BANCA FINNAT

BANCA FINNAT GROUP

FINANCIAL STATEMENTS AT 31 DECEMBER 2012 - 83RD FINANCIAL YEAR

FINANCIAL STATEMENTS

AT 31 DECEMBER 2012

83RD FINANCIAL YEAR

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CORPORATE ORGANISATIONS

BOARD OF DIRECTORS

Carlo Carlevaris
Honorary Chairman

Giampietro Nattino
Chairman

Angelo Nattino
Deputy Chairman

Leonardo Buonvino
Deputy Chairman

Arturo Nattino
Managing Director

Ermanno Boffa
Director

Francesco Caltagirone
Director

Roberto Cusmai
Director

Giulia Nattino
Director

Lupo Rattazzi
Director

Marco Tofanelli
Director

BOARD OF STATUTORY AUDITORS

Alberto De Nigro
Chairman

Alessandro De' Micheli
Permanent Auditor

Francesco Minnetti
Permanent Auditor

Aldo Sica Amaduzzi
Alternate Auditor

Antonio Staffa
Alternate Auditor

MANAGEMENT

Andrea Crovetto
General Manager

Paolo Collettini
Joint General Manager
Manager in charge of preparing the accounting documents

Alberto Alfiero
Deputy General Manager

Giulio Bastia
Deputy General Manager

AUDITING FIRM
Reconta Ernst & Young S.p.A.

NOTICE OF CALL OF GENERAL AND EXTRAORDINARY SHAREHOLDERS' MEETING

Notice is hereby given to the Shareholders of Banca Finnat Euramerica S.p.A., a listed company, that the General and Extraordinary Shareholders' Meeting will be held at the Bank's Registered Office in Rome (Palazzo Altieri - Piazza del Gesù, 49) on 24 April 2013 at 3:00 p.m., and, if necessary, on second call on 26 April 2013 at the same premises and at the same time, to discuss and resolve on the following:

AGENDA

General part

1. *Statutory financial statements for the year ended 31 December 2012 complete with the related reports by the Board of Directors, the Board of Auditors and the Company appointed to audit the accounts. Proposed allocation of the year's profit. Inherent and consequent resolutions. Presentation of the consolidated financial statements at 31 December 2012.*
2. *Appointment of a member of the Board of Directors. Inherent and consequent resolutions.*
3. *Determining the fees to be assigned to the members of the Board of Statutory Auditors in relation to the functions of the Supervisory Body pursuant to Italian Legislative Decree 231/01.*
4. *Authorisation to the purchase and/or disposal of own shares. Inherent and consequent resolutions.*
5. *Report on remuneration in accordance with Article 123-ter of Italian Legislative Decree 58/98, including disclosure on the remuneration policies for Directors, Employees and outside workers who are not employees. Inherent and consequent resolutions.*
6. *Determining the fees of the Directors.*

Extraordinary part

1. *Amendments to Articles 9, 12, 12-bis and 20 of the Articles of Association and the addition of a new Article 25. Inherent and consequent resolutions.*

PARTICIPATION IN SHAREHOLDERS' MEETINGS

In accordance with Article 8 of the articles of association, all those able to prove their legitimate presence in accordance with the methods established by current legislation may attend the shareholders' meeting. The right to attend and exercise voting rights is certified by a communication to the Company, made through a qualified intermediary in the favour of the party with voting rights, on the basis of the evidence relating to the terms of the accounting date of the seventh trading day prior to the date established for the shareholders' meeting at its first call (record date), which in this case coincided with Monday, 15 April 2013. Therefore, those recorded as holders of shares only subsequent to the above-stated record date may not have the right to attend and vote in the shareholders' meeting.

The notice by the intermediary must reach the Bank no later than on the third trading day prior to the date established for the shareholders' meeting at its first call, i.e. no later than Friday, 19 April 2013. This is without prejudice to the legitimate right to attend the shareholders' meeting and vote should notices reach the Bank beyond said terms, provided it is prior to the start of the meeting.

Shareholders' holding shares that may not yet have dematerialised, must first deliver them to a qualified intermediary for input into the centralised management system by virtue of dematerialisation, in accordance with Article 17 of the joint Consob/Bank of Italy Joint Provision of 22 February 2008, as amended on 24 December 2010 and request the transmission of the aforesaid notice.

VOTING BY PROXY

All those with voting rights may organise their representation in the Shareholders' Meeting in accordance with Article 2372 of the Italian Civil Code and with all other applicable provisions, regulatory or otherwise.
Shareholders may use the "Proxy form" available from the registered office and the Company's website www.bancafinnat.it (section: Agenda and Documents). The proxy can be sent to the Bank by registered mail with advice of receipt to the following address: Banca Finnat Euramerica S.p.A., Piazza del Gesù 49, 00186 Rome or by e-mail to the address: ufficiolegale@finnat.it. In such cases, the proxy must reach the Company no later than the time at which meeting works begin. Should the representative deliver or send the Company a copy of the proxy, it must specify, at its own liability, that it complies with the original proxy and the identity of the delegating party.
In compliance with applicable regulations, shareholders may confer powers of attorney, at no cost, to Massimo Tesei, as the representative appointed by the company in accordance with Article 135-undecies of Italian Legislative Decree no. 58/98 (the Italian Consolidated Financial Law, TUF), who may be replaced in case of unavailability or absence by Rocco Santarelli. The proxy must be conferred by signing the specific form available from the above-specified section of the Bank website. The signed form must be delivered to the appointed representative by means of registered letter addressed to: Massimo Tesei c/o Studio Legale Carbonetti e Associati, via San Valentino 21, 00197 Rome, Italy, or e-mailed to mtesei@studiocarbonetti.it no later than the second trading day prior to the date established for the Shareholders' Meeting in first and subsequent call (deadline coinciding with 22 April 2013 - with reference to the Shareholders' Meeting in first call - and with 24 April 2013 - with reference to the Shareholders' Meeting in second call). The proxy has no effect for any proposal in relation to which no voting instructions have been given.
The proxy and voting instructions can be revoked until the second trading day prior to the date established for the Shareholders' Meeting in first and subsequent call. The communication made to the Bank by the intermediary certifying the legitimate intervention in the Shareholders' Meeting is also necessary where the conferral of the proxy is to the representative appointed by the Bank. Failure to send such communication shall result in the proxy being considered as without effect.
No correspondence voting or electronic voting procedures are established.

RIGHT TO ASK QUESTIONS

Shareholders have the right to ask questions about the items on the agenda by e-mailing said queries to ufficiolegale@finnat.it, or by posting them addressed to Banca Finnat S.p.A. – Ufficio Legale – Piazza del Gesù 49, 00186 Rome, Italy, attaching the documents proving the legitimate right to vote. The legitimate right to exercise this right can alternatively be proven by a communication certifying the legitimate right to attend the shareholders' meeting and exercise voting rights made by a qualified intermediary in accordance with article 83-sexies, paragraph 1 of the Italian Consolidated Financial Law or the display of certificates issued by intermediaries and stating the corporate right that can be exercised in accordance with Article 83-quinquies, paragraph 3 of the Italian Consolidated Financial Law. Pursuant to Article 127-ter, paragraph 1-bis, of the Italian Consolidated Financial Law, the requests must be received no later than the second trading day prior to the date established for the Shareholders' Meeting in first call, i.e. 22 April 2013.
Answers will be given to questions asked prior to the shareholders' meeting, at the latest during the meeting. The Bank may provide a single response to questions of the same content.

ADDITIONS TO THE AGENDA AND SUBMISSION OF NEW DRAFT RESOLUTIONS

In accordance with the law, the Shareholders who individually or jointly represent at least one fortieth of the share capital, may request, within 10 days from the publication of this notice, to add items on the agenda, specifying the further items proposed in the request or submit draft resolutions on items already on the agenda. The request must be submitted in writing to the registered office of the Company, piazza del Gesù 49 - 00186 Rome, Italy, or by e-mail to the address ufficiolegale@finnat.it, accompanied by the certification of the intermediary demonstrating the relevant legitimate presence of the proposing Shareholders. Within the above terms and in the same ways, the proposing Shareholders must also provide the Board of Directors with a report stating the reasons of the draft resolutions on the new items whose discussion is proposed as an addition to the agenda or the reason related to further draft resolutions submitted on items already on the agenda. Furthermore, it is recalled that this addition is not allowed for subjects on which the shareholders' meeting resolves, by provision of law, upon proposal of the directors or on the basis of a project or report prepared by them (other than those indicated in Article 125-ter, paragraph 1, of the Italian Consolidated Financial Law). Notice shall be given of any supplement to the items on the agenda to be discussed by the Shareholders' Meeting in the same ways as prescribed for the publication of the notice of call, at least fifteen days prior to the date established for the Shareholders' Meeting. At the same time as the publication of the news of supplement, the public shall also be provided with information, in the same way as envisaged for the documents relating to the shareholders' meeting, in the form of a report prepared by the applicants, accompanied by any assessment of the administrative body.

APPOINTMENT OF A MEMBER OF THE BOARD OF DIRECTORS

With reference to item 2 of the agenda, general part - since a director must be appointed pursuant to Article 2386, paragraph 1, last sentence - the provisions of the articles of association concerning the presentation of the lists by the Shareholders will not apply, these lists being provided exclusively in the case of appointment of the entire Board of Directors. Candidates can be presented until the Shareholders' Meeting; however, for organisational reasons, the Company asks to anticipate their presentation by 14 April 2013.

DOCUMENTS

Documents relating to the items on the agenda will be made available to the public in accordance with the terms and conditions of current legislation, at the registered office, Borsa Italiana S.p.A. and on the company website www.bancafinnat.it (section Agenda and Documents) together with the forms that those with the right to do so may use for proxy voting. Shareholders are entitled to obtain a copy of the documents. More specifically, the following documents shall be made available: (i) the financial report, the other documents set forth in Article 154-ter of the Italian Consolidated Financial Law and the report on corporate governance and ownership structure (item 1 of the agenda, general part), at least 21 days before the Shareholders' Meeting in first call pursuant to Article 154-ter of the Italian Consolidated Financial Law; (ii) the Directors' Report on items 1, 2, 3 and 6 of the agenda, general part, at least 30 days prior to the date of the shareholders' meeting, pursuant to Article 125-ter of the Italian Consolidated Financial Law and Article 84-ter of Consob Regulation no. 11971/99 (the "Issuers' Regulation"); (iii) the Directors' Report on item 4 of the agenda, general part, at least 21 days prior to the date of the shareholders' meeting in first call, pursuant to Article 125-ter of the Italian Consolidated Financial Law and Article 73 of the Issuers' Regulation; (iv) the Directors' Report on item 5 of the agenda, general part, at least 21 days prior to the date of the shareholders' meeting in first call, pursuant to Article 123-ter of the Italian Consolidated Financial Law and Article 84-quarter of the Issuers' Regulation; (v) the Directors' Report on item 1 of the agenda, extraordinary part, at least 21 days prior to the date of the shareholders' meeting in first call, pursuant to Article 125-ter of the Italian Consolidated Financial Law and Article 72 of the Issuers' Regulation.

INFORMATION ON THE SHARE CAPITAL

The share capital of Banca Finnat S.p.A. is 72,576,000.00 euros (seventy-two million, five hundred and seventy-six thousand euros and zero cents), divided up into 362,880,000 (three hundred and sixty-two million, eight hundred and eighty thousand) ordinary shares each of 0.20 euros (twenty cents) and each of which gives the right to one vote. No shares or other securities have been issued with limits to voting rights. As of 15 March 2013, the Bank held 21,156,313 own shares for which voting rights are suspended. The Articles of Association are available on the Company website www.bancafinnat.it (section: Corporate Governance/Articles of Association).

Rome, 22 March 2013

The Chairman of the Board of Directors
(dr. Giampietro Nattino)

FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA S.P.A. AT 31.12.2012

REPORT ON OPERATIONS AND DRAFT RESOLUTIONS TO THE SHAREHOLDERS' MEETING OF BANCA FINNAT EURAMERICA S.P.A.

Dear Shareholders,

Prior to presenting the report on operations for 2012, following is an overview of the domestic and international macroeconomic background.

DOMESTIC AND INTERNATIONAL MACROECONOMIC BACKGROUND

The year 2012 was an unprecedented year as for the deterioration of creditworthiness of many Countries of the Eurozone. Already at the end of 2011, in the face of the debt problems of the more peripheral European countries, characterised by excessive debt and poor economic growth, both the Italian and the Spanish Treasury were widely questioned by the markets, in terms of their ability to refinance their debt falling due, and the inversion of the yield curve confirmed these obvious concerns on their critical position. On 9 November 2011, the BTP/Bund spread reached a record of 575 b.p, for a yield to maturity of 7.6% and, in order to prevent a possible liquidity crisis from causing an irreversible solvency crisis, the European Central Bank launched, in December 2011, the first of two major three-year refinancing operations (LTRO), in favour of the European banking system, with which the Italian banks obtained easy liquidity not only for repaying the maturing bank bonds, without issuing new ones, but also for increasing investment in government bonds, in a logic of carry trade and absorb, in this way, the considerable sales that came during the period from many international financial institutions. In January 2012, the BTP/Bund spread continued to be above 500 basis points and the persistent difficulties in raising liquidity on the interbank market pushed the ECB to approve (at the end of February 2012) another maxi loan that, within two months, got the banks about 1000 billion euros. The intervention of the ECB was decisive for the improvement in market sentiment, allowing the BTP/Bund spread to decrease finally below 300 basis points (275) and equity markets to record, at the end of the first quarter, significant positive performances. Together with the ECB's interventions, equally important were the signing by the Eurozone countries, of the so-called stability pact – or Fiscal Compact (under which countries with a debt-to-GDP ratio over 60% undertake to maintain a level of structural deficit/GDP ratio of 0.5%, with the obligation to fall within the

60% threshold in 20 years) but also the successful restructuring of 206 billion euros of the Greek debt, held by individuals, carried out by cutting 75% of the net present value of debt.

The fear of an inevitable exit of Greece from the Euro and the absence of the principle of irreversibility of the European common currency seemed averted but these fears had already determined a massive flight of capital from the "peripheral" Countries for some time. According to the Bank for International Settlements, since 2007 Italian banks lost 450 bn dollars of international deposits and, in the first three months of 2012, the outflow amounted to 25 bn dollars of foreign deposits whereas Spanish banks lost 42 bn dollars. At the same time, German banks recorded inflows of 363 bn dollars of new deposits. At the end of the first half of the year, increasing signs of marked weakening of the entire global economic growth but especially the worsening banking crisis in Spain produced a broad new wave of risk-aversion. The spread between the 10-year German bonds and 10-year BTP Italian bonds reached 540 b.p. while the spread between the 10-year German bonds and the 10-year Spanish bonds reached 640 b.p., with yields ranging again from 6.5% to 7.5%, difficult to be borne. The need to put an end to the renewed expectations of disintegration of the Eurozone and to preserve the proper operation of the transmission mechanism of the monetary policy led the ECB, at the end of July, to confirm its willingness to implement all appropriate measures to support financially any peripheral country in liquidity crisis. A program of unlimited purchases of government bonds (OMT), subject to strong conditionality for the requesting Countries, was then formalised, in early September, by the Board of Directors of the ECB. The introduction, in September, of the ESM permanent stability fund and the agreement, in December, on the European Banking Union, as from March 2014, under which the ECB will supervise approximately 200 banks with assets for more than 30 billion euros contributed to limit the tensions in the Eurozone. The ECB's interventions have thus acted as a powerful deterrent, discouraging speculation and allowing a significant fall in risk aversion from mid 2012. Between June and August, Portuguese two-year rates fell from 13% to 4.5%, Irish rates from 7.3% to 1.9%, the yields of 10-year Spanish bonds fell from 7.5% to 6.6% and those of the 10-year BTP Italian bonds from 6.5% to 5.8%. Yield spreads, compared to the German Bund, decreased, for Spanish bonds, from 640 points to 525 and for Italian BTPs from 540 to 440. In August, the prices of derivatives that ensure against the default risk in Europe dropped by 23%. Sovereign risk premiums of the peripheral Countries of the Eurozone dropped in connection with the initiatives of the European institutions to avert the risk of disintegration of the single currency.

In addition to the adoption, by the ECB, of the purchase plan on the secondary market of government bonds of most vulnerable Countries, the approval of a plan of financial assistance to the Spanish banking system was also of paramount importance. At the beginning of December, the spread dropped below 300 b.p. for the Italian 10-year bonds and around 360 b.p. for Spanish 10-year bonds, with yields of 4.4% and 5.15%, respectively.

In terms of economic growth, the global industrial production continued to slow down. The annual growth trend reached, in September, a rate of 2%, decreasing strongly and constantly compared to +5.1% in March and less than approximately 2.1 p.p. compared to the long-term trend (+4.1%). The sharp differences in the adopted economic policy measures led the American and European economies on very different tracks. Policy rates close to zero since December 2008, as well as powerful monetary interventions of quantity loosening, prepared by the FED as a stimulus to economic recovery, allowed

the American economy to grow at a rate of 2% during the first quarter of the year and accelerate to 3.1% in the third quarter. The drop in the unemployment rate from 8.5% of December 2011 to 7.8% of December 2012 was significant. In Europe, instead, the need to redress public finances, by the peripheral Countries of the Eurozone, in a context of strong concerns on their solvency, imposed the adoption of urgent restrictive measures of tax policy that inevitably led to sharp declines in aggregate demand and plunged Greece (GDP -6.5%), Portugal (GDP -3%), Spain (GDP -1.5%) and Italy (GDP -2.4%) in deep recession. Italy recorded the third worst macroeconomic performance between the 17 countries of the Eurozone, with a decreased seasonally adjusted index of industrial production, on an annual basis in November, by 7.6% (-9.3% in April and -7.9% in June) and marked decreases for intermediate goods (-9.8%), energy (-7.7%), capital goods assets (-7.2%) and consumables (-5.6%). In terms of industrial orders, the Italian economy recorded annual falls of 14.3% in March, 9% in July and August and 12.8% in September.
The recessionary tensions discharged on the Countries of the European periphery affected the Countries of core Europe. In the third quarter, France and Germany recorded an economic growth limited to 0.1% and 0.2%, respectively, the GDP of Austria decreased by 0.1% and that of Holland by 1.1%. The entire Eurozone suffered from a technical recession with a quarterly drop in GDP by 0.2% in the second quarter and by 0.1% in the third quarter and negative changes in the annual trend by 0.4% and 0.6%, respectively.

The second recession in four years in Europe affected strongly employment. There were 19 million unemployed persons in the Eurozone and 26 million unemployed persons in the European Union as a whole. The unemployment rate of 5.4% in Germany (share of youth unemployment 8.3%), is compared to the unemployment share of 10.5% in France (youth unemployment 25.5%), 16.3% in Portugal (39%), 11.1% in Italy (37.1%), 11.8% in the Eurozone (24.4%) and 26% in Spain and Greece (57%).
Emerging markets were also affected by the slowdown in international trade, and especially by the weak demand and foreign investments, as a result of the recession that affected the Eurozone. In China, the annual growth rates of GDP decreased from 8.9% in the fourth quarter of 2011 to 7.4% in the third quarter of 2012; in Brazil, the economic trend, already fallen to 2.7% in 2011 after +7.5% in 2010, continued to deteriorate with annual growth rates of 0.7% in the first quarter of 2012 and 0.5% in the second quarter; in India, growth rates decreased from 10.8% in 2010 to 7.1% in 2011 collapsing to 3.9% in the second quarter of 2012 and to 2.8% in the third quarter. The marked slowdown in these economies (especially India and Brazil) did not prevent their domestic prices from growing at very high rates (the annual trend in November standing at +9.8% for the Indian prices and the Brazilian inflationary trend at +6%). Whereas in the USA, the headline inflation dropped from 2.9% in January 2012 to 1.7% in December and despite decreasing in the Eurozone from 2.6% to 2.2%, controlled prices and indirect taxation increased the Italian inflation to an annual average rate of 3%, at the end of 2012, from 2.8% in 2011.
With regard to monetary policies, as an ongoing support of its economy and as a stimulus to the creation of new employment, the USA Federal Reserve has kept the policy rate unchanged ranging from zero to 0.25%, as well as the discount rate unchanged at 0.75%, and new and considerable interventions of quantity loosening were introduced both in September and again in December. If all the interventions of "quantity loosening" are taken into consideration, recently implemented by the American, English, Japanese, Swiss and Chinese Central Banks, the central banks added approximately 14 tn euros to their assets, up by approximately 1.4 tn euros in 2012 and increasing by 8 tn dollars from the beginning of

2007. The ECB, during the meeting of its Board of Directors of 6 December 2012, kept the policy rate unchanged at 0.75% (after the decrease of 25 b.p. at the beginning of summer effective as from 11 July 2012), with the interest rate on refinancing transactions marginal (at 1.5%), confirming the substantial sterilisation of all the liquidity provided to the system in the event that the OMT program would be implemented eventually.

THE FINANCIAL MARKETS

In 2012, the financial markets were substantially uncorrelated with respect to macroeconomic fundamentals and more responsive to monetary policies, conventional or not, implemented, almost everywhere, by the major Central Banks, rather than depending on the profit growth trends. The large liquidity provided to the banking systems contributed to the reduction in risk premiums and allowed to support the evaluation of more risky assets. The impact of liquidity on markets thus enabled all major asset classes, except commodities, to record positive returns. The index related to the world stock markets (MSCI World Index) recorded a positive performance of 13%; emerging markets (MSCI emerging equity) offered a positive return of 16.5% and the shares of the Asian area, excluding Japan, increased by 18.5%. Among the more developed Countries, the best performance was recorded by the German market, whose benchmark index DAX offered a return of 29%, followed by the Japanese market (Nikkei 225), with a 23% gain, albeit taking into account that basically the latter was fully appreciated during the last month and a half of 2012 in consideration of the fact that the Japanese Central Bank expected a highly expansionary monetary policy for 2013. If the Dow Jones Euro Stoxx 50 index (representing the 50 main stocks by capitalisation in the Eurozone) increased by 13.4%, the Paris Bourse Cac 40 index by 15.2% and the London Stock Exchange FTSE 100 index by 5.9%, the stock exchanges of the two most important European “peripheral” countries largely underperformed. The Italian stock exchange closed the year with an appreciation of 7.8% for the FTSE Mib index and 8.4% for the FTSE All Share Index whereas the Madrid IBEX index recorded a loss of 5.1%. As for the American markets, S&P 500 increased by 13.4%, the Dow Jones of the most representative thirty industrial stocks increased by 7.3% and the NASDAQ index by 15.5%. The capitalisation of the stock market of the Eurozone amounted to 4,074 billion euros. Within the Eurozone, the Italian stock market capitalisation accounts for 9.2%, France’s is 31.3% and Germany’s 27%.

The total capitalisation of the Italian stock market stood at 373 billion euros, amounting to 22.5% of GDP, down compared to a capitalisation that at the end of 2006 stood at 776.6 billion euros and amounted to 52.7% of GDP. During 2012, the equivalent value of trade was 503 billion euros, for a daily average of 2 billion euros, compared to a total equivalent value of 1572 billion euros recorded at the end of 2007.

Among risky assets, only commodities recorded negative returns, with the CRB index down by 3.6%, albeit 13 of 19 commodities traded on the American markets went actually up. Positive performances of jewellery (gold +8%; silver and platinum +12%), industrial metals (lead +14.6%; zinc +12.6%; copper +4.3%), and big agricultural commodities (wheat +20%; soy seeds +18.4%) were countered by the heavy depreciation of colonial products that, except for cocoa (+6%), reported coffee down by 35%, sugar down by 16% and cotton down by 17%. As for oil, the sharp divergence between the European benchmark Brent crude - up by 5% - and the American West Texas Intermediate that closed the year with prices falling by almost 6%, increased.

With regard to the bond markets, the recovered sentiment on the ability of the monetary institutions to manage the sustainability of the European "peripheral" debt allowed the issues of less "virtuous" European Countries to record, as from the second half-year, a powerful recovery. In 2012, Portuguese and Irish yields dropped by almost 50% on the ten-year expiry (from 13.4% to 7% and from 8.6% to 4.5%, respectively), with a Total Return performance of the Portuguese debt of 56.5%, a return of 28.1% for the Irish debt and 22.3%, as an average across the entire yield curve, for the Italian debt. The entire world bond market offered a return of 4.5%, with the high-yield Bond segment at +19% and the bonds of the emerging Countries at +18.2%. In Italy, the placement of Government securities continued on a regular basis, in line with the issue plans of the Treasury, even in periods of increased tension. The cover ratio was always well above the unit (for ten-year BTPs equal on average to 1.4) whereas the average cost of indebtedness was around 4%. The weight of bond auctions over 10 years on all the issues of the Italian Treasury dropped from 11% on average in 2008-2011 to 2% in 2012; the percentage of ten-year BTPs offered in auction remained unchanged at 21% whereas that of two- and three-year bonds increased from 33% to 39% and that of five-year BTPs increased from 19% to 21%. The benchmark rate with respect to the 10-year bonds reached in the USA the lowest value of 1.39% and then stabilised within the range of 1.54% and 1.86%; in Germany, the German Bund yield reached the lowest value of 1.17%, in July, and increased, on average in November, to 1.39% whereas the absence of concerns on the solvency of the Italian Treasury led to a sharp fall in market yields on the whole range of Italian issues. Compared to the rates reached at the beginning of November 2011, at the peak of the crisis of confidence on our debt, the rates, on the secondary market, dropped, at the beginning of December, for one-year issues from 9.47% to 1.23%; for three-year issues from 7.68% to 2.31%; for five-year bonds from 7.65% to 3.12% and for ten-year bonds from 7.49% to 4.38%.

On the secondary market for Italian government bonds, the Rendistato, i.e. the figure for the sample of securities with over one year maturity exchange on the Italian stock exchange (M.O.T.), reached 3.66% in December 2012, i.e. 264 basis points below the value in December 2011. In December 2012, the gross return of CCT on the secondary market was 2.82% (8.91% in December 2011), whilst the average gross return of BTP was 4.14% (6.59% in December 2011).

As for the currency markets, the exchange rate of the Euro against the US currency remained, during the twelve months between December 2011 and December 2012, essentially unchanged (-0.23%) around 1.31, albeit with a range greater than 10% between the maximum (1.35) and minimum (1.20) reached, respectively, at the end of February and at the end of July. This low level of volatility (in 2010 it was approximately twice as much, from 1.45 to 1.18) was caused not only by the perception of a US economy not yet strong enough to make the dollar the main beneficiary of an always dreaded Euro crisis but, above all, by the fact that the German Bund, in the face of the European peripheral debt crisis, presented itself as one of the main low-risk investments, by reducing the output flows from the Euro itself. The Swiss franc, in view of the monetary policy set by the Central Bank of Switzerland inclined to maintain an exchange rate with the Euro at around 1.2 francs, was the most stable currency in the currencies of more-developed countries, by recording, against the Euro, a limited appreciation (+1.5%) from 1.227 francs in December 2011 1.209 francs in December 2012. Against the UK pound, the common European currency depreciated during the year by 3.6%, from 0.843 in December 2011 to 0.813 in December 2012 whereas the currency that was most depreciated in 2012 was the Yen - depreciation that was stepped up in the last quarter of the year in view of the expectations of strong expansive measures of monetary policy by the Bank of

Japan. Against the Euro, the depreciation of the Japanese currency reached 7.5%, with an exchange rate that increased from 102.3 Yen as the average of December 2011 to 110 Yen as the average of December 2012.

THE PROPERTY MARKET IN 2012

As is known, the real-estate assets are the main components of Italian household wealth (well over 50% of the total) and percentage of households living in privately-owned houses is very high (almost 80% of the total).
During the booming years of the real-estate sector (2000 – 2006), the number of new houses put on the market grew at an average annual rate of almost 8%, and transactions soared, in fact almost doubling within a decade (from 483,000 in 1996 to 869,000 in 2006, in the residential sector alone).
The 2008/2009 crisis marked a sharp reversal, which decreased the volume of transactions just above 600,000/year (always with reference to the residential sector); the substantial stability of 2010 compared to the level of the previous year seemed to indicate that the downsizing of the market was completed, but the figure for 2011, due to the new economic crisis, is around 570,000 transactions. In this context, a downward trend in prices begins to take shape - especially in secondary and less valuable areas - which over time could lead to a recovery in overall volumes.
This confirms the historical trend of the Italian market, which does not face the crisis with a downward realignment of prices, but mainly by "freezing" the transactions for a more or less long time, waiting for the negative cycle to end and for the prices to return at least nominally to pre-crisis levels.
This phenomenon shows, on the one hand, a certain backwardness of Italian market, but from another point of view, it can be considered as a factor of solidity, also in view of the medium-to-long term horizon that necessarily characterises real-estate investments.
The market crisis in recent years was characterised not only by the low number of transactions, but also by the decline in prices in real terms that began in 2008 and in fact to date; this phenomenon has not occurred since the mid-90s, and that is somewhat unusual for an industry notoriously able to compensate, in the medium to long term, the inflation trend.
In the tertiary sector, the intrinsic cyclicity of the real estate market intersects with the effects of the negative economic situation, which of course impacts directly on the dynamic nature of demand for business real estate.
The volume of investments in business real estate decreased drastically, and the role of foreign capital became almost marginal within these limited amounts.
In Italy as in the other main European markets, the protagonists in this phase are investors with equity, as pension funds and other institutional subjects: in general, these operators are almost exclusively concerned in "core" investments, i.e. real estate income with tenants with adequate profile, in the prime locations.
Moreover, the niche of private investors remains active, with a strong availability of equity and with no or very low gearing; these transactions are in many ways atypical and not easy to analyse and organise correctly, also because they often do not go through the normal market channels and do not follow all of the logics and criteria of real-estate investment.
In Italy, there is no significant increase in opportunistic initiatives and transactions that in principle should

have been stimulated by the decline in real-estate prices in recent years; the combination of the inelasticity of supply (many owners today still want to get prices in line with those of two or three years ago, and waive the sale rather than reposition themselves on lower levels) and the decreased availability of bank loans, with a strong worsening of the credit squeeze, limited the space for the actual implementation of this kind of investments.
During the year, the “prime” yields of offices in Milan and Rome slightly increased, whereas in other sectors (retail, logistics, etc.) the situation seems to be stable. The interest of investors remains exclusively focused on the high end of the market, with a strong attention to “rental quality” (solidity of tenants, characteristics and period of validity of contracts, relevant clauses, etc.).
For properties in secondary locations and/or in difficult rental conditions (vacant, underperforming, etc.) the interest of the investors remains very weak and forecasts are strongly negative, even in the medium term. However, as a whole, the Italian real-estate sector is going through the phase of global economic crisis showing a substantial solidity of at least nominal prices, albeit this results in a drastic reduction of exchanges, both due to the problems of making the demand and supply meet and due to the worsened conditions of credit squeeze.

Dear Shareholders,

We hereby submit the financial statements as of 31 December 2012 for your assessment and approval, showing a net profit of 8,206 thousand euros, up by more than 100% compared with 4,023 thousand euros for 2011.
Income from current operations before taxes of 8,584 thousand euros is above that of last year (4,991 thousand euros) by 72%.

The main items that form the 2012 results are shown below and compared with the corresponding 2011 figures:

- **Earnings margin** of 2012 totals 33,480 thousand euros, compared to 30,619 thousand euros in the corresponding period of the previous financial year. The overall increase of 2,861 thousand euros (+9%) may be broken down as follows:

  increases
  - 5,190 thousand euros for Interest margin (11,819 thousand euros at 31 December 2012 compared to 6,629 thousand euros in the corresponding period of the previous year);
  - 1,779 thousand euros for dividends and similar income (9,176 thousand euros at 31 December 2012, compared to 7,397 thousand euros in the corresponding period of the previous year);

  decreases
  - 2,273 thousand euros for Net commissions (11,165 thousand euros at 31 December 2012, compared to 13,438 thousand euros in the corresponding period of the previous year);
  - 1,209 thousand euros for Net income from trading activities (showing as at 31 December 2012 a negative balance of 340 thousand euros compared to a positive balance of 869 thousand euros of the 2011 financial year);
  - 473 thousand euros for Losses from the disposal of receivables;
  - 153 thousand euros for Profit from the sale of available-for-sale securities (2,133 thousand euros in 2012, compared to 2,286 thousand euros in the corresponding period of the previous year).

- **Value adjustments for impairment** show an overall balance of 630 thousand euros compared to 1,092 thousand euros in the corresponding period of the previous year. The item, in addition to adjustments on loans carried out during the financial year of 1,255 thousand euros, includes the write-back of 625 thousand euros related to the cancellation of the partial write-down carried out last year of the credit position of the Bank towards MF Global UK Ltd, sold in the third quarter of 2012.
- **Administrative expenses** amount to 24,266 thousand euros at 31 December 2012, compared to 24,444 thousand euros in the corresponding period of the previous year, down by 178 thousand euros overall (-1%).
  Staff costs, which total 16,280 thousand euros, are up by 730 thousand euros, compared to 31 December 2011 (15,550 thousand euros). These costs include the sum of 354 thousand euros, relating to the measurement of the stock options assigned to the Bank's Management.
  The other administrative expenses increased compared to the previous financial year of 301 thousand

euros (8,869 thousand euros in 2012 compared to 8,568 thousand euros in 2011). Net of recoveries from customers of some expenses allocated in item 190. Other operating income/expenses - of 1,169 thousand euros in 2012 and of 273 thousand euros in 2011 respectively - whereas other administrative expenses decreased by 595 thousand euros.

- **Income taxes** at 31 December 2012 amount to 378 thousand euros compared to 968 thousand euros in the corresponding period of the previous year. Current taxes for the financial year benefited from the reduction of the amount of 820 thousand euros, requested for refund for the financial years from 2007 to 2011, following the introduction of Article 2 Italian Law Decree 201/2011 supplemented by Italian Law Decree 16/2012 concerning Irap deductibility referring to staff costs.

The profit of 2012 does not include the changes to the "Valuation reserve" and therefore the global profit for the year, which also takes into account said changes, is shown in the Statement of comprehensive income.

DIRECT AND INDIRECT DEPOSITS

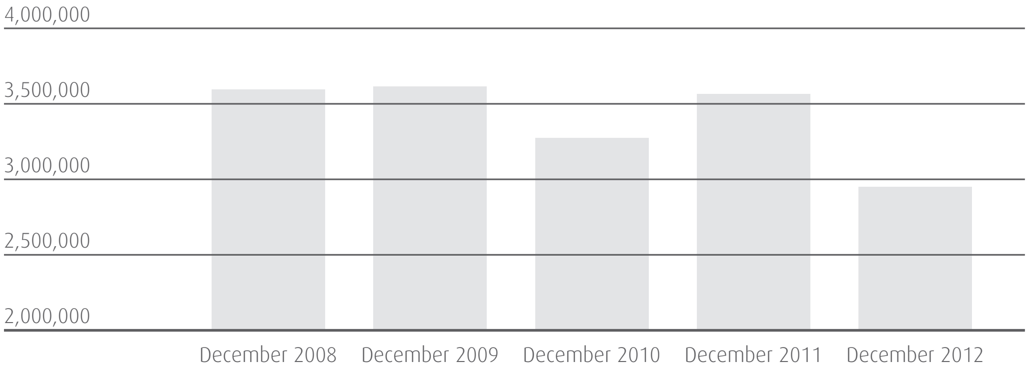
The breakdown of the Bank's deposits is as follows:

(in thousands of euro)	31.12.2012	31.12.2011	% Change
Direct deposits from customers (*)	**573,577**	**299,344**	***92%***
of which:			
- Due to customers (current accounts)	234,185	225,427	
- Repos and fixed-term deposits	275,220	38,857	
- Bonds and certificates of deposit	64,172	35,060	
Indirect deposits	**3,290,306**	**4,160,293**	***-21%***
of which:			
- Assets under administration (securities)	2,746,111	3,374,716	
- Assets under management (Asset management accounts and management proxies received from third parties)	544,195	785,577	
Direct deposits from banks	**94,793**	**40,804**	***132%***
of which:			
- Due to banks	94,793	40,804	
Total deposits	**3,958,676**	**4,500,441**	***-12%***

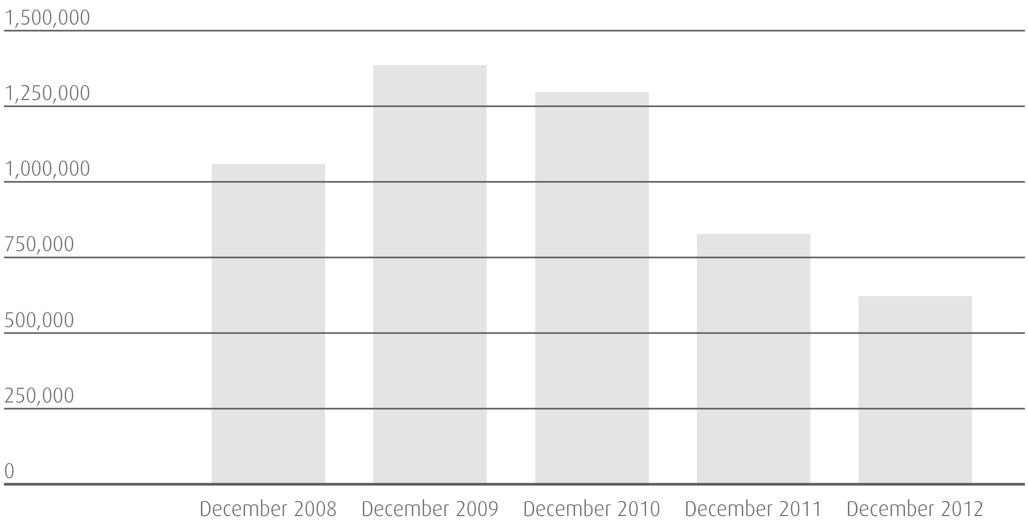
(*) The bonds issued in customers' possession and deposited with the Bank are included also in "Indirect deposits".
Repos also include transactions between the bank and "Cassa di Compensazione e Garanzia".

PERFORMANCE OF BANK DEPOSITS ACCORDING TO TYPE

Assets under administration



Assets under management (Accounts and management proxies received from third parties)



OPERATIVE OFFICES

At 31 December 2012, the Bank has operative branches in Rome, Milan and Novi Ligure. The central office is at 49 Piazza del Gesù, Rome.

ACTIVITIES

Following is an overview of the activities carried out by the Bank and Group companies in 2012:

Investment banking

Markets in 2012 had an overall positive trend albeit characterised by extreme volatility and by continuous and sudden changes of background. For this reason, especially in the first half of the year, the attitude of the investors was of great mistrust, only partially mitigated in the last part of the year, when a more significant and convincing price rally occurred both for shares and for bonds.

This context explains the general reduction in business volumes of investment banks and of figures on deposits that also affected our Bank.

The performance of the Asset Management segment shows very positive results both with reference to Asset Management and SICAV divisions whose investment decisions are delegated to the Bank. These positive results are recorded in comparison with their "benchmarks", exceeded in most cases.

These results must be considered particularly brilliant when one considers that both in the first half and in the second half of the year, the asset allocation choices were made with the utmost caution: the constant priority was safeguarding the capital, and hence absolute performance, so as to avoid negative results. Clearly, having faced the positive markets with a continuing share underweight was detrimental: but obviously stock picking and trading choices were appropriate to more than offset the disadvantage arising from this conservative approach.

It is less satisfactory if one considers the trend but not the performance of Assets Under Management: the downward trend of deposits continued - as for all the sector - related to an increasing alienation from assets under management, result of the periods of particularly turbulent markets in recent years. This trend in Asset Management is also accompanied by strong drop in deposits of the New Millennium SICAV mainly due to a single institutional customer, which fully released its investment from a segment dedicated to it, more for industrial reasons rather than for the managing results, which were however very positive this year.

The assets of another Luxembourg-based SICAV fund called Rinascimento SICAV, for which the Bank, albeit not managing its segments, has took up the position of Promoter and General Advisor, are at their fullest potential. These assets started to produce the first economic benefits during the second half of the year.

Brokerage on behalf of customers dropped, resulting in diminished trading on almost all asset classes. Obviously, the drop in volumes also corresponds to a reduction in commissions related to such assets, more significant on stock markets, a little less on bonds and derivatives.

Moreover, the fees that some important banking groups paid for a secured backup with regard to their main trading venues no longer existed: trying to lower their costs, these banks gave up the "business continuity" service that was assured by our bank that ensured a constant flow of revenues.

After the excellent results of 2011, revenues from support activities to listed issuers further increased: specialists, liquidity providers, providers of the purchase plan of own shares, funds for increases in share capital: this is a type of revenue diversification that was initiated a few years ago and that currently produces very significant benefits. Moreover, these tasks give considerable visibility to the bank having now attained the position of leadership on some segments of Stock Exchange (in particular, on the AIM where the bank is a specialist of 9 companies out of 15 listed companies).

Strong increase in profits realised in its own account mainly thanks to important recoveries in the value of Italian treasury bonds on which most of the investments made on the property portfolio focus traditionally.

Advisory & corporate finance

The Bank provides corporate finance consulting services and assistance to private and public companies, with a special focus on medium-sized companies, through its Advisory & Corporate Finance department. In 2012, the team intended for these activities further developed its operating skills.

Regarding advisory activities in the period, the Bank provided assistance: to a prime local public transport operator, with a view to enhancing its business efficiency and rebalancing its economic and equity position, by structuring financial transactions; in locating financial resources for the development of a marina, under a project financing arrangement; to a company owned by a prime real estate concern, to locate potential investors interested in taking over its stake in an undertaking set up to promote an upmarket property development in Rome; in connection with the reconnaissance analysis of a southern Italian construction firm and with the preparation of a business plan aimed at rebalancing the Group's financial and property structure, through the structuring of financial transactions; to an important construction firm, in connection with negotiations with credit institutions aimed at determining and sharing a strategy for refurbishing and developing a upmarket property; to a tourism and hotel company, for the purpose of restructuring its debt; to a company operating in the healthcare sector in preparing the economic and financial plan representing the effects of the industrial development plan and assistance to obtain the financial resources in the form of bank debt and equity required for carrying out the industrial plan; to a company operating in the ICT sector at all stages related to an acquisition and for raising the required supporting financial resources; to Mondo TV S.p.A. with a view to checking the preliminary conditions and studying the feasibility of the listing operation of the French subsidiary Mondo TV France S.A.S.U. and for the subsequent granting of the mandate of Nominated Adviser; in reviewing the business plan of the development initiatives and in analysing and structuring the issue of a bond of a holding operating in the implementation and management of amusement parks; within the scope of a project in Rome for implementing a tourism service and attraction infrastructure (including an aquarium), to the Promoter company aimed at negotiating with the banks for an amendment to the overall financial agreements.

