management policies

PART E – RISKS AND RISK MANAGEMENT POLICIES

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

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

In this context, with a view to enhancing the effectiveness of risk management and the efficiency of the overall system of internal controls while responding to developments in the regulatory environment, the market and the organizational, operational and corporate arrangements of the Group, the risk management governance and organizational system was revised, providing for the centralization of functional responsibility for risk management operations with the Parent Company and introducing the position of Chief Risk Officer (CRO), who acts as the manager responsible for Group risk management and the liaison for the boards of directors and senior management of Group companies in the field of risk management. A Financial Risks Unit, which reports to the CRO, was set up. It is responsible for measuring and controlling financial risks, and is organized into a further three sub-units.

SECTION 1 – CREDIT RISK

Qualitative disclosures

1. GENERAL ASPECTS

Iccrea Banca's lending activities were focused on:

- granting loans, credit facilities and operating credit to meet the mutual banks' funding requirements;
- expanding relationships in the "large corporate" segment while developing the relationship between these entities, the mutual banks and the payment and e-money services offered by the Bank.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

Organizational units involved

The organizational unit of Iccrea Banca SpA responsible for assuming and managing credit risk is the Loans Department, which is responsible for developing – in conformity with the strategic objectives of the Bank – the operational plans for lending activities and for ensuring their implementation through coordination of the units that make up the department. In addition, it also manages – in accordance with the established guidelines – lending activities for the purpose of granting loans and operating credit in support of the operations of the various business lines as well as relations with correspondents abroad. It also plays a role, in coordination with the Financial Risks Unit, in managing the risks associated with granting loans and operating credit.

Within the Loans Department, the Institutional and Retail Credit Unit carries out the activities associated with lending to this category of customers within the Iccrea Banking Group and monitors credit positions. It also performs activities regarding the processing of bankers' drafts issued by Iccrea Banca S.p.A. and the granting of operating credit and loans to bank counterparties, as well as managing substandard loans and registering/controlling loan positions in the information system.

Within the Financial Risks Unit, the Bank Counterparty Risk Unit manages exposures in respect of banks and other financial intermediaries, managing monitoring systems and models for the assessment of bank creditworthiness and develops policy recommendations with regard to the assumption and management of risk. It is also responsible for second-level control of the risks assigned to it.

More specifically, the unit is responsible for promoting the adoption of procedures for assuming, managing and controlling credit risk designed to guarantee effective management of such risk in line with the principles set out in supervisory regulations and management requirements. The unit also produces independent reporting on such risks, participating in updating and developing rules governing credit risk, with particular regard to delegated powers and operational limits.

In the first half of 2013 daily monitoring of bank counterparties continued with the generation of early warning indicators for the Bank's operations with such counterparties. These indicators, which were developed in a project involving the operational units and the Control Unit, are updated daily and transmitted to the operational units to support their activities.

Inspections are carried out by the Control Unit.

Credit exposure segmentation criteria

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

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

Creditworthiness assessment process

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

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

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

In the first half of 2013, a project to revise the assessment methodology and the system for monitoring bank counterparties was launched with a view to ensuring greater integration of the assessment model within the loan application assessment process and the monitoring process. As regards limits on exposures to credit and counterparty risk, the calculation methods for drawings on credit facilities were revised using metrics to estimate the prospective risk exposure.

2.2 MEASUREMENT, MANAGEMENT AND CONTROL SYSTEMS

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

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

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

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

Within the Group, taking account of the specific experience and specializations of the main subsidiaries, work has continued on developing internal rating systems for bank counterparties and ordinary customers. The system is maintained and updated constantly by the Financial Risks Unit. The findings of the assessments conducted with the rating system are made available to the finance and lending units.

2.3 Risk mitigation techniques

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

Guarantees eligible for mitigation of credit risk are specified in an "analytic guarantee chart", which provides a specific description of all the information necessary for correct use of the security. The types of eligible guarantee must be approved by the Board of Directors.

The Bank also acquired financial guarantees in respect of "pool collateral" operations backing credit facilities for mutual banks. Pursuant to the provisions of Legislative Decree 170/2004, these guarantees are included, under the rules set out in supervisory instructions, among eligible credit risk mitigation techniques (see Bank of Italy Circular no. 263, Title II, Chapter 2).

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

Iccrea Banca uses a "close-out netting" mechanism with mutual banks. The arrangement provides for a specific right to terminate pending relationships immediately with the offsetting of reciprocal positions and payment of the net balance in the event of the counterparty's default or bankruptcy. This mechanism is used in contracts governing transactions in unlisted financial instruments (OTC). The Bank also intends to carry out the steps necessary to obtain recognition of contractual netting arrangements for the purposes of calculating capital requirements, in accordance with prudential supervision regulations (see Bank of Italy Circular no. 263, Title II, Chapter 3, Section 10.2).

In compliance with the provisions of law governing the cancellation of mortgages on extinguished mortgage loans, the Loans Department has taken prompt action to implement the electronic systems for dialoguing with the government office responsible for cancelling encumbrances in respect of repaid loans.

In order to mitigate the credit risk associated with trading in financial derivative instruments with bank counterparties (counterparty risk), Iccrea Banca uses bilateral netting arrangements that in the event of counterparty default enable offsetting of creditor and debtor positions in financial derivatives transactions. In addition, work was completed to include securities financing transactions in this system.

On the operational front, risk mitigation is implemented with the use of ISDA agreements for derivatives transactions and Global Master Repurchase Agreements (GMRAs) for direct repurchase transactions with market counterparties. Both of these protocols are used to manage and mitigate credit risk and, in compliance with the conditions established under supervisory regulations, enable the reduction of capital requirements.