The Bank also carried out the activities as follows: the analysis of the business and financial plans of companies engaged in promoting project financing schemes, in respect of social and economic infrastructures, and of companies operating tourism and museum services, in the creation and management of plants for the production of energy from renewable sources aimed at the issuing of so-called lettere di asseverazione, i.e. letters attesting to the financial soundness of the companies; financial assistance with respect to the location of partners, new financing and the preparation and analysis of business and financial plans of companies operating in innovatory areas, such as electronics and engineering services applied to the health sector.

The consultancy fees declined compared to the previous financial year and did not reward adequately the amount of operations carried out in that, being mostly success fees, affect the income statement upon completion of the assignment received.

Commercial Division

The first half of 2012 confirmed the uptrend of new private-sector clients. The network was further consolidated by the recruitment of highly qualified resources, consistently with the Bank's client target group.

With regard to asset management services for clients, results were satisfactory for all risk profiles.
The Bank's typical prudent approach, focusing its consulting activities on minimising volatility and increasingly diversifying the assets, based on an effective analysis of the Portfolio Model, was excellent in the phase of volatility that characterised the beginning of summer. The wide diversification of asset classes and instruments allowed clients to avoid sudden reductions in existing financial positions during the topical phase of the alleged Euro crisis. As a result, it was possible to go through that period without changes and take advantage of the following phase of rising markets, ending the year with a very positive performance. Different supports at the consultant level were implemented for each client to improve portfolio analysis, risk diversification and management in line with the vision of the market in different model portfolios.
The Bank's partnership with several large select international asset management firms proved decisive, with respect to both locating the best solutions and achieving the necessary diversification.
Thanks to these partnerships, the Bank is able to offer complementary products – alongside the key New Millennium Sicav fund – enabling it to meet a vast range of asset allocation needs, also with respect to niche investments. The distribution of select Sicav segments of third parties, thanks to our in-depth research and the consequent broadening of the assortment of solutions, was further increased, in line with the uptrend in the previous year.
During the whole year, the Bank attentively followed, on behalf of its clients, the Italian government bond auctions, with a special focus on Italian BTPs, which represented a very interesting opportunity.
Our financial planning activities, also through the Group's trust companies, continue to be one of the cornerstones of our offering. We recorded a growing demand for this service during the first few months of the year.

The business advisory services delivered by our Corporate Finance department continue to be highly valued by customers. In the first half of the year, our integrated personal asset management and corporate business services continued to produce a large stream of mandates. The ability of the bank to cover the wide-ranging needs arising from personal assets and from the company especially for what concerns strategic choices such as access to the stock market or M&A.

The request to use Inter-bank Corporate Banking – which enables clients to better manage bank flows and transactions – increased, in line with our other Corporate Banking services.

Property Fund Management

In 2012, the subsidiary Investire Immobiliare SGR S.p.A. continued its activities aimed at promoting the managed property funds.

The Fondo Immobili Pubblici (FIP) continued the regularisation of the property assets, aimed at their future disposal. Property sales in year were managed on a mainly asset-by-asset basis, primarily targeting the local market. In 2012, the Fund disposed of 7 properties, including one subject to condition precedent, for a total value of approx. 51 million euros.

The Fondo Obelisco further concentrated on raising the value of its portfolio, entering into new leases, in 2012, for an overall annual rent of approx. 130,000 euros, and renegotiating existing leases for an overall annual rent of approx. 128,000 euros.

Under the arrangements agreed to with the large lessee of a property located in Milan (as a result of the renegotiation of the relevant lease), the 3-year refurbishment plan of the property was concluded, way ahead of the original schedule.

The FIEPP (Fondo Immobiliare Enti di Previdenza dei Professionisti) fund, besides the management of the properties in its portfolio, was also engaged in locating further investments in high-end properties in the major Italian cities, in line with its previous acquisitions. Moreover, a property was sold in Florence (divided in two different units) to two local investors for a total value of approx. 1.1 million euros.

The Fondo Apple continued placing the units on the real estate market. On 31 December, a total of 157 leases were secured/reserved for apartments and garages, accounting for 35% of the units.

The Fondo Helios continued its development through fractioned sales: in 2012, sales totalling approx. 51 million euros were made; therefore, also considering the sales made in 2011, a total of approx. 52% of the property units in its portfolio were sold, rising to 64% with the reservations made.

In 2012, the SGR started the social housing fund called Fondo HS Italia Centrale. The fund brought two properties in Ascoli Piceno: one property, brought by Fondazione Carisap, is already a real-estate income, whereas for the other property, brought by the Municipality, the full refurbishment initiatives were started (selection of professionals for projects).

Lastly, the Bank continued to operate in the asset management segment, without using the property fund, based on the mandates received from the primary counterparties.

Research & Development

In the period in question, the Bank engaged in the following projects.

IT and Technology Area

- The project for the construction of the secondary site concerning the disaster recovery of IT resources managed directly by the Bank and not migrated to the CSE IT outsourcer was completed. Its physical implementation is nearing completion.
- Updates relating to the management of the network infrastructure and databases were completed.
- The new server for managing the Access Logs of system administrators was installed to comply with the obligations of the Antitrust Authority.
- Security policy upgrade.

Organisation Area

- Coordination and development of the process and corporate governance overhaul process, also aimed at the efficiency enhancement of all the processes and the priority processes first and foremost.
- Activation of the IT procedure for the management of insurance products.
- Development of the functionalities for the management of the advanced Algorithmic Trading of orders on financial instruments.
- Development of the functionalities for the management of currency operations carried out by clients not under administration.
- Completion of support activities aimed at rationalising and increasing the efficiency of connectivity with the financial markets.

Mortgage loans and financing

In 2012, the Service performed the ordinary activities aimed at granting loans and monitoring existing credit lines, with thorough analyses of credit ratings and assessments of the guarantees provided.
During the period, mortgages and facilities were granted totalling approx. 57 million euros almost entirely secured. Further development was recorded in granting unsecured loans that increased compared to the previous financial year of approx. 17 million euros. Overdraft facilities showed a decrease in the use of approx. 43 million euros.

Corporate governance, organisation, internal control, compliance and Manager in charge of preparing the accounting documents

The corporate governance structure of Banca Finnat Euramerica, originally approved by the Board of Directors at the meeting held on 26 June 2009, in accordance with the provisions of the Bank of Italy issued on 4 March 2008 concerning the corporate governance of Banks, and the subsequent Note dated 19 February 2009, is based on a traditional administration and control system, by virtue of which:

- the Board of Directors (BoD) alone is responsible for the management of the company;
- the Board of Statutory Auditors is responsible for the supervision of the company and, in this position, it monitors compliance with the articles of association and controls the management;
- the Shareholders' Meeting expresses the will of the shareholders.

The governance principles of Banca Finnat Euramerica besides being grounded in the applicable laws and regulations in force in Italy, is also inspired by international best practices on the matter and by the recommendations of the Governance Code for Listed Companies.

At the meeting held on 9 February 2012, the Board of Directors acknowledged the content of the document issued by the Bank of Italy on 11 January 2012, relating to the "Application of the supervisory provisions on the subject of the organisation and corporate governance of banks", which confirms and further details the provisions already in force; having regard to the fulfilments set out in the process of self-assessment by the BoD, in view of which the Directors are invited to fill in a specific Questionnaire, a specific Report was prepared summarising, inter alia, the key results that have emerged; the document was then approved by the Board of Directors and sent to the Bank of Italy on 30 March 2012.

Pursuant to the applicable Supervisory Provisions laid down by the Bank of Italy and in the light of the regulations issued on 30 March 2011 and published in the Official Gazette of 7 April 2011, the Bank reported to the Shareholders' Meeting held on 26 April 2012 about the remuneration policies and incentives adopted.

Having regard to the legal obligations envisaged in the regulation concerning prudential requirements, and to compliance with the commitments provided for therein, Banca Finnat Group prepared and delivered the ICAAP report for 2011 and posted on its website the document "Public disclosure 2011 – III Pillar Basel 2". The said documents represent for the Group the last stage in the much broader and ongoing self-assessment process regarding capital adequacy, and its compliance with the Group's operational features and the environment in which it operates. The ICAAP report relating to 2012, for the Supervisory Authority, will be approved by the BoD within the deadline set out in the applicable regulations. With regard to the calculation of the equity ratios, and the related quantification of the capital absorption, stress tests are under way on the credit risk, concentration risk and interest rate risk at 31 December 2012.
Based on the provisions set out by the Bank of Italy in the 4th update of 13 December 2010 of the Circular Letter No. 263 of 27 December 2006, the Bank is constantly monitoring its liquidity risk, according to the method formalised in a dedicated document containing the guidelines on Liquidity Risk Governance and Management.

The Shareholders' Meeting held on 26 April 2012 elected the members of the BoD, comprising three Independent Directors, and of the Board of Statutory Auditors, whose term of office will expire at the approval of the financial statements at 31 December 2014.
The Bank has optimised its corporate structure by assigning specific responsibilities and overhauling the previously assigned powers, as a result of which both the Organisation Chart and Function Diagram have been updated. The Board of Directors during the meeting of 17 December 2012 examined in detail the specific report on the use by the delegated subjects in the period from January to November 2012 of the powers and proxies granted, pursuant to Article 17 of the Articles of Association.

On 26 June 2012, with regard to the provisions of Article 36 of Italian Law Decree no. 201 of 6 December 2011, amended and converted into Italian Law no. 214 of 22 December 2011 laying down "Urgent provisions for the growth, fairness and consolidation of public accounts", and the formalities required by the "Criteria for the enforcement of Article 36 of Italian Law Decree "Salva Italia" (the so-called "interlocking prohibition"), relating to company employees and the members of the BoD and Board of Statutory Auditors appointed by the Meeting of 26 April 2012, we have made the necessary assessments and duly informed the Bank of Italy.

On 26 June 2012, BoD, in addition to adopting an appropriate Regulation for what concerns the organisational and corporate governance profiles on:

- equity investments that may be held;
- risk assets and on conflicts of interest towards subjects related to the bank or to the banking group, implementing the CICR resolution no. 277 of 29 July 2008,

the Bank has updated and supplemented the "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties", with the purpose of defining tasks and responsibilities and identifying the rules governing the approval and implementation of related party transactions carried out by Banca Finnat directly, or through subsidiaries, with a view to ensuring the transparency and correctness, both in substantive and procedural terms, of said transactions; the application of the Regulation is ensured by specific IT procedure.

The Bank of Italy with measure no. 1039475/11 of 19 December 2011 issued the authorisation to purchase own shares accounting from more than 5% of the share capital, within the maximum limit of 10 million euros.

With Communication of 30 October 2012, the Bank of Italy informed that the Assessment Measure no. 0910107/12 of 30 October 2012 was issued with regard to the request to amend the articles of association concerning in particular the obligation for the listed companies to adjust the composition of their company bodies in order to ensure gender balance.

Consob Market Regulation – requirements set forth under Article 36

Banca Finnat Euramerica undertakes that, in accordance with paragraph 2 of Article 36 of Consob Regulation no. 1619/2007 (Market Regulation), the provisions set out by said Article 36 on the conditions for the listing of parent companies, companies set up or governed according to the laws of states not belonging to the European Union and of significant relevance for the purpose of the consolidated financial statements, do not apply to the subsidiary Finnat Gestioni S.A., since the above mentioned subsidiary falls beneath the limits envisaged by the regulation and does not, therefore, hold "significant relevance".

Market disclosure information

Regarding market disclosure, the following is declared:

- with reference to the request made by the Bank of Italy, in its Communication of 17 June 2008, the exposure of the Bank to financial products perceived by the market as risky comprises the investment in "FIP Funding Class A2-2023" bonds, recorded in the financial statements as trading shares, totalling 2,516 thousand euros (with a nominal value of 3.3 million euros). This investment (CMBS Commercial Mortgage-Backed Securities) is the result of the securitisation of the loan to Fondo Immobili Pubblici (managed, as mentioned above, by the subsidiary Investire Immobiliare SGR S.p.A.) and is guaranteed by a special lien on the real estate owned by the Fund, which is almost exclusively leased out to Government entities; consequently, it is an investment that is not exposed to the risk of insolvency;
- At 31 December 2012, the Bank – with the exception of the above mentioned investment – was not exposed to and/or did not hold an interest, either directly or through vehicle companies or other non-

consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as: - SPEs (Special Purpose Entities) - CDOs (Collateralised Debt Obligations) – Other subprime exposures and Alt-A – CMBSs (Commercial Mortgage-Backed Securities) – Leveraged Finance;

- The Board of Directors of Banca Finnat Euramerica S.p.A., pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to comply with the simplification system set forth in Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, of listed companies, to depart from the obligation to submit the information documents required by Annexe 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increase by non-cash contributions, acquisitions and sales;
- with reference to the requests made jointly by the Bank of Italy, Consob and Isvap in their Document no. 2 dated 6 February 2009 and subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made of audit considerations in respect of going concern assumptions, please refer to the commentary provided in Part A, Section 2 – General financial reporting principles and Part E – Risk Information and Related Hedging Policies of the Notes to the Financial Statements.

Capital adequacy, prudential ratios and risk management disclosure

Information about the Bank's capital adequacy and risk management are illustrated at length in the Notes to the financial statements, respectively in Part F – Information on Consolidated Net Equity and in Part E – Risk Information and Related Hedging Policies.

Regulatory capital

The regulatory capital of Banca Finnat Euramerica S.p.A. amounted to 138,173 thousand euros (compared to 123,933 thousand euros at 31 December 2011), consisting entirely of Tier 1 assets.
The individual solvency ratio of the Bank at 31 December 2012 amounts to 31.8% (28.1% at 31 December 2011) compared to the minimum ratio of 6% required by the applicable regulations for banks that are part of a banking group). The Bank did not issue subordinated liabilities of any kind, nor did it make use of hybrid capital instrument, therefore the Tier 1 Ratio is also equal to 31.8% (28.1% at 31 December 2011).
Weighted assets, on and off the financial statements, amount to 434,204 thousand euros (compared to 441,675 thousand euros at 31 December 2011).

Information on stock option plans

The Shareholders' Meeting held on 29 April 2011 approved a stock option plan in favour of the Management of the Bank and its subsidiaries, for a reference period of 2011/2016, and vested the BoD with all the powers necessary or suited to managing and implementing the plan. To service the plan, the Shareholders' Meeting also approved the proposal for a paid capital increase, by issuing no more than 27 million new ordinary shares totalling 5,400,000 euros (plus the share premium).

The Plan targets the positions that play a key role in achieving the Group's management results and is aimed at ensuring that they focus their commitments on the achievement of the strategic objectives and share in the company's results.

The stock option plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, with the right of early exercise, which right is conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

On 12 May 2011, the BoD of the Bank approved the Stock Option Plan Regulation and implemented the Plan itself, identifying the beneficiaries and assigning the 27 million options. At the same meeting, the Board fixed the unit price for exercising the options at 0.4702 euro, equal to the mean value of the reference prices of the shares, as measured from the date of assignment to the same day of previous calendar month.

For an itemised description of the terms and conditions of the stock option plan, reference should be made to the information document prepared pursuant to article 114-bis of the Italian Consolidated Financial Law and article 84-bis of the Consob Regulation No. 11971/1999, which can be consulted online at www.bancafinnat.it.

During the financial year under review, the measurement of the assignment rights were updated as a result of the termination of the employer-employee relationship of two Executives of the Bank assignees of 3 million options. Therefore, 24 million options are still exercisable at 31 December 2012.

PERFORMANCE OF SUBSIDIARIES

Finnat Fiduciaria S.p.A.

The company – set up in accordance with Italian Law no. 1966 of 23 November 1939 – is based in Rome and operates as an equity and security trust company. It has a share capital of 1,500,000 euros held entirely by Banca Finnat Euramerica S.p.A.

At 31 December 2012, assets under management totalled 1,367 million euros, compared to 1,360 million euros at 31 December 2011.

The draft financial statements at 31 December 2012 show a profit of 287 thousand euros compared to 200 thousand euros at 31 December 2011. In 2012, the company realised commission revenues of 1,914 thousand euros and further updated the measurement of the loans for commissions yet to be received.

At 31 December 2012, the company has a net equity of 2,741 thousand euros, compared to 2,630 thousand euros at 31 December 2011.

Finnat Investments S.p.A.

Finnat Investments S.p.A. is based in Rome and provides financial consulting services to businesses. Its share capital of 260,000 euros is 100% held by Banca Finnat Euramerica S.p.A.

The draft financial statements at 31 December 2012 show a loss of 40 thousand euros compared to 61 thousand euros at 31 December 2011. The book value of net equity, at 31 December 2012, amounted to 919 thousand euros, compared to 958 thousand euros at 31 December 2011.

Finnat Real Estate S.r.l.

The company is wholly owned by Banca Finnat Euramerica S.p.A.; it is based in Rome and its sole asset is an office block of approx. 450 square metres, in the Trieste district of Rome. The share capital amounts to 96,900 euros. Its net equity at 31 December 2012 is equal to 397 thousand euros compared to 375 thousand euros in 2011.

The draft financial statements at 31 December 2012 show a profit of 22 thousand euros compared to 14 thousand euros at 31 December 2011.

Investire Immobiliare SGR S.p.A.

The company, based in Rome, was set up on 4 February 2002 and authorised by the Bank of Italy on 9 May 2002. Its purpose is to establish and manage real estate funds.

Banca Finnat Euramerica S.p.A. has an 80% stake in the company. The share capital amounts to 8,600,000 euros.

At 31 December 2012, the company managed 7 real estate funds, with managed assets totalling 2,164 million euros, compared to 2,346 million euros at 31 December 2011.

The draft financial statements at 31 December 2012 show a profit of 3,514 thousand euros compared to 5,067 thousand euros last year and a book value of the net equity of 16,545 thousand euros compared to 17,723 thousand euros at 31 December 2011. In 2012, the company recognised a total commission income of 12,008 thousand euros compared to 13,832 thousand euros in 2011.

Fedra Fiduciaria S.p.A.

The company, set up in accordance with Italian Law no. 1966 of 23 November 1939, is based in Rome and operates as an equity and security trust company. Authorised by the Ministry of Industry on 7 February 1988, it has a share capital of 120,000 thousand euros held entirely by the Bank.

The draft financial statements at 31 December 2012 show a profit of 2 thousand euros compared to 14 thousand euros at 31 December 2011, also as a result of further write-downs of the loans for commissions yet to be received

The book value of net equity, at 31 December 2012, amounted to 385 thousand euros, compared to 383 thousand euros at 31 December 2011. At 31 December 2012, assets under management totalled 97 million euros, compared to 107 million euros at 31 December 2011.

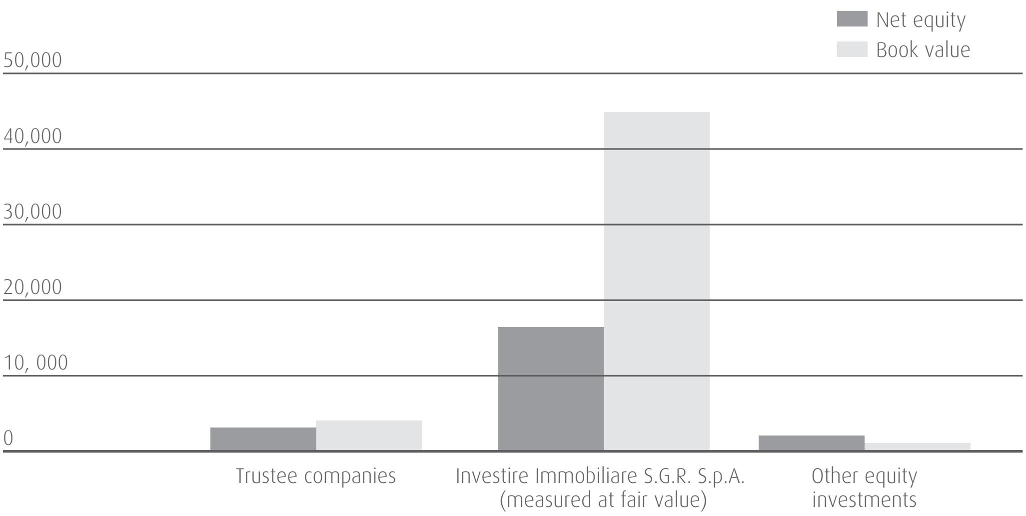
Finnat Gestioni S.A.

The company, established on 10 April 2008, is based in Lugano and provides financial management and consulting services including, in particular, asset and portfolio management services.

The Bank holds a 70% stake in the company's share capital, which amounts to CHF 750,000, while the remaining stake is held by Banca per la Svizzera Italiana (Generali Group). Managed assets at 31 December 2012 totalled CHF 97 million, compared to CHF 54 million at 31 December 2011.

The draft financial statements at 31 December 2012 show a profit of CHF 440 thousand compared to CHF 245 thousand at 31 December 2011. The book value of net equity, at 31 December 2012, amounted to CHF 952 thousand, compared to CHF 512 thousand at 31 December 2011.

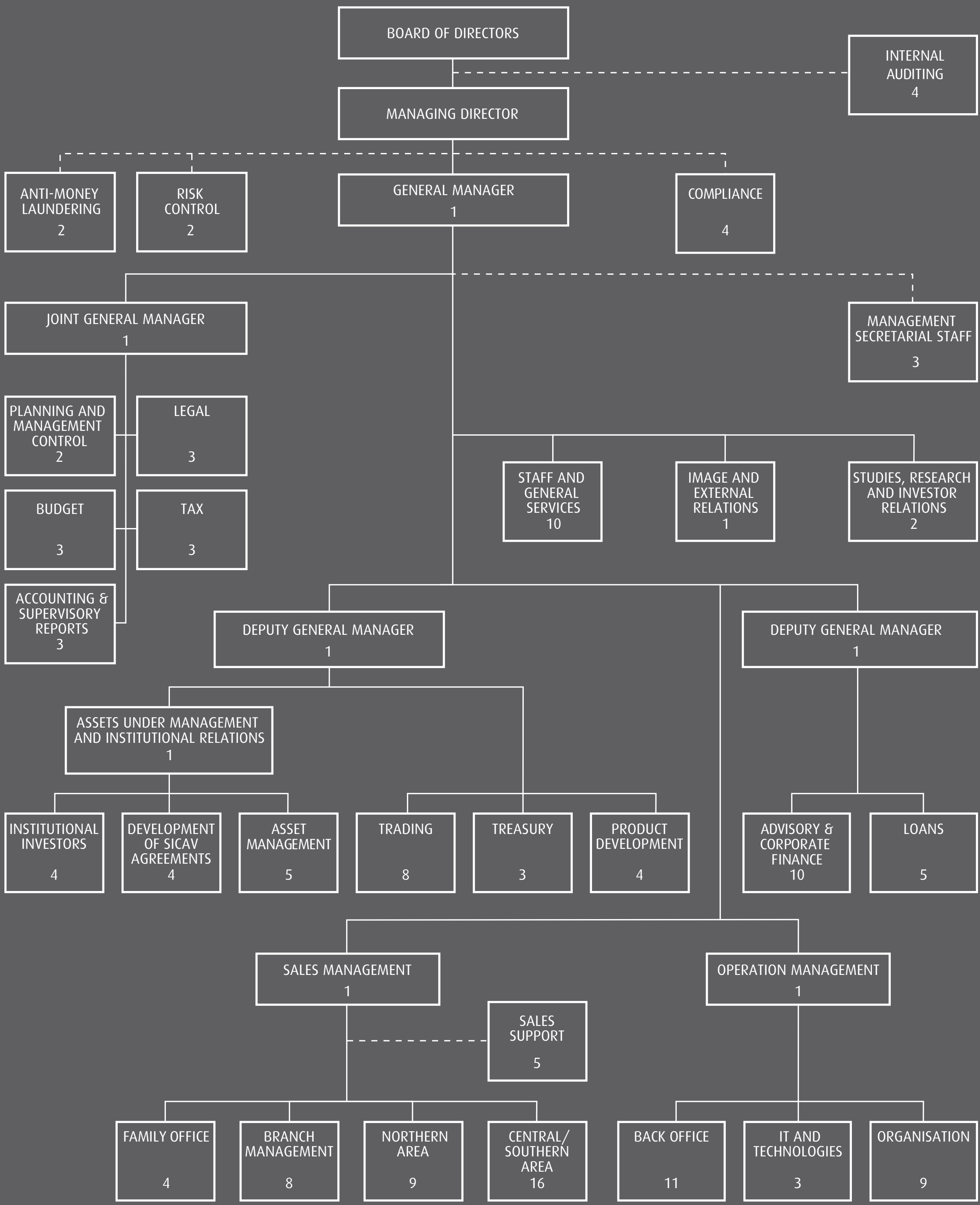
Book value of directly controlled subsidiaries in Banca Finnat Euramerica's accounts and related net equity (in thousand euros)



Attached to the consolidated financial statements is the chart illustrating the Group structure and their quotas of control.

THE STRUCTURE OF BANCA FINNAT EURAMERICA

The organisation and human resource structure of the Bank is as follows:



The total number of personnel in the Bank decreased from 172 at 31 December 2011 to 171 at 31 December 2012 as shown in detail below:

	31.12.2012	31.12.2011
staff	**159**	**160**
- executives	21	20
- managers	62	66
- clerical workers	76	74
contractors	**9**	**9**
promoters	**3**	**3**
Total	171	172

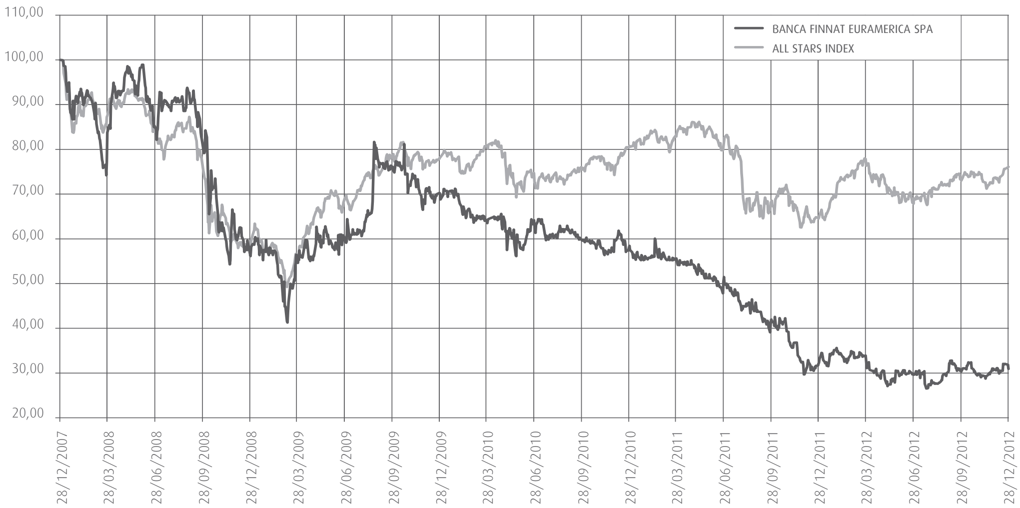
With regard to changes in the number of employees, during the year 10 persons terminated their employment whilst 9 persons were hired.

In 2012, training was mainly aimed at enhancing the skills associated with employees' roles (in particular, those with high specialist content), and to develop personnel managerial skills with high responsibility assignments.

During the year, the Bank focused particularly on training in English, by organising specific courses for employees who, in their daily activities, often deal with international counterparts.

With reference to the so-called "compulsory training", the use of e-learning courses by newly hired personnel was monitored, constantly present on the company's intranet platform (privacy, workers' health and safety, anti-money laundering).

Banca Finnat share price trend and comparison with All Stars index



STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

(in thousands of euro)

	Number of shares	Market prices as at 13 March 2013 (€/000)	Capitalisation as at 13 March 2013 (€/000)	Net equity as at 31.12.2012 including income for the year (€/000)	Share capital (€/000)
Ordinary shares	362,880,000	0.26400	95,800	204,593	72,576

OWN SHARES

At 31 December 2012, the Bank holds 20,453,500 own shares, representing 5.6% of the share capital with a total value of 10,940 thousand euros. At the end of the past year, the Bank held 17,415,298 own shares with a value of 10,134 thousand euros. During the financial year, the Bank purchased 3,042,881 shares with a total value of 808 thousand euros, and sold 4,679 shares with a total value of 1 thousand euros.

RELATED PARTY TRANSACTIONS

With regard to related party transactions, including Group companies, all operations are regulated at market conditions.

The Bank has adopted procedures to monitor transactions with related parties, with the objective of defining competences and responsibilities and specifying the rules that govern the approval and execution of said transactions. For additional details, please refer to what is explained in the Corporate Governance Report attached hereto.

In the 2012 financial year, the Bank did not carry out any transaction considered to be of an “atypical or unusual” nature, and which, due to their magnitude/relevance might have cast doubts on the safeguarding of the Bank’s assets and the protection of minority shareholders’ rights.
All information on transactions with related parties required under IAS 24 are shown in part H of the notes to the financial statements.

OPTION FOR THE DOMESTIC CONSOLIDATED TAX SYSTEM

Since 2004, the Bank and its Italian-based subsidiaries have decided to join the “domestic consolidated tax system”, pursuant to articles 117/129 of the TUIR (Italian Consolidated Financial Law). The option was renewed in 2010 also for the 2010/2011/2012 period.

By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' incomes/losses) and, consequently, a single income tax debt/credit determined.

COMPARISON OF KEY BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE 2012 AND 2011 FINANCIAL YEARS

The main 2012 financial statement items and comparative items at 31 December 2011 are summarised below.

The tables reflect the minimum mandatory layout provided for in Circular Letter 262/2005 issued by the Bank of Italy.

BALANCE SHEET OF BANCA FINNAT EURAMERICA S.p.A.

(in thousands of euro)

	31.12.2012	31.12.2011	Absolute change
ASSETS			
Cash and cash equivalents	1,696	425	1,271
Financial assets held for trading	148,120	90,679	57,441
Available-for-sale financial assets	356,470	55,480	300,990
Financial assets held to maturity	2,615	3,366	(751)
Due from banks	77,220	91,890	(14,670)
Due from customers	247,483	243,054	4,429
Equity investments	62,704	64,401	(1,697)
Tangible assets	4,366	4,665	(299)
Intangible assets	435	419	16
Tax assets	5,435	3,571	1,864
Other assets	22,194	51,552	(29,358)
Total asset	**928,738**	**609,502**	**319,236**
LIABILITIES AND NET EQUITY			
Due to banks	94,793	40,804	53,989
Due to customers	549,881	282,293	267,588
Outstanding securities	64,172	35,060	29,112
Financial liabilities held for trading	449	675	(226)
Tax liabilities	3,487	3,178	309
Other liabilities	8,755	45,665	(36,910)
Staff severance fund	2,608	2,402	206
Net equity	204,593	199,425	5,168
Total liabilities and net equity	**928,738**	**609,502**	**319,236**

INCOME STATEMENT OF BANCA FINNAT EURAMERICA S.p.A.

(in thousands of euro)

	FY 2012	FY 2011	Absolute change	Percent change
Interest margin	**11,819**	**6,629**	**5,190**	**78%**
Net commission income	**11,165**	**13,438**	**(2,273)**	**-17%**
Dividends and similar income	9,176	7,397	1,779	
Net profit from trading activities	(340)	869	(1,209)	
Profit (loss) from disposal or repurchase:				
- of receivables	(473)	–	(473)	
- available-for-sale financial assets	2,133	2,286	(153)	
Earnings margin	**33,480**	**30,619**	**2,861**	**9%**
Value adjustments for impairment	(630)	(1,092)	462	
Net income from financial operations	**32,850**	**29,527**	**3,323**	**11%**
Staff costs	(16,280)	(15,550)	(730)	
Other administrative expenses	(8,869)	(8,568)	(301)	
Value adjustments on tangible and intangible assets	(497)	(641)	144	
Other operating income/expenses	1,380	315	1,065	
Operating costs	**(24,266)**	**(24,444)**	**178**	**-1%**
Profit (loss) from equity investments	**–**	**(92)**	**92**	
Pre-tax income (loss) from current operations	**8,584**	**4,991**	**3,593**	**72%**
Income tax on current operations	(378)	(968)	590	
Profit (loss) for the year	**8,206**	**4,023**	**4,183**	**104%**

Following are a series of Bank operating ratios at 31 December 2012 compared with the operating ratios of the previous year.

	FY 2012 (%)	FY 2011 (%)
Interest margin/earnings margin	35.30	21.65
Net commissions/earnings margin	33.35	43.89
Cost/income ratio (operating costs/earnings margin)	72.48	79.83
ROE (profit (loss) for the year/net equity)	4.01	2.02
ROA (profit (loss) for the year/total assets)	0.88	0.66

Based on the analysis of the above ratios:

- the interest margin/earnings margin ratio increased as a result of the increase in interest margin by 78% compared to the previous financial year;
- the net commissions/earnings margin and cost/income ratio decreased due to the increase in earnings margin;
- the return on equity ROE (profit (loss) for the year/net equity) increased due to the increased profit;
- the return on assets (ROA) (profit(loss) for the year/total assets) increased due to the higher increase in profit compared to total assets.

MAIN TRANSACTIONS IN THE YEAR, SIGNIFICANT SUBSEQUENT EVENTS AND OPERATING OUTLOOK

The main transactions in the year

Following is an overview of the main transactions and most significant events in the period:

- on 29 March 2012, Finnat Servizi Assicurativi S.r.l. – in which the Bank holds a 51% stake – was wound up;
- on 26 April 2012, the Shareholders' Meeting of the Bank:
  - approved the financial statements at 31 December 2011 and the distribution, to the Shareholders, of a gross dividend of 0.01 euro per share, due for payment from 24 May 2012 (coupon detachment on 21 May 2012);
  - appointed the Directors and Statutory Auditors for the 2012-2014 period;
  - repealed in advance the previous resolution for the purchase of own shares, valid until 29 October 2012, and authorised the BoD to vest the requisite powers in one of the directors, or the General Manager, to purchase – in one or more instalments, between 26 April 2012 and 25 April 2013 – up to 5,000,000 own ordinary shares, in addition to those already held, and, in any case, for a total additional sum of no more than 3,000,000 euros;
  - approved the Remuneration Report prepared in pursuance of Article 123-ter of Italian Legislative Decree 58/98;
- on 26 April 2012, the Bank's BoD appointed the following persons to the respective positions: Chairman: Mr. Giampietro Nattino, Deputy Chairmen: Mr. Angelo Nattino and Mr. Leonardo Buonvino, Honorary Chairman: Mr. Carlo Carlevaris, and Chief Executive Officer: Mr. Arturo Nattino. The BoD also appointed the members of the Remuneration Committee and Internal Control Committee;
- on 15 May 2012, the Board of Directors of the Bank appointed the Director Mr. Marco Tofanelli to the position of "Lead Independent Director", a role provided for in the Governance Code for listed companies. Moreover, the Board of Directors resolved to make use of the possibility introduced by Italian Law 183/11 to assign the functions of the Supervisory Body to the Board of Statutory Auditors, all this with a view to simplifying and rationalising the control structures as well as increasing the effectiveness of the activities monitoring the risks set forth in Italian Legislative Decree no. 231/2001;
- on 31 July 2012, the Bank perfected the purchase – from B.S.7 S.p.A. belonging to the Beni Stabili Group – of 648,000 Beni Stabili property Service S.p.A. ("BSPS") shares, for a value of 2,268 thousand euros, within the framework of the agreement entered into on 22 June 2012. This company specialises in the property management and advisory services. Once the transaction has been perfected, the shareholding structure of Beni Stabili Property Service S.p.A. ("BSPS") will be as follows: B.S.7 S.p.A. at 49%, Banca Finnat Euramerica at 36% and Regia S.r.l. (family Holding of Gilberto Benetton) at 15%;
- on 31 July 2012, the first Social Housing fund – Fondo Housing Sociale Italia Centrale – was officially launched, reserved to qualified investors and managed by the subsidiary Investire Immobiliare S.G.R. S.p.A.;
- on 14 September 2012, with the cancellation from the Commercial Register of Luxembourg, the voluntary liquidation procedure of the New Millennium Advisory S.A. company , in which the Bank holds a 99.86% stake, was completed;

- in November 2012, with the cancellation from the Commercial Register of Rome, the voluntary liquidation procedure of the Finnat Servizi Assicurativi S.r.l. company , in which the Bank holds a 51% stake, was completed;
- on 17 December 2012, the Board of Directors of the Bank adopted the new edition of the Governance Code for listed Companies that transposes the national and international best practices concerning the corporate governance recommended to the listed companies.

Significant events occurring after the end of the financial period

In the period spanning the end of the 2012 financial year and the date on which these financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Bank emerged.

However, it should nevertheless be reported that on 14 February 2013, the Director, Paolo di Benedetto, resigned. The Board of Directors, during the meeting held on 15 March 2013, co-opted Giulia Nattino as non-executive and non-independent Director.

Strategy for 2013 and operating outlook

The 2012 financial year was positively affected by the distribution of the portion of net equity by two subsidiaries following the completion of the voluntary liquidation procedure. The uniqueness of this income in the current financial year, which is also affected by the continued economic crisis and increased uncertainties on future prospects, may lead to a lower profit before taxes. The foreseeable result of the current year is expected to be widely able to ensure the usual remuneration of the Shareholders and an adequate provision to reserves.

Dear Shareholders,

We submit the financial statements for 2012, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in net equity, cash flow statement and notes to the financial statements, as well as the related attachments and the report on operations, for your approval.
We would also suggest allocating the year's profits as follows:

profit for the year	**Euro**	**8,205,872**
• to the legal reserve, for 5% to be set aside in compliance with the law and the articles of association	Euro	410,294
• to the 362,880,000 ordinary shares a gross dividend of 0.010 euros per share corresponding to 5% of the nominal value of the shares (in accordance with Article 2357-ter of the Italian Civil Code the profits due to own shares held as of the date on which the dividend registration date will be allocated proportionally to the other shares)	Euro	3,628,800
• to extraordinary reserve	Euro	4,166,778
total	**Euro**	**8,205,872**

In accordance with Article 1 of Italian Ministerial Decree of 2 April 2008, the dividend of this proposal, exclusively for taxation purposes, is assumed to be formed with the profits produced in years prior to 31 December 2007, having verified the presence of adequate reserves formed with the profit generated through the current year at that date.
Additionally, the stated allocation of the year's profits complies with the provisions of Art. 6 of Italian Legislative Decree no. 38/2005.

As a result of the proposed allocations, the item "Reserves" will break down as follows:

• legal reserve	Euro	8,461,213
• dividend adjustment reserve	Euro	6,724,772
• reserve for purchases of own share	Euro	2,457,024
• reserve for purchased own shares	Euro	10,939,648
• extraordinary reserve	Euro	55,781,388
Total profit reserves	Euro	84,364,045
Other reserves (profits from own shares and reserve for stock option plan)	Euro	5,147,224
Total reserves	Euro	89,511,269

Before moving to the analysis of the various financial statement items, the Board wishes to thank all the Company's staff for the excellent work they have done.
Rome, 15 March 2013

On behalf of the Board of Directors
The Chairman
(dr. Giampietro Nattino)

BALANCE SHEET OF BANCA FINNAT EURAMERICA S.P.A. AS AT 31 DECEMBER 2012

(amounts in euros)

	Asset items	31.12.2012	31.12.2011
10.	Cash and cash equivalents	1,695,511	424,714
20.	Financial assets held for trading	148,120,363	90,678,863
40.	Available-for-sale financial assets	356,469,916	55,480,402
50.	Financial assets held to maturity	2,615,406	3,365,995
60.	Due from banks	77,219,818	91,889,683
70.	Due from customers	247,483,091	243,053,958
100.	Equity investments	62,704,353	64,401,387
110.	Tangible assets	4,366,083	4,665,262
120.	Intangible assets	434,566	418,501
	of which:		
	- goodwill	300,000	300,000
130.	Tax assets	5,435,412	3,570,820
	a) current	2,719,143	573,416
	b) advance	2,716,269	2,997,404
150.	Other assets	22,192,990	51,552,004
	Total assets	**928,737,509**	**609,501,589**

	Liabilities and net equity items	31.12.2012	31.12.2011
10.	Due to banks	94,793,453	40,803,541
20.	Due to customers	549,881,147	282,292,860
30.	Outstanding securities	64,172,117	35,059,959
40.	Financial liabilities held for trading	448,812	674,637
80.	Tax liabilities	3,486,851	3,178,213
	a) current	371,258	857,699
	b) deferred	3,115,593	2,320,514
100.	Other liabilities	8,753,944	45,665,281
110.	Staff severance fund	2,607,900	2,402,054
130.	Valuation reserves	49,816,864	48,809,358
160.	Reserves	84,934,197	84,150,898
180.	Share capital	72,576,000	72,576,000
190.	Own shares (-)	(10,939,648)	(10,134,484)
200.	Net Profit (Loss) for the year (+/-)	8,205,872	4,023,272
	Total liabilities and net equity	**928,737,509**	**609,501,589**

INCOME STATEMENT OF BANCA FINNAT EURAMERICA S.P.A.

(amounts in euros)

	Items	31.12.2012	31.12.2011
10.	Interest income and similar income	16,252,168	9,897,303
20.	Interest expense and similar expense	(4,432,582)	(3,268,119)
30.	**Interest margin**	**11,819,586**	**6,629,184**
40.	Commission income	12,138,198	14,683,475
50.	Commission expense	(973,387)	(1,245,189)
60.	**Net Commissions**	**11,164,811**	**13,438,286**
70.	Dividends and similar income	9,176,298	7,397,018
80.	Net income from trading activities	(340,207)	868,771
100.	Net profit (loss) from the transfer or the repurchase of:		
	a) receivables	(473,326)	–
	b) available-for-sale financial assets	2,133,078	2,285,809
120.	**Earnings margin**	**33,480,240**	**30,619,068**
130.	Net value adjustments/write-backs for impairment of:		
	a) receivables	(1,255,062)	(466,946)
	d) other financial transactions	625,000	(625,000)
140.	**Net income from financial operations**	**32,850,178**	**29,527,122**
150.	Administrative expenses:		
	a) staff costs	(16,280,428)	(15,549,924)
	b) other administrative expenses	(8,868,689)	(8,567,869)
170.	Net value adjustments/write-backs on tangible assets	(406,244)	(443,242)
180.	Net value adjustments /write-backs on intangible assets	(91,188)	(198,119)
190.	Other operating income/expenses	1,380,726	315,195
200.	**Operating costs**	**(24,265,823)**	**(24,443,959)**
210.	Profit (loss) from equity investments	–	(91,838)
250.	**Pre-tax income (loss) from current operations**	**8,584,355**	**4,991,325**
260.	Income tax for the year on current operations	(378,483)	(968,053)
270.	**Income (loss) from current operations after tax**	**8,205,872**	**4,023,272**
290.	**Net profit (loss) for the year**	**8,205,872**	**4,023,272**

STATEMENT OF COMPREHENSIVE INCOME OF BANCA FINNAT EURAMERICA S.P.A.