As regards OTC derivatives business, the Bank continued to enter into Credit Support Annex (CSA) arrangements with its main financial counterparties. At June 30, 2013, about 93% of credit exposures in respect of transactions in derivatives were covered by security received under 32 CSA contracts. As for repos, two GRMAs were entered into and the business is operational with one counterparty.

2.4 IMPAIRED FINANCIAL ASSETS

Procedures for classifying assets by debtor quality

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

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

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

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

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

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

- bad debts: loans to borrowers in a state of insolvency (even if bankruptcy has not been declared by a court) or in substantially equivalent situations, regardless of any expectations of loss formulated by the company;
- substandard loans: loans to borrowers in a temporary situation of objective difficulty, the removal of which is likely to occur within a reasonable period of time;
- restructured positions: loans for which, owing to the deterioration in the financial condition of the debtor, a pool of banks (or a single bank) agrees to a modification of the original contractual terms and conditions that gives rise to a loss;
- for past-due and over-limit positions, the Bank applies the provisions of the applicable supervisory regulations.

Factors enabling reclassification of impaired exposures to performing status

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

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

Assessment of the adequacy of writedowns

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

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

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

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

- forecast of future recovery of the credit position – with the exclusion of future losses that have not yet emerged – using different procedures depending on the type of loan:
  - for personal loans classified as bad debts the recovery forecast is determined using a statistical method based on stratification based on the age of the position, considering amounts collected and losses on past cases from which, with appropriate calculations, an estimated loss percentage can be determined for application to the entire existing portfolio;
  - for other loans, general writedowns based on statistical techniques that, using the values calculated for rates of default and non-recoverability, contribute to the calculation of a prudential coverage ratio;
- recovery times;
- expected realization of any guarantees, taking account of estimated collection/liquidation expenses, which must be incorporated into the expected future cash flows.

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

The original value of the receivable is written back in subsequent years if the reasons for the writedown no longer obtain.

Quantitative disclosures

A. CREDIT QUALITY

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

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

	BAD DEBTS	SUBSTANDARD LOANS	RESTRUCTURED POSITIONS	PAST DUE POSITIONS	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	536,055	536,055
2. Financial assets available for sale	-	-	-	-	3,779,865	3,779,865
3. Financial assets held to maturity	-	-	-	-	4,064,916	4,064,916
4. Due from banks	502	-	-	-	33,009,324	33,009,826
5. Loans to customers	23,970	6,633	-	3,543	2,052,976	2,087,122
6. Financial assets at fair value	-	-	-	-	317,430	317,430
7. Financial assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	7,875	7,875
TOTAL 30/06/2013	**24,472**	**6,633**	**-**	**3,543**	**43,768,441**	**43,803,089**
TOTAL 31/12/2012	**24,774**	**2,799**	**-**	**3,770**	**35,743,806**	**35,775,149**

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

	IMPAIRED ASSETS			PERFORMING			
	GROSS EXPOSURE	SPECIFIC ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	-	-	-	X	X	536,055	536,055
2. Financial assets available for sale	-	-	-	3,779,865	-	3,779,865	3,779,865
3. Financial assets held to maturity	-	-	-	4,064,916	-	4,064,916	4,064,916
4. Due from banks	18,573	18,071	502	33,009,324	-	33,009,324	33,009,826
5. Loans to customers	78,247	44,101	34,146	2,053,583	607	2,052,976	2,087,122
6. Financial assets at fair value	-	-	-	X	X	317,430	317,430
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	7,875	7,875
TOTAL 30/06/2013	**96,820**	**62,172**	**34,648**	**42,907,688**	**607**	**43,768,441**	**43,803,089**
TOTAL 31/12/2012	**93,873**	**62,530**	**31,343**	**34,677,904**	**613**	**35,743,806**	**35,775,149**

LOANS TO CUSTOMERS – EXPOSURES RENEGOTIATED UNDER COLLECTIVE AGREEMENTS

	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	UP TO 3 MONTHS	NOT PAST DUE	TOTAL 30/06/2013
Gross exposures	-	78	-	-	86,062	1,967,443	**2,053,583**
Portfolio writedowns	-	-	-	-	1	606	**607**
Net exposure	-	-	-	-	86,063	1,966,913	**2,052,976**

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

	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. ON-BALANCE-SHEET EXPOSURES				
a) Bad debts	18,573	18,071	X	502
b) Substandard loans	-	-	X	-
c) Restructured positions	-	-	X	-
d) Past due positions	-	-	X	-
e) Other assets	33,329,756	X	-	33,329,756
TOTAL A 30/06/2013	**33,348,329**	**18,071**	**-**	**33,330,258**
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	-	-	X	-
b) Other	2,436,203	X	-	2,436,203
TOTAL B 30/06/2013	**2,436,203**	**-**	**-**	**2,436,203**

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

	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO WRITEDOWNS	NET EXPOSURE
A. ON-BALANCE-SHEET EXPOSURES				
a) Bad debts	68,071	44,101	X	23,970
b) Substandard loans	6,633	-	X	6,633
c) Restructured positions	-	-	X	-
d) Past due positions	3,543	-	X	3,543
e) Other assets	9,920,628	X	607	9,920,021
TOTAL A 30/06/2013	**9,998,875**	**44,101**	**607**	**9,954,167**
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	-	-	X	-
b) Other	1,163,605	X	-	1,163,605
TOTAL B 30/06/2013	**1,163,605**	**-**	**-**	**1,163,605**

C. SECURITIZATIONS AND ASSET DISPOSALS

C.1 SECURITIZATIONS

Qualitative disclosures

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

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

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

The assignment of securities issued by the mutual banks (called CBO3) expired on March 10, 2013. The vehicle redeemed all tranches of the notes issued in 2007 and paid the associated interest. Accordingly, at the reporting date for the period under review, there were no securitizations outstanding.