(amounts in euros)

	Items	31.12.2012	31.12.2011
10.	**Net profit (loss) for the year**	**8,205,872**	**4,023,272**
	Other income items after tax		
20.	Available-for-sale financial assets	1,007,506	-10,180,630
110.	**Total other income items after tax**	**1,007,506**	**-10,180,630**
120.	**Comprehensive income (Item 10+110)**	**9,213,378**	**-6,157,358**

Item 20. includes negative changes in fair value (-3,815,702 euros at 31 December 2012 and -7,818,418 euros at 31 December 2011) of the equity investment in the subsidiary Investire Immobiliare S.G.R. S.p.A. measured in accordance with IAS 39.

STATEMENT OF CHANGES IN NET EQUITY AT 31 DECEMBER 2012

(in euros)

	Balances at 31.12.2011	Changes in opening balances	Balances at 01.01.2012	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576,000**		**72,576,000**	**–**	**–**
a) ordinary shares	72,576,000		72,576,000	–	–
b) other shares			–	–	–
Share issue premiums	**–**		**–**	**–**	**–**
Reserves:	**84,150,898**	**–**	**84,150,898**	**394,472**	**–**
a) profit	79,392,500		79,392,500	394,472	
b) other	4,758,398		4,758,398	–	–
Valuation reserve	**48,809,358**	**–**	**48,809,358**	**–**	**–**
Capital instruments	**–**		**–**		
Own shares	**(10,134,484)**		**(10,134,484)**		
Net Profit (Loss) for the year	**4,023,272**		**4,023,272**	**(394,472)**	**(3,628,800)**
Net equity	**199,425,044**	**–**	**199,425,044**	**–**	**(3,628,800)**

STATEMENT OF CHANGES IN NET EQUITY AT 31 DECEMBER 2011

(in euros)

	Balances at 31.12.2010	Changes in opening balances	Balances at 01.01.2011	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576,000**		**72,576,000**	**–**	**–**
a) ordinary shares	72,576,000		72,576,000	–	–
b) other shares			–	–	–
Share issue premiums	**–**		**–**	**–**	**–**
Reserves:	**84,105,288**	**–**	**84,105,288**	**(369,882)**	**–**
a) profit	79,762,382		79,762,382	(369,882)	
b) other	4,342,906		4,342,906	–	–
Valuation reserve	**58,989,988**	**–**	**58,989,988**	**–**	**–**
Capital instruments	**–**		**–**		
Own shares	**(9,256,705)**		**(9,256,705)**		
Net Profit (Loss) for the year	**3,258,918**		**3,258,918**	**369,882**	**(3,628,800)**
Net equity	**209,673,489**	**–**	**209,673,489**	**–**	**(3,628,800)**

	Changes during the year: Changes in the reserves	Net equity transactions: New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Comprehensive income FY 31.12.2012	Net equity at 31.12.2012
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**72,576,000**
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(1,322)	**–**	**–**	**–**	**–**	**–**	**390,149**	**–**	**84,934,197**
									79,786,972
	(1,322)	–	–	–	–	–	390,149	–	5,147,225
	–	**–**	**–**	**–**	**–**	**–**	**–**	**1,007,506**	**49,816,864**
					–				**–**
	–		**(805,164)**						**(10,939,648)**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**8,205,872**	**8,205,872**
	(1,322)	**-**	**(805,164)**	**–**	**–**	**–**	**390,149**	**9,213,378**	**204,593,285**

	Changes during the year: Changes in the reserves	Net equity transactions: New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Comprehensive income FY 31.12.2011	Net equity at 31.12.2011
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**72,576,000**
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(4,876)	**–**	**–**	**–**	**–**	**–**	**420,368**	**–**	**84,150,898**
									79,392,500
	(4,876)	–	–	–	–	–	420,368	–	4,758,398
	–	**–**	**–**	**–**	**–**	**–**	**–**	**(10,180,630)**	**48,809,358**
					–				**–**
	–		**(877,779)**						**(10,134,484)**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**4,023,272**	**4,023,272**
	(4,876)	**-**	**(877,779)**	**–**	**–**	**–**	**420,368**	**(6,157,358)**	**199,425,044**

STATEMENT OF CASH FLOWS (indirect method)

(in euros)

	Amount	
	31.12.2012	31.12.2011
A. OPERATING ACTIVITIES		
1. Operations	**11,854,018**	**15,172,823**
- net profit (loss) for the year (+/-)	8,205,872	4,023,272
- capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+)	(243,057)	46,955
- capital gains/losses on hedging assets (-/+)		–
- net value adjustments/write-backs for impairment (+/-)	630,062	1,091,946
- net value adjustments/write-backs on tangible and intangible fixed assets (+/-)	588,837	733,840
- net allocations to the provisions for risks and charges and other costs/revenues (+/-)	263,224	102,117
- unpaid taxes (+)	378,483	968,053
- net value adjustments/write-backs of groups of assets being disposed after tax (+/-)	–	–
- other adjustments (+/-)	2,030,597	8,206,640
2. Cash generated by/used in financial assets	**(322,657,739)**	**(75,353,379)**
- financial assets held for trading	(57,198,443)	(14,220,247)
- financial assets carried at fair value	–	–
- available-for-sale financial assets	(300,989,514)	2,537,884
- due from banks: on demand	22,906,543	(47,688,959)
- due from banks: other receivables	(11,584,739)	31,979,998
- due from customers	(5,684,195)	(15,262,510)
- other assets	29,892,609	(32,699,545)
3. Cash generated by/used in financial liabilities	**313,495,817**	**71,419,581**
- due to bank: on demand	(419,650)	190,734
- due to banks: other payables	54,409,562	5,118,918
- due to customers	267,588,287	34,989,378
- outstanding securities	29,112,158	(8,691,749)
- financial liabilities held for trading	(225,825)	54,250
- financial liabilities carried at fair value	–	–
- other liabilities	(36,968,715)	39,758,050
Cash generated by/used in operating activities	**2,692,096**	**11,239,025**

	Amount	
	31.12.2012	**31.12.2011**
B. INVESTING ACTIVITIES		
1. Cash generated by	**4,234,074**	**5,504,941**
- disposals of equity investments	–	–
- dividends received on equity investments	3,348,061	5,467,801
- disposal of financial assets held to maturity	800,000	–
- disposals of tangible assets	86,013	37,140
- disposals of intangible assets	–	–
- disposals of business units	–	–
2. Cash used in	**(2,617,741)**	**(2,525,922)**
- purchases of equity investments	(2,268,000)	(2,150,000)
- purchases of financial assets held to maturity	(49,410)	(66,751)
- purchases of tangible assets	(193,078)	(271,595)
- purchases of intangible assets	(107,253)	(37,576)
- purchases of business units	–	–
Cash generated by/used in investing activities	**1,616,333**	**2,979,019**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(806,486)	(882,655)
- issues/purchases of capital instruments	390,148	420,368
- dividend distribution and other purposes	(2,621,294)	(13,809,430)
Cash generated by/used in financing activities	**(3,037,632)**	**(14,271,717)**
CASH GENERATED/USED DURING THE YEAR	**1,270,797**	**(53,673)**

Key:
(+) generated
(-) used

RECONCILIATION	**31.12.2012**	**31.12.2011**
ITEMS		
Cash and cash equivalents at the beginning of the period	424,714	478,387
Total net cash generated/used during the year	1,270,797	(53,673)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at the end of the year	1,695,511	424,714

NOTES TO THE FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA S.P.A.

Set out below are the sections of the Notes to the Financial Statements applicable to the Bank.

Part A – Accounting policies

A.1 – General information

Section 1 – Statement of compliance with international accounting standards

The financial statements at 31 December 2012 of Banca Finnat Euramerica S.p.A. have been prepared applying the International Accounting Standard (IAS) and the International Financial Reporting Standards (IFRS), as amended by the International Accounting Standards Board (IASB) and approved by the European Commission, in force at 31 December 2012, in accordance with the procedures laid down in EC Regulation no. 1606/02.

The international accounting standards have been applied taking into account, where necessary, the "Framework for the Preparation and Presentation of financial statements" (the Framework).

For further guidance on the application of the new accounting standards, the Company has also referred to the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC), as well as the documents issued to support the introduction of the IAS/IFRS in Italy by the Organismo Italiano di Contabilità (OIC) – the Italian Accounting Board – and the documents produced by the Italian Bankers' Association (ABI).

If no standard or applicable interpretation applied specifically to a transaction, other event or condition, reference was made of the provisions and guidelines contained in the standards and interpretations dealing with similar and related issues, taking into account the Framework provisions.

Section 2 – General financial reporting principles

In accordance with the requirements jointly issued by the Bank of Italy, Consob and Isvap (see document 2 of 6 February 2009, document no. 4 of 4 March 2010 and paragraphs 15 and 25 of IAS 1), the Directors of the Bank have taken into account – for the purpose of preparing the financial statements with the utmost caution and attention – the financial, management and other indicators, in order to identify the existence of any circumstance that might in any way affect the 'going concern' principle. On the basis of this analysis, in consideration of the reliability and results of the risk measurement systems and as a result of the audits carried out in respect of the realisable value of the assets – based on prudent weighted assessments – the Directors of the Bank are confident there is no evidence that could lead to request a business continuity audit. Given the size of the Bank's assets, the substantial financial resources owned and the breakdown, quality and liquidity of the Bank's portfolio of financial assets, and other elements that could affect in any way the business and operation, the Directors of the Bank have prepared the financial statements in the full conviction that the it meets the requirements of a going concern.

The Separate financial statements of Banca Finnat Euramerica S.p.A. at 31 December 2012 were drawn up in compliance with the approved IAS/IFRS standards, applying the provisions set out in Circular Letter no. 262 of 22 December 2005, issued by the Bank of Italy, which deals with the formats and rules for drawing up bank financial statements and subsequent relevant clarifications.

The separate financial statements consist of: the balance sheet, income statement, statement of changes in net equity, statement of comprehensive income, cash flow statement and these notes to the financial statements. They also comprise the directors' report on operations and the Bank's situation.

In addition, the following documents are attached to the separate financial statements as required by specific legal regulations or established practice:

- Statement of changes in equity investments
- Statement of main equity investments pursuant to Article no. 126 of Consob Regulation no. 11971 of 14 May 1999.

The Corporate Governance Report is provided in the specific section, drawn up in accordance with Article 123-bis of the Italian Consolidated Financial Law.

The separate notes to the financial statements provide all information required by law and additional information deemed necessary to give a true and fair view of the Bank's situation. If the information required by the international accounting standards and by the provisions of circular letter no. 262 of 22 December 2005 issued by the Bank of Italy does not suffice to give a true and fair, reliable, comparable and comprehensible view, the notes to the financial statements provide additional information for said purpose.

The tables of the consolidated balance sheet, income statement and statement of comprehensive income are made up of items, sub-items and by additional information on the items and sub-items. The items, sub-items and related details constitute the financial accounts. All items with nil balances either for the current or for the previous financial year are not shown. Revenues in the income statement and statement of comprehensive income are shown without any sign whilst costs are shown in brackets.

Comparative figures are shown for each account item of the balance sheet, income statement and statement of comprehensive income. If the account items are not comparable with those of the previous financial year, they are adjusted; the lack of comparability, any adjustment made or the inability to make any such adjustment are reported and commented in the notes to the financial statements.

The separate financial statements provide a true and fair view of the financial position, the result for the year and cash flows. The financial statements were also prepared, as specified above, on a going concern basis (IAS 1 paragraph 25), on an accrual basis (IAS 1 paragraphs 27 and 28), in compliance with the obligation to make adjustments to reflect the events subsequent to the reference date of the financial statements (IAS 10). The assets and liabilities, income and expenses have not been offset, except where required or allowed by a principle or interpretation (IAS 1 paragraph 32). The cost of inventories of replaceable goods and, in particular, the financial instruments falling within this category, has been determined using the weighted average daily cost method, as in last year's financial statements (IAS 2 paragraph 25).

It should also be noted that as regards disclosures to be provided in the financial statements, the directors of the Bank have also considered that indicated in the joint document no. 4 of 4 March 2010 issued by Bank of Italy, Consob and Isvap.

The separate financial statements for Banca Finnat Euramerica S.p.A. were audited by Reconta Ernst & Young S.p.A., to whose report attached hereto specific reference is made.

During 2011 and 2012, the European Commission approved the following Regulations:

- which entered into force in 2012:
  - Regulation no. 1205/2011 – Amendments to the IFRS 7 Additional disclosures – Transfers of financial assets.
  - Regulation no. 1256/2012 - Amendments to the IFRS 7 Financial Instruments: Additional disclosures – Asset and liability offsetting and IAS 32 Financial Instruments: Presentation – Asset and liability offsetting.
- which entered into force in 2013:
  - Regulation no. 475/2012 - Amendments to IAS 1 Presentation of Items of Other Comprehensive Income and to IAS 19 Employee benefits.
  - Regulation no. 1255/2012 – Amendments to IFRS 1 First time adoption of International Financial Reporting Standard – Severe hyperinflation and removal of fixed dates for first time adopters and amendments to IAS 12 Income taxes – Deferred tax assets: recovery of underlying assets, IFRS 13 Fair value measurement and IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

These regulations had no impact nor will impact on the drawing up of the Separated financial statements.

Consistently with Article 5 of Italian Legislative Decree no. 38 of 28 February 2005, the Separated financial statements were prepared using the euro as the presentation currency. The amounts of the statements are expressed in euros, whilst the figures of the Accompanying Notes, unless otherwise specified, are presented in thousands of euros.

Section 3 – Subsequent events

In the period spanning the end of the 2012 financial year and the date on which these financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Bank emerged.

However, it should nevertheless be reported that on 14 February 2013, the Director, Paolo di Benedetto, resigned. The Board of Directors, during the meeting held on 15 March 2013, co-opted Giulia Nattino as non-executive and non-independent director.

The 2012 statutory financial statements are submitted for the approval of the Shareholders' Meeting convened for 24 and 26 April 2013, respectively on first and second call.

Section 4 – Other information

Risks and uncertainties linked to the use of estimates

In compliance with the IAS/IFRS standards, the Bank carries out evaluations, estimates and assumptions in support of the application of the accounting standards and for the determination of the amounts of the assets, liabilities, costs and revenues reported in the financial statements. In respect of the preparation of the financial statements at 31 December 2012, the Bank used estimates (based on the most recent available data), in several limited cases and for immaterial amounts, in respect of both several balance sheet and several income statement items.

Exemption from the preparation of the fourth interim financial report for 2012

With the implementation of the Directive on shareholders' rights (Italian Legislative Decree no. 27 of 27 January 2010), paragraph 1 of Article 154-ter was amended ("Financial Reports") of the Italian Consolidated Financial Law (the "TUF"). This amendment establishes that the annual Financial Report, comprising the draft statutory financial statements, the consolidated financial statements, if prepared, the report on operations and the certification of the appointed administrative bodies and the Manager in charge of preparing the accounting documents, must be published within 120 days of the company year end. The obligation to ensure publication within 120 days refers specifically to the "draft financial statements" approved by the administrative body and no longer to the "statutory financial statements" approved by the shareholders' meeting. As such, this amendment restores, for listed companies, the option to postpone approval of the financial statements within maximum terms of 180 days as established by Article 2364, paragraph 2 of the Italian Civil Code, which had been abolished by Directive 2004/109/EC (the Transparency Directive). The decree also establishes that, as an exception to Article 2429, paragraph 1 of the Italian Civil Code, the draft financial statements must be disclosed by the directors to the board of auditors and auditing firm at least 15 days prior to publishing the draft.

With reference to companies belonging to the STAR segment, Borsa Italiana has established the publication - in addition to the reports concerning the first and third quarters, as required by paragraph 5 of Article 154-ter – also the interim report on operations with reference to the 4th quarter; it has also allowed to omit drafting said report if publication of the draft financial statements is brought forward to 90 days as from the end of the year of reference. These new terms of 90 days (previously established as 75 days prior to the amendments introduced with the implementation of the Directive as explained above), were established by Borsa Italiana with note no. 14924 of 8 October 2010 concerning the "Changes made to the Market Regulation".

In view of the above, the Bank opted not to publish the 4th interim report on operations, by making the draft separate and consolidated financial statements as of 31 December 2012, complete with the certification by the manager in charge of preparing the accounting documents, that of the board of statutory auditors and the auditing firm, within the new terms of 90 days.

A.2 – Information on the main financial statement items

The main accounting standards adopted in preparing the statutory financial statements at 31 December 2012 remained unchanged with respect to those adopted in the financial statements at 31 December 2011 as concerns classification, measurement and de-recognition criteria in general, and the recognition criteria for costs and revenues.

Financial assets held for trading

Classification criteria

This category includes debt securities, equities, mutual investment funds and the positive fair value of derivative contracts other than those held for hedging purposes. The positive fair value is also recorded of the derivatives entered into by the Bank for risk hedging purposes, but which do not satisfy the efficiency test.

The classification of a financial instrument in the category of assets or liabilities held for trading should be made at the initial recognition. The reclassification of HFT instruments is permitted only in "rare circumstances" and should in any case be made at the fair value on the transfer date.

Recognition criteria

Financial instruments are recorded in the category on the settlement date, except for derivatives that are recognised by the subscription date.
They are initially recognised at their fair value, which usually coincides with the purchase price.

Measurement criteria

Subsequent as at initial recognition, financial assets held for trading are carried at their fair value, with the results of any change in value recorded in the income statement. The fair value of assets held in a trading portfolio should be determined on the basis of active market prices or, failing these, on the basis of prices supplied by external operators or, lastly, calculated using the results of internal valuation models that are generally used in financial practice, which are believed to provide reliable estimates of the prices of current market transactions.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

The profit or loss resulting from disposals or repayments, and the unrealised profit or loss resulting from changes in the fair value of any financial asset held for trading, will be recorded under item 80 of the income statement "Net income from trading activities", together with the result of the valuations of the foreign-currency assets and liabilities.

Interest is recorded on an accrual basis under item 10 "Interest income and similar income", dividends from equities or fund units are recorded under item 70 "Dividends and similar income", as soon as entitlement to them arises.

Available-for-sale financial assets

Classification criteria

The available-for-sale assets include investment fund units, debt securities and equity investments in companies that do not qualify as establishing control or joint control over or association with the said companies. Moreover, this group of assets also includes non-derivative financial assets that cannot be included in the other financial trading asset categories or among the receivables or investments held to maturity, according to the criteria envisaged by a specific framework resolution passed by the BoD.

Recognition criteria

Financial instruments are recorded at their settlement date, except for receivables that are booked at the date of the relevant transaction.

Available-for-sale financial assets are initially recognised at fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost.

Measurement criteria

Subsequent to initial recognition, financial assets held for trading are carried at their fair value, with the results of any change in value recorded in the income statement. Gains and losses deriving from the change in fair value are recorded in a specific net equity reserve, net of the tax effect, unless conditions are met for recording value adjustments as a result of a significant or prolonged decrease in value.

Capital interests in other companies that can be classified as strategic investments, but which do not qualify as establishing control or joint control over or association with the company, and which are not listed in an active market, do not feature prices provided by market operators and for which a reliable fair value cannot be established, through the use of the internal valuation models generally used in financial practice, are maintained at purchase cost.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At the transfer, the after-tax gains or losses previously recorded in the net equity reserve are moved to the income statement and, precisely, to item 100 "Profit (loss) from the transfer or repurchase of available-for-sale financial assets".

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

Any long-lasting impairment is assessed in relation to the duration and extent of the impairment itself. Lacking any other negative element (such as difficulties in the debt service by the issuer, unfavourable changes in the context in which the company operates), the impairment of value is generally deemed to be significant and prolonged in nature:

- in the case of capital instruments and UCI units, in the case in which the reduction of fair value below the cost exceeds 50% or lasts longer than 18 months;
- in the case of closed-end UCIs – acquired with contractual commitments (lock-up clauses), or consistently with regulatory provisions that require that they be maintained at least until the expiry of either the relevant contract or the financial instrument – the loss of value is generally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80%, or lasts uninterruptedly beyond the expiry of the contractual commitment or of the financial instrument itself, after both are reduced by twelve months for prudential reasons;
- in the case of private-equity funds – for which the investment decision is consistent with the permanence of the financial instrument in the bank's portfolio for a medium-to-long-term time horizon, in relation to the expected income-producing potential thereof and the existence of any possible operational and business synergy – the loss of value is normally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80% or persists uninterruptedly beyond half the fund's duration.

In the case of debt securities in which the reduction of fair value below the cost exceeds 30%, or continues uninterruptedly for a period of 18 months or more.

If an available-for-sale financial asset suffers an impairment loss, the cumulated unrealised loss previously recorded in the net equity is reversed from the net equity and recognised in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: b) available-for-sale financial assets".

If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the net equity, in the case of equities, and to the income statement, in the case debt securities and receivables. The write-back may not exceed the cost (amortised as applicable) that the financial instrument would have had in the absence of the previous adjustment.

Financial assets held to maturity

Classification criteria

This group of assets includes non-derivative financial assets with fixed payments, or payments that can be calculated and with fixed due dates, which, in accordance with IAS 39, are destined to remain in the company's equity in the long-term, based on a specific resolution passed by the BoD to this effect. If the Directors change their mind, or it is no longer possible to hold an investment until its maturity, the investment is reclassified among the available-for-sale financial assets, according to the special procedures set out in the above-mentioned IAS 39.

Recognition criteria

Financial assets are recorded at the settlement date.

Financial assets held to maturity are initially recognised at their fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost. If the recognition in this group of assets occurs after the reclassification of the Assets held for trading or of the Available-for-sale assets, permitted in "rare circumstances" (in accordance with IAS 39 and IFRS 7), the fair value of the assets, at the date of reclassification, is taken as the new amortised cost of the assets themselves.

Measurement criteria

Following their initial recognition, the financial assets held to maturity are adapted to their amortised cost based on the effective interest rate method, and adjusted to take into account the effects of any write-down. The resulting value is recorded in the income statement under item 10 "Interest income and similar income".

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At their transfer, the gains and losses resulting from the transfer of these assets are recorded in the income statement under item 100 "Profit/loss from the transfer or repurchase of: c) financial assets held to maturity".

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

If there is evidence of impairment of value, the relevant loss is measured as the difference between the book value of the asset and the present value of the estimated cash flows, discounted at the effective interest rate. The loss is recorded in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: c) Financial assets held to maturity".

If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the income statement under the same item 130.

Receivables

Classification criteria

This asset group includes receivables due from customers and banks, with fixed and determinable payments, paid directly or acquired from third parties that are not listed on active markets and that have not been originally classified among the financial assets held for trading, available-for-sale financial assets or carried at fair value.

The receivables item also includes operating loans linked to the supply of financial services, repos and unlisted bonds.

Recognition criteria

Financial assets included in this group are initially recorded on the date on which they were provided or, in the case of repos, on the settlement date.

Initial recognition is made on the basis of the fair value of the instrument, which, given the nature and characteristics of the transactions, is equal to the amount provided or the purchase cost. The initial recognised value includes any cost or income related to the transaction, and known at the time, and will be spread over the residual life of the instrument, participating in the formation of the effective interest rate of the transaction (amortised cost method). Internal administrative related costs due from customers are not included.

Measurement criteria of income statement items

After their initial recognition, receivables are stated at their amortised cost, which is equal to the initial recognition value reduced/increased by capital repayments, by any value adjustment/write-back and by the amortisation calculated on the basis of the effective interest rate, any transaction cost or income known or determinable at the time of provision of the credit.

In the case of short-term receivables, given that the effect of the amortisation is considered negligible, the costs and income directly related to the transactions are posted directly in the income statement.

The amortisation of the transaction costs and income – based on the effective interest rate – is not applied in the case of on-demand receivables and, as a rule, to undated loans. In the case of on-demand loans and, as a rule, undated loans, the relevant value recorded in the financial statements is made equal to the amount paid out, minus any value adjustment.

In accordance with the international accounting standards, all receivables are impairment tested according to the following criteria:

- significant positions are subject to itemised valuation;
- classification within anomalous loan classes are provided for by the current regulations issued by the Bank of Italy; non-performing loans, impaired loans, restructured and past due loans are considered objective evidence of impairment;
- with regard to non-performing loans that are insignificant on an individual basis, the loss is calculated based on statistical criteria. The amount of the loss is calculated as the difference between the amount at which the asset was initially recorded and the present value of the expected future cash flows, discounted at the effective original interest rate of the financial asset;
- performing loans that are insignificant on an individual basis, and for which there is no objective evidence of impairment are collectively valued by grouping them together on a like-for-like risk profile basis. Their value adjustment is calculated on the basis of the historical loss experience for each reference group. In determining the historical loss series, the positions that are subject to itemised valuation are removed from the loan population;
- value adjustments determined on a line-by-line basis or collectively are recorded in the income statement in item 130 "Net value adjustments/write-backs for the impairment of a) Receivables".

If the circumstances giving rise to the impairment losses cease to exist, the losses are reversed in full or in part. As a result, write-backs, objectively related to an event occurring after the value adjustment was made, are recognised to the income statement until they reach the amortised cost that the instrument would have had without the previous adjustments.

Impaired exposures are broken down as follows, based on the Bank of Italy's Circular Letter no. 272/2008, updated on 9 February 2011:

- non-performing loans – this is the area of formally impaired loans, including exposure to insolvent customers, even if they have not yet been legally acknowledged as such, or customers in similar positions;
- impaired loans – this area includes relations with subjects undergoing temporary loan repayment difficulties, which are expected to be solved in a suitable period of time. Loans expired or past due for over 270 days, based on the Bank of Italy's Circular Letter no. 272, are considered objective impaired loans if the expired/past due amount due from the debtor is equal to 10% of the entire exposure (not including default interest).
- restructured exposures – are exposures to counterparties with which debt restructuring arrangements have been entered into also providing for the renegotiation of the relevant terms and conditions;
- past due receivables – are the total exposures to counterparties, other than those classified above, which, at the reference date feature receivables that have expired or are past due for over 90 days.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.
Gains or losses resulting from their derecognition are recorded in the income statement.

Equity investments

Classification criteria

The item "Equity investments" includes equity investments in subsidiaries, associated companies and joint ventures.

Equity interests in other companies in which the Bank does not exercise control or over which it has no significant influence, either directly or through its subsidiaries, but which are acquired as long-term investments and not held for the purpose of trading, are classified as "Available-for-sale financial assets", in accordance with IAS 39.

Recognition criteria

Equity investments are recorded at their settlement date and at purchase - or subscription - cost, including the additional charges.

Measurement criteria

Equity investments in subsidiaries and associated companies are recorded at cost.

The investment in Investire Immobiliare SGR S.p.A. (not listed on active markets) is an exception to this criterion; it has been assessed at its fair value since the 2008 financial statements.

The method for determining the fair value of this investment is in line with current market practice and, on the basis of the provisions of IAS 39, AG 80 and 82, letter e), refers to a series of objective parameters. The model takes into consideration the typical characteristics of real estate management companies and is based on the discounting of cash flows, as emerges from the updated long-term plan of the subsidiary Investire Immobiliare SGR S.p.A. The figure is then used (subject to the updating of parameters) in the preparation of financial statements in order to determine any change in fair value, taking into account any further adjustment needed given specific market situations.

It should be noted that on the basis of analyses conducted, as at the balance sheet date the Bank's equity investment portfolio did not contain investments analogous to its Investire Immobiliare SGR S.p.A. investment.

Derecognition criteria

Equity investments are derecognised when they are transferred, with the substantial transfer of all related risks and benefits, or when the contractual rights to cash flows deriving from them expire.

Recognition criteria of income components

– Equity investments recorded at cost

If there is evidence that the value of an equity investment may be impaired, the recoverable amount of said equity investment is estimated considering the present value of future cash flows that the investment could generate, including the final disposal value of the investment.

If the recoverable amount is not temporarily lower than the carrying amount, the difference is recorded in the income statement under item 210 "Profit (loss) from equity investments".

If the reasons for the impairment are removed following an event that occurs after the recognition of the impairment, write-backs are made to the income statement under the same item as above in the measure of the previous adjustment.

– Equity investments recorded at fair value

Changes in fair value resulting from the differences between the measurements at the end of the current year and those of the previous years are recorded, using the same criteria prescribed for "Available-for-sale financial assets", in compliance with IAS 39, paragraphs 67 and 70.

Tangible assets

Classification criteria

This item includes the assets for permanent use held to generate income and the property held for investment purposes.

Tangible assets also include payments on account, for the purchase and revamping of assets that are not yet part of the production process and not yet subject to depreciation.

Recognition criteria

All classes of property, plant and equipment recognised as assets are initially recorded at cost, insofar as representative of their fair value. The cost includes the purchase price, non-recoverable purchase taxes and any cost directly descending from the installation of the asset for its intended use, minus any trade discount.

Financial expenses are recorded according to IAS 23 and, therefore, recognised as a cost in the year in which they were incurred.

Overheads and administrative expenses are not included in the initial cost of the assets in question, unless they are directly descended from the purchase of the asset or its installation.

Measurement criteria of income statement items

Following their initial recognition, instrumental fixed assets and fixed investments are valued at cost, minus the accumulated depreciation and taking into account any value impairment and/or revaluation.

This principle has been adopted because it was deemed more appropriate than the revaluation method provided by the reference accounting standard.

Tangible assets are depreciated each year, at rates calculated by reference to the residual possibility of using the assets, their related useful life and realisable value, except for land (incorporated in the asset value) and works of art, insofar as they have an indefinite life. In the case of land whose value is incorporated in the value of the tangible fixed asset, the relevant separation is made only for free-standing buildings. For assets acquired during the year, the depreciation is calculated on a daily basis starting on the date on which the asset was first used.

Tangible fixed assets featuring an indefinite useful life cannot be depreciated.

Subsequent expenses relating to property, plant and equipment, already recorded, are added to the book value of the asset when it is likely that the future economic benefits exceed the previously established ordinary performance of the asset.

At the end of each financial year, an impairment test is conducted on the assets. More specifically, a comparison is made between the book value of the asset (purchase cost less accumulated depreciation) and its recoverable amount, equal to the greater of the fair value, minus sales costs, and the related value of use of the asset, meaning the present value of the future cash flows expected from the asset. Adjustments are recorded in the income statement under item 170 "Net value adjustments/write-backs on tangible assets". If the reasons that led to the recognition of the loss cease to apply, a write-back is recorded that may not exceed the value that the asset would have had minus the depreciation calculated in the absence of previous losses in value.

Derecognition criteria

The book value of a tangible asset must be derecognised on its disposal, or when no future economic benefit is expected from its use.

Intangible assets

Classification criteria

Intangible assets include long-term application software. The positive difference between the value of the assets and liabilities acquired following a business combination and the related purchase price of the combined business entity is recorded under the intangible assets as goodwill.

Recognition criteria

Intangible assets are recorded at cost. The purchase cost can be adjusted for ancillary charges. The costs incurred for the purchase of intangible assets are recognised only if they are identifiable, their cost can be measured reliably, they can be controlled and they are able to generate future economic benefits. Otherwise, the cost of the intangible asset is recorded in the income statement in the year in which it was incurred.

Measurement criteria of income statement items

Following their initial recognition, intangible assets are recorded at cost, less the accumulated depreciation and any impairment of value. The "at cost" valuation method was deemed more appropriate than the "redetermination of value" method. The cost of intangible assets is depreciated, minus the recoverable amount, on the basis of their estimated useful life. For assets acquired during the year, the depreciation is calculated on a daily basis starting on the date on which the asset was first used. In the case of assets transferred and/or disposed of during the year, the depreciation is calculated on a daily basis until the date of transfer and/or disposal.

If the useful life of the fixed asset cannot be established and appears to be indefinite (goodwill), the asset is not depreciated, however it is periodically tested for impairment and, in any case, each time objective evidence is found to this effect its initial recognition value may have to be changed. The performance of this test entails the prior allocation of goodwill to a cash-generating unit, whose value can be reliably estimated. Goodwill impairment is calculated as the difference between its book value and the estimated recoverable amount, determined by reference to the cash-generating unit to which the goodwill in question has been allocated. Any impairment calculated as the difference between the book value of the fixed asset and its recoverable amount is recorded in the income statement under item 230 "Goodwill adjustments". Goodwill impairment may not be reversed in future accounting periods as required by IAS 36.

Regarding intangible assets other than goodwill, if there is evidence of impairment, an estimate is made each year of the recoverable amount of the assets. The amount of the loss, recorded in the income statement, is equal to the difference between the book value of the asset and its recoverable amount. If the recoverable amount of a specific intangible asset cannot be determined, then the asset must be assigned to the smallest independent cash-flow-generating unit (CGU), and it is by reference to the latter that the recoverable value is estimated and compared with the book value, to establish the possible impairment loss.

Derecognition criteria

Intangible assets are derecognised when they are sold or when no future economic benefits are expected from their use or sale.

Current and deferred tax

Current and deferred income tax, calculated in accordance with the applicable domestic regulations, is recorded in the income statement, except in the case of items directly charged or credited to the net equity. Tax provisions are calculated on a prudential basis and also include the risk provisions set aside in connection with the ongoing disputes.

Since 2004, the Bank and its Italian-based subsidiaries have decided to join the "domestic consolidated tax system", pursuant to articles 117/129 of the TUIR (Italian Consolidated Financial Law). The option was renewed in 2010 also for the 2010/2011/2012 period.

By virtue of this option, the Group companies determine their proportion of taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' income/losses) and, consequently, a single income tax debt/credit determined.

Deferred tax is calculated based on the fiscal effect of the temporary differences between the book value of the assets and liabilities and their fiscal value, resulting in future taxable amounts or tax deductions. For this purpose, "temporary taxable differences" means those that, in the future, will determine taxable amounts, while "temporary deductible differences" those that, in the future, will determine deductible amounts. Advance taxes are recorded in the financial statements insofar as they are likely to be recovered, based on the capability of the Bank, and of the other Group companies belonging to the "domestic consolidated tax system", to generate taxable income, in the future, on a regular basis.

Deferred taxation is calculated based on the applicable rates, with respect to, (i) the temporary taxable differences, with respect to which there is the likelihood of effectively incurring taxes, and (ii) the temporary deductible differences, with respect to which there is the reasonable certainty of recovering tax money back. Deferred taxes are calculated taking into account the rates expected when payment falls due.

If the deferred tax assets and liabilities relate to income statement items, the balancing item is represented by income tax.

When advance and deferred taxes concern transactions recorded in the net equity, without affecting the income statement (such as the valuation of available-for-sale financial instruments), the directly balancing entry is recorded in the net equity, in the specific reserves where provided (valuation reserves).

Current tax assets/liabilities related to income tax for the year are recognised net of any tax paid in advance and any withholding taxes incurred.

Advance tax assets and deferred tax liabilities are recorded in the balance sheet, respectively under "Tax assets" and "Tax liabilities".

Payables and outstanding securities

Classification criteria

Amounts due to banks, customers and outstanding securities include the various forms of interbank funding and funding from customers, in addition to funding through outstanding bonds, minus any repurchases.

Recognition criteria

On initial recognition, these financial liabilities are recorded upon receipt of the amounts collected at their fair value, which is usually equal to the amount received or the issue price plus/minus any additional cost/income directly attributable to the individual funding or issue transaction, and which have not been reimbursed by/to the creditor.

Measurement criteria of income statement items

After initial recognition, the above-mentioned financial liabilities are recorded at cost depreciated according to the effective interest rate method, except for short-term liabilities, which remain recorded at their original value, because the effect of the time discounting is negligible.

Derecognition criteria

Financial liabilities are derecognised when they expire or are extinguished. A financial liability is considered expired when the debt is settled through payment of the creditor in cash, or by means of other financial assets, goods or services, or when the borrower is legally released from the primary responsibility for the liability.

Derecognition takes place in the event of the repurchase of bonds previously issued. The difference between the book value of liabilities and the amount paid to purchase them is posted in the income statement. The replacement on the market of own shares after they have been repurchased is considered tantamount to a new issue, with the entry of the new placement price.

Financial liabilities held for trading

Classification criteria

This item includes financial liabilities, regardless of their technical form, classified in the trading portfolio. The negative fair value of the derivative contracts concluded by the Bank to manage hedging risks has also been posted, although they do not meet the efficiency test criteria.

Recognition criteria

These liabilities are initially recorded at fair value, which generally corresponds to the amount collected. The initial recognition of financial liabilities occurs at the subscription date.

Measurement criteria

All trading liabilities are carried at their fair value, which is determined in accordance with the procedures shown in the paragraph on “Financial assets held for trading”.

Derecognition criteria

Financial liabilities are removed from the balance sheet when they are extinguished or when the related obligation has been discharged, cancelled or has expired. The resulting difference is recorded in the income statement.

Recognition criteria of income components
Profits and losses arising from changes in the fair value of financial liabilities are recorded under income statement item 80 "Net income from trading activities".

Foreign-currency transactions
Foreign-currency transactions are recorded in euros, at their initial recognition, applying the spot exchange rate in force at the date of the transaction.

When preparing the financial statements, items in foreign currencies are recorded as follows:
- in the case of monetary instruments, at the spot exchange rate on the date of preparation of the financial statements, with exchange differences recorded in the income statement under the item "Net income from trading activities";
- in the case of non-monetary instruments, they are measured at historical cost, at the exchange rate in force at the time of the original transaction;
- in the case of non-monetary instruments carried at fair value, at the spot exchange rate in force at the time of preparation of the financial statements.

Exchange rate differences relating to non-monetary items are recorded applying the accounting standards used for the profits and losses relating to the original instruments.

Other information
1. Own shares
Own shares held are stated in the financial statements at cost, adjusting the net equity by a corresponding amount. No profit or loss is recorded in the income statement in connection with the purchase, sale, issue and derecognition of instruments that represent the Bank's capital. The consideration paid or received is recognised directly in net equity.

Marginal costs incurred for the repurchase of own shares are recorded as a reduction of the net equity, as long as they are directly related to the capital transaction that otherwise would not have been incurred.

2. Own share-based payments
Share-based payment plans for employees are recorded in the income statement under the item "Staff costs", in compliance with IFRS 2 and the interpretation document IFRIC 11. A corresponding amount will increase the net equity, based on the fair value of the financial instruments at the assignment date, spreading the related charges along the entire duration of the plan.
If stock options are provided, the fair value thereof is calculated using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.

The combination of both values will result in the fair value of the assigned instrument.
Any reduction in the number of assigned financial instruments is accounted for as a derecognition of a portion thereof.

3. Staff severance fund

The staff severance fund is determined as the Bank's present obligation towards its employees, in terms of the related severance indemnity. The amount of this obligation on the date of the financial statements is estimated using actuarial methods and time-discounted using the "Projected Unit Credit Method" and without applying the so-called "corridor method".
The "Projected Unit Credit Method" views each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Once the final obligation is obtained, the Bank needs to calculate its present value, even if part of the obligation falls in the twelve-month period after the date of the financial statements.

Costs relating to staff severance obligations accrued during the year are posted on the income statement under item 150.a) "Administrative expenses: staff costs" and include interest accrued during the year (interest cost) on the bond already in place as of the reform date. The amounts accrued in the year and paid to the supplementary benefit plans or the INPS Treasury are recognised under the item "Staff severance fund".

4. Recognition of revenue and costs

Costs are disclosed in the income statement for the periods in which the related revenue is recorded. Revenues are recognised when received, or if it is likely that future benefits will accrue and such benefits may be reliably measured.
In particular, commission income and other income for services delivered are recorded in the financial statements in the period in which the services were contractually due and provided.
Dividends are recognised in the income statement at the time their distribution is resolved.
Other revenues are recognised in the financial statements in accordance with the accrual principle. In particular:

- interest is recognised on an accrual basis, which considers its effective yield;
- default interest is only recorded when collected;
- regarding the trading of financial instruments, it should be noted that if the consideration received/paid differs significantly from the reliably measured fair value, the difference is recognised in the income statement, in accordance with IAS 39.

5. Manner of determination of the amortised cost

The amortised cost of a financial asset or a financial liability is in general the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that equalises the present value of future contractual cash payments or receipts until the expiry or the following recalculation date of the price to the net carrying amount of the financial asset or financial liability. In order to calculate the present value, the effective interest rate is applied to the flow of future receipts or payments estimated during the useful life of the financial asset or liability - or a shorter period in the presence of certain conditions (for example, the review of market rates).

If it is not possible to estimate reliably the cash flows or the expected life, the Bank uses the expected contractual cash flows for all the period of validity of the contract.

Subsequent to initial recognition, the amortised cost allows to allocate revenues and costs deducted from or summed to the instruments during its expected life through amortisation. The method of determination of the amortised cost depends on whether the measured financial assets/liabilities have a fixed or variable rate.

For fixed-rate instruments, future cash flows are quantified based on the interest rate known during the life of the loan. For variable-rate financial assets/liabilities, whose variability is not known a priori (because, for example, linked to an index), cash flows are determined by maintaining constant the last variable rate recorded. At each date of review of the rate, the redemption plan and the effective interest rate are recalculated over the entire useful life of the instrument, i.e. until the date of expiry. The adjustment is recognised as an expense or income in the income statement.

The valuation at amortised cost is carried out for receivables, financial assets held to maturity, payables and outstanding securities; for debt instruments recorded among the available-for-sale financial assets, the amortised cost is calculated for the sole purpose of booking to the income statement the interests based on the effective interest rate; the difference between the fair value and the amortised cost is recorded in a specific net equity reserve.

6. Manner of determination of the fair value

The fair value of financial instruments is determined based on the prices acquired by the financial markets, in the case of instruments listed on active markets (Level 1), or on internal valuation models, in the case of all other financial instruments.

A financial instrument is listed on an active market if the relevant prices – which reflect normal market transactions – are readily and regularly available through stock exchanges, bourses, brokers, intermediaries, industry companies, listing services or authorised entities.

If the instrument is not listed on an active market, or if there is no regularly functioning market, i.e. the market does not feature a sufficient and ongoing number of transactions, bid-ask spread and a volatility that is not sufficiently curbed, the fair value of the financial instruments is generally determined based on the use of valuation methods the purpose of which is to establish the price of a hypothetical independent transaction, motivated by normal market consideration, at the date of valuation.

Regarding the valuation techniques, the following are taken into account:

- if available, the prices of recent transactions involving similar instruments, suitably adjusted to reflect the changed market conditions and the technical differences between the valued instrument and the instrument selected as similar in nature (comparable approach);
- valuation models widely used by the financial community, which have proved over the years capable of producing reliable estimates of prices, with respect to the current market conditions (Mark-to-Model).

Financial instruments classified as Level 1 instruments include:

- stocks and bonds listed on regulated markets. The principal 'price source' of securities listed on regulated markets is the relevant stock exchange, and generally corresponds to the official price published by the regulated market on which the security is negotiated;
- collective investments schemes, SICAVs and ETFs if available a NAV (Net Asset Value) calculated on a daily basis;
- foreign exchange spot transactions;
- derivatives for which prices are available on an active market (e.g., futures and options).

Lacking prices on an active market, the fair value of financial instruments is calculated according to the so-called "comparable approach" (Level 2), based on the use of valuation models making use of parameters that can be directly observed on the market. In this case, the valuation is not based on the prices of the actual financial instruments being valued, but on prices or credit spreads taken from the official listings of substantially similar instruments, in terms of risk-yield factors, using a certain calculation method (pricing model). This approach translates into the search for transactions on the active markets involving instruments that, in terms of their risk factors, are comparable with the valued instrument.

Following is an overview of the valuation techniques used:

- the use of current market prices of other substantially similar instruments, if they are deemed to be highly comparable (based on the country and sector to which they belong, along with their rating, maturity and degree of seniority of the securities), such as to avoid any substantial alteration of the prices or the use of trading prices – with respect to the same financial instrument – concerning market transactions between independent counterparties;
- the use of prices of similar instruments, in terms of their calibration;
- discounted cash flow models;
- option pricing models.

Financial instruments classified as Level 2 instruments include:

- UCI funds, with published NAV, and relating to which the NAV is reasonably representative of the value;
- bonds that are not traded on an active market, but which can be priced based on the prices of comparable securities, as inputs for a valuation model. The fair value of bonds without official prices expressed by an active market is determined based on the use of an appropriate credit spread, identified on the basis of contributed and liquid financial instruments with similar features. Moreover, in the case of market transactions – concerning the same financial instrument – between independent counterparties account will be taken of the known trading price;
- OTC derivatives valued based on observable parameters and market models. Interest rate, exchange, share, inflation and commodity derivatives – if they are not traded on regulated markets – are known as Over The Counter (OTC) instruments, i.e. instruments that are bilaterally negotiated with market counterparties, and their valuation is conducted based on specific pricing models, fed by inputs (such as rate, exchange and volatility curves) observed on the market.

Lastly, the determination of the fair value of certain types of financial instruments is based on valuation models that require the use of parameters that cannot be directly observed on the market and which, therefore, require estimates and assumptions by the valuer (Level 3).

Financial instruments classified as Level 3 instruments include:

- unlisted securities. Equity investments held at cost are also conventionally included among the Level 3 instruments;
- funds featuring either an unpublished NAV or a published NAV which, however, is not sufficiently representative of the potential realisation value;
- bonds not listed on active markets, for which there are no comparable instruments, or which require the use of significant assumptions, such as the knowledge of trading prices between independent counterparties;
- OTC derivatives valued using non-market models, or market models based on parameters that cannot be observed on the market.

Level 3 instruments also include financial instruments priced by the Bank based on internal valuation models using inputs that cannot be observed on the market and personal assumptions made by the valuer.

The valuation method defined for a financial instrument is adopted continuously over time and altered only if there are significant changes in the market conditions or subjective changes affecting the issuer of the instruments.

For the purpose of determining the fair value of financial instruments, the above mentioned fair value tier system is consistently used for breaking down the accounting portfolios based on the levels of fair value (see A.3 below).

7. Fair value of financial assets/liabilities: "Information in the notes to the financial statements"

Regarding short-term receivables and payables, the amount paid/collected is deemed to reasonably approximate their fair value. Concerning the part of receivables that is represented by mortgage loans granted to customers and shares in issue, given the fact that they are variable-rate transactions, their book value was deemed to be equal to their fair value.

8. Fair value option

The Bank did not use the so-called fair value option referred to in IAS 39: therefore, items pertaining to this in the balance sheet and income statement are not reported in the statements, because they were not measured.

A.3 – Information on fair value

This section tackles the issue of information on fair value, which governs “Transfers between portfolios” and the “Fair value hierarchy”.

A.3.1 Transfer between portfolios

The Bank has made the following transfers between portfolios, in the presence of “rare circumstances”, as permitted by IAS 39:

- in 2008, transferring debt securities from the “Financial assets held for trading” portfolio to the “Assets held to maturity” portfolio, for a total value of 3,600 thousand euros;

- in 2010, transferring 3 UCI units (related to a real estate fund) from the “Financial assets held for trading” portfolio to the “Available-for-sale financial assets” portfolio.

During the financial year under review, two debt securities were repaid on maturity for a total value of 800 thousand euros recorded in 2008 in the “Assets held to maturity” portfolio.

The following tables provide the information requested by IFRS 7.

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

Type of financial instrument	Source portfolio	Target portfolio	Book value at 31.12.2012	Fair value at 31.12.2012	Income components without the transfer (pre-tax)		Income components recorded for the year (pre-tax)	
					Items	Other	Items	Other
Debt securities	HFT	HTM	2,615	2,666	401	40	–	99
UCI units	HFT	AFS	1,972	1,972	367	–	367	–

A.3.1.3. Transfers of financial assets held for trading

For a description of the "rare circumstances" that led to the reclassifications made, please refer to the explanations provided in the 2008 financial statements for debt securities and to the 2010 financial statements for the UCI units.

A.3.1.4 Effective interest rate and cash flow forecast from the reclassified assets

For information on the cash flow forecast from the reclassified debt securities, please refer to that explained in the 2008 financial statements as this was the year during which they were reclassified.

A.3.2 Fair value hierarchy

Following are the balances at 31 December 2012 and 2011 of the financial instrument portfolios, valued at fair value, broken down based on a hierarchy that reflects the importance of the inputs used in the valuations.

The hierarchy features the following three levels:

- level 1: financial instruments listed on an active market;
- level 2: the fair value is measured using valuation methods based on parameters that can be observed on the market and which differ from the prices of the financial instrument;
- level 3: the fair value is calculated using valuation methods based on parameters that cannot be observed on the market.

A.3.2.1 Accounting portfolios: division by level of fair value

	2012			2011		
Financial assets/liabilities carried at fair value	**L1**	**L2**	**L3**	**L1**	**L2**	**L3**
1. Financial assets held for trading	143,422	3,733	965	87,920	2,758	1
2. Financial assets carried at fair value	–	–	–			
3. Available-for-sale financial assets	315,891	28,127	12,452	17,053	29,075	9,352
4. Hedging derivatives	–	–	–			
Total	**459,313**	**31,860**	**13,417**	**104,973**	**31,833**	**9,353**
1. Financial liabilities held for trading	–	449	–		675	
2. Financial liabilities carried at fair value	–	–	–			
3. Hedging derivatives	–	–	–			
Total	**–**	**449**	**–**	**–**	**675**	**–**

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

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

		FINANCIAL ASSETS			
		Held for trading	Measured at fair value	Available for sale	Hedging
1.	**Opening balance**	**1**	**–**	**9,352**	**–**
2.	**Increases**	**964**	**–**	**3,100**	**–**
2.1.	Purchases	964		3,100	
2.2.	Profits recorded in:	–	–		–
2.2.1.	Income statement			–	
	– of which capital gains			–	
2.2.2.	Net equity	X	X		
2.3.	Transfers from other levels				
2.4.	Other increases			–	
3.	**Decreases**	**–**	**–**	**–**	**–**
3.1.	Sales				
3.2.	Repayments				
3.3	Losses recorded in:	–	–		–
3.3.1.	Income statement				
	– of which capital losses				
3.3.2.	Net equity	X	X		
3.4.	Transfers to other levels				
3.5.	Other decreases			–	
4.	**Closing balance**	**965**	**–**	**12,452**	**–**

Item 2.1. “Purchases” - available for sale refers to the purchase of 2% of the share capital of CSE Consorzio Servizi Bancari S.r.l.

A.3.3 Report on the so-called “day one profit/loss”

The Bank did not record any positive/negative item arising from the initial fair value measurement of financial instruments.

Part B – Information on the balance sheet

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31.12.2012	Total 31.12.2011
a) Cash	273	243
b) Demand deposits at central banks	1,423	182
Total	**1,696**	**425**

Section 2 – Financial assets held for trading – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Amounts	Total 31.12.2012			Total 31.12.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	139,032	2,516	964	84,803	2,758	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	139,032	2,516	964	84,803	2,758	–
2. Equity securities	892	–	–	519	–	–
3. UCI units	3,498	1,008	1	2,353	–	1
4. Loans	–	–	–	–	–	–
4.1. Outstanding repos	–	–	–	–	–	–
4.2 Other	–	–	–	–	–	–
Total A	**143,422**	**3,524**	**965**	**87,675**	**2,758**	**1**
B. Derivatives						
1. Financial derivatives:	–	209	–	245	–	–
1.1 held for trading		209	–	245	–	–
1.2 related to the fair value option	–	–	–	–	–	–
1.3 other	–	–	–	–	–	–
2. Credit derivatives	–	–	–	–	–	–
2.1 held for trading	–	–	–	–	–	–
2.2 related to the fair value option	–	–	–	–	–	–
2.3 other	–	–	–	–	–	–
Total B	**–**	**209**	**–**	**245**	**–**	**–**
Total (A+B)	**143,422**	**3,733**	**965**	**87,920**	**2,758**	**1**

Item A.1. "Debt securities" amounting to 142,512 thousand euros (Level 1 139,032 thousand euros, Level 2 2,516 thousand euros and Level 3 964 thousand euros) consists of the following financial instruments:

- Level 1: government bonds of 136,738 thousand euros and bonds of 2,294 thousand euros;
- Level 2 and 3: bonds of 3,480 thousand euros including "FIP Funding Class A2" of 2,516 thousand euros;

Item A.3. "UCI units" amounting to 4,507 thousand euros, in Level 1, includes
New Millennium Sicav fund shares of 375 thousand euros, Anthilia Capital Partners fund shares for a total amount of 3,058 thousand euros and shares in other funds of 65 thousand euros.

Item B1.1 "Financial derivatives held for trading" refers to the fair value measurement of forward exchanges.

2.2 Financial assets held for trading: breakdown by debtor/issuer

Items/Amounts	Total 31.12.2012	Total 31.12.2011
A. CASH ASSETS		
1. Debt securities	**142,512**	**87,561**
a) Governments and Central Banks	136,738	82,826
b) Other public authorities	–	–
c) Banks	3,258	1,977
d) Other issuers	2,516	2,758
2. Equity securities	**892**	**519**
a) Banks	–	
b) Other issuers:	892	519
- insurance companies	–	
- financial companies	–	
- non-financial companies	892	489
- other	–	30
3. UCI units	**4,507**	**2,354**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	–
b) Other public authorities	–	–
c) Banks	–	–
d) Other entities	–	–
Total A	**147,911**	**90,434**
B. DERIVATIVES		
a) Banks	–	–
- fair value	209	245
b) Customers	–	–
- fair value	–	
Total B	**209**	**245**
Total (A + B)	**148,120**	**90,679**

The breakdown of the item "UCI units" by the main type of funds is as follows:

- bond funds 1,378 thousand euros,
- equity funds 3,065 thousand euros,
- other 64 thousand euros.

2.3 Cash financial assets held for trading: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total 31.12.2012
A. Opening balance	**87,561**	**519**	**2,354**	**–**	**90,434**
B. Increases	**3,403,874**	**13,573**	**3,282**	**–**	**3,420,729**
B1. Purchases	3,400,655	13,520	3,089	–	3,417,264
B2. Positive changes in fair value	320	37	184	–	541
B3. Other changes	2,899	16	9	–	2,924
C. Decreases	**3,348,923**	**13,200**	**1,129**	**–**	**3,363,252**
C1. Sales	3,347,124	12,915	1,107	–	3,361,146
C2. Repayments	190	–	–	–	190
C3. Negative changes in fair value	204	90	3	–	297
C4. Transfer to other portfolios	–	–	–	–	–
C5. Other changes	1,405	195	19	–	1,619
D. Closing balance	**142,512**	**892**	**4,507**	**–**	**147,911**

Item B3. "Other changes" includes profits from trading activities and interest accrued as at 31 December 2012.

Item C5 "Other changes" includes losses from trading activities.

Section 4 – Available-for-sale financial assets – Item 40

4.1. Available-for-sale financial assets: breakdown by product

Items/Amounts	Total 31.12.2012			Total 31.12.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	297,042	–	–	–	–	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	297,042	–	–	–	–	–
2. Equity securities	16,331	–	12,452	14,610	–	9,352
2.1 Carried at fair value	16,331	–	–	14,610	–	–
2.2 Carried at cost	–	–	12,452	–	–	9,352
3. UCI units	2,518	28,127	–	2,443	29,075	–
4. Loans	–	–	–	–	–	–
Total	**315,891**	**28,127**	**12,452**	**17,053**	**29,075**	**9,352**

Item 1 Debt securities - Level 1 - consists of total Italian debt securities, purchased during the financial year under review, totalling a nominal value of 300 million euros, of which 160 million euros with maturity within November 2013 and 140 million euros with maturity within 2015. This last amount includes securities used for the Long Term Refinancing Operation (LTRO) launched by the ECB totalling a nominal value of 100 million euros.

Item 2. Equity securities forming strategic investments consist of:

- Level 1 (measured at fair value): London Stock Exchange Group plc.;
- Level 3 (measured at cost): Fideuram Investimenti SGR S.p.A., Società per i Servizi Bancari - S.S.B S.p.A., Beni Stabili Gestioni SGR S.p.A., Visa, A.M. Holding S.p.A., Calipso S.p.A. and CSE Consorzio Servizi Bancari S.r.l. The latter equity investment (amounting to 2% of the share capital) was purchased in June 2012. Unlisted equity securities have been maintained at cost because the Bank believes, for prudential reasons, that the conditions do not exist for calculating a reliable fair value.

Item 3 UCI units - Level 2 - mainly includes 191 units of Fondo Immobili Pubblici (FIP) and 4 units in the Apple Fund.

4.2. Available-for-sale financial assets: breakdown by debtor/issuer

Items/Amounts	Total 31.12.2012	Total 31.12.2011
1. Debt securities	297,042	–
a) Governments and Central Banks	297,042	
b) Other public authorities	–	
c) Banks	–	
d) Other issuers	–	
2. Equity securities	28,783	23,962
a) Banks	–	–
b) Other issuers:	28,783	23,962
- insurance companies	–	–
- financial companies	22,427	20,705
- non-financial companies	6,356	3,257
- other	–	
3. UCI units	30,645	31,518
4. Loans	–	–
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**356,470**	**55,480**

The breakdown of the item "UCI units" by the main type of funds is as follows: real estate funds 25,961 thousand euros and others 4,684 thousand euros.

4.4. Available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total
A. Opening balance	**–**	**23,962**	**31,518**	**–**	**55,480**
B. Increases	**297,042**	**9,905**	**1,800**	**–**	**308,747**
B1. Purchases	291,216	3,100	1,100	–	295,416
B2. Positive changes in fair value	3,490	4,672	700	–	8,862
B3. Write-backs	–	–	–	–	–
- Recorded in the income statement	–	X	–	–	–
- Recorded in the net equity	–	–	–	–	–
B4. Transfers from other portfolios	–	–	–	–	–
B5. Other changes	2,336	2,133	–	–	4,469
C. Decreases	**–**	**5,084**	**2,673**	**–**	**7,757**
C1. Sales	–	3,793	–	–	3,793
C2. Repayments	–	–	636	–	636
C3. Negative changes in fair value	–	–	1,980	–	1,980
C4. Write-downs from impairment	–	–	–	–	–
- Recorded in the income statement	–	–	–	–	–
- Recorded in the net equity	–	–	–	–	–
C5. Transfer to other portfolios	–	–	–	–	–
C6. Other changes	–	1,291	57	–	1,348
D. Closing balance	**297,042**	**28,783**	**30,645**	**–**	**356,470**

Item B1. Purchases refers:

- for debt securities, to nominal 300 million euros of total Italian debt securities (interests accrued during the period, inclusive of amortised cost, are shown in item B5 other increases);
- for equity securities, to 2% of the share capital of CSE Consorzio Servizi Bancari S.r.l.;
- for UCI units, to 9 units of the FIP fund.

Item C1. Sales refer:

- for equity securities: to 310,000 shares in London Stock Exchange Group plc. for an equivalent value of 3,793 thousand euros, realising a capital gain of 2,133 thousand euros recorded under item B5-Other increases. This amount is inclusive of the reallocation to income statement of the related valuation reserve of 1,291 thousand euros recorded in item C6-Other decreases.

Item C.2 Repayments represents the amount of partial repayments of shares of the FIP fund.

The comment to the items “B2. Positive changes in FV” and “C.3 Negative changes in FV” is illustrated in Part D - Comprehensive income.

Section 5 – Financial assets held to maturity – Item 50

5.1. Financial assets held to maturity: breakdown by type

	Total 31.12.2012				Total 31.12.2011			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	2,615	2,666	–	–	3,366	3,057	–	–
- structured	–	–	–	–	–	–	–	–
- other	2,615	2,666	–	–	3,366	3,057	–	–
2. Loans	–	–	–	–	–	–	–	–
Total	**2,615**	**2,666**	**–**	**–**	**3,366**	**3,057**	**–**	**–**

Key:
FV = fair value
BV = book value

The item includes several bonds issued by the Bank and transferred in 2008, as already mentioned in Section A.3 Information on fair value, from the "Financial assets held for trading" portfolio.

5.2. Financial assets held to maturity: debtors/issuers

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
1. Debt securities	2,615	3,366
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	2,615	3,366
d) Other issuers	–	
2. Loans	–	–
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**2,615**	**3,366**

5.4. Assets held to maturity: annual changes

	Debt securities	Loans	Total
A. Opening balance	**3,366**	**–**	**3,366**
B. Increases	**49**	**–**	**49**
B1. Purchases	–	–	–
B2. Write-backs	–	–	–
B3. Transfers from other portfolios	–	–	–
B4. Other changes	49	–	49
C. Decreases	**800**	**–**	**800**
C1. Sales	–	–	–
C2. Repayments	800	–	800
C3. Value adjustments	–	–	–
C4. Transfer to other portfolios	–	–	–
C5. Other changes	–	–	–
D. Closing balance	**2,615**	**–**	**2,615**

Item B4. includes interest accrued at 31 December 2012 and item C2. the repayment of two bonds.

Section 6 – Due from banks – Item 60

6.1. Due from banks: breakdown by product

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
A. Due from central banks	**–**	**–**
1. Fixed-term deposits	–	
2. Obligatory reserve	–	
3. Outstanding repos	–	
4. Other	–	
B. Due from banks	**77,220**	**91,890**
1. Current accounts and demand deposits	64,141	87,048
2. Fixed-term deposits	13,079	4,842
3. Other loans:	–	–
3.1 Outstanding repos	–	–
3.2 Finance lease	–	
3.3 Other	–	–
4. Debt securities	–	–
4.1 Structured securities	–	
4.2 Other debt securities	–	
Total (book value)	**77,220**	**91,890**
Total (fair value)	**77,220**	**91,890**

Item B.2. Fixed-term deposits includes the obligatory reserve deposited at the ICBPI of 3,078 thousand euros and a deposit with maturity by January 2013 of 10,001 thousand euros. At 31 December 2011, the obligatory Reserve amounted to 4,842 thousand euros.

Section 7 - Due from customers - Item 70

7.1. Due from customers: breakdown by product

Type of transaction/Amount	Total 31.12.2012			Total 31.12.2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Current accounts	73,799		852	115,260		1,929
2. Outstanding repos	3,037		–	–		–
3. Mortgages	141,862		4,511	115,093		3,535
4. Credit cards, personal loans and loans on salary	–		–	–		–
5. Finance lease	–		–	–		–
6. Factoring	–		–	–		–
7. Other loans	18,669		4,753	2,699		4,538
8. Debt securities	–	–	–	–	–	–
8.1 Structured securities	–		–	–		–
8.2 Other debt securities	–		–	–		–
Total (book value)	**237,367**	**–**	**10,116**	**233,052**	**–**	**10,002**
Total (fair value)	**237,367**	**–**	**10,116**	**233,052**	**–**	**10,002**

The item "Due from customers", which does not include debt securities, totals 247,483 thousand euros.

At the date of these financial statements, the items relating to current accounts, mortgages and other loans include the following impaired assets:

- non-performing loans totalling 6,131 thousand euros (including the write-downs) relating to the following positions:
  - 4,568 euros relating to a mortgage contract terminated by the Bank on 8 July 2011, after which the Bank requested the immediate repayment of the entire amount; the mortgage is secured by property the value of which covers the entire exposure – based on an expert appraisal report updated to 30 July 2012 – also providing for a repayment by instalments. A restructuring plan of the company and the Group has been presented to the remitting banks pursuant to Article 67 of the Italian Finance Act, which has been accepted by the totality of banks to be analysed thoroughly. The plan provides for the full repayment of the amount due to us, with respect to both the principal and the interest after the sale of the property. On 24 December 2012, the Bank resolved the acceptance of the restructuring plan of the company, subject to the total acceptance of the banks and to the sharing of the contractual documents;
  - 1,563 thousand euros referring to trade receivables of 803 thousand euros and to financial receivables of 760 thousand euros.

The line-by-line write-downs made totalled 1,398 thousand euros including 695 thousand euros carried out in previous financial years and 703 thousand euros in the financial year under review.

- impaired loans totalling 5,503 thousand euros, including the write-downs, comprising:
  - subjective impaired loans of 5,000 thousand euros, consisting of overdraft facilities of 671 thousand euros and mortgage positions of 3,991 thousand euros (256 thousand euros of overdue instalments

and 3,735 thousand euros of principal about to fall due); in addition to trade receivables of 338 thousand euros. Impaired loans were written down line by line totalling 440 thousand euros of which 376 thousand euros during the financial year under review and 64 thousand euros in previous financial years;

- objective impaired loans amounting to 503 thousand euros;

- other positions expired or past due for over 90 days, not falling under objective impaired loans, totalling 340 thousand euros, including the collective write-down.

As usual, at 31 December 2012, the Bank wrote down cash loans on a collective basis of 161 thousand euros, based on the mean value of the historical series of the default rates of cash loans received from the Risk Centre.

Therefore, in 2012, the Bank recorded 1,255 thousand euros (including 15 thousand euros of derecognition of loans) in the income statement item 130 a) "Net value adjustments for impairment of loans"

The overall value adjustments at the end of the period under review totalled 3,257 thousand euros, of which:

- 1,838 thousand euros, on an itemised basis;
- 1,419 thousand euros, for collective write-downs.

7.2. Due from customers: breakdown by debtor/issuer

Type of transaction/Amount	Total 31.12.2012			Total 31.12.2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Debt securities :	**–**	**–**	**–**	**–**	**–**	**–**
a) Governments	–	–	–	–		–
b) Other public authorities	–	–	–	–		–
c) Other issuers	–	–	–	–	–	–
- non-financial companies	–	–	–	–		–
- financial companies	–	–	–	–		–
- insurance companies	–	–	–	–		–
- other	–	–	–	–		–
2. Loans to:	**237,367**	**–**	**10,116**	**233,052**	**–**	**10,002**
a) Governments	–	–	–	–		–
b) Other public authorities	–	–	–	–		–
c) Other entities	237,367	–	10,116	233,052	–	10,002
- non-financial companies	157,287	–	8,511	154,455		6,657
- financial companies	221	–	65	415		3
- insurance companies	–	–	–			–
- other	79,859	–	1,540	78,182		3,342
Total	**237,367**	**–**	**10,116**	**233,052**	**–**	**10,002**

A breakdown of "Time distribution of amounts due from customers by residual duration" can be found under Section 3 - Liquidity risk.

Section 10 – Equity investments – Item 100

10.1. Equity investments in subsidiaries, jointly controlled companies (valued by equity method) or companies under considerable control: information on investment relationships

Company name	Headquarters	% Share	Voting rights %
A. Wholly-controlled companies			
1. Finnat Fiduciaria S.p.A.	Rome	100.00	
2. Fedra Fiduciaria S.p.A.	Rome	100.00	
3. Finnat Investments S.p.A.	Rome	100.00	
4. Finnat Real Estate S.r.l.	Rome	100.00	
5. Investire Immobiliare S.G.R. S.p.A.	Rome	80.00	
6. Finnat Gestioni S.A.	Lugano	70.00	
B. Joint venture			
C. Companies under considerable control (*)			
1. Prévira Invest Sim S.p.A.	Rome	20.00	
2. Sigefi Italia Private Equity S.p.A.	Milan	25.00	
3. Imprebanca S.p.A.	Rome	20.00	
4. Beni Stabili Property Service S.p.A.	Rome	36.00	

(*) Associated companies

The share ownership also represents the percentage of voting rights at the shareholders' meetings.

Wholly-controlled companies changed compared to the previous financial statements due to the fact that the New Millennium Advisory S.A. and Finnat Servizi Assicurativi S.r.l. left following the conclusion of voluntary winding-up procedures with the subsequent cancellation from their companies registry.

Associated companies changed compared to the previous financial statements due to the acquisition of 36% of the share capital of Beni Stabili Property Service S.p.A.

10.2 Equity investments in subsidiaries, jointly controlled companies or companies under considerable control: accounting information

The figures given in the table below, unless otherwise indicated, refer to the draft financial statements at 31 December 2012 of the investee companies. The net equity figure includes the profit/loss for the year.

Company name	Total assets	Total revenues	Profit (loss)	Net equity	Book value	Fair value
A. Wholly-controlled companies						
1. Finnat Fiduciaria S.p.A.	3,721	2,138	287	2,741	3,689	X
2. Fedra Fiduciaria S.p.A.	457	330	2	385	360	X
3. Finnat Investments S.p.A.	954	16	(40)	919	405	X
4. Finnat Real Estate S.r.l.	1,454	110	22	397	348	X
5. Investire Immobiliare S.G.R. S.p.A. (*)	19,769	12,246	3,514	16,545	44,960	X
6. Finnat Gestioni S.A.	851	619	365	752	343	X
B. Joint venture						
C. Companies under considerable control						
1. Prévira Invest Sim S.p.A. (**)	3,713	2,470	37	2,559	299	
2. Sigefi Italia Private Equity S.p.A.	201	152	5	177	32	
3. Imprebanca S.p.A.	121,633	5,630	(1,279)	42,753	10,000	
4. Beni Stabili Property Service S.p.A.	5,570	6,491	1,432	4,265	2,268	
Total	**158,323**	**30,202**	**4,345**	**71,493**	**62,704**	

(*) Company measured at fair value in accordance with IAS 39

(**) Figures as at 31 December 2011

The fair value is not indicated as it is not available.

10.3. Equity investments: annual changes

	Total 31.12.2012	Total 31.12.2011
A. Opening balance	**64,401**	**70,273**
B. Increases	**2,304**	**2,189**
B.1 Purchases	2,268	2,150
B.2 Write-backs	–	–
B.3 Revaluations	–	–
B.4 Other changes	36	39
C. Decreases	**4,001**	**8,061**
C.1 Sales	–	–
C.2 Value adjustments	–	92
C.3 Other changes	4,001	7,969
D. Closing balance	**62,704**	**64,401**
E. Total revaluations	**36,180**	**40,049**
F. Total adjustments	**139**	**230**

Item “B.1 Purchases” shows the cost incurred for the purchase of 648,000 shares (representing 36% of the share capital) of Beni Stabili Property Service S.p.A.

Item "B.4 Other changes" includes the effects of the measurement of the rights connected to the stock option plan assigned by the Bank to the Executives and Directors of the subsidiaries Finnat Fiduciaria S.p.A. (7 thousand euros) and Investire Immobiliare SGR S.p.A. (29 thousand euros). In compliance with IFRS 2, these amounts increased the book value of the equity investments.

Item "C.3 Other changes" comprises:

- the adjustment to fair value at 31 December 2012, relative to the one determined at 31 December 2011, of the equity investment in the subsidiary Investire Immobiliare SGR S.p.A., of 3,869 thousand euros. Said investment was measured on the basis of the four-year business plan prepared by the subsidiary applying the methods used in professional practice (discounted cash flow and income method). For more details, please refer to the indications of section "A2 - Part relating to the main items of the financial statements - Equity investments". The fair value adjustment made starting from 2008, amounting to 36,180 thousand euros, is shown in item "E - Total revaluations".
- the derecognition, following the conclusion of voluntary winding-up procedures, of the book value of the New Millennium Advisory S.A. equity investments of 75 thousand euros and Finnat Servizi Assicurativi S.r.l. of 57 thousand euros.

  The final division of the asset following the conclusion of winding-up procedures of the two companies above led to the distribution of reserves of 2,430 thousand euros (2,374 thousand euros and 56 thousand euros, respectively). These extraordinary distributions are shown in the item Dividends.

  Changes in the item "Equity investments" are shown in detail in the "Statement of annual changes in equity investments" attached to the financial statements.

Section 11 – Tangible assets – Item 110

11.1. Tangible assets: breakdown of the assets carried at cost

Assets/amounts	Total 31.12.2012	Total 31.12.2011
A. Assets for functional use	**4,366**	**4,665**
1.1 owned assets	**4,366**	**4,665**
a) land	–	–
b) buildings	3,084	3,248
c) furniture	796	799
d) electronic equipment	462	584
e) other	24	34
1.2 Acquired under finance lease	**–**	**–**
a) land	–	–
b) buildings	–	–
c) furniture	–	–
d) electronic equipment	–	–
e) other	–	–
Total A	**4,366**	**4,665**
B. Assets held for investment	**–**	**–**
2.1 owned assets	**–**	**–**
a) land	–	–
b) buildings	–	–
2.2 Acquired under finance lease	**–**	**–**
a) land	–	–
b) buildings	–	–
Total B	**–**	**–**
Total (A + B)	**4,366**	**4,665**

The Bank owns two flats used as offices situated in Rome - Via Parigi n. 11. In 1974, the property was revalued by 8 thousand euros and further revaluations were made for a total of 1,216 thousand euros in accordance with Italian Laws no. 576 of 2 December 1975, no. 72 of 19 March 1983, and no. 413 of 30 December 1991. In addition, part of the deficit was allocated to the flats in 2003, amounting to 4,000 thousand euros, following the merger by incorporation of Banca Finnat Euramerica S.p.A. in Terme Demaniali di Acqui S.p.A. and entirely written off through the payment of a substitute tax in 2008. Item "b) buildings" includes the net value of the land calculated on a lump-sum basis for tax purposes equal to 14 thousand euros.

11.3 Tangible assets for functional use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**–**	**5,734**	**2,039**	**3,930**	**138**	**11,841**
A.1 Net total impairment	–	2,486	1,240	3,346	104	7,176
A.2 Net opening balance	–	3,248	799	584	34	4,665
B. Increases:	**–**	**–**	**56**	**125**	**12**	**193**
B.1 Purchases			56	52	–	108
B.2 Capitalised improvement expenses						–
B.3 Write-backs						–
B.4 Positive changes in fair value allocated to	–	–	–	–	–	–
a) net equity						–
b) income statement						–
B.5 Positive exchange differences	–	–	–	–	–	–
B.6 Transfers from properties held for investment	–	–	–	–	–	–
B.7 Other changes	–	–	–	73	12	85
C. Decreases:	**–**	**164**	**59**	**247**	**22**	**492**
C.1 Sales		–	–	74	12	86
C.2 Depreciation		164	59	173	10	406
C.3 Value adjustments for impairment allocated to	–	–	–	–	–	–
a) net equity						
b) income statement						–
C.4 Negative changes in fair value allocated to	–	–	–	–	–	–
a) net equity						–
b) income statement						–
C.5 Negative exchange differences	–	–	–	–	–	–
C.6 Transfers to:	–	–	–	–	–	–
a) tangible assets held for investment						–
b) assets being disposed						–
C.7 Other changes	–	–		–		–
D. Net closing balances	**–**	**3,084**	**796**	**462**	**24**	**4,366**
D.1 Net total impairment	–	2,650	1,299	3,446	102	7,497
D.2 Gross closing balance	–	5,734	2,095	3,908	126	11,863
E. Valuation at cost						

The above tangible assets were reported using the cost model increased by directly chargeable accessory expenses. These have been subjected to systematic depreciation on a straight-line basis, determined according to the useful life of the asset in question and the period of effective use.

The depreciation rates applied, on the basis of the useful life of the assets, are as follows: Property 3%, Furniture and Furnishings (with the exclusion of works of art) 12%, Systems 15%-20%, Office machines and electronic equipment 20%, Vehicles 25%.

Section 12 - Intangible assets - Item 120

12.1. Intangible assets: Breakdown by asset

Assets/Amounts		Total 31.12.2012		Total 31.12.2011	
		Definite life	Indefinite life	Definite life	Indefinite life
A.1	Goodwill	X	300	X	300
A.2	Other intangible assets	87	48	119	–
A.2.1	Assets carried at cost:	87	48	119	–
	a) Intangible assets generated internally	–	–	–	–
	b) Other assets	87	48	119	–
A.2.2	Assets carried at fair value:	–	–	–	–
	a) Intangible assets generated internally	–	–	–	–
	b) Other assets	–	–	–	–
Total		**87**	**348**	**119**	**300**

Item A.1 equal to 300 thousand euros regards a part of the goodwill resulting from the merger of Banca Finnat Euramerica S.p.A. into Terme Demaniali di Acqui S.p.A. As it regards an intangible asset with an indefinite useful life, an impairment test was carried out in accordance with the provisions of IAS 36. This evaluation did not show any loss in value to record in the income statement.

12.2. Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: Other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**300**	**–**	**–**	**2,454**	**–**	**2,754**
A.1 Net total impairment	–			2,335	–	2,335
A.2 **Net opening balance**	**300**	**–**	**–**	**119**	**–**	**419**
B. Increases	**–**	**–**	**–**	**59**	**48**	**107**
B.1 Purchases	–			59	48	107
B.2 Increases in internal intangible assets	X			–		–
B.3 Write-backs	X			–		–
B.4 Positive changes in fair value	–	–	–	–	–	–
- on net equity	X			–		–
- on income statement	X			–		–
B.5 Positive exchange rate differences	–			–		–
B.6 Other changes	–			–		–
C. Decreases	**–**	**–**	**–**	**91**	**–**	**91**
C.1 Sales	–			–		–
C.2 Value adjustments	–	–	–	91	–	91
(-) Amortisation	X			91		91
(-) Write-downs	–	–	–	–	–	–
(+) net equity	X			–		–
(+) income statement				–		–
C.3 Negative changes in fair value	–	–	–	–	–	–
- on net equity	X			–		–
- on income statement	X			–		–
C.4 Transfers to non-current assets being disposed	–			–		–
C.5 Negative exchange differences	–			–		–
C.6 Other changes	–			–		–
D. Net closing balances	**300**	**–**	**–**	**87**	**48**	**435**
D.1 Total net value adjustments	–	–	–	2,426	–	2,426
E. Gross closing balance	**300**	**–**	**–**	**2,513**	**48**	**2,861**
F. Valuation at cost						

Key:
DEF: definite life
INDEF: indefinite life

The above intangible assets with definite life refer to software licenses. The useful life of the above intangible assets has been estimated as three years, hence the assets have been subjected to amortisation on a straight-line basis with the application of the rate of 33.33%.

Section 13 – Tax assets and liabilities – Items 130 (assets) and 80 (liabilities)

Current tax assets total 2,719 thousand euros (573 thousand euros at 31 December 2011) and mainly concern Ires tax credits from the domestic consolidated tax system of 1,131 thousand euros and tax credits requested for refund of 1,373 thousand euros. These include the amount of 1,004 thousand euros (of which 820 thousand euros referring to the Bank) deriving from the request for refund for the greater amount of Ires tax paid by the companies joining the domestic consolidated tax system during the financial years before 2012, in accordance with the provision of Article 2 of Italian Law Decree 201/2011 supplemented by Italian Law Decree 16/2012.

Tax liabilities total 372 thousand euros (857 thousand euros at 31 December 2011) and concern Irap tax payables of 178 thousand euros and payables for assessments challenged by the Bank of 194 thousand euros.

13.1 Advance tax assets: breakdown

	Total 31.12.2012	Total 31.12.2011
Goodwill	2,519	2,913
Write-down of securities	9	9
Write-down of receivables	105	44
Staff severance fund - IAS change	77	26
Administrative expenses	6	6
Total	**2,716**	**2,998**

13.2 Deferred tax liabilities: breakdown

	Total 31.12.2012	Total 31.12.2011
Revaluation of equity investments	497	551
Revaluation of securities	2,569	1,720
Allocation of merger difference on securities	47	47
Other tax liabilities	2	3
Total	**3,115**	**2,321**

Advance and deferred taxes have been determined applying the Ires and, where applicable, Irap rates in force at the date of preparation of these financial statements.

Table 13.1 Advance taxes refers primarily to a lower tax burden in perspective, related to the amortisation of goodwill in the forthcoming years, until 2019. The goodwill – originally totalling 21,440 thousand euros – was recorded in 2003, as a result of the merger of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A. with Terme Demaniali di Acqui S.p.A.

13.3 Changes in advance taxes (with corresponding item in the income statement)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**2,988**	**3,392**
2. Increases	**363**	**96**
2.1 Advance taxes recognised in the year	363	35
a) relating to previous years	235	–
b) due to the change in the accounting policies	–	–
c) write-backs	–	–
d) other	128	35
2.2 New taxes or increases in tax rates	–	61
2.3 Other increases	–	–
3. Decreases	**644**	**500**
3.1 Advance taxes cancelled during the year	644	500
a) reallocations	644	500
b) write-downs due to irrevocability	–	–
c) change in the accounting policies	–	–
d) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**2,707**	**2,988**

13.4 Changes in deferred taxes (with corresponding item in the income statement)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**992**	**1,009**
2. Increases	**329**	**94**
2.1 Deferred taxes recognised in the year	329	3
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	329	3
2.2 New taxes or increases in tax rates	–	91
2.3 Other increases	–	–
3. Decreases	**193**	**111**
3.1 Deferred taxes cancelled during the year	193	111
a) reallocations	193	111
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**1,128**	**992**

13.5 Changes in advance taxes (with corresponding item in the net equity)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**10**	**9**
2. Increases	**–**	**11**
2.1 Advance taxes recognised in the year	–	10
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	–	10
2.2 New taxes or increases in tax rates	–	1
2.3 Other increases	–	–
3. Decreases	**1**	**10**
3.1 Advance taxes cancelled during the year	1	10
a) reallocations	–	10
b) write-downs due to irrevocability	–	–
c) due to the change in the accounting policies	–	–
d) other	1	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**9**	**10**

13.6 Changes in deferred taxes (with corresponding item in net equity)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**1,329**	**2,181**
2. Increases	**1,385**	**110**
2.1 Deferred taxes recorded in the year	1,385	82
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	1,385	82
2.2 New taxes or increases in tax rates	–	28
2.3 Other increases	–	–
3. Decreases	**727**	**962**
3.1 Deferred taxes cancelled during the year	727	962
a) reallocations	727	962
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**1,987**	**1,329**

For further information on changes to advance and deferred taxes, please see: for those recorded in the income statement, Part C - Section 18 Income taxes for the year and for those recorded in the net equity Part D – Comprehensive income.

In terms of tax disputes, the Rome Tax offices notified two income tax assessments to the Bank for the year 2003 to the bank, duly appealed. In 2011, the Provincial Tax Commission of Rome filed the judgement with which it partially upheld the complaints made during the appeal. The bank, as a result of the acceptance in first instance, allocated during the 2011 financial year the residual tax of 83 thousand euros plus sanctions and interest, and lodged appeal before the Regional Tax Commission of Rome. During 2012, the second instance judges passed judgement rejecting the appeal made by the Bank. An appeal has been lodged before the Supreme Court against this judgement.

Moreover, an appeal is currently pending before the Supreme Court for which the amount in dispute, pertaining to the 2002 financial year, was fully paid, for additional taxes of 55 thousand euros (plus sanctions and interests).

Section 15 – Other assets – Item 150

15.1 Other assets: breakdown

	Total 31.12.2012	Total 31.12.2011
Receivables for guarantee deposits	241	254
Payables to group companies for tax consolidation	40	1,095
Due from the Group companies	24	2
Deposits with Cassa Compensazione e Garanzia	20,121	5,014
Deposits segregated at M.F. Global UK Ltd	–	3,548
Due from counterparties and brokers	519	39,651
Advance payments to suppliers	2	9
Tax credits for withholding tax	231	460
Sundry receivables	1,016	1,519
Total	**22,194**	**51,552**

The item "Segregated deposits at M.F. Global UK Ltd", was zeroed during 2012 following the assignment of the debt to third parties. The assignment of the debt implied the write-back of 625 thousand euros related to the cancellation of the partial write-down carried out in 2011 and the recording of the loss deriving from the assignment of 473 thousand euros.

LIABILITIES

Section 1 - Due to banks - Item 10

1.1 Due to banks: breakdown by product

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
1. Due to Central Banks	**94,683**	**–**
2. Due to banks	**110**	**40,804**
2.1. Current accounts and demand deposits	110	531
2.2. Fixed-term deposits	–	2,002
2.3. Loans	–	38,271
2.3.1 Reverse repos	–	38,271
2.3.2 Other	–	–
2.4. Amounts due under repurchase agreements of own equity instruments	–	–
2.5. Other payables	–	–
Total	**94,793**	**40,804**
Fair value	**94,793**	**40,804**

Item 1. Due to central banks shows the amount, including accrued interest due at 31 December 2012, of the LTRO transaction launched by the ECB in February 2012.

Section 2 - Due to customers - Item 20

2.1 Due to customers: breakdown by product

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
1. Current accounts and demand deposits	274,511	239,288
2. Fixed-term deposits	33,185	38,857
3. Loans	242,035	–
3.1 Reverse repos	242,035	–
3.2 Other	–	–
4. Amounts due under repurchase agreements of own equity instruments	–	–
5. Other payables	150	4,148
Total	**549,881**	**282,293**
Fair value	**549,881**	**282,293**

Item 3.1 Reverse repos concerns the transactions carried out with Cassa di Compensazione e Garanzia.

Section 3 - Outstanding securities - Item 30

3.1 Outstanding securities: breakdown by product

Type of securities/Amount	Total 31.12.2012				Total 31.12.2011			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**64,172**	**–**	**–**	**64,172**	**35,060**	**–**	**–**	**35,060**
1. bonds	44,549	–	–	44,549	33,982	–	–	33,982
1.1 structured	–	–	–	–	–	–	–	–
1.2 other	44,549	–	–	44,549	33,982	–	–	33,982
2. other securities	19,623	–	–	19,623	1,078	–	–	1,078
2.1 structured	–	–	–	–	–	–	–	–
2.2 other	19,623	–	–	19,623	1,078	–	–	1,078
Total	**64,172**	**–**	**–**	**64,172**	**35,060**	**–**	**–**	**35,060**

The item concerns:

- bonds issued inclusive of the accrued coupon. The amount is given minus the value of the securities held by the Bank for trading, totalling a nominal value of 4,130 thousand euros;
- certificates of deposit issued, inclusive of the accrued coupon, totalling a nominal value of 19,236 thousand euros.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amount	Total 31.12.2012					Total 31.12.2011				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities	–	–	–	–		–	–	–	–	
1. Due to banks										
2. Due to customers					–					–
3. Debt securities	–	–	–	–	–	–	–	–	–	–
3.1 Bonds	–	–	–	–		–	–	–	–	
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities	–	–	–	–		–	–	–	–	
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A	–	–	–	–	–	–	–	–	–	–
B. Derivatives		–	**449**	–			–	**675**	–	
1. Financial derivatives		–	449	–			–	675	–	
1.1 Held for trading	X	–	449	–	X	X	–	675	–	X
1.2 Related to the fair value option	X	–	–	–	X	X	–	–	–	X
1.3 Other	X	–	–	–	X	X	–	–	–	X
2. Credit derivatives		–	–	–			–	–	–	
2.1 Held for trading	X	–	–	–	X	X	–	–	–	X
2.2 Related to the fair value option	X	–	–	–	X	X	–	–	–	X
2.3 Other	X	–	–	–	X	X	–	–	–	X
Total B	**X**	**–**	**449**	**–**	**X**	**X**	**–**	**675**	**–**	**X**
Total (A + B)	**X**	**–**	**449**	**–**	**X**	**X**	**–**	**675**	**–**	**X**

Key:
FV = fair value
FV* = fair value calculated excluding the changes in value due to the change in the credit rating of the issuer with respect to the issue date
NV = face or notional value

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

Financial liabilities held for trading include the fair value measurement of an Interest Rate Swap Amortising. This derivative is a hedging transaction for managing the interest rate risk associated with the granting of a fixed-rate loan.