D. MODELS FOR MEASURING CREDIT RISK

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

SECTION 2 – MARKET RISKS

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

At the Iccrea Banking Group level, operational management of finance activities is centralized with Iccrea Banca, which is responsible for funding and the assumption and management at the individual and consolidated levels of interest rate, exchange rate and liquidity risk in order to ensure the essential sterilization and optimization of overall funding and hedging costs for Group companies.

The assumption and management of market risks is the responsibility of the Finance Department, which manages assets in accordance with the strategic objectives of the Bank in cooperation with the coordination bodies established at the Group level.

In this system, the Finance Department is the competence center and liaison with the money and financial markets of the Iccrea Banking Group and the mutual banking system in general.

The main activities performed are:

- funding and lending on the interbank market;
- trading as a primary dealer on the MTS exchange;
- acting as a market maker and direct participant (for transmission of orders from mutual banks) on the Hi-MTF and EuroTLX multilateral trading systems;
- participating in the primary market for share and bond placements and in tenders and subscriptions of government securities;
- negotiating repurchase agreements on both OTC and regulated markets, and derivatives on regulated markets;
- structuring, executing and managing financial derivatives traded on unregulated markets, mainly to satisfy the specific needs of the Bank's customers;
- providing the mutual banks with investment services, trading on own account, order execution for customers, order reception and transmission, trading on behalf of third parties and the placement of financial instruments issued by the Bank and by third parties;
- providing the mutual banks with access to standing facilities with the ECB;
- management of liquidity and the short-term interest rate profile in respect of transactions on the interbank, foreign exchange and precious metals markets.
- structuring of medium/long-term funding operations on domestic and international markets.

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

Qualitative disclosures

A. GENERAL ASPECTS

Within the Iccrea Group, trading activities are carried out by Iccrea Banca, whose interest rate risk position is mainly generated by transactions on interbank markets, trading in derivatives on regulated and OTC markets, and securities trading on the MTS, BondVision, HiMTF and EuroTLX markets.

Within the context of operating powers, specific operational limits on trading positions that generate exposures to market risks have been established. These risks are assumed in respect of domestic government securities and futures contracts, traded on official markets with netting and guarantee mechanisms, as well as mainly plain vanilla interest rate derivatives to support the mutual banks' hedging requirements.

Transactions in interest rate derivatives also include interest rate swaps with institutional counterparties to support the special purpose vehicle in transforming interest flows generated by securitizations of receivables of the mutual banks and the companies of the Iccrea Banking Group. Overall exposure to interest rate risk is concentrated in transactions in euros. As a result, the impact of correlation between developments in the yield curves for other currencies is minimal.

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

Within the Finance Department, exposures are assumed and managed by the following units:

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

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

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

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

With regard to the Bank's own portfolio, in view of the market conditions that are currently impacting Italian government securities and in order to effectively manage the liquidity raised in the two LTROs with the ECB, in the first half of 2013 the Bank continued expand its holdings of Italian government securities, which rose by about €3.5 billion, with a limit of 2.5 years on the average life of the portfolio, minimizing the exposure to interest rate risk and volatility in net interest income. In addition, the Bank established a portfolio of Italian government securities (the liquidity portfolio) to create a structural reserve of liquidity in the amount of no more than €1.8 billion.

The management and monitoring of market risks is assigned to the Market Risks Unit, which during the first half of 2013 continued its work to strengthen the tools available to manage and monitor those risks.

A major activity in that effort was the ongoing maintenance of the application (the RiskSuite) used in measurement processes and reporting on the risk exposure. That work enabled specific daily monitoring of the trading book and the operation of the Bank.

In addition, the Summit Risk Management project to develop a risk system capable of consolidating – on a daily basis and in an independent calculation environment – the positions in the trading book in order to further improve risk analysis. Since 2012 risk limits have been in place for the overall trading book, using probabilistic metrics such as value at risk (a parametric VaR methodology with a holding period of 1 day and a confidence level of 99%).

With regard to equities, the Bank holds plain vanilla options on highly liquid equity indices (Eurostoxx50, Nikkei225, S&P-MIB) and shares of leading listed companies on the Italian stock exchange, mainly connected with the structuring of indexed bonds of the mutual banks and the BCC Vita life insurance company. The options written were hedged partly with market counterparties and partly with delta hedging. Sensitivity techniques are used for scenarios of instantaneous price changes of up to 24% (in steps of 8%) together with instantaneous volatility changes of up to 25% (in steps of 8%).

Other support offered to the mutual banks in hedging their structured bond issues involved transactions in options on investment funds and units of cash funds for delta hedging purposes. The profiles of these operations are monitored on a daily basis by verifying compliance with the net position limits for each underlying instrument.

Quantitative disclosures

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

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

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

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

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

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

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 Bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	11.72	-15.29	7.84	-10.24	2.10	-2.74

Figures in millions of euros at June 30, 2013

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

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	0.42	-0.46	0.28	-0.31	0.07	-0.08

Figures in millions of euros at June 30, 2013

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

Qualitative disclosures

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

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

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

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

- performs treasury activities, managing the liquidity of the mutual banks;
- operates on Italian and foreign securities markets, including as a primary dealer on the MTS, the electronic market for government securities;
- ensures that the financial needs of the Group companies are met through funding activities within the mutual bank system and on the financial markets;
- with the support of the Financial Risks Unit, monitors and manages interest rate risk at the individual and consolidated level and verifies compliance with the limits set at the strategic planning stage.