Section 8 - Tax liabilities - Item 80

See Section 13 of the assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

	Total 31.12.2012	Total 31.12.2011
Social security and insurance contributions to be paid	836	731
Payables to employees and contractors	996	785
Emoluments to be paid to the Directors	27	23
Emoluments to be paid to the Board of Statutory Auditors	152	126
Due to suppliers	797	1,281
Payables to group companies for tax consolidation	539	23
Shareholders for dividends to be paid	737	552
Payables to brokers and institutional counterparties	2,066	39,746
Tax payables for withholding tax	1,869	1,547
Other payables	736	851
Total	**8,755**	**45,665**

Section 11 - Staff severance fund - Item 110

11.1 Staff severance fund: annual changes

	Total 31.12.2012	Total 31.12.2011
A. Opening balance	**2,402**	**2,415**
B. Increases	**899**	**813**
B.1 Allocation for the year	899	813
B.2 Other changes	–	–
C. Decreases	**693**	**826**
C.1 Severance indemnities paid out	114	278
C.2 Other changes	579	548
D. Closing balance	**2,608**	**2,402**

Item C.2 Other changes includes payments made to supplementary Social Security Institutes and the INPS Treasury as established by Italian Law no. 296/06.

The actuarial assumptions used to calculate the liabilities as at the balance sheet date are set out below:

Demographic assumption

As regards the demography data used, life expectancy was assessed using the RG48 demographic table on population activity ratios ("Tavola di permanenza nella posizione di attivo") (processed by the General Accounting Office, by reference to the 1948 generation), "selected, projected and subdivided by gender", supplemented by internal statistics concerning the probability of staff leaving employment.

Economic-financial assumptions

Technical evaluations were made on the basis of the following assumptions:

- technical discount rate between 0.7950% and 2.4270%, determined on the basis of the official yield curve for interest rate swaps, taking the corresponding maturities for leaving the Fund;
- annual inflation rate 2.5%

The staff severance fund at 31 December 2012, calculated in accordance with the provisions of Article no. 2120 of the Italian Civil Code amounted to 2,327 thousand euros.

Section 14 - Group net equity - Items 130, 160, 180,190 and 200

14.1 "Share capital" and "Own shares": Breakdown

At 31 December 2012, the share capital paid up by the Bank was 72,576,000 euros, divided into 362,880,000 ordinary shares with a face value of 0.20 euros each, and the Bank holds 20,453,500 of its own shares, amounting to 5.6% of the share capital (17,415,298 at 31 December 2011).

In application of IAS 32 and of the provisions contained in the Circular Letter no. 262/2005, the own shares held exclusively at 31 December 2012 were used to adjust the net equity for an amount of 10,940 thousand euros, which corresponds to their purchase price.

14.2 Capital - Number of shares: annual changes

Items/Types	Ordinary	Other
A. Number of shares at the beginning of the year	**362,880,000**	
- fully paid-up	362,880,000	
- partly paid-up	–	
A.1 Own shares (-)	(17,415,298)	
A.2 Outstanding shares: opening balance	**345,464,702**	
B. Increases	**4,679**	–
B.1 New issues		
- against payment:		
- business combinations	–	
- conversion of bonds	–	
- exercise of warrants	–	
- other	–	
- on a free basis:		
- in favour of staff	–	
- in favour of directors	–	
- other	–	
B.2 Sale of own shares	4,679	
B.3 Other changes	–	
C. Decreases	**3,042,881**	–
C.1 Cancellation	–	
C.2 Purchase of own shares	3,042,881	
C.3 Disposal of companies	–	
C.4 Other changes	–	
D. Outstanding shares: closing balance	**342,426,500**	–
D.1 Own shares (+)	20,453,500	
D.2 Number of shares at the end of the year	362,880,000	
- fully paid-up	362,880,000	
- partly paid-up		

14.3 Share capital: Other information

During the year, the Bank's share capital was not subject to change.

14.4 Retained earnings: other information

The "Reserves" item amounts to 84,934 thousand euros (84,151 thousand euros at 31 December 2011) and is broken down as follows:

- retained earnings:
  79,787 thousand euros consisting of the legal reserve of 8,051 thousand euros, extraordinary reserve of 51,615 thousand euros, the dividend adjustment reserve of 6,725 thousand euros, the reserve for own shares of 10,940 thousand euros and the reserve for purchase of own shares of 2,456 thousand euros;
- other reserves:
  5,147 thousand euros consisting of the reserve for the gains on the sale of own shares of 4,336 thousand euros and the stock option plan reserve of 811 thousand euros.

14.6 Other information

The table below shows the information required by Article 2427, paragraph 7-bis of the Italian Civil Code.

The column "Summary of utilisation for other reasons in 2009" comprises use of the extraordinary reserve of 3,224 thousand euros in order to cancel the negative reserve from the very first application of the international accounting standards and the distribution of dividends of 3,629 thousand euros made in 2009 (competence of 2008), withdrawing the relevant amount from the dividend adjustment reserve.

Type/description	Amount at 31.12.2012	Possibility of use	Share available	Summary of utilisation during the last three years			
				For loss coverage	For other reasons		
					2009	2010	2011
Share capital	**72,576**		**–**				
Reserves:	**84,934**		**62,676**	**29,406**			
Legal reserve	8,051	B	–				
Extraordinary reserve	51,615	A B C	51,615	28,810	3,224		
Dividend adjustment reserve	6,725	A B C	6,725		3,629		
Profit brought forward	–	A B C	–	596			
Gains on the sale of own shares	4,336	A B C	4,336				
Reserve for own shares purchased	10,940		–				
Reserve for purchases of own share	2,456		–				
Reserve for stock option plan	811	A	–				–
Valuation reserves:	**49,817**		**1,364**				
Special revaluation regulations	1,364	A B	1,364				
Valuation reserve	48,453	B	–				
Own shares	**(10,940)**		**–**				
Total	**196,387**		**64,040**	**29,406**			
Non-distributable share	–		1,364				
Remaining distributable share	**–**		**62,676**				

Key:
A for share capital increase - B for loss coverage - C for distribution to shareholders

OTHER INFORMATION

1. Guarantees given and commitments

Transactions	Amount 31.12.2012	Amount 31.12.2011
1. Financial guarantees given	16,864	9,845
a) Banks	258	246
b) Customers	16,606	9,599
2. Commercial guarantees given	6,811	1,723
a) Banks	–	
b) Customers	6,811	1,723
3. Irrevocable commitments to disburse funds	–	1,760
a) Banks	–	–
i) for certain use	–	
ii) for uncertain use	–	
b) Customers	–	1,760
i) for certain use	–	
ii) for uncertain use	–	1,760
4. Commitments underlying credit derivatives: sales for protection	–	
5. Assets pledged as guarantee of the obligations of third parties	–	
6. Other commitments	17	17
Total	**23,692**	**13,345**

Item 1) a) Banks shows the percentage of the Bank's commitment towards the Interbank Fund for the Protection of Deposits.

2. Assets pledged as guarantee of own liabilities and commitments

Portfolios	Amount 31.12.2012	Amount 31.12.2011
1. Financial assets held for trading	3,000	3,000
2. Financial assets carried at fair value	–	–
3. Available-for-sale financial assets	–	–
4. Financial assets held to maturity	–	–
5. Due from banks	–	–
6. Due from customers	–	–
7. Tangible assets	–	–

The amount of 3,000 thousand euros represents the Government bonds established to guarantee issue of bank drafts.

4. Management and brokerage on behalf of third parties

Type of service	Amount
1. Execution of orders on customers' behalf	
a) purchases	3,933,008
1. settled	3,920,655
2. unsettled	12,353
b) sales	3,945,774
1. settled	3,934,822
2. unsettled	10,952
2. Portfolio management	
a) individual	544,194
b) collective	–
3. Custody and administration of securities	
a) third-parties securities on deposit related to depository services (excluding portfolio management)	–
1. securities issued by the bank preparing the Financial Statements	–
2. other securities	–
b) third-party securities on deposit (excluding portfolio management): other	2,185,704
1. securities issued by the bank preparing the Financial Statements	56,980
2. other securities	2,128,724
c) third-party securities lodged with third parties	2,095,740
d) own securities lodged with third parties	254,082
4. Other transactions	

Part C - Information on the Income Statement

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Categories	Debt securities	Loans	Other transactions	Total FY 2012	Total FY 2011
1. Financial assets held for trading	5,171	–	–	5,171	993
2. Available-for-sale financial assets	4,196	–	–	4,196	–
3. Financial assets held to maturity	99	–	–	99	127
4. Due from banks	–	245	–	245	868
5. Due from customers	–	6,520	–	6,520	7,872
6. Financial assets carried at fair value	–	–	–	–	–
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	21	21	37
Total	**9,466**	**6,765**	**21**	**16,252**	**9,897**

1.4 Interest expense and similar expense: breakdown

Items/Categories	Payables	Securities	Other transactions	Total FY 2012	Total FY 2011
1. Due to central banks	684	X		684	
2. Due to banks	444	X	–	444	522
3. Due to customers	2,123	X	–	2,123	1,979
4. Outstanding securities	X	1,182	–	1,182	767
5. Financial liabilities held for trading	–	–	–	–	–
6. Financial liabilities carried at fair value	–	–	–	–	–
7. Other liabilities and funds	X	X	–	–	–
8. Hedging derivatives	X	X	–	–	–
Total	**3,251**	**1,182**	**–**	**4,433**	**3,268**

The interest margin of 11,819 thousand euros is 78% higher than the previous year (6,629 thousand euros), as a result of the increased yield of loans granted and of total Italian debt securities, classified under "Available-for-sale financial assets" (of which nominal value 100 million euros guaranteeing the Long Term Refinancing Operation (LTRO) launched by the ECB in February 2012).

Section 2 - Commissions - Items 40 and 50

2.1 Commission income: breakdown

Type of services/Amounts	Total FY 2012	Total FY 2011
a) guarantees given	134	82
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	11,330	13,932
1. trading in financial instruments	3,926	5,354
2. trading in currencies	–	–
3. portfolio management	3,918	3,986
3.1. individual	3,918	3,986
3.2. collective	–	–
4. custody and administration of securities	152	144
5. custodian bank	–	–
6. securities placement	2,282	2,215
7. acceptance of trading orders	–	–
8. consulting	1,017	2,233
8.1 investments	–	–
8.2 financial structure	1,017	2,233
9. distribution of third-party services	35	–
9.1. portfolio management	–	–
9.1.1. individual	–	–
9.1.2. collective	–	–
9.2. insurance policies	35	–
9.3 other products	–	–
d) collection and payment services	135	178
e) servicing of securitisation operations	–	–
f) factoring services	–	–
g) rate and tax collection office services	–	–
h) multilateral trading systems management	–	–
i) current account keeping and management	314	348
j) other services	225	143
Total	**12,138**	**14,683**

The item decreased by 2,545 thousand euros compared to the previous year. This decrease is mainly due to the reduction of trading and advisory commissions compared to 2011, with a negative effect of 1,428 thousand euros and of 1,216 thousand euros, respectively. The decrease was partially offset by the increase in other commissions.

The advisory commissions include the amount of 424 thousand euros referring to commissions fully written down during the financial year.

For what concerns advisory commissions, most of the mandates received contemplate "successful commissions" which will be allocated to the income statement only upon completion of the transactions.

2.2 Commission income: distribution channels of products and services

Channels/Amounts	Total FY 2012	Total FY 2011
a) own branches:	**3,953**	**3,986**
1. portfolio management	3,918	3,986
2. securities placement	–	–
3. third-party products and services	35	–
b) other outlets:	**–**	**–**
1. portfolio management	–	–
2. securities placement	–	–
3. third-party products and services	–	–
c) other distribution channels:	**2,282**	**2,215**
1. portfolio management	–	–
2. securities placement	2,282	2,215
3. third-party products and services	–	–

2.3 Commission expense: breakdown

Services/Amounts	Total FY 2012	Total FY 2011
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	829	1,121
1. trading in financial instruments	366	544
2. trading in currencies	–	–
3. portfolio management:	373	455
3.1 own portfolio	121	150
3.2 third-party portfolio	252	305
4. custody and administration of securities	89	118
5. placement of financial instruments	1	4
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	52	43
e) other services	92	81
Total	**973**	**1,245**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total FY 2012		Total FY 2011	
	Dividends	Income from UCI units	Dividends	Income from UCI units
A. Financial assets held for trading	19	–	2	3
B. Available-for-sale financial assets	738	2,211	731	1,924
C. Financial assets carried at fair value	–	–	–	–
D. Equity investments	6,208	X	4,737	X
Total	**6,965**	**2,211**	**5,470**	**1,927**

Item D. Equity investments includes, due to the completion of the voluntary liquidation procedure, the amount received for the final division of the assets of New Millennium Advisory of 2,374 thousand euros and of Finnat Servizi Assicurativi S.r.l. of 56 thousand euros.

Section 4 - Net income from trading activities - Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Gains (A)	Profit from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	**541**	**1,459**	**297**	**1,618**	**85**
1.1 Debt securities	320	1,365	204	1,404	77
1.2 Equity securities	37	85	90	195	(163)
1.3 UCI units	184	9	3	19	171
1.4 Loans	–	–	–	–	–
1.5 Other	–	–	–	–	–
2. Financial liabilities held for trading	**–**	**–**	**–**	**–**	**–**
2.1 Debt securities					–
2.2 Payables					–
2.3 Other					–
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(348)**
4. Derivatives	**–**	**286**	**449**	**123**	**(77)**
4.1 Financial derivatives:	–	286	449	123	(77)
- On debt securities and interest rates	–	182	449	–	(267)
- On equity securities and stock indices	–	104	–	123	(19)
- On currencies and gold	X	X	X	X	209
- Other	–	–	–	–	–
4.2 Credit derivatives	–	–	–	–	–
Total	**541**	**1,745**	**746**	**1,741**	**(340)**

Net income from trading activities features a negative balance of 340 thousand euros, compared to a positive balance of 869 thousand euros of the previous financial year, and may be broken down as follows:

- positive difference between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio totalling 244 thousand euros;
- negative difference of 240 thousand euros between unrealised capital gains and losses in connection with the fair value measurement of currency forwards and of Interest Rate Swap Amortising;
- a positive balance between profits and losses related to trading on securities and derivatives of 4 thousand euros;
- a negative balance between profits and losses on exchange transactions totalling 348 thousand euros. The negative balance includes the loss of 745 thousand euros on the forward sale of sterling against euros to hedge against exposure to exchange risks, with respect to the LSEG shares, which does not meet the requirements of IAS 39 on hedging transactions.

Section 6 - Profit (loss) from disposal/repurchase - Item 100

6.1 Profit (Loss) from disposal/repurchase: breakdown

Items/Income items	Total FY 2012			Total FY 2011		
	Profit	Losses	Net income	Profit	Losses	Net income
Financial assets						
1. Due from banks	–	–	–	–	–	–
2. Due from customers	–	473	(473)	–	–	–
3. Available-for-sale financial assets	2,133	–	2,133	2,516	230	2,286
3.1 Debt securities	–	–	–	–	–	–
3.2 Equity securities	2,133	–	2,133	759	195	564
3.3 UCI units	–	–	–	1,757	35	1,722
3.4 Loans	–	–	–	–	–	–
4. Financial assets held to maturity	–	–	–	–	–	–
Total assets	**2,133**	**473**	**1,660**	**2,516**	**230**	**2,286**
Financial liabilities						
1. Due to banks			–			–
2. Due to customers			–			–
3. Outstanding securities			–			–
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**

Item 2. Due from customers includes the loss of 473 thousand euros, which represents the difference between the value of the debt due by the Bank towards M.F. Global UK Ltd of USD 5,589 thousand and its transfer price.

Item 3.2 Equity securities includes the capital gains from the sale of 310,000 shares of London Stock Exchange Group plc.

Section 8 - Net value adjustments/write-backs for impairment - Item 130

8.1 Net value adjustments for impairment of loans: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total FY 2012	Total FY 2011
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans	–	–	–					–	–
- Debt securities	–	–	–					–	–
B. Due from customers	15	1,079	161	–	–	–	–	1,255	467
Purchased impaired loans	–	–		–	–	–		–	–
- Loans	–	–	X	–	–	–	X	–	
- Debt securities	–	–	X	–	–	–	X	–	
Other receivables	15	1,079	161	–	–	–	–	1,255	467
- Loans	15	1,079	161	–	–	–	–	1,255	467
- Debt securities	–	–		–	–	–	–	–	–
C. Total	**15**	**1,079**	**161**	**–**	**–**	**–**	**–**	**1,255**	**467**

Key:
A = from interest B = other companies

The specific impairments Other refer to non-performing loans of 703 thousand euros (of which compared to trade receivables of 348 thousand euros) and impaired loans of 376 thousand euros (of which compared to trade receivables of 254 thousand euros). Derecognitions include a loan of 8 thousand euros completely written down during the financial year.

8.4 Net value adjustments for impairment of other financial transactions: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total FY 31.12.2012	Total FY 31.12.2011
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	(1) - (2)
	Derecognition	Other		A	B	A	B		
A. Guarantees given								–	
B. Credit derivatives									
C. Commitments to disburse funds									
D. Other transactions	–	–			625			(625)	625
E. Total	**–**	**–**	**–**	**–**	**625**	**–**	**–**	**(625)**	**625**

Key:
A = from interest B = other companies

The write-back concerns the derecognition of the partial write-down of the credit claimed from the broker MF Global UK Ltd, recognised following the assignment of the debt.

Section 9 - Administrative expenses - Item 150

9.1 Staff costs: breakdown

Type of expenses/Amounts	Total FY 2012	Total FY 2011
1) Staff	14,320	13,547
a) wages and salaries	9,908	9,369
b) social security charges	2,575	2,457
c) staff severance fund	636	711
d) welfare charges	–	–
e) allocation for staff severance fund	263	102
f) allocation to pensions and similar commitments:	–	–
- defined contribution	–	–
- defined benefit	–	–
g) allocation to external supplementary retirement benefit plans:	–	–
- defined contribution	–	–
- defined benefit	–	–
h) costs due to payment agreements based on own capital instruments	354	381
i) other benefits in favour of employees	584	527
2) Other active staff	402	368
3) Directors and statutory auditors	1,558	1,635
4) Inactive staff		
5) Expenses recovered for employees seconded with other companies	–	–
6) Expense reimbursements for third party employees seconded with the company	–	–
Total	**16,280**	**15,550**

Item 1) h) includes, in accordance with IFRS 2, the charge of 354 thousand euros pertaining to the fair value measurement, at the assignment date, of the stock option rights assigned to the management of the Bank and referable to the outstanding options at the end of the financial year.

9.2 Average number of employees by category

	FY 2012	FY 2011
Staff	**162**	**162**
a) senior managers	21	20
b) total executives	29	28
c) rest of staff	112	114
Other staff	**9**	**9**

9.4 Other benefits in favour of employees

Employee benefits amount to 584 thousand euros (versus 527 thousand euros last year) and concern luncheon voucher, collective health care policies, professional training, cars and other benefits.

9.5 Other administrative expenses: breakdown

Type of expense/Amounts	Total FY 2012	Total FY 2011
Rentals and condominium fees	1,744	1,821
Membership fees	118	133
EDP materials	6	5
Stationery and printing supplies	79	89
Consulting and outsourced professional services	1,143	1,261
Outsourcing services	1,473	1,611
Auditing company fees	136	138
Maintenance	230	232
Utilities and connections	1,625	1,643
Postal, transport and shipment fees	42	47
Insurance companies	142	41
Advertising, publications and sponsorship	231	204
Office cleaning	151	155
Books, newspapers and magazines	32	28
Entertainment expenses	290	387
Travel expenses and mileage based reimbursements	140	158
Other duties and taxes	1,000	222
Security charges	63	67
Other	224	326
Total	**8,869**	**8,568**

In the 2012 financial year, the breakdown of different types of expenses was changed compared to the previous financial year; therefore, for the sake of consistency, the latter was reclassified.

The item "Other duties and taxes" includes the stamp duty, calculated on the basis of the new regulation, of 778 thousand euros, not present in the previous financial year.

The other administrative expenses increased by 301 thousand euros compared to the previous financial year.
Recoveries from customers of some expenses are allocated in item 190. Other operating expenses and income amount to 1,169 thousand euros in 2012 and 273 thousand euros in 2011, respectively. Excluding these recoveries, other administrative expenses decreased compared to the previous financial year of 595 thousand euros (7,700 thousand euros in 2012 compared to 8,295 thousand euros in 2011).

Auditing company fees

In accordance with the requirements of art. 149 duodecies of Consob Resolution no. 15915 of 3 May 2007, we list the fees paid for 2012 for the various services provided to Banca Finnat Euramerica S.p.A. by the auditing firm.

There were no services provided by entities belonging to its network.

	Party who provided the service	Payment due in 2012 (in thousands of euro)
Auditing services		
	RECONTA ERNST & YOUNG S.p.A.	96
Declaration of compliance services		
	RECONTA ERNST & YOUNG S.p.A.	4
Total		**100**

The audit includes the auditing of financial statements, the consolidated financial statements, the consolidated half-yearly report as well as the accounting auditing.

The declaration of compliance services refer to the controls carried out on the Unico tax return form, Irap, CNM (domestic consolidation) and the ordinary and simplified 770 forms. Payments do not include VAT, expense repayments and supervisory contribution. The total expense amounts to 136 thousands euros.

Section 11 - Net value adjustments/write-backs on tangible assets - Item 170

Section 11 – Net value adjustments/write-backs on tangible assets – Item 170

Assets/Income items	Amortisation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Tangible assets	406	–	–	406
A.1 Owned assets	406	–	–	406
- Functional use	406			406
- For investment				–
A.2 Acquired under finance lease	–	–	–	–
- Functional use				–
- For investment				–
Total	**406**	**–**	**–**	**406**

Section 12 - Net value adjustments/write-backs on intangible assets - Item 180

12.1 Net value adjustments on intangible assets: breakdown

Assets/Income items	Amortisation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets	91	–	–	91
A.1 Owned assets	91	–	–	91
- Generated internally by the company				–
- Other	91			91
A.2 Acquired under finance lease				–
Total	**91**	**–**	**–**	**91**

Section 13 - Other operating income/expenses - Item 190

13.1 Other operating expenses: breakdown

	Total FY 2012	Total FY 2011
Amounts reimbursed to customers	4	108
Amortisation for improvements to third party assets	91	92
Other expense	17	59
Total	**112**	**259**

13.2 Other operating income: breakdown

	Total FY 2012	Total FY 2011
Rental income	234	216
Recovery of stamp duty	725	–
Recovery of substitute tax	126	74
Recovery of other expenses	318	199
Other income	89	85
Total	**1,492**	**574**

The amounts of recoveries shown under table 13.2 total 1,169 thousand euros and 273 thousand euros, respectively.

Section 14 - Profits (losses) of equity investments - Item 210

14.1 Profit (loss) from equity investments: breakdown

Income items/Amounts	Total FY 2012	Total FY 2011
A. Income	–	–
1. Revaluations		
2. Profit from disposals	–	–
3. Write-backs		
4. Other income	–	
B. Expense	–	92
1. Write-downs		92
2. Value adjustments for impairment	–	–
3. Losses from disposals	–	–
4. Other expense	–	
Net income	**–**	**92**

Section 18 - Income tax for the year on current operations - Item 260

18.1 Income tax for the year on current operations: breakdown

Income items/Amounts	Total FY 2012	Total FY 2011
1. Current taxes (-)	(548)	(581)
2. Changes in current taxes compared with previous years (+/-)	587	–
3. Reduction in current taxes (+)	–	–
4. Change in advance taxes (+/-)	(281)	(404)
5. Change in deferred taxes (+/-)	(136)	17
6. Income taxes for the year (-) (-1+/-2+3+/-4+/-5)	**(378)**	**(968)**

Current taxes come from the difference between the income from consolidated Ires tax of 526 thousand euros and Irap tax of 1,074 thousand euros.

The change in current taxes compared with previous years (587 thousand euros) results from the arithmetical sum of:

- Ires adjustment for the 2011 financial year of 233 thousand euros (balanced by the recognition of advance taxes of previous financial years for the same amount);
- the amount of 820 thousand euros, related to the recovery of the deduction for Ires purposes of Irap referring to staff costs. The recovery of this deduction was introduced by Article 2 of Italian Law Decree no. 201/2011 supplemented by Italian Law Decree 16/2012, whose request for refund for the financial years from 2007 to 2011 was filed on 6 March 2013.

The change in advance and deferred taxes is equal to the difference between those calculated on an accrual basis in the current year and those accounted for in previous periods and cancelled during the year. The amount of the change in advance and deferred taxes equal to 417 thousand euros refers to Ires for 243 thousand euros and Irap for 174 thousand euros.

18.2 Reconciliation of the theoretical tax charge with the current tax charge

	FY 2012		
	IRES	IRAP	TOTAL
(A) Pre-tax profit (loss)	8,584	8,584	
Applicable tax rate	27.50	5.57	33.07
THEORETICAL TAX CHARGE	**(2,361)**	**(478)**	**(2,839)**
Effect of income that is exempt or taxed with concessional rates	2,592	212	2,804
Effect of charges that are fully or partially non-deductible	(155)	(152)	(307)
Effect of income/charges that are not included in the IRAP taxable income	–	(723)	(723)
Change in deferred taxes	(26)	(107)	(133)
Changes in current taxes compared with previous years	820	–	820
CURRENT TAX CHARGE	**870**	**(1,248)**	**(378)**

Section 21 - Earnings per share

21.1 Average number of ordinary shares with diluted capital

The basic and diluted earnings (loss) per share are given below, in accordance with IAS 33.

The basic earnings (loss) per share are calculated by dividing the net income (in euros) of the holders of the Bank's ordinary shares (the numerator) by the weighted average of the ordinary shares outstanding during the period (the denominator).

For the purpose of calculating the basic earnings (loss) per share, the weighted average of the ordinary shares outstanding during the period is calculated based on the ordinary shares outstanding at the beginning of the period, adjusted by the amount of ordinary shares purchased or issued or sold during the period multiplied by the number of days that the shares were outstanding, in proportion to the total days in the period. The outstanding shares do not include the own shares.

The diluted earnings (loss) per share is calculated by adjusting the earnings (loss) of ordinary share holders, and likewise the weighted average of the outstanding shares, to take account of any impact by circumstances with diluted effects.

The following table shows the basic earnings (loss) per share.

	31.12.2012	31.12.2011
Net profit (loss) for the year	8,205,872	4,023,272
Weighted average of ordinary shares	343,847,239	346,665,960
Basic earnings (loss) per share	0.023865	0.011606

The following table shows the diluted earnings (loss) per share.

	31.12.2012	31.12.2011
Adjusted net profit (loss) for the year	8,205,872	4,023,272
Weighted average of ordinary shares with diluted capital	343,847,239	346,665,960
Diluted earnings (loss) per share	0.023865	0.011606

Since the Bank has no transactions under way that might determine changes to the number of outstanding shares and the earnings (loss) of ordinary share holders, the diluted earnings (loss) per share coincides with the basic earnings per share and it is unnecessary to perform the reconciliation provided for by paragraph 70 of IAS 33.

21.2 Other information

At the date of the financial statements, no financial instruments had been issued that could lead to the dilution of the basic earnings (loss) per share.

Part D - Comprehensive income

Analytical statement of comprehensive income

Items	Gross amount	Income tax	Net amount
10. Net profit (loss) for the year	**X**	**X**	**8,206**
Other income items			
20. Available-for-sale financial assets:	1,666	659	1,007
a) changes in fair value	3,014	678	2,336
b) reallocation to income statement	-1,291	–	-1,291
- adjustments from impairment			
- profits/losses from disposal	-1,291	–	-1,291
c) other changes	-57	-19	-38
30. Tangible assets			
40. Intangible assets			
50. Foreign investment hedge:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
60. Cash flow hedge:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
70. Exchange differences:			
a) changes in value			
b) reallocation to income statement			
c) other changes			
80. Non-current assets being disposed:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
90. Actuarial profit (loss) on defined benefit plans			
100. Share of valuation reserve of equity investments valued by equity method:			
a) changes in fair value			
b) reallocation to income statement			
- adjustments from impairment			
- profits/losses from disposal			
c) other changes			
110. Total other income items	**1,666**	**659**	**1,007**
120. Comprehensive income (Item 10+110)	**1,666**	**659**	**9,213**

Item 20 includes the negative changes in the fair value of the equity investment in the subsidiary Investire Immobiliare S.G.R. S.p.A. measured in accordance with IAS 39 (gross amount of -3,869 thousands euros).

The positive change of 1,007 thousand euros in Item 20 Available for sale financial assets was due:

- 3,382 thousand euros to the London Stock Exchange Group plc shares as a result of the reversal of the positive reserve related to the 310,000 shares sold during the year for (1,291) thousand euros and to the use of 4,673 thousand euros consequent to the increase in prices at the end of 2012 compared to those at 31 December 2011;
- (1,363) thousand euros to the shares of the FIP Fund pertaining to the reverse of the positive reserve for the repayments for the year of (38) thousand euros and to the negative change in fair value of 1,325 thousand euros;
- 468 thousand euros to other shares of funds as a result of the positive change of fair value;
- 2,336 thousand euros to total Italian debt securities as a result of the change in prices at the end of 2012 compared to the purchase cost;
- (3,816) thousand euros to the equity investment in Investire Immobiliare SGR S.p.A., which, in accordance with the measurement model adopted, underwent impairment. This measurement took into account the revision of the company's business plan according to the economic performance of the real estate market.

After the aforesaid changes, the valuation reserves at the end of the year are as follows, in thousand euros:

Available-for-sale financial assets		
London Stock Exchange Group plc shares	Euro	9,772
FIP Fund units	Euro	7
Other UCI units	Euro	655
Italian debt securities	Euro	2,336
Total	Euro	12,770
Equity investments in companies measured at fair value		
Investire Immobiliare SGR S.p.A.	Euro	35,683
Total	Euro	48,453

Part E - Risk information and related hedging policies

Section 1 - Credit risk

Qualitative information

1. General aspects

2. Credit risk mitigation techniques

The Bank defined the credit risk as the risk to incur losses due to the unexpected worsening of the creditworthiness of a customer, also following contractual default.
In order to mitigate credit risk and avoid situations that would imply losses and write-downs on the loan portfolio, the Bank carries out credit activities that privilege receivables guaranteed by collateral securities or those guaranteed by liens on securities, asset management and property mortgages. Well-known customers are occasionally granted credit lines based on the creditworthiness of the customer in question.

Moreover, the company structure and organisation - which are characterised by the reduced size and accurate formalisation of credit line/loan disbursement procedures - enable to offer customers primary services (such as private banking, investment banking, trusteeship and finance consulting, hot money), granted with rapid appraisal processes.

The operating strategy adopted by the Bank and outlined above ensured that:

- transactions carried out have low-risk exposures;
- non-performing loans/due from customers represent 1.9% of the total shown in table A.1.1. Distribution of financial assets by portfolio and credit quality in the following pages. The non-performing loans are entirely made up by receivables secured by ample first mortgages on property;
- operations generated a positive image and prestige feedback for the Bank and the Group, with a positive impact on "traditional" activities.

The valuation of credit risk and creditworthiness of customers is carried out by delegated bodies, which operate by means of proper proxies. The delegated bodies receive all information necessary to evaluate the creditworthiness of the customers, so that they can readily express their opinion on credit line transactions.

The Bank's credit process is illustrated below.

Evaluation of the creditworthiness of credit line applicants

Creditworthiness evaluation, which is performed according to a specific procedure, is mainly aimed at verifying that credit line applicants have the ability to repay as well as verifying the compatibility of the individual credit line applications and the company's strategies with regard to the chosen size and composition of the credit portfolio.

The company functions that are involved in the creditworthiness assessment procedure act as follows:

- they accept the loan application of customers;
- they gather the documents required to examine the asset, financial and economic situation of the loan applicant and any guarantor to start filling in all the credit line forms;
- they analyse the qualitative information concerning the new customers and update the information of former customers whose creditworthiness has already been assessed;
- they verify the reliability of the data included in the document and in the information required;
- they formulate, by reference to the files set up, a creditworthiness score of the loan applicant;
- they examine all the various relationships that the Bank has in place with the same loan applicant, both credit and debit ones, and compare loans granted with guarantees offered and guarantees received with proposed guarantors;
- they prepare a summary of the assessments based on the creditworthiness of the customer and formulate an opinion with regard to the amount of the loan that could be granted, the technical use of the loan by the customer, and specify the guarantees to be received based on both qualitative and quantitative information.

Credit granting

Credit granting is performed by the Deliberative Body, taking all the reasons supporting the definition of the amount that could be granted and the guarantees requested into due consideration, based on the risk inherent in the transaction.

Once the loan proposal has been positively resolved upon:

- the guarantees are requested and the loan granting process takes place;
- the credit line/loan is granted;
- the transaction is input in the IT system so that it can be regularly verified: instalments due, review of the interest rate, if contractually provided for, and/or of the associated guarantees.

Management of anomalous loans

The management of anomalous loans is carried out through a careful and periodic analysis of expired positions by the company functions and with the supervision of the General Management. In particular, the General Management of the Bank receives on an established basis, appropriate reports containing the trend of impaired loans, broken down by customer with or without loans.

“Impaired” loans, net of write-downs, amounted in total to 10,116 thousand euros, of which 4,733 thousand euros were non-performing loans, 5,044 thousand euros were subjective and objective impaired loans and 339 thousand euros were past due.

To this end, it should be stressed that impaired loans at the end of 2012 were equal to 4.1% of the total amount of the item due from customers detailed in table A.1.1 Distribution of financial assets by portfolio and credit quality below.

Credit risk mitigation techniques

Credit risk mitigation is carried out by almost exclusively privileging transactions guaranteed by collateral securities. Credit lines and disbursements are granted, by the corporate bodies, only after a careful analysis of the creditworthiness and the validity and consistency of the guarantees given. Preventive analyses are implemented by controls subsequent to disbursement, which are carried out to monitor the change in the creditworthiness of customers. Having taken into account the structure of the controls carried out by the Bank for loan hedging and the empirical evidence, it should be underlined that the Bank's credit risk can be rated as "modest".

Quantitative information

A. Credit quality

A.1 Impaired and performing exposures: balances, value adjustments, changes, breakdown by type and geographical area

A.1.1 Distribution of credit exposures by portfolio and credit quality (book values)

Portfolio/Quality	Non-performing loans	Impaired loans	Restructured loans	Past due exposures	Other assets	Total
1. Financial assets held for trading	–	–	–	–	142,721	142,721
2. Available-for-sale financial assets	–	–	–	–	297,042	297,042
3. Financial assets held to maturity	–	–	–	–	2,615	2,615
4. Due from banks	–	–	–	–	77,220	77,220
5. Due from customers	4,733	5,044	–	339	237,367	247,483
6. Financial assets carried at fair value	–	–	–	–	–	–
7. Financial assets being disposed	–	–	–	–	–	–
8. Hedging derivatives	–	–	–	–	–	–
Total 2012	**4,733**	**5,044**	**–**	**339**	**756,965**	**767,081**
Total 2011	**4,538**	**3,719**	**–**	**1,745**	**416,567**	**426,569**

A.1.2 Distribution of credit exposures by portfolio and credit quality (gross and net amounts)

Portfolio/Quality	Impaired assets			Performing			Total
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	(Net exposure)
1. Financial assets held for trading	–	–	–	X	X	142,721	142,721
2. Available-for-sale financial assets	–	–	–	297,042	–	297,042	297,042
3. Financial assets held to maturity	–	–	–	2,615	–	2,615	2,615
4. Due from banks	–	–	–	77,220	–	77,220	77,220
5. Due from customers	11,974	(1,858)	10,116	238,766	(1,399)	237,367	247,483
6. Financial assets carried at fair value	–	–	–	X	X	–	–
7. Financial assets being disposed	–	–	–	–	–	–	–
8. Hedging derivatives	–		–	X	X	–	–
Total 2012	**11,974**	**(1,858)**	**10,116**	**615,643**	**(1,399)**	**756,965**	**767,081**
Total 2011	**10,813**	**(811)**	**10,002**	**329,514**	**(1,206)**	**416,567**	**426,569**

Gross impaired assets of 11,974 thousand euros consist of non-performing loans (6,131 thousand euros), impaired loans (5,503 thousand euros) and past due receivables (340 thousand euros).
The portfolio of “performing loans” does not include any exposure subject to renegotiation under the scope of collective agreements.

A.1.2.1 Distribution of performing loans by portfolio

Portfolio/Expired maturity	Loan subject to renegotiation within Collective Agreements					
	Past due up to 3 months	Past due from over 3 months to 6 months	Past due from over 6 months to 1 year	Past due for over 1 year	Not due	
1. Financial assets held for trading						
2. Available-for-sale financial assets						
3. Financial assets held to maturity						
4. Due from banks						
5. Due from customers						
6. Financial assets carried at fair value						
7. Financial assets being disposed						
8. Hedging derivatives						
Total 2012						

	Other exposures					Total (net exposure)
	Past due up to 3 months	Past due over 3 months to 6 months	Past due from over 6 months to 1 year	Past due for over 1 year	Not due	
		–	–	–	142,721	142,721
		–	–	–	297,042	297,042
		–	–	–	2,615	2,615
		–	–	–	77,220	77,220
	29,566	1,146	–	621	206,034	237,367
	29,566	**1,146**		**621**	**725,632**	**756,965**

A.1.3 Cash and off-balance sheet loan exposures to banks: gross and net amounts

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash exposures				
a) Non-performing loans	–	–	X	–
b) Impaired loans	–	–	X	–
c) Restructured exposures	–	–	X	–
d) Past due exposures	–	–	X	–
f) Other assets	83,119	X	(26)	83,093
Total A	**83,119**	**–**	**(26)**	**83,093**
B. Off-balance sheet exposures				
a) Impaired	–	–	X	–
b) Other	590	X	–	590
Total B	**590**	**–**	**–**	**590**
TOTAL (A + B)	**83,709**	**–**	**(26)**	**83,683**

A.1.6 Cash and off-balance sheet credit exposures to customers: gross and net amounts

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash exposures				
a) Non-performing loans	6,131	(1,398)	X	4,733
b) Impaired loans	5,503	(459)	X	5,044
c) Restructured exposures	–	–	X	–
d) Past due exposures	340	(1)	X	339
f) Other assets	674,972	X	(1,309)	673,663
Total A	**686,946**	**(1,858)**	**(1,309)**	**683,779**
B. Off-balance sheet exposures				
a) Impaired	–	–	X	–
b) Other	45,367	X	–	45,367
TOTAL B	**45,367**	**–**	**–**	**45,367**

A.1.7 Credit cash exposures to customers: changes in gross impaired exposures

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due loans
A. Gross opening balance	**5,326**	**3,737**	**–**	**1,750**
- of which: exposures sold and not derecognised				
B. Increases	**805**	**1,766**	**–**	**–**
B.1 inflows from performing loans	805	1,766	–	
B.2 transfers from other categories of impaired loans		–		
B.3 other increases				
C. Decreases	**–**	**–**	**–**	**1,410**
C.1 outflows to performing loans				1,410
C.2 derecognition				
C.3 collection				
C.4 gains from disposals				
C.5 transfers to other categories of impaired loans				
C.6 other decreases				
D. Gross closing balance	**6,131**	**5,503**	**–**	**340**
- of which: exposures sold and not derecognised				

A.1.8 Credit cash exposures to customers: changes in overall value adjustments

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due loans
A. Total opening adjustments	**788**	**18**	**–**	**5**
- of which: exposures sold and not derecognised				
B. Increases	**683**	**450**	**–**	**1**
B.1 value adjustments	675	450		1
B.1. bis loss from disposal				
B.2 transfers from other categories of impaired loans				
B.3 other increases	8			
C. Decreases	**73**	**9**	**–**	**5**
C.1 valuation write-backs	65	9		5
C.2 cash write-backs				
C. 2.bis profit from disposal				
C.3 derecognition	8			
C.4 transfers to other categories of impaired loans				
C.5 other decreases				
D. Total closing adjustments	**1,398**	**459**	**–**	**1**
- of which: exposures sold and not derecognised				

A.2 Classification of exposures based on external and internal ratings

A.2.1 Distribution of on- and off-balance sheet exposures by external rating class (book values)

Considering the Bank's customer base, there are no ordinary customers that are assessed through "external ratings" with significant credit lines". Conversely, the majority of the exposures towards banks is assessed through "external ratings".

A.2.2 Distribution of on- and off-balance sheet exposures by internal rating class (book values)

The table in question is not filled out as, to date, also having regard to the specific type of credit lines granted, the Bank does not use credit risk measurement models in a complete and systematic manner, according to which a rating is given to counterparties.

A.3. Distribution of guaranteed exposures by type of guarantee

A.3.2 Exposures to guaranteed customers

	Total 31.12.2012
Guaranteed due from customers	**212,864**
a) by mortgage loans	*109,043*
b) by pledges on:	*97,098*
1. Cash deposits	16,851
2. Securities	80,205
3. Other amounts	42
c) by guarantees from:	*6,723*
1. Countries	–
2. Other public authorities	–
3. Banks	–
4. Other entities	6,723

B. Distribution and concentration of credit exposures

B.1 Segment distribution of cash and "off-balance sheet" credit exposures to customers (book value)

Exposures/Counterparties	Governments			Other public authorities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
A. Cash exposures						
A.1 Non-performing loans	–	–	X	–	–	X
A.2 Impaired loans	–	–	X	–	–	X
A.3 Restructured exposures	–	–	X	–	–	X
A.4 Past due exposures	–	–	X	–	–	X
A.5 Other exposures	136,739	X	210	–	X	–
Total A	**136,739**	**–**	**210**	**–**	**–**	**–**
B. Off-balance sheet exposures						
B.1 Non-performing loans	–	–	X	–	–	X
B.2 Impaired loans	–	–	X	–	–	X
B.3 Other impaired assets	–	–	X	–	–	X
B.4 Other exposures	–	X	–	–	X	–
Total B	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL (A + B) 2012	**136,739**	**–**	**210**	**–**	**–**	**–**
TOTAL (A + B) 2011	**82,826**		**152**		**–**	**–**

	Financial companies			Insurance company			Non-financial companies			Other entities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
	–	–	X	–	–	X	4,733	(1,050)	X	–	(348)	X
	1	–	X	–	–	X	3,539	(335)	X	1,505	(124)	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	(1)	X	340	–	X
	3,143	X	(68)	–	X	–	463,584	X	(1,191)	70,195	X	(260)
	3,144	**–**	**(68)**	**–**	**–**	**–**	**471,856**	**(1,386)**	**(1,191)**	**72,040**	**(472)**	**(260)**
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	34,516	X	–	–	X	–	4,659	X	–	6,192	X	–
	34,516	**–**	**–**	**–**	**–**	**–**	**4,659**	**–**	**–**	**6,192**	**–**	**–**
	37,660	**–**	**(68)**	**–**	**–**	**–**	**476,515**	**(1,386)**	**(1,191)**	**78,232**	**(472)**	**(260)**
	9,900	**–**	**(94)**	**–**	**–**	**–**	**164,822**	**(767)**	**(991)**	**84,847**	**(44)**	**(213)**

B.2 Geographical distribution of cash and "off-balance sheet" credit exposures to customers (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash exposures										
A.1 Non-performing loans	4,733	(1,398)	–	–	–	–	–	–	–	–
A.2 Impaired loans	5,044	(459)	–	–	–	–	–	–	–	–
A.3 Restructured exposures	–	–	–	–	–	–	–	–	–	–
A.4 Past due exposures	339	(1)	–	–	–	–	–	–	–	–
A.5 Other exposures	668,505	(1,309)	5,158	–	–	–	–	–	–	–
Total	**678,621**	**(3,167)**	**5,158**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. Off-balance sheet exposures										
B.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
B.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
B.3 Other impaired assets	–	–	–	–	–	–	–	–	–	–
B.4 Other exposures	44,652	–	715	–	–	–	–	–	–	–
Total	**44,652**	**–**	**715**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total 2012	**723,273**	**(3,167)**	**5,873**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total 2011	**341,065**	**(1,957)**	**1,295**	**–**	**35**	**–**	**–**	**–**		**–**

B.3 Geographical distribution of cash and "off-balance sheet" loan exposures to banks (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash exposures										
A.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
A.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
A.3 Restructured exposures	–	–	–	–	–	–	–	–	–	–
A.4 Past due exposures	–	–	–	–	–	–	–	–	–	–
A.5 Other exposures	75,841	15	7,252	(41)	–	–	–	–	–	–
Total	**75,841**	**15**	**7,252**	**(41)**	**–**	**–**	**–**	**–**	**–**	**–**
B. Off-balance sheet exposures										
B.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
B.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
B.3 Other impaired assets	–	–	–	–	–	–	–	–	–	–
B.4 Other exposures	426	–	152	–	–	–	–	–	–	–
Total	**426**	**–**	**152**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total 2012	**76,267**	**15**	**7,404**	**(41)**	**–**	**–**	**–**	**–**	**–**	**–**
Total 2011	**87,301**	**(3)**	**6,835**	**58**	**3,366**	**–**	**–**	**–**	**–**	**–**

B.4 Major risks

Number	Weighted value	Book value
11	**173,423**	**757,222**

Analysis of major risks	Weighted value	Book value
Regulatory trading portfolio	7,023	143,661
Other cash risk assets		
- total loans	57,710	91,946
- equity investments in non-financial companies		348
- equity securities: other	16,331	66,088
- bonds		297,042
- other assets	76,189	76,189
Available credit lines and unsecured loans		
- off-balance sheet risk assets	16,170	81,948
Total	**173,423**	**757,222**

C. Securitisation and sale of asset transactions

C.1 Securitisation transaction

The Bank has not carried out any securitisation transaction. At the balance sheet date no such transactions were in place.

C.2 Disposal of companies

A. Financial assets sold and not derecognised in full

Qualitative information

Financial assets sold and not derecognised in full refer to total Italian debt securities used in repos carried out with Cassa di Compensazione e Garanzia.

Quantitative information

C.2.1 Financial assets sold and not derecognised: book value and full value

Categories/Portfolio	Financial assets held for trading			Financial assets carried at fair value			Available-for-sale financial assets		
	A	B	C	B	A	C	A	B	C
A. Cash assets	**44,952**	**–**	**–**	**–**	**–**	**–**	**198,802**	**–**	**–**
1. Debt securities	44,952						198,802		
2. Equity securities									
3. UCI									
4. Loans									
B. Derivatives				**X**	**X**	**X**	**X**	**X**	**X**
Total 31.12.2012	**44,952**	**–**	**–**	**–**	**–**	**–**	**198,802**	**–**	**–**
of which impaired									
Total 31.12.2011	**38,601**								
of which impaired									

Key:
A = financial assets sold recognised in full (book value)
B = financial assets sold recognised in part (book value)
C = financial assets sold recognised in part (full value)

	Financial assets held to maturity			Due from banks			Due from customers			Total	
	A	B	C	A	B	C	A	B	C	31.12.2012	31.12.2011
										243,754	**38,601**
										243,754	38,601
	X	X	X	X	X	X	X	X	X		
	X	X	X	X	X	X	X	X	X		
	X	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**243,754**	**X**
											X
										X	**38,601**
										X	

C.2.2 Financial liabilities for assets sold and not derecognised: book value

Liabilities/Asset portfolio	Financial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Due to customers	**44,951**	**–**	**197,084**				**242,035**
a) relating to fully recognised assets	44,951		197,084				242,035
b) relating to partially recognised assets							
2. Due to banks							
a) relating to fully recognised assets							
b) relating to partially recognised assets							
Total 31.12.2012	**44,951**	**–**	**197,084**	**–**	**–**	**–**	**242,035**
Total 31.12.2011	**38,271**						**38,271**

D. Credit risk measurement models

In order to assess the Credit Risk, the Bank uses a standardised method for the quantification of perspective internal capital in compliance with the guidelines set out in the budgeting and multi-year planning process.

With a view to verifying the suitability of the internal capital, also in the event of adverse outlooks linked to the negative trend of loans, the Bank carries out stress testing during ICAAP reporting on the credit risk. To carry out these tests, reference is made to the statistics given in the public information of the Bank of Italy, in view of the limited historical series in the Bank's possession, which has only made investments in this area for the last few years.

Section 2 - Market risks

The Bank defined the market risk as the risk of an unfavourable change in the value of a position in financial instruments - included in the trading portfolio for regulatory purposes - due to the adverse performance of interest, exchange and inflation rates, volatility, share prices, credit spreads, price of goods (generic risk) and creditworthiness of the issuer (specific risk).

2.1 Interest rate risk and price risk - Regulatory trading portfolio

Qualitative information

Interest rate risk

The "trading portfolio" - as defined in the supervisory regulations - includes all financial instruments subject to capital requirements for market risks.

The trading portfolio includes:

- debt securities;
- shares;
- UCI units;
- derivatives held for trading.

Most part of debt securities in the portfolio are CTZ and BOT with maturity within the year. Share investments mainly refer to securities listed on the Italian Stock Exchange, with high liquidity. The portfolio instruments are denominated in euro.

The Managing Director and the General Management of the Bank provide strategic guidelines on market risk acceptance with regard to the purchase and dealing in trading securities.

The transactions with similar characteristics in terms of type or terms are screened by the General Management that performs a specific evaluation also with regard to the risk profiles associated with them.

With regard to the interest rate risk, the Bank monitors the changes in market rates and prepares a proper report that is sent to the Management.

Price risk

Price risk is the risk of capital losses on listed financial assets or assets that are similar to listed instruments due to fluctuations in the price of securities or to factors attributable to the peculiar situation of the issuer. The trading portfolio is mainly represented by Government debt securities. As a result, price risk is associated with the specific situation of the issuer.

With regard to the share capital securities portfolio, it should be underlined that it almost exclusively includes listed shares with a high degree of liquidity.

Quantitative information

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**54,729**	**65,801**	**1,014**	**20,965**	**1**	**2**	**–**
1.1 Debt securities	–	54,729	65,801	1,014	20,965	1	2	–
- with the option of early redemption		–						
- other		54,729	65,801	1,014	20,965	1	2	
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**242,035**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–		242,035				
2.2 Other liabilities								
3. Financial derivatives		**29,186**	**2,998**	**15,509**	**3,127**	**7,448**	**–**	**–**
3.1 With underlying security		–	–	–	–	–	–	–
- Options								
+ Long positions								
+ Short positions								
- Other derivatives		–	–	–	–	–	–	–
+ Long positions		–	–		–	–		
+ Short positions		–	–		–	–		
3.2 Without underlying security		29,186	2,998	15,509	3,127	7,448	–	–
- Options								
+ Long positions								
+ Short positions								
- Other derivatives		29,186	2,998	15,509	3,127	7,448	–	–
+ Long positions		23,507	2,998	7,925	3,127	1,816		
+ Short positions		5,679		7,584		5,632		

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: pound

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**16,848**	**1,225**	**2,207**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	16,848	1,225	2,207	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	16,848	1,225	2,207	–	–	–	–
+ Long positions	–	–	–	1,104	–	–	–	–
+ Short positions	–	16,848	1,225	1,103	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: US Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**6,814**	**–**	**12,949**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	6,814	–	12,949	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	6,814	–	12,949	–	–	–	–
+ Long positions	–	3,442	–	6,469	–	–	–	–
+ Short positions	–	3,372	–	6,480	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**1,186**	**475**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	1,186	475	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	1,186	475	–	–	–	–	–
+ Long positions	–	614	–	–	–	–	–	–
+ Short positions	–	572	475	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Swiss Francs

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**–**	**911**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	–	911	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	911	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	911	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Canadian Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**293**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	293	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	293	–	–	–	–	–	–
+ Long positions	–	148	–	–	–	–	–	–
+ Short positions	–	145	–	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Australian dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**201**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	201	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	201	–	–	–	–	–	–
+ Long positions	–	99	–	–	–	–	–	–
+ Short positions	–	102	–	–	–	–	–	–

2. Regulatory trading portfolio: distribution of exposures in equity securities and stock indices in the main countries of the market.

Transaction type/Listing index	Listed						Unlisted
	Italy	United States of America	United Kingdom	Japan	Germany	Other	
A. Equity securities							
- Long positions	886	–	–		–	6	–
- Short positions	–	–	–	–	–	–	–
B. Sales of equity securities not yet settled							
- Long positions	116	–	–	–	–	18	19
- Short positions	299	–	–	–	–	34	2
C. Other derivatives on equity securities							
- Long positions	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	2
D. Derivatives on stock indices							
- Long positions	2,197	–	–	–	–	–	–
- Short positions	1,491	–	–	–	–	–	–

2.2 Interest rate risk and price risk - Banking portfolio

Qualitative information

Interest rate risk

The interest rate risk for the banking book is defined as the current and prospective risk of profit/capital volatility due to unfavourable fluctuations in interest rates.

The internal structures of the Bank monitor on a regular basis the interest rate risk on the banking book, providing adequate reporting to the General Manager.

The banking portfolio comprises financial instruments (assets and liabilities) that are not in the trading portfolio. It is mainly made up of due to/from banks and customers.

As regards the banking book, attention is drawn to the following aspects concerning interest rate risk:

- due from banks and due from customers include:
  - loans and deposits to banks, totalling 77 million euros, comprising: 10 million euros in fixed-term loans with maturity within January; 64 million euros in deposits to banks, mainly with variable rate; 3 million euros in compulsory variable rate reserve;
  - current account overdrafts and loans to customers for a total of 238 million euros, all variable rate with the exception of one significant fixed-rate loan managerially hedged by an Interest Rate swap.

- at present, available-for-sale securities include only (in addition to equity securities and UCI units not exposed to interest rate risk) total Italian debt securities totalling a nominal value of 300 million euros of which 160 million euros with maturity within November 2013 and 140 million euros with maturity within 2015;

- securities held to maturity (which were reclassified in 2008 from the HFT category) only include variable-rate bonds listed in regulated markets, for a total face value of 2.8 million euros;

- due to banks and due to customers include:
  - loans and deposits to banks totalling 95 million euros, comprising 94 million euros of variable-rate Long Term Refinancing Operation (LTRO) of ECB with maturity within February 2015;
  - loans, fixed-term deposits and current accounts with customers, totalling 550 million euros, comprising: 33 million euros in fixed-term loans with maturity in 2013 (29 million euros in the first quarter and 4 million euros in the second quarter); 275 million euros in current accounts at variable rate or at revisable fixed rate; 242 million euros in repos on securities listed in regulated markets.

- among outstanding securities totalling 64 million euros are variable-rate debenture loans (Euribor plus 30 b.p.) with maturity in November 2014, March 2015 and April 2016 of 45 million euros and fixed-rate certificates of deposits with maturity within twelve months of 16 million euros and within eighteen months of 3 million euros.

Given the above, it may be concluded that the exposure to interest rate risk is very low.

Price risk

The banking portfolio is made up of UCIs, debt securities and share capital securities. Listed and unlisted shares included in the AFS portfolio - being held as a result of complex relationships with specific subjects or representing an instrument supporting significant initiatives - represent strategic investments. The risk exposure of such financial instruments is monitored in the same way as equity investments are managed.

Quantitative information

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**284,792**	**15,686**	**68,045**	**159,971**	**74,699**	**7,152**	**345**	**–**
1.1 Debt securities	–	2,615	67,565	159,445	70,032	–	–	–
- with the option of early redemption	–	383						
- other	–	2,232	67,565	159,445	70,032			
1.2 Loans to banks	54,215	10,000						
1.3 Loans to customers	230,577	3,071	480	526	4,667	7,152	345	–
- current accounts	73,986	–						
- other loans	156,591	3,071	480	526	4,667	7,152	345	
with the option of early redemption	153,627	34	480	526	4,667	2,419	345	
other	2,964	3,037				4,733		
2. Cash liabilities	**358,917**	**62,963**	**23,151**	**251,657**	**1,610**	**–**	**–**	**–**
2.1 Due to customers	264,146	28,672	–	246,537	–	–	–	–
- current accounts	230,811	28,672		4,502				
- other payables	33,335	–	–	242,035				
with the option of early redemption								
other	33,335	–	–	242,035				
2.2 Due to banks	94,771	–	–	–	–	–	–	–
- current accounts	88							
- other payables	94,683							
2.3 Debt securities	–	34,291	23,151	5,120	1,610			
- with the option of early redemption	–	11,896	997	5,120	1,610			
- other	–	22,395	22,154					
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–				
+ Long positions		–	–	–	–	–	–	
+ Short positions		–	–	–				
- Other	–	–	–	–	–	–	–	–
+ Long positions		–	–	–				
+ Short positions		–	–	–	–	–		
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: US Dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**8,003**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	7,924							
1.3 Loans to customers	79	–	–	–	–	–	–	–
- current accounts	79							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2. Cash liabilities	**8,056**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	8,055	–	–	–	–	–	–	–
- current accounts	8,055							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2.2 Due to banks	1	–	–	–	–	–	–	–
- current accounts	1							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Pound Sterling

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**2,532**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	2,113							
1.3 Loans to customers	419	–	–	–	–	–	–	–
- current accounts	419							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2. Cash liabilities	**2,128**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	2,118	–	–	–	–	–	–	–
- current accounts	2,118							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2.2 Due to banks	10	–	–	–	–	–	–	–
- current accounts	10							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Swiss Francs

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**841**	–	–	–	–	–	–	–
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	805							
1.3 Loans to customers	36	–	–	–	–	–	–	–
- current accounts	36							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**290**	–	–	–	–	–	–	–
2.1 Due to customers	281	–	–	–	–	–	–	–
- current accounts	281							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	9	–	–	–	–	–	–	–
- current accounts	9							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	–	–	–	–	–	–	–	–
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Japanese Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**551**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	421							
1.3 Loans to customers	130	–	–	–	–	–	–	–
- current accounts	130							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2. Cash liabilities	**72**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	72	–	–	–	–	–	–	–
- current accounts	72							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts	–							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Canadian Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**273**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	273							
1.3 Loans to customers	–	–	–	–	–	–	–	–
- current accounts	–							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2. Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	–	–	–	–	–	–	–	–
- current accounts	–							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption	–							
other	–							
2.2 Due to banks	2	–	–	–	–	–	–	–
- current accounts	2							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: residual

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**1,470**	–	–	–	–	–	–	–
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	1,469							
1.3 Loans to customers	1	–	–	–	–	–	–	–
- current accounts	1							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	–	–	–	–	–	–	–	–
2.1 Due to customers	–	–	–	–	–	–	–	–
- current accounts								
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts	–							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	–	–	–	–	–	–	–	–
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								

2.3 Exchange rate risk

Qualitative information

Exchange rate risk management is the responsibility of the General Management and the Finance Department carries out trading, hedging and brokering activities within specific operating limits (amounts) with regard to both financial assets and liabilities denominated in foreign currencies in its own account or on behalf of customers.

Generally, the exposure to exchange rate risk is quite low and limited to temporary misalignments in opposite sign positions; the Bank keeps this risk to a minimum by monitoring the treasury exposure due to the time mismatching between asset and liability items. The exchange rate risk arising from the ownership of London Stock Exchange Group plc shares was completely cancelled by the complete "management" hedging carried out through sales transactions of Sterling against Euro.

Quantitative information

1. Distribution by currency of assets, liabilities and derivatives

Items	Currencies					
	US Dollar	Pound	Yen	Canadian Dollar	Swiss franc	Other currencies
A. Financial assets	**8,003**	**20,143**	**551**	**273**	**841**	**1,470**
A.1 Debt securities	–	1,280	–	–	–	–
A.2 Equity securities	–	16,331	–	–	–	–
A.3 Loans to banks	7,924	2,113	421	273	805	1,469
A.4 Loans to customers	79	419	130	–	36	1
A.5 Other financial assets	–	–	–	–	–	–
B. Other assets	**14**	**9**	**–**	**–**	**10**	**–**
C. Financial liabilities	**8,056**	**2,128**	**72**	**2**	**290**	**–**
C.1 Due to banks	1	10	–	2	9	–
C.2 Due to customers	8,055	2,118	72	–	281	–
C.3 Debt securities	–	–	–	–	–	–
C.4 Other financial liabilities	–	–	–	–	–	–
D Other liabilities	**–**	**–**	**–**	**–**	**–**	**–**
E. Financial derivatives	**19,763**	**20,280**	**1,661**	**293**	**911**	**201**
- Options	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–
- Other	19,763	20,280	1,661	293	911	201
+ Long positions	9,911	1,104	614	148	–	99
+ Short positions	9,852	19,176	1,047	145	911	102
Total assets	**8,017**	**20,152**	**551**	**273**	**851**	**1,470**
Total liabilities	**8,056**	**2,128**	**72**	**2**	**290**	**–**
Imbalance (+/-)	**(19,802)**	**(2,256)**	**(1,182)**	**(22)**	**(350)**	**1,269**

2.4 Derivative instruments

Financial derivatives

A.1 Regulatory trading portfolio: end-of-period notional and average values

Underlying assets/Type of derivatives	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**(4,943)**	**–**	**(5,632)**	**–**
a) Options				
b) Interest rate swap	(4,943)		(5,632)	
c) Forwards				
d) Futures		–		–
e) Other				
2. Share capital securities and stock indices	**–**	**–**	**–**	**–**
a) Options	–			
b) Swaps				
c) Forwards				
d) Futures	–	–		
e) Other				
3. Currencies and gold	**(42,808)**	**–**	**(16,060)**	**–**
a) Options				
b) Forwards	(42,808)		(16,060)	
c) Futures				
d) Cross currency swaps				
e) Other				
4. Goods				
5. Other underlying assets				
Total	**(47,751)**	**–**	**(21,692)**	**–**
Average values				

A.3 Financial derivatives: gross positive fair value - breakdown by product

Derivative types/Portfolios	Positive fair value			
	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**209**	**–**	**531**	**–**
a) Options			78	
b) Interest rate swap	–			
c) Cross currency swap				
d) Equity swap				
e) Forward	209		453	
f) Futures		–		
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
Total	**209**	**–**	**531**	**–**

A.4 Financial derivatives: gross negative fair value - breakdown by product

Derivative types/Portfolios	Negative fair value			
	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**449**	**–**	**956**	**–**
a) Options	–		73	
b) Interest rate swap	449		275	
c) Cross currency swap				
d) Equity swap				
e) Forward	–		608	
f) Futures		–		
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
Total	**449**	**–**	**956**	**–**

A.5 OTC financial derivatives - regulatory trading portfolio: notional values, gross positive and negative fair values for counterparties - contracts not covered by offset agreements

Contracts not covered by offset agreements	Governments and Central Banks	Other public authorities	Banks	Financial companies	Insurance company	Non-financial companies	Other entities
1) Debt securities and interest rates			**-4,494**				
- notional value			-4,943				
- positive fair value			–				
- negative fair value			449				
- future exposure							
2) Equity securities and stock indices			**–**				
- notional value			–				
- positive fair value			–				
- negative fair value			–				
- future exposure							
3) Currencies and gold			**-42,599**				
- notional value			-42,808				
- positive fair value			209				
- negative fair value							
- future exposure							
4) Other values			**–**				
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
Total 2012			**(47,093)**				
Total 2011			**(20,205)**				

A.9 Residual life of OTC financial derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	More than 5 years	Total
A. Regulatory trading portfolio	**(42,808)**	**–**	**(4,943)**	**(47,751)**
A.1 Financial derivatives on debt securities and interest rates			(4,943)	(4,943)
A.2 Financial derivatives on equity securities and stock indices	–			–
A.3 Financial derivatives on exchange rates and gold	(42,808)			(42,808)
A.4 Financial derivatives on other values				–
B. Banking portfolio	**–**	**–**	**–**	**–**
B.1 Financial derivatives on debt securities and interest rates				–
B.2 Financial derivatives on equity securities and stock indices				–
B.3 Financial derivatives on exchange rates and gold				–
B.4 Financial derivatives on other values				–
Total 2012	**(42,808)**	**–**	**(4,943)**	**(47,751)**
Total 2011	**(16,060)**		**(5,632)**	**(21,692)**

Section 3 - Liquidity risk

Qualitative information

The Bank defined the liquidity risk as the inability to meet own payment commitments. This risk is linked to the inability to raise funds (funding liquidity risk) or to the existence of limits for the disinvestment of assets (market liquidity risk).
Funding liquidity risk means the risk according to which the Bank is not able to meet its own payment commitments and obligations efficiently (compared to the “desired” risk profile and/or “fair” economic conditions) due to the inability to raise funds without compromising its core business activities and/or financial situation.
Market liquidity risk means the risk according to which the Bank is able to dispose of an asset only by incurring capital losses due to the low liquidity of the reference market and/or due to the timing with which the transaction will be carried out.

The analysis of the Bank’s financial instruments (assets and liabilities) highlights that, overall, liquidity risk is quite low. In fact, the loans portfolio is mostly made up of short-term funding sources both on the interbank market and with regard to customers (as it comprises mainly on-demand loans that are directly connected with the private banking activity). Most of the securities trading portfolio is made up of debt securities issued by countries of the Euro zone, with high liquidity and, to a lesser extent, by UCI units.
As far as liabilities are concerned, funding sources are represented by current accounts, deposits, repos and the issue of variable-rate debenture loans (Euribor plus 30 b.p.) due in November 2014, March 2015 and April 2016 and by the issue of certificate of deposits with fixed rates and variable maturities within eighteen months. Moreover, the Bank participated in the Long Term Refinancing Operation with ECB.

The Bank’s overall exposure to liquidity risk is therefore maintained at modest levels thanks to the structure of the financial portfolio described above.

The ability to meet commitments promptly and economically is guaranteed by carefully monitoring the position through the use of information systems that ensure the ongoing monitoring of the liquidity requirements that are managed, where necessary, by resorting to the interbank deposits and, alternatively, to the repos market.

On the basis of the provisions established by the Bank of Italy Circular Letter no. 263 of 27 December 2006, the Bank has defined the guidelines on the governance and management of liquidity risk. More specifically, the roles and responsibilities have been defined by the company bodies involved, the calculation methods of the LCR (Liquidity Cover Ratio) and NSFR (Net Stable Funding Ratio) and the criteria to be applied in carrying out stress testing.
The short-term liquidity management policy, monitoring using the LCR indicator, includes all limits and alert thresholds that allow both in normal market conditions and in stressful periods, for the measurement of the liquidity risk to which it is exposed. The liquidity needed to cope with any structural imbalance in the breakdown of assets and liabilities along a one-year timeframe, instead, is monitored through the NSFR indicator.

Within the liquidity risk management process, the Bank's Risk Control organisational unit:

- periodically carries out the stress tests identified by the Bank for risk measurement, performing the measurements necessary to determine the value of the LCR (liquidity Coverage ratio) indicator (aimed at assuring that the Bank holds an amount of high quality liquid assets that enables it to withstand stress situations on the funding market for a time horizon of 30 days) and the NSFR (Net Stable Funding Ratio) (aimed at assuring a structural balance of the financial statements of the bank);
- prepare the reports to be sent to the Senior Management, illustrated the exposure to liquidity risk, also determined on the basis of the stress tests.

The stress tests were successful, because the Bank fulfilled the critical threshold identified by the Supervisory Authority (100% LCR indicator and NSFR indicator).

Quantitative information

1. Time distribution of financial assets and liabilities by residual duration

Currency: Euro

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**148,051**	**–**	**243**	**42,843**	**29,712**	**67,849**	**191,133**	**211,590**	**92,067**	**3,078**
A.1 Treasury Bonds	8	–	–	25,071	28,304	63,639	159,871	162,658	3	–
A.2 Other debt securities	–	–	11	1	–	1	1,062	(3,040)	3,300	–
A.3 UCI units	35,152	–	–	–	–	–	–	–	–	–
A.4 Loans	112,891	–	232	17,771	1,408	4,209	30,200	51,972	88,764	3,078
- Banks	51,137	–	–	10,000	–	–	–	–	–	3,078
- Customers	61,754	–	232	7,771	1,408	4,209	30,200	51,972	88,764	–
Cash liabilities	**357,963**	**15,903**	**4,307**	**14,885**	**5,516**	**243,888**	**9,825**	**46,011**	**–**	**–**
B.1 Deposit and current accounts	357,963	15,903	4,257	8,514	–	242,883	4,606	–	–	–
- Banks	94,771	–	–	–	–	–	–	–	–	–
- Customers	263,192	15,903	4,257	8,514	–	242,883	4,606	–	–	–
B.2 Debt securities	–	–	50	6,371	5,516	1,005	5,219	46,011	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**45,886**	**–**	**–**	**–**	**6,170**	**17,808**	**29,290**	**768**	**11,424**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	15,150	–	768	500	–
- Long positions		–	–	–	–	7,575		384	250	
- Short positions		–		–	–	7,575		384	250	
C.2 Financial derivatives without exchange of capital	–	–	–	–	6,170	2,658	29,290	–	10,924	–
- Long positions	–				1,982	2,658	21,707		5,292	
- Short positions					4,188	–	7,583		5,632	
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	21,948	–	–	–	–	–	–	–	–	–
- Long positions	21,948	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	23,938	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions		–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

Bank "Undated Loans" refer to the deposit in the Obligatory reserve.

1. Time distribution of financial assets and liabilities by residual duration

Currency: US dollars

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**8,511**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	8,511	–	–	–	–	–	–	–	–	–
- Banks	7,924	–	–	–	–	–	–	–	–	–
- Customers	587	–	–	–	–	–	–	–	–	–
Cash liabilities	**8,056**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	8,056	–	–	–	–	–	–	–	–	–
- Banks	1	–	–	–	–	–	–	–	–	–
- Customers	8,055	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**19,763**	**–**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	19,763	–	–	–	–	–	–
- Long positions	–	–	–	9,911	–	–	–	–	–	–
- Short positions	–	–	–	9,852	–	–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: pound

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**2,532**	**–**	**1,280**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	1,280	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	2,532	–	–	–	–	–	–	–	–	–
- Banks	2,113	–	–	–	–	–	–	–	–	–
- Customers	419	–	–	–	–	–	–	–	–	–
Cash liabilities	**2,128**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	2,128	–	–	–	–	–	–	–	–	–
- Banks	10	–	–	–	–	–	–	–	–	–
- Customers	2,118	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**16,848**	**1,225**	**2,207**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	16,848	1,225	2,207	–	–	–
- Long positions	–	–	–	–	–	–	1,104	–	–	–
- Short positions	–	–	–	–	16,848	1,225	1,103	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Yen

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**551**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	551	–	–	–	–	–	–	–	–	–
- Banks	421	–	–	–	–	–	–	–	–	–
- Customers	130	–	–	–	–	–	–	–	–	–
Cash liabilities	**72**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	72	–	–	–	–	–	–	–	–	–
- Banks	–	–	–	–	–	–	–	–	–	–
- Customers	72	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**1,186**	**475**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	1,186	475	–	–	–	–
- Long positions	–	–	–	–	614	–	–	–	–	–
- Short positions	–	–	–	–	572	475	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Swiss francs

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**841**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	841	–	–	–	–	–	–	–	–	–
- Banks	805	–	–	–	–	–	–	–	–	–
- Customers	36	–	–	–	–	–	–	–	–	–
Cash liabilities	**290**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	290	–	–	–	–	–	–	–	–	–
- Banks	9	–	–	–	–	–	–	–	–	–
- Customers	281	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**911**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	911	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	911	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Canadian dollars

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**273**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	273	–	–	–	–	–	–	–	–	–
- Banks	273	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	2	–	–	–	–	–	–	–	–	–
- Banks	2	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**293**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	293	–	–	–	–	–
- Long positions	–	–	–	–	148	–	–	–	–	–
- Short positions	–	–	–	–	145	–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: residual

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**1,470**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	1,470	–	–	–	–	–	–	–	–	–
- Banks	1,469	–	–	–	–	–	–	–	–	–
- Customers	1	–	–	–	–	–	–	–	–	–
Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	–	–	–	–	–	–	–	–	–	–
- Banks	–	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**201**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	201	–	–	–	–	–
- Long positions	–	–	–	–	99	–	–	–	–	–
- Short positions	–	–	–	–	102	–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

Section 4 - Operating risks

Qualitative and quantitative information

Operating risk is defined as the risk to incur losses arising from the inadequacy or weakness in procedures, human resources and internal systems, or from external events. These include losses arising from frauds, human errors, interruptions in business activities, unavailability of systems, contractual default, natural and/or geopolitical disasters. The operating risk includes the legal risk, while it does not include strategic and reputational risks.

During the 2012 financial year, the Bank carried out an analysis/assessment of operating risks on the "core" procedures. In particular, the analysis focused on the identification, within the above-mentioned operating procedures, of the steps that may generate operating risks for the Bank and of the related controls to mitigate the risks themselves. In order to standardise the quantification process of operating risks, the Bank has also formalised the adopted method in the document called "Management of operating risks in Banca Finnat".

With regards to the quantification of internal capital supporting the operating risk, the Bank uses the basic approach under the scope of determining prudential equity requirements, as envisaged by Bank of Italy Circular Letter no. 263/2006.

In this context, the internal control function verifies that said procedures, and any update of such are correctly implemented and are observed, as well as ensuring that they comply with regulations in force.

Part F - Information on net equity

Section 1 - Net equity

Qualitative and quantitative information

The net equity comprises the Capital, Reserves, Own Shares, Valuation Reserves and profit for the year. All financial instruments that are not classified as financial assets or liabilities according to the IAS/IFRS are considered part of the net equity.

For supervisory purposes, the relevant aggregate net equity is calculated based on the applicable regulations laid down by the Bank of Italy and constitutes the reference control data of the prudential supervisory regulations.

Pursuant to the above-mentioned regulations, the Bank is required to comply with a minimum solvency ratio of 6%, calculated by reference to credit and market prices.

The net equity of the Bank totals 204,593 thousand euros. It is detailed in the table below.

B.1 Net equity: breakdown

Items/Amounts	Amount 31.12.2012	Amount 31.12.2011
1. Share capital	72,576	72,576
2. Share issue premiums	–	–
3. Reserves	84,934	84,151
- retained earnings	79,787	79,393
a) legal reserve	8,051	7,850
b) statutory reserve	–	–
c) own shares	13,396	19,519
d) other	58,340	52,024
- Other	5,147	4,758
4. Capital instruments	–	–
5. (Own shares)	(10,940)	(10,134)
6. Valuation reserves:	49,817	48,809
- Available-for-sale financial assets	48,453	47,445
- Tangible assets		
- Intangible assets		
- Foreign investment hedge		
- Cash flow hedge		
- Exchange differences		
- Non-current assets being disposed		
- Actuarial profit (loss) on defined benefit social security plans		
- Share of valuation reserves related to investee companies valued by equity method		
- Special revaluation regulations	1,364	1,364
7. Net profit (loss) for the year	8,206	4,023
Total	**204,593**	**199,425**

Item 6. Valuation reserves includes the following in the stated sub-items:

- Available-for-sale financial assets: in addition to the measurement at fair value of the securities in the portfolio (12,770 thousand euros), the measurement at fair value of the investment in the subsidiary Investire Immobiliare SGR S.p.A. for 35,683 thousand euros (39,498 thousand euros last year), the transaction has been explained in section “A2 - Part relating to the main items of the financial statements - Equity investments”.
- Special revaluation regulations: revaluations made on owned property in accordance with the provisions of Italian Laws no. 576 of 2 December 1975, no. 72 of 19 March 1983, no. 413 of 30 December 1991 for a total of 1,356 thousand euros and a further revaluation of 8 thousand euros performed in FY 1974.

B.2 Valuation reserves of available-for-sale financial assets: breakdown

Assets/amounts	Total 31.12.2012		Total 31.12.2011	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	2,336	–	–	–
2. Equity securities	45,455	–	45,888	–
3. UCI units	681	19	1,576	19
4. Loans	–	–	–	–
Total	**48,472**	**19**	**47,464**	**19**

The positive reserve of item 1. Debt securities concerns the fair value adjustment, after taxes on total Italian debt securities.

The positive reserve of item 2. Equity securities concerns the adjustment to fair value, net of taxes, of the investment held in the subsidiary Investire Immobiliare SGR S.p.A. of 35,683 thousand euros and the shares in London Stock Exchange Group plc of 9,772 thousand euros.

B.3 Valuation reserves of available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans
1. Opening balance	–	**45,888**	**1,557**	–
2. Positive changes	**2,336**	**4,674**	**469**	–
2.1 Increases in fair value	2,336	4,674	469	
2.2 Reallocation of negative reserve to income statement	–	–	–	–
- from impairment		–	–	
- from disposal		–	–	
2.3 Other	–	–	–	
3. Negative changes	–	**5,107**	**1,364**	–
3.1 Decreases in fair value	–	3,816	1,326	
3.2 Adjustments from impairment				
3.3 Reallocation to income statement from positive reserves: from disposal	–	1,291	–	–
3.4 Other		–	38	
4. Closing balance	**2,336**	**45,455**	**662**	–

The comment to the changes is illustrated in part D - Comprehensive Income.

Section 2 - Regulatory capital and ratios

2.1 Regulatory capital

Set out below are the data on the individual regulatory capital.

A. Qualitative information

	2012	2011
1. Tier 1 capital	138,173	123,933
2. Tier 2 capital		
3. Tier 3 capital		

B. Quantitative information

	Total 31.12.2012	Total 31.12.2011
A. Tier 1 capital before the application of prudential filters	**150,713**	**137,194**
B. Prudential filters for Tier 1 capital:	**(19)**	**(19)**
B.1 IAS/IFRS positive prudential filters (+)		
B.2 IAS/IFRS negative prudential filters (-)	(19)	(19)
C. Tier 1 capital including deductions (A+B)	**150,694**	**137,175**
D. Deductions from Tier 1 capital	**12,521**	**13,242**
E. Total Tier 1 capital (C-D)	**138,173**	**123,933**
F. Tier 2 capital before the application of prudential filters	**4,381**	**2,940**
G. Prudential filters for Tier 2 capital:	**(1,508)**	**(788)**
G.1 IAS/IFRS positive prudential filters (+)		
G.2 IAS/IFRS negative prudential filters (-)	(1,508)	(788)
H. Tier 2 capital including deductions (F+G)	**2,873**	**2,152**
I. Deductions from Tier 2 capital	**2,873**	**2,152**
L. Total Tier 2 capital (H-I)		**–**
M. Deductions from total Tier 1 and Tier 2 capital		**–**
N. Regulatory capital (E+L-M)	**138,173**	**123,933**
O. Tier 3 capital		
P. Regulatory capital including Tier 3 capital (N+O)	**138,173**	**123,933**

2.2 Capital adequacy

A. Qualitative information

Within the Bank, there are functions in charge of constantly monitoring that the capital adequacy ratios are complied with vis-à-vis the trend of the various risk profiles in order to pursue an adequate balance of the overall structure.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/ requirements	
	2012	2011	2012	2011
A. Risk assets				
A.1 Credit and counterparty risk				
1. Standard methodology	912,505	703,186	329,422	344,208
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisation				
B. Capital requirements for supervisory purposes				
B.1 Credit and counterparty risk			19,766	20,653
B.2 Market risks				
1. Standard methodology			2,817	1,973
2. Internal models				
3. Concentration risk				
B.3 Operating risk				
1. Basic method			3,470	3,876
2. Standardised method				
3. Advanced method				
B.4 Other prudential requirements				
B.5 Other calculation elements				
B.6 Total prudential requirements			26,053	26,502
C. Risk-weighted assets and adequacy ratios				
C.1 Weighted risk assets			434,204	441,675
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			31.8%	28.1%
C.3 Regulatory capital including Tier 3/Weighted risk assets (Total capital ratio)			31.8%	28.1%

Part H - Related party transactions

On the matter of related party transactions, the Bank has updated the “Related party transaction procedure” in order to ensure the transparency and correctness of the transactions, both in substantive and procedural terms.

As required by IAS 24, information on related party transactions is provided below.

Information on the fees and attendance of the members of the governing and supervisory bodies, of general managers and of key executives.

As a result of the latest amendments made by Consob to its resolution no. 11971 of 14 May 1999 for the aforesaid information, please refer to the “Report on Remuneration” prepared in accordance with Article 123-ter of the Italian Consolidated Financial Law and according to form 7-bis of Annexe 3A of the Issuers’ Regulation.

2. Information on transactions with related parties

The following schedule summarises capital and cash transactions with subsidiaries and associated companies as well as with parent companies and their respective subsidiaries and other related parties.

BALANCE SHEET	Receivables (Payables) for c/a transactions	Receivables (Payables) domestic tax consolidation	Due to customers for fixed-term deposits	Other Receivables (Payables)	Securities available for sale	Securities issued
Subsidiaries						
Finnat Investments S.p.A.	(97)	(16)		(16)		
Finnat Real Estate S.r.l.	1,000	5		13		
Investire Immobiliare SGR S.p.A.	(112)	(190)		(250)		
Finnat Fiduciaria S.p.A.	(1,279)	35	(702)	(43)		
Fedra Fiduciaria S.p.A.	(293)	(7)	–	8		
Finnat Gestioni S.A.				–		
Associated companies						
Prévira Invest Sim S.p.A.	(221)					
Imprebanca S.p.A.	(62)		–	–		
Other related parties						
Natural persons	(249)			–	-	1,667
Companies and enterprises	4,631			185	2,630	

Receivables (Payables) for domestic tax consolidation and Other Receivables (Payables) are included in the financial statement items "Other assets" and "Other liabilities".

INCOME STATEMENT	Other operating income (Other administrative expenses)	Interest income (expense)	Dividends	Commission income (expense)
Subsidiaries				
Finnat Investments S.p.A.	–	(1)	–	–
Finnat Real Estate S.r.l.	(110)	21	–	–
Investire Immobiliare SGR S.p.A.	12	3	3,598	11
Finnat Fiduciaria S.p.A.	8	(33)	180	23
Fedra Fiduciaria S.p.A.	2	(1)	–	9
Finnat Servizi Assicurativi S.r.l. (*)	–	(1)	56	–
New Millennium Advisory (*)	–	–	2,374	–
Finnat Gestioni S.A.	–	1	–	–
Associated companies				
Prévira Invest Sim S.p.A.	–	(5)	–	–
Imprebanca S.p.A.	–	1	–	15

(*) Dividends distributed following the conclusion of voluntary winding-up procedures.

Significant non-recurring operations and positions or transactions descending from atypical and/or unusual operations

Pursuant to the Consob Communication DEM/6064293 of 28 July 2006, it should be noted that:

- in 2012, no non-recurring events occurred or were carried out, meaning events or operations that do not usually take place, in connection with ordinary business operations;
- no atypical and/or unusual transactions took place during 2012, either within the Group or with related or third parties. Atypical and/or unusual transactions are those operations which, due to their magnitude/importance, to the nature of the counterparty, to the subject matter of the transaction and to the method for determining the transfer price and time frame (whether close to the year end or not), may give rise to doubts as to the accuracy/completeness of the information set out in the financial statements, any conflict of interest, the safeguarding of the company's net worth and the protection of minority interests.

The most significant Group transactions in the 2012 financial year are commented on in a special section of the Report on Operations.

Part I - Payment agreements based on own capital instruments

A. Qualitative information

1. Description of the payment agreements based on own capital instruments

On 12 May 2011, the Board of Directors of the Bank launched a stock option plan, as empowered by the Shareholders' Meeting of 29 April 2011, in favour of the Management of the Bank and its Subsidiaries; the plan is addressed to persons with a key role in the achievement of the Group's operating results.

The said plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, at a unit exercise price of 0.4702 euro and are conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

The data about the evolution of the plan are shown below.

	Number of shares	Average exercise price (euro)	Market price (euro)
Rights existing at 31.12.2011	**27,000,000**	**0.4702**	**0.2835**
Rights exercised in 2012	–	–	–
Rights cancelled in 2012	3,000,000		
Rights assigned in 2012		–	–
Rights existing at 31.12.2012	**24,000,000**	**0.4702**	**0.2675**
of which: exercisable at 31.12.2012	–	–	–

The Market Price corresponds to the official price of the shares at the end of the year.

B. Quantitative information

1. Annual changes

Items/Number of shares and exercise price	31.12.2012			31.12.2011		
	Number of options	Average exercise prices	Average maturity term	Number of options	Average exercise prices	Average maturity term
A. Opening balance	**27,000,000**	**0.4072**	**2015**	**–**	**–**	**–**
B. Increases	**–**		**X**	**27,000,000**	**0.4072**	**X**
B.1 New issues	–		–	27,000,000	0.4072	2015
B.2 Other changes	–		X	–	–	X
C. Decreases	**3,000,000**	**0.4072**	**X**	**–**		**X**
C.1 Cancelled	3,000,000	0.4072	X	–		X
C.2 Exercised	–		X	–		X
C.3 Expired	–		X	–		X
C.4 Other changes	–		X	–		X
D. Closing balance	**24,000,000**	**0.4072**	**2015**	**27,000,000**	**0.4072**	**2015**
E. Exercisable options at the end of the year	**–**	**–**	**X**	**–**	**–**	**X**

2. Other information

The stock option plan was assessed using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.