Management of interest rate risk on the banking book is the responsibility of the Finance Department, which is directly responsible for achieving financial and commercial targets for financial and credit intermediation and which identifies and develops financial services and instruments to support the needs of the mutual banks and manages the Bank's own assets, in compliance with the guidelines set by top management.

In the context of treasury operations, a quantitative limit is adopted for each currency, which combines the imbalance between loans and funding with the related interest rate maturities.

In 2013, in view of the current challenging economic conditions and the lack of confidence on international markets, funding and lending operations were mainly conducted on the collateralized market.

The pooling service launched for the mutual banks in June 2011 continued. It gives them access to the standing facilities of the ECB, supporting the mutual bank system in the last two three-year auctions held by the ECB, raising €12.6 billion in funding.

As for short-term funding with the mutual banks through the daily settlement account, lending mainly took place on the interbank market or to finance short-term lending by the Group companies. Derivatives contracts on interest rates with maturities of less than 12 months were operationally correlated with treasury operations.

With regard to medium/long-term funding, in the first half of 2013, Iccrea Banca placed bonds on the domestic market, mainly through mutual banks.

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

Within the scope of ALM activities, in order to comply both with regulatory requirements and management needs, a Group policy has been developed, setting out guidelines, principles for prudent management, the roles and responsibilities of corporate bodies and operating units and control processes for interest rate risk on the banking book. On a monthly basis, the Financial Risks Unit estimates the exposure to interest rate risk using a current earnings approach, with a short-term time horizon, and a medium/long-term economic value approach for shareholders' equity, adopting a scenario of a +/- 100 basis point shift in interest rates. More specifically, as regards sensitivity analyses concerning the impact of a change in market rates, limits are defined on the change in the prospective net interest income at 12 months and the market value of shareholders' equity. Additionally, stress tests are conducted to identify events or factors that could severely impact the Bank's financial balance. In order to capture the specific features of its portfolio, the Bank has identified a number of highly unfavorable stress situations: more specifically, the Bank uses a combination of the stress tests specified by the Bank of Italy and tests developed internally on the basis of its own risk characteristics.

In accordance with the new IFRS 13, the Bank conducted a sensitivity analysis to determine the potential impact on the measurement of Level 3 instruments of any changes in the corresponding non-observable market parameters. The analysis found no material impact on the reported situation. The fair value option was elected for:

- o one structured debt security held in portfolio in order to avoid the need to unbundle the embedded derivative;
- o two structured bonds issued by the Bank, which are operationally connected with derivatives, in order to avoid an accounting mismatch, thereby creating establishing a natural hedge;
- o one structured bond issued by the Bank in order to avoid the need to unbundle the embedded derivative;
- o a group of financial instruments in order to significantly reduce the overall mismatching in the accounts. The group consists of:
  - a bond issued by the Bank containing a separable embedded derivative;
  - a debt security issued by Iccrea BancaImpresa held by the Bank;
  - derivatives connected with the above instruments that establish a natural hedge.

As regards price risk, at June 30, 2013, the Bank held €0.5 million in units of real estate investment funds as well as a total of about €6.1 million in shares and other equity investments.

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

B. FAIR VALUE HEDGING

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

More specifically, at June 30, 2013 the following positions were hedged:

- 1 fixed-rate loan issued to BCC Solutions with a remaining liability of €25.2 million, hedged by means of an interest rate swap (IRS);
- 1 fixed-rate loan issued to BCC CreditoConsumo with a remaining liability of €16.8 million, hedged by means of an IRS;
- 2 fixed-rate bonds issued by the Bank and hedged by means of an IRS with a nominal value of €11.4 million;
- 3 mixed-rate bonds issued by the Bank and hedged with IRSs and interest rate options (floors) with a nominal value of €600.3 million;
- 1 fixed-rate treasury bond (BTP) hedged with an asset swap with a nominal value of €50 million;
- 3 inflation-linked treasury bonds (BTPs) hedged with IRSs and options with a nominal value of €520 million;
- 2 fixed-rate securities issued by Iccrea BancaImpresa and hedged with IRSs with a nominal value of €261 million.
- 9 fixed-rate deposits hedged with overnight indexed swaps (OISs) with a nominal value of €545 million;
- 3 repurchase transactions hedged with OISs with a nominal value of €266 million.

In addition, during the period the Bank also undertook the following macro-hedging transactions:

- the hedging of two portfolios of treasury deposits with a total nominal value of €445 million using OISs;
- the hedging of a portfolio of repurchase agreements using OISs with a nominal value of €190 million.

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

C. CASH FLOW HEDGING

The Bank has outstanding cash flow hedge transactions involving 2 inflation-linked Italian government bonds (BTPs) using asset swaps with a nominal value of €128 million.

Quantitative disclosures

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

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

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

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

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Iccrea Banca	-21.52	-4.92	-14.40	-3.29	-3.85	-0.88

Figures in millions of euros at June 30, 2013

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

	ESTIMATED IMPACT ON GROSS INCOME		ESTIMATED IMPACT ON NET PROFIT		ESTIMATED IMPACT ON SHAREHOLDERS' EQUITY	
	+24%	-24%	+24%	-24%	+24%	-24%
Iccrea Banca	13.90	-13.90	9.30	-9.30	2.49	-2.49

Figures in millions of euros at June 30, 2013

2.3 EXCHANGE RATE RISK

Qualitative disclosures

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

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

Operations are mainly concentrated in major currencies. The Bank adopts a system of daily operating limits on the overall foreign exchange exposure, as well as the net foreign exchange positions in respect of individual currencies. The overall limit is segmented into partial ceilings on the basis of the importance of the various currencies.

B. EXCHANGE RATE RISK HEDGING

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

SECTION 3 – LIQUIDITY RISK

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

Liquidity risk is managed by the Finance Department, which primarily invests liquidity on the interbank market in term deposits. As a result of its role as an intermediary with the settlement system on behalf of the mutual banks, the liquidity of the mutual bank system is concentrated with Iccrea Banca.

In compliance with the provisions of the 4th update of Circular no. 263/2006 of December 13, 2010, with which the Bank of Italy transposed into Italian law the changes introduced by Directive 2006/48/EC on the capital adequacy of banks and investment firms concerning the governance and management of liquidity risk for banks and banking groups, the Bank has updated its rules for managing liquidity risk and modified its system of delegated powers to incorporate the specified indicators and limits.

The main changes regard the formalization by the Board of Directors:

- of the liquidity risk tolerance threshold, represented by the maximum exposure considered sustainable in both normal operating conditions and under stress conditions. The tolerance threshold is explicated by way of:
  - two indicators for the short and medium/long term respectively, at the consolidated level for the Group and the individual level solely for Iccrea Banca, which is responsible for operational management of liquidity risk. The indicators adopted are those envisaged under the new Basel 3 rules: LCR and NSFR. For the short-term indicator, the limit is set at 1.2 in the baseline scenario and 1.0 in the stress scenario. For the medium/long-term indicator, there is a single limit of 0.8;
  - the minimum survival period, which is the number of consecutive days in which liquidity reserves must exceed the sum of net negative cash flows. The minimum level for this indicator has been set at 30 days at the consolidated level;
  - an increase in the minimum liquidity buffer from €1 billion to 1.5 billion, specifying first and second line reserves;
- of a new operational indicator for the Finance Department, which is measured using a minimum survival period at the individual level;
- of two new systemic risk monitoring indicators as part of the Contingency Funding Plan;
- of criteria for the determination of intercompany transfer rates in order to take account of systemic risk, issuer risk, interest rate risk, the maturity of loans and the direct and indirect costs of funding;
- of the extension of the scope of application of the rules to Banca Sviluppo;
- of methodologies for determining the aggregates and for calculating the indicators included in the technical annexes that are an integral part of the liquidity policy.

A system of limits has been established as the main instrument for mitigating liquidity risk. It is made up of indicators for monitoring sources of vulnerability associated with liquidity risk in line with the tolerance threshold and commensurate with the nature, objectives and operational complexity of the Group and Iccrea Banca.

The overall system of limits is based on the following limit categories:

- Risk Appetite Limits, which represent the maximum exposure considered sustainable in both normal operating conditions and under stress conditions; these limits explicate the tolerance threshold, the specification of which is required under supervisory regulations;
- Management Operational Limits, which represent the "operational" implementation of the strategic decisions taken by the Board;
- Warning Limits, which represent the value or assessment of an indicator that enables prompt warning that an operational limit is being approached. Breach of this threshold activates a situation of heightened attention but does not necessarily dictate action to return the position below the threshold.

Since October 2008, the liquidity position at the consolidated level has been subject to specific weekly reporting requirements for the Bank of Italy.

Liquidity risk is measured by identifying cash imbalances by maturity band, both in static terms (with a view to identifying actual liquidity strains seen from the characteristics of the account items, through the construction, for each specified time band, of the corresponding gap indicator) and in dynamic terms (using estimation and simulation techniques, aiming to develop the most likely scenarios following changes in the financial variables that can impact the time profile of liquidity).

Measurement and monitoring of the limits and indicators at the individual and overall Group level for short-term and structural liquidity are performed by the Financial Risks Unit, which on a daily basis monitors the indicators, the risk appetite limits, the individual management operational limits for Iccrea Banca and the Group level, and the indicators envisaged in the CFP. The analyses and reports are transmitted to management at the Parent Company, Iccrea Banca and Iccrea BancaImpresa. In addition, on a weekly basis it monitors the 1-month liquidity coverage ratio (in both ordinary and stress conditions), the maturity ladder with a time horizon of 12 months and a time horizon of indefinite maturity and the net stable funding ratio.

The Group Risk Management unit participates in the Group Finance Committee and reports to it on developments in the liquidity position and compliance with the limits in place. If the limits are exceeded, Group Risk Management notifies the head of Iccrea Banca's Finance Department to agree any corrective actions to restore balance, notifying senior management and the Group Finance Committee.

SECTION 4- OPERATIONAL RISKS

Qualitative disclosures

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

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

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

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

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

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

Quantitative disclosures

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

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

In particular, the Bank's capital requirement, equal to 15% of the average of the last three observations of "gross income" at the end of the period, was €23,237 thousand.