During the financial year under review, the measurement of the assignment rights were updated as a result of the termination of the employer-employee relationship of two Executives of the Bank assignees of 3 million options. Therefore, 24 million options are still exercisable at 31 December 2012.

In these separate financial statements, the Bank recorded:

- in the item "Staff costs", the amount of 354 thousand euros concerning the assessment, at the assignment date, of stock option rights assigned to the Bank's Management;
- in the item "Equity Investments", the assessment of the rights assigned to the subsidiaries Finnat Fiduciaria S.p.A. (7 thousand euros) and Investire Immobiliare SGR S.p.A. (29 thousand euros).

The above amounts, together with those recorded in 2011, were recorded for a total of 811 thousand euros in the item "Stock option plan reserve" of the Net Equity, with the details shown in the related statements.

Part L - Segment information

Banca Finnat Euramerica S.p.A. - Parent Company of the Banca Finnat banking Group - draws up the segment reporting in part L of the notes to the consolidated financial statements, exercising the option granted by the Circular Letter of the Bank of Italy no. 262 of 22 December 2005 and subsequent amendments.

ATTACHMENTS TO THE FINANCIAL STATEMENTS

STATEMENT OF CHANGES
IN EQUITY INVESTMENTS

LIST OF MAIN EQUITY INVESTMENTS
IN UNLISTED COMPANIES
DIRECTLY OR INDIRECTLY OWNED

Statement of changes in equity investments

(amounts in euros)

	31.12.2011		Purchases and assignments for stock options	
	No. of shares or units	Countervalue	No. of shares or units	Countervalue
Subsidiaries				
Finnat Fiduciaria S.p.A.	300,000	3,681,800	–	7,225 (*)
Fedra Fiduciaria S.p.A.	24,000	360,000	–	–
Finnat Investments S.p.A.	260,000	404,552	–	–
Finnat Real Estate S.r.l.	1	348,127	–	–
Finnat Servizi Assicurativi S.r.l. (wound up)	76,500	57,359	–	–
Investire Immobiliare S.G.R. S.p.A.	6,880	48,800,000	–	28,900 (*)
New Millennium Advisory S.A. (wound up)	749	74,900	–	–
Finnat Gestioni S.A.	525	343,147	–	–
Beni Stabili Property Service S.p.A.	–	–	648,000	2,268,000
Companies under considerable control				
Prèvira Invest SIM S.p.A.	30,000	300,000	–	–
Sigefi Italia Private Equity S.p.A.	30,000	31,502	–	–
Imprebanca S.p.A.	10,000,000	10,000,000	–	–
Total		**64,401,387**		**2,304,125**

(*) Assignments for stock option plan in accordance with IFRS2

(**) The final division of the winding-up of Finnat Servizi Assicurativi S.r.l and New Millennium Advisory S.A. led to the distribution of reserves of 56 keuros and 2,374 keuros, respectively.

	Adjustments for loss coverage		Sales and liquidations			31.12.2012		
	No. of shares or units	Countervalue	No. of shares or units	Countervalue	Profit (Losses) from trading activities	Fair value valuation	No. of shares or units	Countervalue
		–	–	–	–	–	300,000	3,689,025
		–	–	–	–	–	24,000	360,000
		–	–	–	–	–	260,000	404,552
		–	–	–	–	–	1	348,127
		–	76,500	57,359 (**)	–	–	–	–
		–	–		–	(3,868,900)	6,880	44,960,000
		–	749	74,900 (**)	–	–	–	–
		–	–	–	–	–	525	343,147
		–	–	–	–	–	648,000	2,268,000
		–	–	–	–	–	30,000	300,000
		–	–	–	–	–	30,000	31,502
		–	–	–	–	–	10,000,000	10,000,000
		–		132,259	–	(3,868,900)		62,704,353

Pursuant to Article 126 of Consob resolution no. 11971 dated 14 May 1999, the following table lists all equity investments - directly or indirectly owned by Banca Finnat Euramerica S.p.A. - that exceed a stake of 10% of the capital, made up of shares with voting rights in unlisted joint stock companies or membership interests in private limited companies, at the end of the reporting period.

List of main equity investments in unlisted companies directly or indirectly owned at 31 December 2012

INVESTEE COMPANY	Shares or units directly or indirectly held		Shares or units directly held			Shares or units indirectly held			
	No. of shares	% share	No. of shares	% share	Type of ownership	Investee Companies	No. of shares	% share	Type of ownership
FINNAT FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax code 07585500585 - Rome Economic Administrative Register no 620697 Face value per share 5 euros	300,000	100.000	300,000	100.000	Ownership				
FEDRA FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax code 07973070589 - Rome Economic Administrative Register no 636350 Face value per share 5 euro	24,000	100.000	24,000	100.000	Ownership				
FINNAT INVESTMENTS S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax code 07346571008 - Rome Economic Administrative Register no. 1026752 Face value per share 1 euro	260,000	100.000	260,000	100.000	Ownership				
FINNAT REAL ESTATE S.r.l. Piazza del Gesù, 49 - 00186 ROME Tax code 05781571004 - Rome Economic Administrative Register no. 924646 Face value per share 96,900 euros	96,900	100.000	96,900	100.000	Ownership				
INVESTIRE IMMOBILIARE S.G.R. S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax code 06931761008 - Rome Economic Administrative Register no. 998178 Face value per share 1,000 euros	6,880	80.000	6,880	80.000	Ownership				
FINNAT GESTIONI S.A. Piazza Dante, 7 - 6900 LUGANO Face value per share CHF 1,000	525	70.000	525	70.000	Ownership				
BENI STABILI PROPERTY SERVICE S.p.A. Via Piemonte, 38 - 00187 Rome Tax code 08280551006 - Rome Economic Administrative Register no 08280551006 Face value per share 1 euro	648,000	36.000	648,000	36.000	Ownership				
SIGEFI ITALIA PRIVATE EQUITY S.p.A. Via Gonzaga Maurizio,7 - 20123 MILAN Tax code 04033360969 - Milan Economic Administrative Register no. 1720651 Face value per share 1 euro	30,000	25.000	30,000	25.000	Ownership				
IMPREBANCA S.p.A. Via Properzio, 5 - 00100 ROME Tax code 09994611003- Rome Economic Administrative Register no. 1202384 Face value per share 1 euro	10,000,000	20.000	10,000,000	20.000	Ownership				
PREVIRA INVEST SIM S.p.A. Piazza San Bernardo, 106 - 00187 ROME Tax code 06073551001 - Rome Economic Administrative Register no. 945999 Face value per share 10 euros	30,000	20.000	30,000	20.000	Ownership				
BENI STABILI GESTIONI SGR S.p.A. Via Piemonte, 38 - 00187 ROME Tax code 05571911006 - Rome Economic Administrative Register no. 900875 Face value per share 1,000 euros	2,523	15.000	2,523	15.000	Ownership				
CALIPSO S.p.A. Via C. Cantù, 1 - 20123 MILAN Tax code 08226181009 Rome Economic Administrative Register no. 1786169 Face value per share 1 euro	41,062	13.687	41,062	13.687	Ownership				

The equity investments in Beni Stabili Gestioni SGR S.p.A. and Calipso S.p.A. have been classified in the financial statements under the item “40 -Available-for-sale financial assets”.

Report by the Board of Statutory Auditors to the Shareholders' Meeting of Banca Finnat Euramerica SpA Article 153 Italian Legislative Decree 24 February 1998 no. 58 and Article 2429 par. 3 Italian Civil Code Financial period ended 31 December 2012

Dear Shareholders,

during the financial year ended 31 December 2012, the Board of Statutory Auditors of Banca Finnat Euramerica SpA carried out the supervisory activity provided by the law referring also to the Principles of Conduct of the Board of Statutory Auditors recommended by the Italian National Association of Professional Accountants.

In particular, during the 2012 financial year, we held 14 meetings and we decided to carry out independent checks on the administrative and accounting system, the organisational structure and the internal control system. Moreover, we had regular consultations with the auditing firm Reconta Ernst & Young - which, as known, is entrusted pursuant to Article 14 of Italian Legislative Decree 39/2010 with the task of ascertaining that the company's books are kept correctly, management events reported correctly in the accounts and that the statutory accounts comply with the results of the accounts and checks performed and with the regulations governing such - collecting information on the results of the checks carried out by them.

The supervisory activity of the Board of Auditors was carried out, for what concerns the analysis of the company policies and of the deeds and resolutions thereof, by attending all 12 meetings of the Board of Directors, as well as - by means of the Chairman - the 6 meetings of the Audit and Risk Committee (former Internal Control Committee) and, for what concerns the operational aspects, also by means of meetings with the managers of the different business functions. Your Directors updated us on the activity carried out by the Bank and its subsidiaries, with the frequency required by the law and by Article 15 of the Articles of Association.

- We were informed on the transactions of greatest economic and financial significance and on those with subsidiaries and related parties, which were properly disclosed in the Report on Operations and in the Notes to the financial statements, which are carried out at arm's length and in compliance with the legislation. We have no atypical or unusual operation to report.
- We did not receive any report pursuant to Article 2408 of the Italian Civil Code.
- No additional tasks were granted to the Auditing Firm or to parties in long-term relationships therewith, except for the task assigned for the so-called declaration of compliance services compatible with the external audit.
- To the extent of our remit, we verified the adequacy of the Bank's organisational structure and operations.

- The Board of Statutory Auditors obtained information and supervised, always to the extent of its remit, compliance with the principles of proper administration, by means of: direct observations; obtaining information from the managers of the different business functions and from the Manager in charge of preparing the accounting documents; meetings with the Auditing Firm in order to exchange relevant data and information, pursuant to Article 150, paragraph 3, of Italian Legislative Decree 58/1998.
- The Board of Statutory Auditors supervised the internal control system of the Bank by assessing its adequacy also by means of: meetings with the Audit and Risk Committee; meetings with the managers of the compliance, anti-money laundering, internal auditing and risk control departments, also by using the annual reports of these business functions.
- The analysis carried out indicated a substantial correctness of the administrative and accounting system that we consider suitable to meet the requirements for monitoring management events and for preparing and representing the figures for the period; the figures are shown in compliance with the circular letter of the Bank of Italy no. 262 of 22 December 2005 and with the adoption of the IAS/IFRS accounting standards described in the notes to the financial statements. In this regard, the Board of Statutory Auditors acknowledged the certifications issued by the Managing Director and by the manager in charge of preparing the accounting documents of the Bank on the adequacy, in relation to the business characteristics and actual application during 2012 of the administrative and accounting procedures for the formation of the separate and consolidated financial statements.
- In particular, pursuant to Article 2426 of the Italian Civil Code, we agree with the recognition of the goodwill in the assets of the statement of financial position justified also by the result of the impairment test in accordance with the provision of IAS 36.
- The Auditing Firm informed us, and therefore this results from the deeds, that, when evaluating and checking the figures for the financial statements and during the quarterly checks, it did not become acquainted with acts or facts that would be considered reprehensible or that would require any particular comments. On 27 March 2013, it issued the reports pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010, certifying that the financial statements and the consolidated financial statements as at 31 December 2012 give a true and fair view of the company's state of affairs, income statement, changes in equity and cash flows of the Bank and of the Group.
- The Board of Directors assured us that communication obligations with the subsidiaries are met, provided by Article 114, paragraph 2, of Italian Legislative Decree 58/1998, to allow a complete and accurate disclosure. And, in this context, we exchanged information with the Boards of Statutory Auditors of the subsidiaries also through board meetings.
- We acknowledged that in compliance with Article 123-bis of Italian Legislative Decree 58/1998, the Bank - adopting the Governance Code of the Corporate Governance Committee of listed Companies - prepared the Corporate Governance report.

- Nothing to be reported to the supervisory authorities or worth mentioning in this report was revealed by our supervisory activity described above.
- The Board of Statutory Auditors, during the 2012 financial year:
  - expressed a favourable opinion on the calculation of the remuneration of Directors holding special offices resolved by the Board of Directors on proposal of the Remuneration Committee;
  - as part of the ordinary inspection procedure put in place by the Bank of Italy ended on 1 February 2012 and whose results were made known to the Bank on 12 April 2012, expressed a favourable opinion on "Counter-inferences to complaints for alleged violations of provisions of Italian Legislative Decree No. 385/1993 (and relevant implementing regulations) challenged to this bank on 12 April 2012" and on "Considerations on findings and observations made known to this bank on 12 April 2012" resolved by the Board of Directors on 23 May 2012;
  - examined the "Analysis of the measures taken with reference to the findings, observations and disputes of the Bank of Italy", as part of the measures adopted by the Bank at the end of the above inspection;
  - prepared the "Communication of the Board of Statutory Auditors upon the request of the Bank of Italy of 10 August 2012 index no. 0687965/12";
  - expressed a favourable opinion to the "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties";
  - voted in favour of credit transactions and increase in credit card limits for Managers and Directors of the Group pursuant to Article 136 Italian Legislative Decree no. 385/1993 as amended.

- In particular, with reference to the inspection of Bank of Italy, during the year, the Bank started and completed a series of organisational and procedural interventions aimed at overcoming disputes, findings and observations contained in the inspection report and, once the process was completed, minor penalties were inflicted to directors and auditors.

Finally, we point out that, during the meeting of 15 May 2012, the Board of Directors resolved to exercise the right provided by Italian Law no. 183 of 12 November 2011, entrusting the Board of Statutory Auditors, until the expiry of its mandate, with the functions of the Supervisory Body set forth in paragraph 1, letter b) of Article 6 of the above-mentioned Italian Legislative Decree no. 231 of 8 June 2003, overcoming at the same time the previous settlement. As a result, starting from the previously mentioned resolution, the Board of Statutory Auditors of the Bank carried out the Supervisory Body functions pursuant to Italian Legislative Decree 231/2001.

Considering all the above, your Board of Statutory Auditors, with regard to the matters within its province, does not observe any impedimental reason for the approval of the financial statements as at 31 December 2012 and the draft proposals formulated by the Board of Directors.
The Board of Statutory Auditors specifies that the mandate of the director Giulia Nattino, appointed by co-optation pursuant to Article 2386, paragraph 1, of the Italian Civil Code, will expire with the Shareholders' Meeting called for examining and approving the draft financial statements. The Shareholders' Meeting is asked to resolve on the subject.

Rome, 27 March 2013

THE BOARD OF STATUTORY AUDITORS
Alberto De Nigro
Alessandro de' Micheli
Francesco Minnetti

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Report by the auditing firm
pursuant to Articles 14 and 16 of Italian Legislative Decree no. 39 of 27 January 2010

To the Shareholders
of Banca Finnat Euramerica S.p.A.

1. We have audited the financial statements that comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in net equity, statement of cash flows and related notes to the financial statements of Banca Finnat Euramerica S.p.A. at 31 December 2012. The directors of Banca Finnat Euramerica S.p.A. are responsible for preparing the financial statements in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005. Our responsibility is to express a professional opinion on these financial statements and based on the audit.

2. We conducted our audit in accordance with the auditing principles and criteria recommended by Consob. In accordance with such standards, the audit was planned and performed to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles used and the reasonableness of the estimates made by the directors. We think that the work carried out provides a reasonable basis for expressing our professional opinion.

   As regards the opinion concerning the financial statements for the previous financial year, whose figures are presented for comparison purposes, reference should be made to the report we issued on 29 March 2012.

3. In our opinion, the financial statements of Banca Finnat Euramerica S.p.A. at 31 December 2012 is in compliance with the International Financial Reporting Standards adopted by the European Union, as well

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as with the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005; they were prepared clearly and give a true and fair view of the company's state of affairs, income statement and cash flows of Banca Finnat Euramerica S.p.A. for the financial year ended on that date.

The directors of Banca Finnat Euramerica S.p.A. are responsible for preparing the Report on Operations and the report on corporate governance and ownership structure in compliance with what is provided by the laws in force.

4. Our responsibility is to express an opinion on the consistency of the Report on Operations and the information relating to paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of Article 123-bis of Italian Legislative Decree no. 58/98, submitted in the report on corporate governance and ownership structure, with the financial statements, as required by the law. For this purpose, we carried out the procedures indicated by the audit principle 001 issued by the Italian National Association of Professional Accountants recommended by Consob. In our opinion, the Report on Operations and the information relating to paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of Article 123-bis of Italian Legislative Decree no. 58/98, submitted in the report on corporate governance and ownership structure are consistent with the financial statements of Banca Finnat Euramerica S.p.A. at 31 December 2012.

Rome, 27 March 2013

Reconta Ernst & Young S.p.A.

Alberto Pisani
(Shareholder)

CERTIFICATION OF THE STATUTORY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1. The undersigned Arturo Nattino, acting in the capacity of Managing Director, and Paolo Collettini, acting in the capacity of Manager in charge of preparing the accounting documents of Banca Finnat Euramerica S.p.A., hereby certify, also with regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy, as regards the characteristics of the company, and
   - the effective application, of the administrative and accounting procedures, in respect of the formation of the statutory financial statements during the 2012 financial year.

2. No significant matters emerged, with respect thereto.

3 The undersigned also certify that:

   3.1 The statutory financial statements:

   a. have been prepared in accordance with the applicable international accounting standards approved by the European Community, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   b. correspond to the entries in the accounting books and records;
   c. provide a true and fair account of the equity, performance and financial situation of the issuing company.

   3.2 The report on operations includes a reliable analysis of the performance and operating income, as well as of the situation of the issuer, together with the description of the main risks and uncertainties to which they are exposed.

Rome, 15 March 2013

The Managing Director	The Manager in charge of preparing the accounting documents
(Arturo Nattino)	(Paolo Collettini)

CORPORATE GOVERNANCE REPORT DRAWN UP IN ACCORDANCE WITH ARTICLE 123-BIS OF THE ITALIAN CONSOLIDATED FINANCIAL LAW (YEAR ENDED 31 DECEMBER 2012)

CONTENTS

1 ISSUER PROFILE

Following an in-depth self-assessment, Banca Finnat Euramerica S.p.A. has held the corporate governance and organisation model based on the 'traditional' system to be fully valid. With this report, the Bank therefore supplies the annual disclosure on the Corporate Governance model currently adopted by the Bank.

At the meeting held on 9 February 2012, the Board of Directors acknowledged the content of the document issued by the Bank of Italy on 11 January 2012, relating to the "Application of the supervisory provisions on the subject of the organisation and corporate governance of banks", which confirms and further details the provisions already in force; having regard to the fulfilments set out in the process of self-assessment by the BoD, in view of which the Directors are invited to fill in a specific Questionnaire, a specific Report was prepared summarising, inter alia, the key results that have emerged; the document was then approved by the Board of Directors and sent to the Bank of Italy on 30 March 2012.

The Shareholders' Meeting held on 26 April 2012 elected the members of the BoD and of the Board of Statutory Auditors, whose term of office will expire at the approval of the financial statements at 31 December 2014.

On 27 June 2012, with regard to the provisions of Article 36 of Italian Law Decree No. 201 of 6 December 2011, amended and converted into Italian Law No. 214 of 22 December 2011 laying down "Urgent provisions for the growth, fairness and consolidation of public accounts", and the formalities required by the "Criteria for the enforcement of Article 36 of Italian Law Decree "Salva Italia" (the so-called "interlocking prohibition")", relating to company employees and the members of the BoD and Board of Statutory Auditors of our Bank appointed at the Shareholders' Meeting of 26 April 2012, we have made the necessary assessments and duly informed the Bank of Italy.

On 27 June 2012, the BoD, in addition to adopting an appropriate Regulation for what concerns the organisational and corporate governance profiles on risk assets and on conflicts of interest towards subjects related to the bank or to the banking group, implementing the CICR resolution no. 277 of 29 July 2008, the Bank has updated and supplemented the "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties", with the purpose of defining tasks and responsibilities and identifying the rules governing the approval and implementation of related party transactions carried out by Banca Finnat directly, or through subsidiaries, with a view to ensuring the transparency and correctness, both in substantive and procedural terms, of said transactions.

With Communication of 30 October 2012, the Bank of Italy informed that the Assessment Measure no. 0910107/12 of 30 October 2012 was issued with regard to the request to amend the articles of association concerning in particular the obligation for the listed companies to adjust the composition of their company bodies in order to ensure gender balance.

During the 2012 financial year, the Bank optimised its corporate structure by assigning specific responsibilities and overhauling the previously assigned powers, as a result of which both the Organisation Chart and Function Diagram have been updated. The Board of Directors during the meeting of 17 December 2012 examined in detail the specific report on the use by the delegated subjects in the period from January to November 2012 of the powers and proxies granted, pursuant to Article 17 of the Articles of Association.

2 INFORMATION ON SHAREHOLDERS (ARTICLE 123-BIS, PARAGRAPH 1, ITALIAN CONSOLIDATED FINANCIAL LAW) (AT 31 DECEMBER 2012)

a) share capital structure (Article 123-bis, paragraph 1/a), Italian Consolidated Financial Law)

The share capital of Banca Finnat Euramerica S.p.A. amounts to 72,576,000.00 euros, fully paid-in, consisting of 362,880,000 ordinary shares, all with a nominal value of 0.20 euros. Shares in Banca Finnat Euramerica S.p.A. are all listed in the STAR segment of the Borsa Italiana.

On 26 April 2012, the Shareholders' Meeting resolved a new own share purchase program, authorising the purchase up to a revolving number of 5,000,000 own ordinary shares, in addition to those already held in the period from 26 April 2012 to 25 April 2013.

At 31 December 2012, Banca Finnat Euramerica holds 20,453,500 own shares for a book value of 10,940 thousand euros.

b) Restriction to the transfer of securities (Article 123-bis, paragraph 1/b), Italian Consolidated Financial Law).

In addition to the provisions of current legislation concerning the investment in the share capital of a Bank, there are no other restrictions to the transfer of Company shares.

c) Major shareholders (Article 123-bis, paragraph 1/c), Italian Consolidated Financial Law)

The Bank's shares are placed in the central management system for uncertified securities with Monte Titoli S.p.A.

The main equity investments as shown in the communications pursuant to Article 120 of the Italian Consolidated Financial Law are those indicated in Table 1 hereto.

d) Securities granting special rights (Article 123-bis, paragraph 1/d), Italian Consolidated Financial Law).

No securities have been issued granting special control rights.

e) Shares held by employees: mechanism for exercising voting rights (Article 123-bis, paragraph 1/e) Italian Consolidated Financial Law)

At 31 December 2012, there are share participation schemes for employees, which do not provide for the exercise of voting rights by third parties.

f) Restriction to voting rights (Article 123-bis, paragraph 1/f), Italian Consolidated Financial Law).

No restrictions to voting rights are envisaged.

g) Shareholder agreements (Article 123-bis, paragraph 1/g), Italian Consolidated Financial Law)

The Directors are not aware of the existence of any significant shareholder agreement in accordance with Article 122 of the Italian Consolidated Financial Law.

h) Change of control clauses (Article 123-bis, paragraph 1/h) Italian Consolidated Financial Law) and provisions established by the Articles of Association on the takeover bid (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1, Italian Consolidated Financial Law)

Note that the shareholders' agreement signed by the Company on 30 July 2012 in relation to the investment held in Beni Stabili Property Service S.p.A. ("BSPS"), accounting for 36% of the share capital, requires that, should a third party acquire the control of the Company (or of the subsidiary Investire Immobiliare SGR S.p.A., "SGR"), and this change of control determines the rescission or change in pejorative terms for BSPS of the terms and conditions of the supply contract of property and facility management services entrusted by SGR to BSPS, B.S. 7 S.p.A. ("BS7", company of the Beni Stabili Group) will have the right to exercise, at the BS7's option, under the terms and conditions provided by the shareholders' agreement, an option for the purchase by the Company of the entire equity investment held in BSPS, or, alternatively, a put option to the Company of the entire equity investment held by BS7 in BSPS and the Company will be obliged to sell or purchase the considered equity investment.

The Articles of Association of Banca Finnat do not make exceptions to the passivity rules established by Article 104, paragraphs 1 and 2, of the Italian Consolidated Financial Law nor to the application of the neutralisation rules laid down by Article 104-bis, paragraphs 2 and 3, of the Italian Consolidated Financial Law.

i) Delegations to increase the share capital and authorisations to purchase own shares (Article 123-bis, paragraph 1/m) Italian Consolidated Financial Law)

No powers were delegated for capital increases, nor are Directors granted the power to issue investment financial instruments.

The Bank of Italy with measure no. 1039475/11 of 19 December 2011 issued the authorisation to purchase own shares accounting from more than 5% of the share capital, within the maximum limit of 10 million euros.

On 26 April 2012, the Shareholders' Meeting authorised a new plan for the purchase, all at once or in multiple instalments, from 26 April 2012 and until 25 April 2013, of up to a revolving number of 5,000,000 ordinary own shares in addition to those already in the portfolio and, otherwise, for a maximum additional value of no more than 3,000,000 euros for a unit price, for each individual transaction, no higher or lower than by 8% with respect to the reference price recorded in the previous Stock Market session, after transferring the residual reserve "Own share purchase provision" to the "Extraordinary reserve" in view of plans that today are expired, and for the institution of a new reserve "Own share purchase provision" amounting to 3,000,000 euros by withdrawal from the Extraordinary Reserve.

l) Management and coordination (pursuant to Article 2497 et seq. of the Italian Civil Code)

The Bank is not subject to Management and Coordination pursuant to Article 2497 et seq. of the Italian Civil Code.

The information required by Article 123 bis, paragraph 1 letter i) and letter l) of the Italian Consolidated Financial Law) is respectively explained in paragraph 4.1 (Board of Directors - appointment and replacement) and in paragraph 9 (Remuneration of directors) of this Report.

3 COMPLIANCE (ARTICLE 123-BIS, PARAGRAPH 2/A) ITALIAN CONSOLIDATED FINANCIAL LAW)

In accordance with the provisions of Article 123-bis, paragraph 2, letter a) of the Italian Consolidated Financial Law, we would specify that Banca Finnat Euramerica S.p.A adhere to the Governance Code of Borsa Italiana S.p.A. of 2011.

The Governance Code is published on the website www.borsaitaliana.it in the /Regulations/Corporate Governance section and can also be viewed on the bank's website www.bancafinnat.it in the Investor Relations/Corporate Governance section.

The Corporate Governance structure of Banca Finnat is not affected by provisions of any non-Italian law.

4 BOARD OF DIRECTORS

4.1 Appointment and replacement (Article 123-bis, paragraph 1/l) Italian Consolidated Financial Law)

In accordance with the provisions of Article 12 of the Articles of Association, according to the resolution taken by the Shareholders' Meeting, the Board of Directors consists of a minimum of five and a maximum of eleven members. There must always be an odd number. The directors stand in office for three years. Their office expires on the data of the Shareholders' Meeting called to approve the financial statements pertaining to the last year of their office. Should the majority of the directors elected by the Shareholders' Meeting cease their office due to standing down, death or other causes, the entire Board is considered as having stood down and any director remaining in office must call the Shareholders' Meeting urgently to reconstitute the Board.

The entire Board of Directors is appointed on the basis of lists presented by the Shareholders, in which candidates must be listed with a progressive number. Lists must be presented to the Company at least fifteen days prior to the date established for the first calling of the Meeting. The lists must be made available to the public at the registered offices and published on the Company's website without delay and, in any case at least ten days prior to the date established for the first calling of the Meeting.

Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control parties in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present, or participate in the presentation of a single list. They may not present or participate in the presentation of more than one list, directly or through a third party or trustee company. Subscriptions and votes cast in breach of this prohibition will not be assigned to any list. Only Shareholders who alone or jointly with other shareholders hold a total of 2.5% of the share capital with voting rights in the Company's Ordinary Shareholders' Meetings may present lists. Alternative measures may be established by fundamental provisions of law or regulations that will be stated, if applicable, in the notice calling the Meeting. In order to prove ownership of the number of shares necessary to present lists, at the same time Shareholders must provide the Company with the specific certificate issued by a broker qualified in accordance with the law. Together with each list, within the terms of its publication and filing with the registered offices, declarations must also be filed and published by which the individual candidates: (i) accept their candidature and certify, under their own liability, that there is no reason for which they should not be elected or are incompatible with the office, and that they meet the requirements of professionalism and honour and, where applicable, independence, required by current legislation; (ii) supply full information on their personal and professional characteristics; and (iii) supply the further information required by provisions of law and regulations. Lists presented that do not comply with the above provisions shall be considered as not presented. Should there be more than seven members of the Board of Directors, each list must contain at least two candidates in possession of the requirements of independence established for auditors by current legislation. Should, on the other hand, there be fewer than seven members of the Board of Directors, each list must contain at least one candidate in possession of the requirements of independence established for auditors by current legislation. One of the candidates in possession of these requirements of independence must be included in the first place of each list. Where more than one list is voted, members of the Board of Directors will be elected as follows:

a. where the relevant Meeting resolution determines a Board of Directors comprising eleven members, six directors shall be elected in the progressive order in which they are listed, from the list that has obtained the greatest number of votes. Where the relevant Meeting resolution determines a Board of Directors comprising nine members, five directors shall be elected in this way, or four where the Board of Directors shall consist of seven members, or three where the Board of Directors shall consist of five members.
b. Additionally, where the relevant Meeting resolution determines a Board of Directors comprising eleven members, five directors shall be elected in the progressive order in which they are listed, from the minority list that has obtained the greatest number of votes. Where the relevant Meeting resolution determines a Board of Directors comprising nine members, four directors shall be elected in this fashion, or three where the Board of Directors shall consist of seven members, or two where the Board of Directors shall consist of five members.

   Each share gives the right to one vote. Should only one list be presented, or should no lists be presented, the Meeting shall resolve with the majorities prescribed by the law, without applying the above procedure. Should one or more Directors cease their office during the year, as long as the majority of the Board continues to comprise Directors appointed by the Meeting, the following shall take place in accordance with Art. 2386 of the Italian Civil Code: i) the Board of Directors shall appoint replacements from candidates pertaining to the same list to which the Directors who have ceased their office pertained, in progressive order starting from the first who had not been elected. This is without prejudice to the fact that where the replacement must meet the independence requirements, the first independent candidate from the same list who had not been elected, will be appointed; ii) should no candidates (or independent candidates) remain on the list who had not previously been elected, the Board of Directors shall replace the Directors who have ceased their office without applying the provisions of point i). With regards to the members of the BoD, the Issuer shall, in addition to the provisions of the Italian Consolidated Financial Law, be subject to the provisions of the Governance Code of listed companies.

With Communication of 30 October 2012, the Bank of Italy informed that the Assessment Measure no. 0910107/12 of 30 October 2012 was issued with regard to the request to amend the articles of association, which include, among other things, the adjustments of some provisions of the articles of association concerning the composition of their company bodies in order to ensure gender balance set forth in Italian Law no. 120 of 12 July 2011 (which introduced the new Articles 147-ter, paragraph 1 and 148, paragraph 1, bis, of the

Italian Consolidated Financial Law). These amendments to the Articles of Association will be submitted to the approval of the Shareholders' Extraordinary meeting convened on 24 and 26 April 2013. When approved, the new provisions of the articles of association aimed at ensuring the observance of the legislation on gender balance will apply as from the first renewal of the Board of Directors and of the Board of Statutory Auditors, respectively, subsequent to 12 August 2012 and for three subsequent mandates, reserving to the least represented gender, for the first mandate in application of the regulations, a share of at least one-fifth of the directors and permanent auditors elected and for the subsequent two mandates, at least one-third the directors and permanent auditors elected (rounding up, if necessary, to the higher integer).

Considering its size and current structure, the Bank has not considered it necessary to set up specific director succession plans. The continuity and certainty of management is, however, guaranteed by the timely replacement of directors in accordance with the provisions of the articles of association.

4.2 Members (Article 123-bis, paragraph 2/d), Italian Consolidated Financial Law)

The Board of Directors was appointed by the Shareholders' Meeting of 26 April 2012 and will remain in office until approval of the financial statements at 31 December 2014. All the Directors are appointed from among the only list of candidates presented by the relative majority shareholder, Arturo Nattino, except for Roberto Cusmai whose candidature was presented as a replacement of Tommaso Gozzetti (indicated as candidate in the same list) following the withdrawal by Gozzetti of his own candidature. The Shareholders' meeting approved the appointment of the Board of Directors with the favourable vote of 99.99% of the voting share capital (accounting for 73.92% of the share capital).

At 31 December 2012, the members of the Board of Directors were as follows:

1. **Ermanno Boffa**, born in Treviso on 19 August 1966 - Italian - tax code BFF RNN 66M19 G408H. He has arried out auditing work as Member of the Board of Statutory Auditors: of Nordica S.p.A; of FIBI S.p.A from 21 June 2004, of Biasuzzi S.p.A from 21 June 2004 to the present day. Length of office from the first appointment: 3 years;
2. **Leonardo Buonvino**, born in Bari on 12 March 1937 - Italian - tax code BNV LRD 37C12 A662S. He carried out administration and auditing work from 1979 to 2001 for COFIRI S.p.A. as Managing Director. Length of office from the first appointment: 6 years;
3. **Francesco Caltagirone**, born in Rome on 28 October 1968 - Italian - tax code CLT FNC 68R29 H501B. He carried out administration and auditing work from 1997 to 1999 for Cementir S.p.A. as Managing Director and for Vianini Industria S.p.A. from 1996 to 2000 as Chairman of the Board of Directors. Length of office from the first appointment: 9 years;
4. **Carlo Carlevaris**, born in Naples on 5 August 1931 - Italian - tax code CRL CRL 31M05 F839E. He carried out administration and auditing work from 1979 to 2003 for Terme Demaniali di Acqui S.p.A. as Chairman of the Board of Directors. Length of office from the first appointment: 9 years;
5. **Roberto Cusmai**, born in Rome on 28 November 1943 - Italian - tax code CSM RRT 43S28 H501U. He served as Deputy General Manager in Fideuram S.p.A. from 1986 to 1992, in Banca Fideuram S.p.A. from 1992 to 1997 and in Istituto Nazionale delle Assicurazioni (National Insurance Institute) from 1997 to 2001. From 2004 to 2007, he was Sole Director of Consorzio Agenzia Generale of Rome Ina - Assitalia (Generali Group). Length of office from the first appointment: from the shareholders' meeting of 26 April 2012.
6. **Paolo Di Benedetto**, born in Rome on 21 October 1947 - Italian - tax code DBN PLA 47R21 H501P. He

served as: Managing Director at SIM Poste S.p.A. brokerage company; Managing Director for BancoPostaFondi S.p.A. mutual fund management company; Member of Consob, national commission for companies and the stock exchange, from 2003 al 2010; Member of the board of directors of Acea S.p.A. from 6 May 2010 and Chairman of the Supervisory Body. Length of office from the first appointment: 2 years;

7. **Angelo Nattino**, born in Rome on 14 August 1937 - Italian - tax code NTT NGL 37M14 H501Y. He carried out administration and auditing work from 1992 to 1998 for Finnat Euramerica SIM S.p.A. as Deputy Chairman of the Board of Directors and for Banca Finnat Euramerica S.p.A. from 1998 to date as Deputy Chairman of the Board of Directors. Length of office from the first appointment: 9 years;
8. **Arturo Nattino**, born in Rome on 28 January 1964 - Italian - tax code NTT RTR 64A28 H501G. He was involved in administrative and auditing activities as General Manager for Banca Finnat Euramerica S.p.A. and Member of the Board of Directors for Terme Demaniali di Acqui S.p.A. Length of office from the first appointment: 3 years;
9. **Giampietro Nattino**, born in Rome on 9 June 1935 - Italian - tax code NTT GPT 35H09 H501V. He carried out administration and auditing work from 1998 to 14 May 2009 for Banca Finnat Euramerica S.p.A as Managing Director. Length of office from the first appointment: 9 years;
10. **Marco Tofanelli**, born in Rome on 22 August 1962 - Italian - tax code TFN MRC 62M22 H501 T. He has served as the General Secretary of Assoreti (National Association of the Banks and SIMs - brokerage companies - that provide investment services) from 1995 to the present day; as Member of the National Guarantee Fund Management Committee from 1998 to the present day. He has served as Managing Director of Assoreti Formazioni Studi e Ricerche S.r.l. from 2006 to the present day. Length of office from the first appointment: 1 year.
11. **Lupo Rattazzi**, born in Lausanne (Switzerland) on 25 January 1953 - Italian - tax code RTT LPU 53A25 Z133M. He has carried out administration and auditing work from 2003 to date for the company I.F.I. Istituto Finanziario Industriale S.p.A as Director on the Board and from 1988 to 2000 for the company Air Europe as Chairman of the Board of Directors. Length of office from the first appointment: 4 years.

At 31 December 2012, the members of the Board of Directors were as follows:

Director	Position	Qualification
Carlo Carlevaris	Honorary Chairman	non-executive, non-independent
Giampietro Nattino	Chairman	non-executive, non-independent
Angelo Nattino	Deputy Chairman	Executive, non-independent
Leonardo Buonvino	Deputy Chairman	Executive, non-independent
Arturo Nattino	Managing Director	Executive, non-independent
Ermanno Boffa	Board Director	Non-executive, independent
Francesco Caltagirone	Board Director	non-executive, non-independent
Roberto Cusmai	Board Director	Non-executive, independent
Paolo Di Benedetto	Board Director	non-executive, non-independent
Marco Tofanelli	Board Director	Non-executive, independent Lead Independent Director
Lupo Rattazzi	Board Director	non-executive, non-independent

In relation to the express provisions of Point 1.C of the Governance Code, the Board decided to express its guidance with regards to the maximum number of offices of director or auditor held by its members, in order that such be considered compatible for the efficient performance of the task assigned them with the Bank.

As such, the Board specified 15 (excluding group companies) as the maximum number of offices that may be held in financial, banking, insurance or significant size companies.

The members of the Board of Directors at 31 December 2012 also hold the following offices in the administrative bodies of other companies listed on regulated markets in Italy and abroad, in financial, banking, insurance or significant size companies.

Name	Position	Companies
Ermanno Boffa	Director	Investire Immobiliare Sgr SpA
	Director	Beni Stabili Property Service S.p.A.
Leonardo Buonvino	Director	Edindustria S.p.A.
	Chairman	Svei S.p.A.
Francesco Caltagirone	Chairman and Managing director	Cementir Holding S.p.A.
	Director	Caltagirone S.p.A.
	Director	Caltagirone Editore S.p.A
	Deputy Chairman	Aalborg - Portland A/S
	Deputy Chairman	Cimentas A.S.
	Director	Acea S.p.A
	Deputy Chairman	Cimbeton AS
Carlo Carlevaris	Deputy Chairman	Cementir Holding S.p.A.
	Director	Caltagirone S.p.A.
	Director	Immobiliare Caltagirone S.p.A.
	Director	Vianini Lavori S.p.A
	Director	Vianini Industria S.p.A.
	Director	Il Messaggero S.p.A.
Roberto Cusmai	-	-
Paolo Di Benedetto	Chairman	Fondo Nazionale di Garanzia
	Director	Acea S.p.A.
	Director	Cementir Holding S.p.A.
Angelo Nattino	Director	Finnat Investments S.p.A.
	Director	Investire Immobiliare SGR S.p.A.
Arturo Nattino	Chairman	Investire Immobiliare SGR S.p.A
	Chairman	Beni Stabili Property Service S.p.A.
	Director	Finnat Investments SpA
	Director	Finnat Fiduciaria SpA
	Director	New Millenium Sicav
	Director	Finnat Gestioni SA
	Director	Sigefi Italia Private Equity
Giampietro Nattino	Chairman	New Millennium Sicav
	Chairman	Finnat Gestioni S.A.
	Deputy Chairman	Sigefi Italia Private Equity S.p.A.
	Director	London Stock Exchange plc
	Director	Caltagirone Editore S.p.A.
	Director	Fedra Fiduciaria S.r.l.
Lupo Rattazzi	Director	EXOR SPA
	Director	GL Investimenti Srl
	Chairman	Neos S.p.A.
Marco Tofanelli	Director	Investire Immobiliare S.G.R. S.p.A.

Non-executive directors are, in terms of number and authority, sufficient to guarantee that their opinion is of a suitable weight in taking board resolutions. Non-executive Directors bring their general and specific competences to board discussions, helping take resolutions that comply both with the company's interests and the principles of healthy and prudent management.

During the 2012 financial year, the members of the Board of Directors were invited to attend on a regular basis economic, legal and financial initiatives affecting the Company operations.

4.3 Role of the board of directors (Article 123-bis, paragraph 2/d), Italian Consolidated Financial Law)

In 2012, 12 meetings of the Board of Directors were held, all of an average duration of 1.4 hours. During 2013, 2 meetings have already been held and a further 4 are scheduled.

In accordance with the Articles of Association, all meetings are called by providing at least 5 days notice. In order to guarantee the timing, the meeting is called by e-mail or fax. Documents in relation to the items on the agenda are also sent by these same means. In compliance with the recommendations of the Governance Code, the Board meetings are held by dedicating to the items on the agenda the time required for allowing a constructive debate and the contribution of the Directors.

Generally speaking, the General Manager and Joint General Manager are invited to attend the Board meetings.

The Articles of Association grant the Board of Directors the broadest powers of Bank ordinary and extraordinary administration. More specifically, they grant the faculty to carry out all acts and deeds it may hold appropriate for the implementation and attainment of the corporate purpose, only excluding any acts that the law reserves to the Shareholders' Meeting.

More specifically, the Board of Directors:

i) assessed, on the basis of information acquired from the appointed bodies (Managing Director, General Manager, Joint General Manager, Manager in charge of preparing the accounting documents), the suitability of the administrative and accounting organisation, with a special reference to the internal control and risk management system. To this end, the Board of Directors shall verify the corporate structure and, consequently, the efficiency of the internal audit system;

ii) examined the organisational structure of the subsidiaries;

iii) examined and approved the Bank's financial and industrial strategic plans and approved the quarterly, half-yearly and annual balance sheet and income statements of the Bank and its subsidiaries;

iv) assessed the proposals presented by the Remunerations Committee, having heard the opinion of the Board of Statutory Auditors, for the remuneration of the directors holding specific offices;

v) assessed the general trend of operations, with a specific focus on situations of conflict of interest, considering, in particular, the information received from the Managing Director;

vi) assessed and approved the Bank's operations in advance and, in compliance with that specified by the Group Regulations, preventively approves operations of significant strategic, economic, equity and financial importance involving its subsidiaries;

vii) verified the existence of the requirements of current applicable legislation in relation to criteria of professionalism, honour and independence with regards to the parties comprising it. On 9 February 2012, having noted that the Board consists of 11 members, which is the maximum number allowed by the Articles of Association, of which 3 are executive, non-independent directors, 3 non-executive, independent directors, 5 non-executive, non-independent directors, the Board of Directors expressed its favourable opinion, deeming its operation and size adequate for the Bank's business;

viii) positively ascertained the independence of Directors Ermanno Boffa, Paolo Di Benedetto and Marco Tofanelli;

ix) did not authorise any exception to the general prohibition to competition pursuant to Article 2390 of the Italian Civil Code.