PART F

Information on capital

PART F – INFORMATION ON CAPITAL

SECTION 1- COMPANY CAPITAL

A. Qualitative disclosures

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

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

B. Quantitative disclosures

B.1 COMPANY CAPITAL: COMPOSITION

	TOTAL 30/06/2013	TOTAL 31/12/2012
1. Share capital	**216,913**	**216,913**
2. Share premium reserve	**-**	**-**
3. Reserves	**181,529**	**168,530**
- earnings	99,922	86,923
a) legal	48,201	48,201
b) established in articles of association	205	205
c) treasury shares	-	-
d) other	51,516	38,517
- other	81,607	81,607
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**50,826**	**68,069**
- Financial assets available for sale	3,305	21,063
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of investments in foreign operations	-	-
- Cash flow hedges	886	127
- Foreign exchange differences	-	-
- Non-current assets held for sale	-	-
- Actuarial gains (losses) on defined benefit plans	(1,231)	(987)
- Share of valuation reserves of equity investments accounted for using equity method	-	-
- Special revaluation laws	47,866	47,866
7. Net profit (loss) for the period	**32,623**	**48,376**
TOTAL	**481,891**	**501,888**

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

	TOTAL 30/06/2013		TOTAL 31/12/2012	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	13,257	(13,609)	30,837	(12,956)
2. Equity securities	3,663	-	3,185	-
3. Units in collective investment undertakings	-	(7)	-	(2)
4. Loans	-	-	-	-
TOTAL	**16,920**	**(13,616)**	**34,022**	**(12,958)**

SECTION 2- REGULATORY CAPITAL AND CAPITAL RATIOS

2.1 REGULATORY CAPITAL

A. Qualitative disclosures

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

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

Regulatory capital totals €418,810,744. It is composed of Tier 1 capital and Tier 2 capital, net of the deductions provided for under supervisory regulations. More specifically:

1. TIER 1 CAPITAL

Tier 1 capital is composed of positive elements (which increase its value) and negative elements (which reduce its value). Total Tier 1 capital at June 30, 2013, prior to application of prudential filters, amounted to €393,205,255. Following application of prudential filters, represented by decreases in the credit rating (€18,056,262), negative reserves in respect of available-for-sale securities (€3,551,345) and the recognition of actuarial gains/losses following the amendment of IAS 19 (€1,230,527), Tier 1 capital gross of deductible elements amounted to €3670,367,120. Deductible elements are composed of 50% of shareholdings in financial companies exceeding, equal to and less than 10% of the share capital of the investee company and total €625,000, leaving total Tier 1 capital of €369,742,120.

2. TIER 2 CAPITAL

Tier 2 capital, prior to application of prudential filters, amounted to €51,521,599. Following application of prudential filters, represented by the ineligible share of positive reserves in respect of available-for-sale securities (50%) in the amount of €1,827,975, Tier 2 capital gross of deductible elements amounted to €49,693,624. Deductible elements are composed of 50% of shareholdings in financial companies exceeding, equal to and less than 10% of the share capital of the investee company and total €625,000, leaving total Tier 2 capital of €49,068,624.

3. TIER 3 CAPITAL

There are no instruments representing Tier 3 capital.

B. Quantitative disclosures

	TOTAL 30/06/2013	TOTAL 31/12/2012
A. Tier 1 capital before prudential filters	**393,205**	**392,687**
B. Tier 1 capital prudential filters:	(22,838)	(38,164)
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	(22,838)	(38,164)
C. Tier 1 capital gross of deductible elements (A+B)	**370,367**	**354,523**
D. Elements to deduct from Tier 1 capital	625	625
E. Total Tier 1 capital (C-D)	**369,742**	**353,898**
F. Tier 2 capital before prudential filters	**51,522**	**51,048**
G. Tier 2 prudential filters:	(1,828)	(1,591)
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(1,828)	(1,591)
H. Tier 2 capital gross of deductible elements (F+G)	**49,694**	**49,457**
I. Elements to deduct from Tier 2 capital	625	625
L. Total Tier 2 capital (H-I)	**49,069**	**48,832**
M. Elements to deduct from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**418,811**	**402,730**
O. Tier 3 capital	-	-
P. Regulatory capital including Tier 3 (N+O)	**418,811**	**402,730**

2.2 CAPITAL ADEQUACY

A. Qualitative disclosures

Capital ratios at June 30, 2013 were determined in accordance with the provisions of the Basel 2 Capital Accord, adopting the Standardized Approach for the calculation of capital requirements for credit and counterparty risk and the Basic Indicator Approach for operational risk.
On September 14, 2012, the Board of Directors approved the replacement of the primary ECAI for the calculation of capital requirements under prudential regulations, using Fitch in the place of Moody's.

B. Quantitative disclosures

	UNWEIGHTED AMOUNTS		WEIGHTED AMOUNTS/REQUIREMENTS	
	TOTAL 30/06/2013	TOTAL 31/12/2012	TOTAL 30/06/2013	TOTAL 31/12/2012
A. EXPOSURES				
A.1 CREDIT AND COUNTERPARTY RISK	**50,996,360**	**43,375,971**	**2,706,524**	**2,125,920**
1. Standardized approach	50,447,289	43,105,852	2,370,097	1,535,203
2. IRB approach	-	-	-	-
2.1 Foundation	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitizations	549,071	270,119	337,507	590,717
B. CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISK			**162,456**	**127,555**
B.2 MARKET RISKS			**25,147**	**18,152**
1. Standardized method			25,147	18,152
2. Internal models			-	-
3. Concentration risk			-	-
B.3 OPERATIONAL RISK			**23,237**	**23,237**
1. Basic indicator approach			23,237	23,237
2. Standardized approach			-	-
3. Advanced measurement approaches			-	-
B.4 OTHER PRUDENTIAL REQUIREMENTS			-	-
B.5 OTHER ELEMENTS			-	-
B.6 TOTAL PRUDENTIAL REQUIREMENTS			**210,840**	**168,944**
C. EXPOSURES AND CAPITAL ADEQUACY RATIOS				
C.1 RISK-WEIGHTED ASSETS			**2,635,500**	**2,111,800**
C.2 TIER 1 CAPITAL/RISK WEIGHTED ASSETS (TIER 1 CAPITAL RATIO)			**14.03%**	**16.76%**
C.3 REGULATORY CAPITAL /RISK-WEIGHTED ASSETS (TOTAL CAPITAL RATIO)			**15.89%**	**19.07%**

Following the measure of the Bank of Italy of May 18, 2010 and the resolution of the Board of Directors of June 24, 2010, the Group has elected to remove the prudential filter on the reserves from the fair value measurement of securities classified as "financial assets available for sale (AFS)" issued by central governments of EU Member States.

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

Part G

Business combinations

PART G – BUSINESS COMBINATIONS

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

PART H

Related parties transaction

PART H – RELATED PARTIES TRANSACTIONS

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following tables report the information required under IAS 24 concerning the remuneration of directors and 2 top managers, as well as the members of the Board of Auditors.

	TOTAL 30/06/2013
Compensation and other remuneration (1)	790
Post-employment benefits (2)	19

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

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

	TOTAL 30/06/2013
Compensation of Board of Auditors	108

LOANS AND GUARANTEES GRANTED:

	TOTAL 30/06/2013
Members of Board of Directors	622
Members of Board of Auditors	-

2. INFORMATION ON RELATED PARTIES TRANSACTIONS

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

REGISTERED OFFICE
VIA LUCREZIA ROMANA, 41/47
00178 ROME

PARENT COMPANY - KEY FIGURES AT DECEMBER 31, 2012 (THOUSANDS OF EUROS)

BALANCE SHEET	TOTAL 31/12/2012
Assets	**1,352,895**
Liabilities	**197,621**
Share capital	1,046,718
Legal reserve	26,556
Reserve for treasury shares	307
Extraordinary reserve	53,894
Other reserves	3,374
Valuation reserves	1,027
Treasury shares	(307)
Net profit	23,706
Shareholders' equity	**1,155,274**
INCOME STATEMENT	**TOTAL 31/12/2012**
Net interest income	3,463
Net fees and commissions	25
Gross income	40,093
Net income (loss) from financial operations	40,093
Operating expenses	(21,596)
Net profit	**23,706**

The Parent Company performs management and coordination activities.

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

ASSETS	A20_FINANCIAL ASSETS HELD FOR TRADING	A30_FINANCIAL ASSETS AT FAIR VALUE	A60_DUE FROM BANKS	A70_LOANS TO CUSTOMERS	A150_ OTHER ASSETS
BCC Risparmio e Previdenza	-	-	-	-	248
Iccrea BancaImpresa	56,471	309,234	12,052,768	-	22,408
BCC Gestione Crediti	-	-	-	3,225	182
BCC Solutions	-	-	-	26,282	738
BCC Securis	-	-	-	-	10
BCC Retail	-	-	-	529	-
Iccrea Holding	-	-	-	-	12,965
Immicra	-	-	-	-	10
BCC Lease	-	-	-	152,393	24
BCC CreditoConsumo	-	-	-	335,480	50
BCC Factoring	-	-	-	232,342	44
Banca Sviluppo	171	-	353,851	-	24
TOTAL	**56,642**	**309,234**	**12,406,619**	**750,251**	**36,703**

LIABILITIES	L10_DUE TO BANKS	L20_DUE TO CUSTOMERS	P30_ SECURITIES ISSUED	L40_FINANCIAL LIABILITIES HELD FOR TRADING	P50_ FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	L100_OTHER LIABILITIES
BCC Risparmio e Previdenza	-	1,898	-	-	-	16
Iccrea BancaImpresa	84,594	-	-	6,917	-	735
BCC Gestione Crediti	-	1,815	-	-	-	18
BCC Solutions	-	2,936	-	-	-	3,889
BCC Securis	-	10	-	-	-	-
BCC Retail	-	51	-	-	-	-
Iccrea Holding	-	109,165	-	-	-	17,329
Immicra	-	365	-	-	-	-
BCC Lease	-	-	-	-	-	44
BCC CreditoConsumo	-	-	-	-	-	14
BCC Factoring	-	1,543	-	-	-	18
Banca Sviluppo	8,454	-	100,463	-	5,009	21
TOTAL	**93,048**	**117,783**	**100,463**	**6,917**	**5,009**	**22,084**

INCOME STATEMENT	I10_ INTEREST AND SIMILAR INCOME	I20_INTEREST AND SIMILAR EXPENSE	I40_ FEE AND COMMISSION INCOME	I50_ FEE AND COMMISSION EXPENSE	I80_ NET GAIN (LOSS) ON TRADING ACTIVITIES	I150_ ADMINISTRATIVE EXPENSES	I190_ OTHER OPERATING EXPENSES/INCOME
BCC Risparmio e Previdenza	-	6	85	-	-		157
Iccrea BancaImpresa	53,325	235	794	-	9,580	62	2,288
BCC Gestione Crediti	52	14	1	-	-	11	73
BCC Solutions	594	18	-	-	-	6,275	591
BCC Securis	-	-	4	-	-	-	10
BCC Retail	4	-	-	-	-	-	-
Iccrea Holding	424	267	-	-	-	1,224	362
Immicra	-	2	-	-	-	-	11
BCC Lease	2,548	-	25	-	-	289	25
BCC CreditoConsumo	6,333	7	47	-	-	-	55
BCC Factoring	1,648	64	5	-	-	-	20
Banca Sviluppo	597	1,877	238	85	16	-	83
TOTAL	**65,525**	**2,490**	**1,199**	**85**	**9,596**	**7,861**	**3,675**

Part I

Share-based payments

PART I – SHARE-BASED PAYMENTS

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

Part L

Operating segments

PART L – OPERATING SEGMENTS

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

Primary reporting basis

Iccrea Banca systematically prepares management reports on the results achieved by the individual business segments into which its operations and organization are structured. These segments are:

- finance and lending;
- payment systems;

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

The business segments are formed from the aggregation of similar business units and lines in terms of the types of products and service they provide. This representation reflects the operational responsibilities set out in the Bank's organizational arrangements, with periodic reporting to top management.

More specifically, the finance and lending business segment includes the units Proprietary Finance and Trading, Treasury and Foreign Exchange, Institutional Sales, Securitizations and Institutional and Retail Lending, while the payment systems segment comprises Collections and Payments, E-Bank and CAIS Applications. For a discussion of the individual segments, please see the section on the Bank's activities in the report on operations.

Income statement

The following reports the main aggregates of the income statement by business segment. The figures are presented using the reclassified income statement format given in the report on operations.

	FINANCE AND LENDING		PAYMENT SERVICES		CORPORATE CENTER		BANK	
(THOUSANDS OF EUROS)	JUN-13	JUN-12	JUN-13	JUN-12	JUN-13	JUN-12	JUN-13	JUN-12
Net interest income	36,488	38,786	127	416	543	380	37,158	39,583
Net service income	34,958	17,051	52,354	52,208	10,966	11,972	98,277	81,230
TOTAL REVENUES	**73,710**	**55,837**	**52,481**	**52,624**	**11,990**	**12,352**	**135,435**	**120,813**
Administrative expenses	16,185	21,582	35,246	38,227	28,677	14,351	80,108	74,160
Net adjustments of property and equipment and intangible assets	680	817	1,493	1,129	1,168	536	3,342	2,482
TOTAL OPERATING EXPENSES	**16,865**	**22,399**	**36,739**	**39,355**	**29,846**	**14,888**	**83,450**	**76,642**
GROSS OPERATING INCOME	**56,845**	**33,438**	**15,742**	**13,269**	**(17,856)**	**(2,536)**	**51,985**	**44,171**

As regards the procedures for the determination of performance:

- net interest income is calculated by segment as the difference between actual interest and imputed interest on the treasury pool;
- net service income is calculated by way of direct allocation of income and expense components;
- operating expenses are allocated using a "full costing" approach that allocates all operating costs.

The decrease in net interest income (down €2.4 million compared with the period ending June 30, 2012) is mainly attributable to narrowing of the average spread. The decline affected the Finance, Treasury and Foreign Exchange Unit within the finance and lending segment.

Net service income, which came to €98.3 million at June 30, 2013, includes €78 million from net fees and commissions and other income, and €30.2 million from trading operations and from dividends.

The rise in net fees and commissions and other income from €67.3 million in the first half of 2012 to €68.1 million in same period of 2013 is primarily associated with the rapid growth in all electronic money segments and the corporate center.

The increase in net income from financial operations from €10.7 million in the first half of 2012 to €30 million in the first half of this year is entirely attributable to the increase of €24.5 million in the gain on disposal/repurchase.

Administrative expenses totaled €80.1 million at June 30, 2013 and include personnel expenses in the amount of €31 million (€29 million a year earlier) and other administrative expenses in the amount of €49.1 million (€45.1 million a year earlier).

Total value adjustments amounted to about €3.3 million for the first half of 2013, of which €1.8 million in adjustments of property and equipment and €1.6 million in adjustments of intangible assets.

As a result of the foregoing, the gross profit from ordinary operations at June 30, 2013, came to about €52 million, an increase of about €7.8 million on the year-earlier period.

Balance sheet

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

The main balance sheet aggregates for lending to and funding from customers and banks are primarily attributable to the finance and lending segment (94%) as the payment system segment is mainly involved in providing fee-based services.

	FINANCE AND LENDING		PAYMENT SERVICES		CORPORATE CENTER		TOTAL	
(MILLIONS OF EUROS)	JUN-13	DEC-12	JUN-13	DEC-12	JUN-13	DEC-12	JUN-13	DEC-12
Loans to customers	2,087	1,665	-	-	81	111	2,168	1,776
Due from banks	33,010	27,023	-	-	-	-	33,010	27,023
Financial assets and equity investments	8,731	7,114	13	22	245	193	8,989	7,329
TOTAL LENDING	**43,828**	**35,802**	**13**	**22**	**326**	**304**	**44,167**	**36,128**
Due to customers	16,971	8,890	368	378	2	2	17,341	9,270
Due to banks	20,715	21,197	-	-	-	-	20,715	21,197
Other financial liabilities	5,414	4,928	32	34	665	699	6,111	5,661
TOTAL FUNDING	**43,100**	**35,015**	**400**	**412**	**667**	**701**	**44,167**	**36,128**

Secondary reporting basis

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

Auditors' Report

ERNST & YOUNG

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

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

1. We have reviewed the interim financial statements, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes, of Iccrea Banca S.p.A. as of June 30, 2013. The management of Iccrea Banca S.p.A. is responsible for the preparation of the interim financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim financial statements as we expressed on the annual financial statements.

   The interim financial statements present for comparative purposes the financial statements for the prior year and the interim financial statements for the corresponding period of the prior year. As discussed in the explanatory notes, the management of Iccrea Banca S.p.A. has restated certain comparative data. The financial statements for the prior year and the interim financial statements for the corresponding period of the prior year, which have been restated, have been, respectively, audited and reviewed by us. Accordingly, reference should be made to our reports issued on March 25, 2013 and September 3, 2012, respectively. The restatement of the comparative data and the related disclosure presented in the explanatory notes have been examined by us for the purpose of the issue of this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of Iccrea Banca S.p.A. as of June 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, August 9, 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto M. Pisani, Partner

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

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