4.4 APPOINTED BODIES

The Deputy Chairman Angelo Nattino, the Deputy Chairman Leonardo Buonvino and the Managing Director Arturo Nattino received managerial appointments.

The Deputy Chairman of the Board of Directors, Mr. Angelo Nattino is appointed, in accordance with the Articles of Association, to replace the Chairman in all his tasks and powers, taking his place in the event of his absence or impediment.
In accordance with the Articles of Association, he was assigned the following tasks, powers and faculties. He shall exercise such in compliance with corporate procedures and must continually and duly inform the Managing Director:

a) Statuory and representation powers
    1. In case of absence or impediment of the Chairman, to exercise the legal representation of the Company, before third parties and in judgement, and corporate signature, chair the Shareholders' Meeting, convene and chair the meetings of the Board of Directors and of the Executive Committee if one is provided, in accordance with Articles 19, 10, 13-bis and 14 of the Bank's Articles of Association;
    2. to sign the correspondence of the Bank and the documents related to the exercise of the assigned powers;
    3. to represent the Bank in all legal, administrative and operative formalities with regards to the public and territorial and other administrations, public and private bodies, credit institutes and companies; more specifically, to sign communications, request authorisations, licensees, registrations and do all else necessary and appropriate for the Bank's function with all Ministries, Offices and Administrations dependent on, controlled by or in any case monitored by such, even if independent, and with all Public Service Suppliers (such as, merely by way of example and not intended as a full list, the Central Administration of the Bank of Italy and its branches, the UIC, Consob, Monte Titoli, Borsa Italiana, SIA, ABI, and Cassa Depositi e Prestiti. ISVAP, Antitrust, Chambers of Commerce, the Labour Inspectorate, the Provincial Employment Office, Welfare institutes, Tax Authorities, Poste Italiane S.p.A., the Public Automobile Register);
    4. to represent the Company in Shareholder Meetings, associations and bodies in general, in whose resolutions there is an interest in participating.
b) Financial activities and investment services
    1. to order or authorise transactions on the bank's own behalf or on behalf of third parties on financial instruments, also not listed on Italian or foreign regulated markets and on currencies and transactions on the money market. In detail, the following powers are granted:
        i) to purchase and sell financial instruments and currencies (own behalf) and to carry out transactions on the money market on Banca Finnat accounts;
        ii) to purchase or sell financial instruments and currencies on behalf of the Bank's customers (on behalf of third parties);
        iii) to intervene for and on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;

2. to intervene for and on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;
3. to carry out all actions pertaining to transactions on accounts in Euro and securities held with the Bank of Italy;
4. to make commitments and draw up agreements in relation to the promotion, organisation and participation in syndicates for the placement of Italian or foreign securities in general; Italian or foreign bills of exchange and negotiable credit securities in general; Italian or foreign money market instruments and securities.

c) Expenses
1. To assume and authorise spending commitments, jointly with the Managing Director, according to the procedures and in accordance with the powers set out in the Regulations for general expenses and investments. In detail, the following powers are granted:
   i) to assume spending commitments for costs connected with the operation of the bank, not regulated by specific conventions or administration agreements. If provided in the related annual expense budget and with the limit of 50,000 euros for each individual expense;
   ii) to assume commitments for investments included in the annual budget for the set-up of organisations that assure the operation of the bank. With a maximum limit of 250,000 euros for each individual investment.

The Managing Director, without prejudice to the powers of the Board of Directors in accordance with the law and the articles of association, is granted all powers necessary for the Bank's administration, with the broadest powers in this respect. Within the scope of the tasks assigned, the Managing Director shall represent and sign on the Bank's behalf.
The Managing Director reports back to the Board of Directors on a quarterly basis with regard to the exercise of his appointments.
Without the following intended as any limit to the above delegation, the tasks, powers, faculties and appointments specified hereto by way of example, are conferred to the Managing Director.

a) Statutory and representation powers
1. To exercise, also on behalf of the Chairman and of the Deputy Chairman in case of their absence, legal representation of the Company, before third parties and in judgement, and the corporate signature, in accordance with Article 19 of the Bank's Articles of Association;
2. to exercise the powers necessary for the administration of the Bank, with the broadest powers in this regard. Within the scope, by way of non-comprehensive example, the Managing Director is vested with the following powers.

b) Management
1. To prepare the Bank's Business Plan and submit it to the Board of Directors, upon the General Manager's proposal;
2. to submit to the Board of Directors the draft consolidated financial statements, the interim reports and the draft annual budget, also upon the proposal of the General Manager and of the Joint General Manager;
3. to implement the strategic indications and resolutions of the Board of Directors, supervising their implementation, the management and all the business of the Bank, ensuring that it is carried out in compliance with the guidelines set by the Board of Directors;

4. to impart operating directives, informing the organisation about the goals and policies to be pursued;
5. to make decisions for which the authority rests with the Board of Directors and the Executive Committee, if one is provided, when said Bodies cannot meet, with the input of the Chairman of the Board of Directors. The decisions thus made are brought to the attention of the competent Body the next time it meets in accordance with Article 17 of the Bank's Articles of Association.
6. to monitor the adequacy of the company's capital and financial means as prescribed by pertinent regulations;
7. to represent the Bank in the shareholders' meetings of other companies or entities, also issuing proxies for participation in such meetings, and to exercise all related rights;
8. to exercise any and all other power attributed continuously or from time to time by the Board of Directors;
9. to stipulate deeds and agreements of any type and nature, provided they are consistent with the purpose of the company and fall within the scope of ordinary administration, within the powers delegated to him and in compliance with the regulations promulgated by the Supervisory Authority;
10. to promote the resolutions by the Board of Directors in terms of the purchase, sale, mortgage and lease or property for more than nine years;
11. upon proposal by the General Manager, to promote the resolutions taken by the Board of Directors with regards to the purchase, sale and rent of the business or business units;
12. to promote the resolutions taken by the Board of Directors with regard to the taking and disposal of majority shares and operations on the capital of subsidiaries;
13. to promote the resolutions taken by the Board of Directors with regard to subsidiary management strategies;
14. to promote the resolutions taken by the Board of Directors with regard to the taking and disposal of non-majority shares and operations on the capital of non-subsidiaries;
15. to give instructions in relations with subsidiaries;
16. to assure to the Board of Directors, and to the bodies delegated by it, full knowledge and governability of the company's business, defining effective procedures and information flows.

c) Organisation

1. to propose to the Board of Directors, also upon proposal by the General Manager, the setting up, transfer and closing of branches;
2. to assure the consistency of the organisational structure with respect to the Bank's goals and strategies;
3. to verify the setting up of a system of the internal control that is adequate for the assumed risk profiles and the consistent definition of duties and responsibilities of the organisational units tasked with the performance of the activities, including control activities, and the related procedures;
4. to verify that the various control functions have an appropriate degree of autonomy in compliance with the indications and directives of the Board of Directors;
5. to verify the adoption of a complete and reliable information system, in compliance with the indications and directives of the Board of Directors;
6. periodically to report to the Board of Directors about the corrective measures adopted by the General Manager and by the Joint General Manager, jointly with the Managing Director, in case of deficiencies or anomalies brought to light by the control functions.

d) Personnel
1. To submit the remuneration policies to the Board of Directors and, with the support of the General Manager, the annual expense budget of the Bank's personnel;
2. to hire, promote, terminate the Bank's managers, also on the proposal of the General Manager. To determine the functions, the remuneration and the raises of the Managers;
3. upon proposal by the General Manager, to hire, promote and terminate the employment of Bank executives, whether with defined or undefined duration employment contracts, setting their level, economic treatment and raises;
4. to notify, also on the General Manager's proposal, disciplinary sanctions to managers and executives;
5. to make, upon proposal by the General Manager, decisions with regards to the appointment and revocation of those responsible for departments, organisational units and branches;
6. to authorise travels and attendance at training courses, according to the powers defined in the Regulations on personnel management and administration. In detail, the following powers are granted:
   i) based on the estimated total cost of the travel, to authorise the expense of up to 50,000 euros. Limit for each individual travel and subject to the provisions of the annual expense budget;
   ii) based on the registration cost for each individual person in a training course, to authorise the expense of up to 5,000 euros. Limit for each individual registration and subject to the provisions of the annual expense budget;
7. to assume expense commitments, also through the use of corporate credit cards, for entertainment expenses up to 20,000 euros. Limit for each individual expense and subject to the provisions of the annual expense budget;
8. to oversee negotiations for the drawing up of additional corporate employment contracts;
9. to propose to the Board of Directors the appointment and revocation of the General Manager and directors qualified as General Management, the calculation of the relevant remuneration and increases.

e) Disposal of assets
1. To dispose or sell tangible and intangible assets, with a value of over 100,000 euros and up to 1,000,000 euros net of amortisation, with the emergence of capital gains to be recorded in the financial statements;
2. after the verification by the Manager in charge of preparing the accounting documents and with the favourable opinion of the credits committee, to sell credits without recourse, at a value of no less than 90% of the net value recorded in the financial statements;
3. after the verification by the Manager in charge of preparing the accounting documents, and with the favourable opinion of the credits committee, to sell credits with recourse, for net amounts below 500,000 euros recorded in the financial statements.

f) Communication
1. To entertain relations with the media and with analysts;
2. to prepare the market disclosures about price sensitive and non price sensitive information, upon proposal of the Studies, Research and Investor Relations unit and jointly with the manager in charge of preparing the accounting documents if the disclosure contains accounting information (Article 114 of Italian Legislative Decree 58/98);

3. to sign account statements and notices to customers of a general nature, including those required by bank disclosure regulations;
4. to approve the content of any advertising or promotional message.

g) Relations with the authorities, public administration and with agencies
1. To represent the Bank before the National Commission for Companies and the Stock Exchange and the Bank of Italy and the other Supervisory authorities, with the express power to sign and present communications, reports and notices, as well as any and all other deed inherent to the Bank's operational management;
2. to carry out all actions pertaining to transactions on accounts in Euro and securities held with the Bank of Italy;
3. to represent the Bank before inland revenue offices, registry offices, revenue technical offices, the Revenue Service, the value added tax offices, service centres, the tax register, municipal offices, including those for local taxes, and before the general record of equities, preparing, signing and filing petitions, appeals, complaints, declarations, returns and forms for third party income subject to withholding tax, the monthly and annual VAT returns, making payments or collecting reimbursements;
4. to manage relations with the inter-bank deposit protection Fund;
5. to challenge tax assessments before the tax commissions and administrative offices of every kind and level;
6. to adhere to bankruptcy proceedings in general, to intervene and bid in court-ordered public auctions. To participate in tenders and auctions for public and private bidding called by state administrations, state-controlled bodies, public agencies in general and private entities, To submit bids also with rises, to accept and sign the provisional and definitive awards, and the related Agreements;
7. to entertain relations with judicial authorities;
8. to entertain relations with the revenue service in response to financial investigations and for the notification of open financial relations;
9. upon proposal of the Anti-Money Laundering function, to assess and to order the transmission to the UIF of reports of suspicious money laundering or terrorism funding transactions, or to reply to requests for clarifications, after checking with the involved functions;
10. to sent to CONSOB the report of suspicious market abuse transactions upon proposal of the Compliance department or reply to any request for clarifications, after checking with the function itself;
11. to sign any document necessary to deposit trademarks, patents and distinguishing marks with competent administrative bodies;
12. to file reports and/or complaints implementing Board of Directors resolutions, to make garnishee's statements;
13. to sign agreements with the Bank of Italy for any reason and cause, including, for example, the agreements for participation in centralised payment systems.

h) Banking Services
1. To issue, endorse, accept and protest bank cheques, bills of exchange, promissory notes, deposit warrants and other bills also for collection, subject to prescribed limits to credit and settlement powers;
2. to discount and defer bills;

3. to negotiate, acquire, sell, also on the bank's own behalf, bank bills and commercial paper;
4. to open current accounts and deposit accounts with any bank and postal current accounts and to operate thereon, carrying out all transactions necessary for their operation;
5. to stipulate guaranteed loan agreements with the Bank of Italy and other banks;
6. to authorise bank transfer on behalf of private customers and of institutional customers with direct relations, subject to the bank's official counter-signature and certification of funds availability, on the Bank's behalf (suppliers, commissions, etc.);
7. to authorise the issue of bank drafts on customer's behalf;
8. to receive amounts, make payments and issue receipt;
9. to authorise the general conditions and the interest rates by type of service/transaction (bank service price list);
10. to grant waivers with respect to the price list, by relationship, up to a complete zeroing of the value of all commission items.

i) Financial activities and investment services
1. To request membership in regulated market management companies and multilateral trading facilities, signing the related conventions and restricting the required deposits and to activate conventions with intermediaries/brokers;
2. to provide for the purchases and sales of own shares according to the plans approved by the Shareholders' Meeting;
3. to guide the policies for managing trading and available for share portfolios, supervising compliance with the connected risk limits set out in the Regulations for financial activities;
4. to guide the policies for managing company liquidity and the "banking book", supervising compliance with the connected risk limits set out in the Regulations for financial activities;
5. to order or authorise transactions on the bank's own behalf or on behalf of third parties on financial instruments, also not listed on Italian or foreign regulated markets and on currencies and transactions on the money market. In detail, the following powers are granted:
   i) to purchase and sell financial instruments and currencies (own behalf) and to carry out transactions on the money market on Banca Finnat accounts;
   ii) to purchase or sell financial instruments and currencies on behalf of the Bank's customers (on behalf of third parties);
   iii) o intervene for and on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;
6. to authorise settlement of transactions on financial instruments and currencies, and payment orders on the accounts pertaining to transactions in the finance area;
7. to intervene for and on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;
8. to authorise the general mandate conditions (investment service price list);
9. to grant waivers on commissions and expenses (with respect to the price list) by relationship, up to a complete zeroing of the value of all commission items;
10. to authorise transactions with single counterparty entailing temporary loans beyond the limits prescribed for that counterparty;
11. to sign bid documents, information prospectuses, information documents pertaining to financial instruments and products issued or offered by the Bank;

12. to promote, organise and participate directly, with or without providing guarantees with respect to the issuer, in syndicates for the placement and guarantee of financial instruments, also long term, in euro or in foreign currencies, signing the related agreements with guaranteed and sub-guaranteed issuers with all broadest powers to define the remuneration and procedures of the transactions in question, within the scope of the granted powers, and to organise, without assumption of share, loans and financing, also medium and long term, in euro and foreign currencies, upon specific appointment by the beneficiary.

j) Credit, settlements, mortgages and property seizures

1. To approve and authorise settlements and concessions / renewals / changes to credit lines, within the scope of his powers, by technical form, as described in detail below:
    - i) to authorise a "covered" bank transfer / fund transfer, without amount limits. Powers without amount limits are nonetheless within the supervisory limits for risk concentration (25% of regulatory capital);
    - ii) to authorise current account overdrafts beyond the agreed limit, up to 2,000,000 euros per individual overdraft;
    - iii) to authorise current account overdrafts, up to 2,000,000 euros per individual overdraft;
    - iv) to issue credit cards to customers, with maximum monthly utilisation limit of 30,000 euros (black card);
    - v) granting the increase in the monthly maximum of the credit cards, up to 50,000 euros;
    - vi) granting credit lines / loans with "class A risk" as defined by the credit Regulations, up to a maximum amount of 1,500,000 euros;
    - vii) granting credit lines / loans with "class B risk" as defined by the credit Regulations, up to a maximum amount of 2,000,000 euros;
    - viii) to grant credit lines / loans with "class C risk" as defined by the credit Regulations, up to a maximum amount of 3,500,000 euros;
    - ix) to grant current account overdraft credit lines, up to a maximum amount of 2,500,000 euros;
    - x) to authorise the purchase of securities with temporary current account overdraft, up to a maximum amount of 2,500,000 euros;
    - xi) to authorise "reserved entry unlocking", without amount limits;
    - xii) to authorise the use of the error accounts for purchase / sale of securities on third parties' behalf, with a limit of 500,000 euros for each individual event (income statement impact generated by the activation of the errors account, regardless of the sign);
    - xiii) to grant credit lines for customers' "forward transactions", up to a maximum amount of 3,500,000 euros. For forward transactions hedging positions in securities with duration up to 6 months, a "utilisation" of the line equal to 20% of the forward, equal to 50% with durations above 6 months is generated. For speculative transactions, the "utilisation" is 100% of the forward;
    - xiv) to authorise "covered" foreign bank transfers, without amount limits;
    - xv) to authorise Euro current account overdrafts for foreign transactions, without amount limits;
    - xvi) to authorise foreign currency current account overdrafts for foreign transactions, without amount limits;
    - xvii) authorise temporary overdrafts (up to 3 days) for transactions on financial instruments with primary institutional customers, up to a maximum amount of 5,000,000 Euros;

2. to provide sureties and guarantees in the interest of the Bank and of third parties;
3. subject to the decision by the competent level in terms of amount, in accordance with the then-current credit regulations, to constitute, in the bank's favour, guarantees of any nature in particular with regard to the granting of loans; to allow inscriptions, transcriptions, cancellations, postponements, reductions, annotations, subrogations, fractionings; to request preventive remedies, to enforce recovery actions, on public registries;
4. to request, negotiate and stipulate with banks and financial intermediaries credit transactions in the Bank's favour for up to 10 million euros;
5. to order the allocation of non-performing loans with maximum write-down up to 250,000 euros for each position and to propose the allocation for higher amounts to the Credits Committee;
6. to resolve with regards the restructuring of anomalous loan positions involving the booking of losses no greater than 250,000 euros per position and to propose to the Credits Committee anomalous loan positions with higher losses;
7. to settle disputes - out-of-court or judicially - in relation to credits for an amount no greater than 250,000 euros; to waive credits of an amount no greater than this same limit;
8. to take resolutions - with effect also towards third parties and the competent Property Registrars - with regards to the restriction, reduction, division, subordination, renovation, cancellation (fully or partially) or mortgages and the release of mortgaged property, with a declaration exonerating the Keeper of the records from all relevant liability; all this, furthermore, with reference to cases of total or partial credit recovery, restructuring (see above), settlement (see above) or renunciation of credit (see above) and with the limits set out therein; with reference to the cases of payment or reimbursement - total or partial - of the amount due, with no limit of amounts;
9. to renounce - with the same effects and limits as per the previous point - property repossessions and to request the cancellation of transcriptions of property seizures and/or any notes.

k) Expenses

1. To undertake and authorise spending commitments according to the procedures and in accordance with the powers set out in the Regulations for general expenses and investments. In detail, the following powers are granted:
    i) to assume spending commitments for costs connected with the operation of the bank, not regulated by specific conventions or administration agreements. If provided in the related annual expense budget and with the limit of 150,000 euros for each individual expense;
    ii) to assume commitments for investments included in the annual budget for the set-up of organisations that assure the operation of the bank. With a maximum limit of 1,000,000 euros for each individual investment.
    iii) to assume "extra budget" expense commitments, in cases of proven urgency and severity. With limit of 25,000 euros for operation, 10,000 euros for unforeseen events, 5,000 euros for consulting services, 5,000 euros for promotion, 5,000 euros for supplies; informing the Board of Directors at the earliest possible meeting if it was not possible to find amounts in the budget from other annual expense items.

l) Disputes and complaints

1. To appoint and revoke legal counsel and attorneys;
2. to accept and promote settlements with the opposing parties in judgement;
3. to represent the bank in judgement;

4. to respond definitively to each individual complaint for amounts equal to or greater than 50,000 euros and up to 300,000 euros;
5. to decide reimbursement and returns; waivers to revenues and settlements in the pre-dispute phase (with the exception of cases of restructuring of problem credits and/or of increased credit risk); payments not in accordance with the contractual terms for amounts up to 500,000 euros on an annual basis;
6. to accept settlements for amounts up to 250,000 euros.

It is specified that the interlocking directorate situation set forth in the Application Criterion 2.C.5 of the Governance Code did not occur, in that the Managing Director did not took up the position of director in other companies with shares listed on regulated markets.

Chairman of the Board of Directors

The Chairman of the Board of Directors who has not received managerial appointments nor holds a specific role in the preparation of business strategies, is not the main party responsible for management nor the majority shareholder in the Bank, but does cover a promotional role, providing a continuous presence on the financial market in the bank's interest, having relations of an extremely high economic and institutional level, and promoting meetings with the management of major national and international operators.

All in view of the particular prestige and professional appreciation enjoyed by Mr. Giampietro Nattino in the economic-financial community.
As such, the Board of Directors deemed it appropriate to formalise the specific professional commitment for the stated activities of external relations and promotion from 1 May 2012 until approval of the financial statements at 31 December 2012.

Disclosure to the Board

The Managing Director reports on the work carried out under the scope of his appointments at each useful meeting.

During Board meetings, the Chairman of the Board of Directors informs the Directors in a timely manner of all updates to first and second level regulations linked to the Bank and Group's activities.

4.5 OTHER EXECUTIVE DIRECTIVES

Director	Position	Qualification
Leonardo Buonvino	Deputy Chairman - holds office in the Issuer	executive, non-independent
Angelo Nattino	Deputy Chairman - holds office in the Issuer	executive, non-independent

4.6 INDEPENDENT DIRECTORS

The Board of Directors appointed on 26 April 2012 remains in office until approval of the 2014 financial statements. It has been formed in accordance with the criteria specified in the Governance Code and includes 3 Independent directors. All Independent Directors have filed professional curricula and issued declarations attesting their Independence. The level of each director's independence has been assessed on the first useful opportunity following his/her appointment, with regard to the requirements laid down by the law, the Governance Code and by Article 20 of the Articles of Association.

By specifically investigating, the Board of Statutory Auditors has ascertained the correct application of the criteria adopted by the Board to assess the independence of its members.

In 2012, the independent directors met without the other directors. The subject of the meetings concerned resolutions passed on related parties.

4.7 LEAD INDEPENDENT DIRECTOR

During the meeting of 15 May 2012, the Board of Directors established the role of Lead Independent Director provided for in the Governance Code, albeit the conditions indicated by the Code no longer applied. During the same meeting, the Board appointed Marco Tofanelli as Lead Independent Director.

5 PROCESSING OF COMPANY DATA

The Bank has set up the internal procedure "Management of public disclosures of significant events and circumstances", with the aim of allowing the fulfilment of informative commitments pursuant to Article 114 of Italian Legislative Decree no. 58 dated 24 February 1998, supplying the criteria suitable for identifying documents and information concerning the Bank and Companies subsidiary to the Bank, not of public domain, and of such a level that, if made public, able to significantly affect the price of the financial instruments issued by the Bank (sensitive price issues), in addition to other significant events and circumstances, and to govern the methods by which such are disclosed to the public.

Communication obligations are met, on the Bank Managing Director's behalf and on his instruction, by the Investor Relator.
Communications are made immediately available to the public in compliance with the law.
The Investor Relator publishes the disclosure on the Bank's website in both Italian and English, by the time of opening of the market on the day after the date on which said news is disclosed.
The disclosure remains available on the website for at least five years as from the date of publication.

In compliance with the provisions of Article 115-bis of Italian Legislative Decree no. 58/98, the Bank has set up the "Register of Persons with access to privileged information" (Insider Register). This Register states all those who by virtue of their professional and working activities, or given their tasks within the bank, have access to privileged information.
The Legal Department appointed to hold the "Insider Register".
The Bank has also set up a specific internal procedure, the "Internal Dealing Code", which is binding for all Board members and aims to govern the disclosure to be made to the market, in the event of company representatives trading in Bank shares.

6 INTERNAL BOARD COMMITTEES

In order to encourage an efficient system of information and consulting, which allows the Board to better assess some of the matters of its competence, the appointments committee, remunerations committee, audit and risk committee and independent director committee have been set up.
The independent directors' committee consists of 3 non-executive, independent directors.
The main task of the independent directors' committee is to assess the value and means of implementing "significant related party transactions".

At 31 December 2012, the members of the Committee were as follows:

Director	Position
Ermanno Boffa	Member - non-executive, independent
Roberto Cusmai	Member - non-executive, independent
Marco Tofanelli	Member - non-executive, independent

7 APPOINTMENTS COMMITTEE

During the meeting of 15 May 2012, the Board of Directors, in line with the recommendations of the Governance Code (principle 5.P.1), set up an Appointment Committee, composed mostly of independent directors. The role of this committee is to identify the optimum composition of the Board of Directors, by indicating the professional figures whose presence can benefit its proper and efficient operation. The Appointment Committee comprises the following Directors:

Director	Position
Arturo Nattino	Chairman - executive, non-independent
Ermanno Boffa	Member - non-executive, independent
Marco Tofanelli	Member - non-executive, independent

No Appointment Committee meetings took place during 2012. During the year, no Committee meetings have yet been planned.

8 REMUNERATIONS COMMITTEE

The Bank has set itself up with a Remunerations Committee (principle 6.P.3. of the Code), and for any stock option plan or share assignment, consisting of 3 non-executive and independent Directors.
This committee makes proposals to the Board, in the absence of the parties directly concerned, for the remuneration of the Managing Director and those holding special offices, in addition to, upon indication by the Managing Director, determine the criteria by which the Company's senior management should be remunerated.

The committee currently consists of:

Member	Position
Roberto Cusmai	Chairman - non-executive, independent
Ermanno Boffa	Member - non-executive, independent
Marco Tofanelli	Member - non-executive, independent

During 2012, 2 meetings of the Committee were held, all of an average duration of approximately 45 minutes. Specific minutes were drawn up for the Committee meetings.
During the year, no Committee meetings have yet been planned.

The Committee invites the Chairman of the Board of Statutory Auditors and the Manager in Charge of Personnel and General Services to attend its meetings.
No director concerned took part in the meetings of the Remunerations Committee during which proposals were made with regard to his remuneration.

The Committee for remuneration, taking into account the opinion of the Board of Statutory Auditors:

- expressed its own opinion on the proposals for the remuneration of the Managing Director and Directors holding special offices;
- assessed and approved the provisions on staff and management;
- assessed and approved the document on 2012 salary and share-based incentive plans and the Remuneration Report;
- ascertained the correct application of the criteria for the remuneration of key executives.

For the correct performance of its functions, the Remuneration Committee had the opportunity to access all information and company functions necessary for the performance of its duties.

9 DIRECTORS' REMUNERATION

On 26 April 2012, the Shareholders' Meeting of Banca Finnat approved the policy for the remuneration of Directors, Employees and Collaborators not linked by contractual relationships.
In accordance with Article 114, paragraph 5 of the Italian Consolidated Financial Law, it is declared that on 31 December 2012, there are no agreements in place concerning indemnity to be paid to directors in the event of early termination of their office.
For all information about the policies for the remuneration of directors adopted by the Bank, please refer to the "Report on Remuneration" prepared in accordance with Article 123-ter of the Italian Consolidated Financial Law published on the Website www.bancafinnat.it in the Corporate Governance section.

10 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provides consulting and makes proposals. It consists of non-executive directors, the majority of whom are independent. The Chairman of the Board of Statutory Auditors or an

alternative auditor appointed by the Chairman of the Board participates in the Committee's works. Specific minutes are drawn up for the meetings.
During the year, the Committee met 6 times for an average duration of 1.3 hours. At 31 December 2012, the members of the Audit and Risk Committee were as follows:

Member	Position
Marco Tofanelli	Chairman - non-executive, independent
Ermanno Boffa	Member - non-executive, independent
Roberto Cusmai	Member - non-executive, independent

The Audit and Risk Committee is entrusted with the following tasks:
- to assist the Board of Directors in defining the guidelines for the internal auditing system;
- to assess the correct utilisation of the accounting standards, together with the Manager in charge of preparing the accounting statements and with the auditors;
- to monitor the function and efficiency of the internal auditing system, examining the work plans for the internal auditing and the Compliance divisions, the relevant activities carried out and conclusions reached, in addition to making proposals formulated by the auditing firm for entrusting the task, the work plan prepared for auditing and the results given in the report and any letter of suggestions;
- to monitor the accounting and auditing processes;
- to report back to the Board of Directors at least once every six months, at the time of approving the financial statements and the half-yearly report, on the work performed and the suitability of the internal auditing system.

During works, amongst other works, the Committee discussed and approved the following:
- approved the Report prepared by the Compliance function, about the activities carried out in 2011 and the plan of activities for 2012;
- approved the reports prepared by the Internal Audit department about the audits carried out in 2011, on the plan of checks for 2012 and the Report of the Risk Control Department;
- approved the annual Report on Complaints, prepared by the Compliance function;
- examined the "Icaap Report - Preliminary Summary";
- examined the ICAAP report prepared by the Bank at 31 December 2011 and at 30 June 2012, whose ultimate objective is to assess the capital adequacy related to the significant risks deriving from the Group's operations and from the reference markets;
- examined the new Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties;
- approved the internal Regulation of the Risk Control Organisation Unit;
- expressed a positive opinion on the development of the adequacy of internal audit and risk management systems;
- expressed its own justified opinion on some minor Transactions with Related Parties.

To explain specific matters at the Committee meetings, the managers of specific business departments intervened.

11 INTERNAL AUDITING SYSTEM

In accordance with the provisions of Article 123-bis, paragraph 2, letter b) of the Italian Consolidated Financial Law, the following describes the main features of the internal auditing system and risk management.

The internal auditing system (SCI) for the Company represents the set of measures and rules whose purpose is to assure the minimisation of corporate risks and to assure the regularity, security and efficiency of the Bank's activities. The auditing system is mainly hinged on compliance with the provisions of the Bank of Italy with regards to prudential regulations, based on the so-called 'three pillars". The first introduces an equity requirement to face up to the typical risk of banking and financial activities; the second requires the use of a strategy and auditing process suited to the level of equity; and the third introduces obligations for disclosures to the public with regards to the suitability of equity, exposure to risks and general characteristics of the relevant management and auditing systems.

Please note that once a year, the Bank self-assesses the suitability of its equity (Internal Capital Adequacy Assessment Process, ICAAP). Very briefly, this requires the identification of risks, their quantification and identification of the devices aimed to deal with them. Under the scope of this description of the auditing system, in addition to the clear presence of the Board of Statutory Auditors, the Audit and Risk Committee and the Auditing Firm, the figure of the Manager in charge of preparing the accounting documents and the organisational model required by Italian Legislative Decree no. 231/2001 are also involved.
Risks are controlled by hierarchical and operative type devices. This is based on the following types:

- line controls , some carried out by production units, also incorporated into information procedures, or carried out under the scope of back office activities;
- risk management controls, carried out by the Risk Control organisational unit and by the structures to which the risk is mainly allocated;
- compliance controls, through the Compliance department against the risk of incurring legal or administrative sanctions, significant financial losses or damaged reputations as a consequence of breach of imperative provisions (laws and regulations) or governance;
- internal auditing controls, through the Internal Audit department, aimed at checking on the one hand that operations are regular and, on the other, checking the function of the devices adopted by the Bank to manage all the risks linked to operations.

Furthermore, the Bank has also defined controls on outsourced activities concerning IT to check maintenance by the Bank of guiding power of outsourced activities.

The Bank's Board of Directors carried out its tasks in relation to the internal auditing system, duly considering the models of reference, and specifically the organisational model adopted in accordance with Italian Legislative Decree no. 231/2001. The Board of Directors defines the nature and level of risk that is compatible with the strategic objectives of the issuer by identifying the lowest value of the TIER 1 indicator.

In order to enable the identification, management and monitoring of risks efficiently and adequately, the Board of Directors of Banca Finnat set up an appropriate organisational structure within the Bank. In particular, in addition to the Body with a strategic supervisory role, the presence of a General Manager and

a Joint General Manager, supported by two Assistant General Managers are identified among the senior management.
The basic principles on which the Internal Auditing System is founded are the definition of the roles and responsibilities of corporate bodies/functions, the separation of control functions from operating functions, the standardisation and automation of corporate processes and the independence of the audit Function. In this regard, the Bank has also set up an adequate power and delegation system reflected in the special internal documents and mapped the core business processes.
With regard to the monitoring of the Group's risks, the Board of Directors monitors these aspects on a regular basis intervening, if necessary, in the removal/mitigation of risks.

It should be specified that the internal auditing system in relation to the financial disclosure process is considered an integral part of the risk management system.
The purpose of the System is to assure the reliability, accuracy, trustworthiness and timeliness of the financial disclosure published periodically by the Bank.
In particular:

- Reliability: disclosure having the characteristics of correctness and compliance with generally accepted accounting principles and having the requirements prescribed by the applied laws and regulations.
- Accuracy: disclosure having the characteristics of neutrality and precision. The disclosure is considered neutral if it lacks preconceived distortions aimed at influencing its users' decision-making process in order to obtain a predetermined result.
- Trustworthiness: disclosure having the characteristics of clarity and completeness, such as to lead to informed investment decisions by investors. The disclosure is deemed clear if it facilitates the understanding of complex aspects of the company, but without becoming excessive and redundant.
- Timeliness: disclosure complying with the prescribed deadlines for its publication.

With reference to the measures adopted by the Bank to assure the characteristics of reliability, accuracy, trustworthiness and timeliness of the financial disclosure, reference is made to the activities carried out with respect to the definition of the Responsible Manager's Governance and Control Model, prepared in accordance with Article 154-Bis of the Italian Consolidated Financial Law, which constitute a necessary prerequisite to assure a constant and complete view of the corporate areas that are actually relevant for the purposes of the preparation of the statutory and consolidated corporate accounting documents.
The definition of the Responsible Manager's Governance and Control Model of the Banca Finnat Group was guided:

- by the preliminary identification of a recognised, widely employed comparison model;
- by comparison with reference practice defined or referenced by institutional bodies;
- by comparison with domestic and international best practices adopted by businesses comparable with the Banca Finnat Group.

The model used as a reference by the Bank, which constitutes an internationally recognised method for analysing and evaluating the Internal Auditing System is the one established by the CoSO Report - "Internal Control Integrated Framework" - developed by the "Committee of Sponsoring Organisation of the Treadway Commission".

The main phases of implementation and operation of the above model are described below.

In the first step, the corporate processes with accounting effects are identified with reference to those present in the taxonomy of banking processed proposed by the ABI and appropriately applied to the activities actually carried out by the Bank.
The individual processes identified are analysed to determine their Inherent Risk.

the Inherent Risk represents the risk of errors, erroneous transactions or material manipulations to which a specific industry is subject, regardless of the existence of controls. This risk is defined with a standardised method, taking into account the incidence of the following factors:

- Account balance
- Frequency of the transaction
- Complexity of the transaction
- Amount of individual transactions

The second step is the definition of the criteria to be used to determine the Total Risk of the activities inherent in the process and the verification of the existence and of the effectiveness of the procedures and controls in the activities pertaining to the process itself.
Total risk is the result of the combination between the Inherent Risk and the Potential error that the company bodies could be subjected to in the performance of their activities.
With respect to the existence and effectiveness of the controls, the following activities are carried out:

- Analysis of current accounting procedures (also carried out through direct interviews with process managers) and verification of compliance therewith also taking into account the results of the checks carried out periodically by the other control Functions;
- Identification and analysis of the risks inherent in the accounting processes.

For the assessment of the Potential Error level, a series of events are considered that may have a negative impact, such as:

- Impact on customers
- Any accounting effect (data entry in the procedure)
- Change in financial statement accounts
- Relevant balance of the changed financial statement accounts
- Absence of automatism and of the IT support in changes to financial statement accounts.

The third step is the definition of the criteria to be adopted for the definition of the Residual Risk (i.e. the risk that is not eliminated by the activated control mechanisms) attributed to the individual steps of the analysed processes. This verification is carried out analysing the effectiveness of the controls implemented by the Organisational Units involved in the processes.
The final step is the identification of the areas for improvement and the implementation of any additional controls.
The risk management and control system adopted complies the provisions of Paragraph 3 of Article 154-bis of the Italian Consolidated Financial Law, which prescribes that the Manager in charge of preparing the accounting documents shall provide adequate administrative and accounting procedures for drafting the statutory financial statements and, when specified, the consolidated financial statements as well as any other financial communication.

Within the scope of the activities carried out, the roles and responsibilities were punctually identified of the corporate Functions involved in the existing risk control and management system in relation to the financial disclosure process of the Bank and of the Group.

The correct operation of the existing risk control and management system in relation to the financial disclosure process is a prerequisite and it cannot be independent from the punctual identification of the roles and responsibilities of the involved corporate functions.

In this regard, the Bank formalised its internal information flows and it adopted a synoptic picture of the relationships between the Manager in Charge and the other corporate functions.

The bank adopted (in compliance with the provisions of Article 154-bis of the Italian Consolidated Financial Law) the office of the Manager in charge of preparing the accounting documents, who performs the following duties:

- verification of the adequacy and actual application of administrative and accounting procedures for the preparation of the statutory financial statements, of the abbreviated half-yearly financial statements and of the consolidated financial statements;
- verification that the documents are prepared in accordance with applicable international accounting standards;
- verification that documents match the accounting books and entries;
- verification of the documents' ability to give a true and fair representation of the economic, financial and equity situation of the bank and of the set of companies included in the consolidation.
- verification for the statutory and consolidated financial statements, that the report on operations includes a reliable analysis of the management performance and results, as well as the situation of the Bank and the group of companies included in the consolidation, along with a discussion of the primary risks and uncertainties to which they are exposed.

  To exercise the activities and to implement the necessary controls, the Manager in charge employs the control functions and the other Organisational Units of the Bank and of the Group. In particular, among the other significant roles we mention the Internal Auditing function, which provides the Manager in Charge with elements and information that may lead to the identification of the critical areas observed within the Group in the course of its activity, providing their own opinions on the adequacy of the different entities of the Group and the necessary improvement actions; the role of the Organisation Service which provides the necessary support for the formalisation of the processes, risks and sensitive controls; the role of the other corporate functions and the Companies of the Group which co-operate with the Manager in Charge, providing the necessary data and information to carry out their duties and reporting any anomaly and dysfunction of procedures noted within the scope of their activity, which may cause significant impacts on the financial situation of the company or of the Group.

During the 2012 financial year, the Board of Directors assessed the Internal Auditing and risk management system of the Company, considering it appropriate to the features of the business carried on by the Company.

The following is a brief description of the main auditing devices adopted by the Company.

The compliance department

The Banca Finnat Euramerica S.p.A. Compliance activities have been delegated to the Managing Director. This activity has the task, with reference to the provisions governing the Bank's conduct in terms of supplying services to customers, of identifying the compliances to which the Bank is subjected and, in

relation to these, check if the existing procedures are able to comply with the regulations (procedure conformity). Should this not be the case, Compliance works to notify the situation and propose a remedy. In this context, also in relation to the ethical principles established by the relevant codes, Compliance works through procedures aiming to ensure the conduct of employees and collaborators that is in line with rules of transparency and integrity of markets.
Compliance oversees the management of non-compliance risk in relation to the intermediation services, management of conflict of interest, transparency with regards to customers and, more generally, regulations established to protect the consumer.

More precisely:

- identifies continuously the applicable laws and regulations, to measure/assess their impact on business processes and procedures and to propose organisational and regulatory measures that are necessary in order to comply with the relevant legislation;
- provides consultancy and support to fulfil regulatory obligations;
- controls and assesses the suitability and efficiency of the procedures and measures taken to remedy any deficiency in complying with obligations laid down by the relevant legislation;
- informs the competent Organisational Units on the obligations included in the relevant legislation, if procedural or contractual actions are required;
- assesses ex ante compliance with reference regulations of innovative projects on services and products offered to customers;
- provides support and consultancy with regard to company bodies and Organisational Units;
- verifies the coherence of the company prize-giving system;
- manages the customer complaints register;
- carries out specific tests, as well as regular controls, on business procedures, relating to the regulation for the protection of the consumer, to evaluate its effectiveness and adequacy in relation to the objective of preventing the violation of the relevant legislation;
- monitors trading carried out on behalf of third parties and on its own behalf on financial instruments, for the purpose of complying with regulations on Market Abuse;
- checks whether the rules/procedures governing the activity in the financial and credit instruments of company employees are consistent with the objective of preventing the violation of the relevant legislation;
- guide, coordination and control as parent company:
- ensures appropriate information flows and supervision of the activities carried out by the Compliance department of the Investire Immobiliare Sgr investee;
- prepares regular reports in relation to corporate bodies on: business carried on; assessments and findings; measures taken to remedy any deficiency reported and actions planned;
- ensures adequate information to the Top Management and to the Board of Directors concerning on the Group monitoring carried out.

Internal auditing

The internal auditing activities were entrusted to the Internal Auditing Organisational Unit that reports directly to the Board of Directors of the Bank.

The internal auditing function is provided with the required autonomy and independence from the operating structures and has adequate resources and means to carry out its task, works with personnel with appropriate knowledge and professional skills and has no access restrictions to company data and files.
Internal Auditing is responsible for ensuring a constant and independent supervisory action on the regular course of the operations and processes of the Bank in order to prevent or report the occurrence of anomalous and risky behaviours or situations, evaluating the effectiveness of the overall internal auditing system and its suitability to ensure the effectiveness and efficiency of corporate processes, safeguard the value of assets and protect against losses, ensure the reliability and integrity of accounting and management information, the compliance of the operations both with the policies established by the company governance bodies and by internal and external laws and regulations. It also provides consultancy to the business functions also by taking part in projects, in order to create added value and improve the effectiveness of control processes, risk management and organisation.
The tasks and activities of the Function are defined in the special Regulations issued by the Board of Directors of the Bank.
In carrying out its tasks, the Internal Auditing analyses in advance the risks involved in different areas and, depending on the assessments made and consequent priorities, prepares an Action plan - on the basis of which it will operate - which is screened on an annual basis by the Audit and Risk Committee, and subsequently approved by the Board of Directors.
The auditing concerns directly the Parent Company and other Companies of the Group with which it formally agreed to provide the activity in "service".
The weaknesses found during the audits are systematically reported to the Organisational Units involved for a prompt action of improvement in respect of which a follow-up is carried out subsequently.
The evaluations of the internal control system deriving from the inspections carried out are reported on a regular basis to the Audit and Risk Committee, the Risk Committee and the Board of Directors.

The board of statutory auditors

For information on the Board of Statutory Auditors, please refer to that described in paragraphs 13 and 14 of this report.

11.1 Director in charge of the internal auditing and risk management system

The Board of Directors has not identified a director from amongst its members appointed to the internal auditing and risk management system. The results of the audits performed by the Internal Auditing department on the validity of management, risk trends and the function of the audits system as a whole are presented directly to the Board of Directors, the Board of Statutory Auditors and Senior Management (Managing Director).

11.2 Head of internal audit

On 30 June 2003, in relation to the completion of the merger of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A. into Terme Demaniali di Acqui S.p.A., the Board of Directors approved the company organisation charge, which specifically envisages the Internal Auditing Department.

The Head of the Internal Audit, also referred to as the Internal Auditing Manager, is Enrica Macciò. The Head of the Internal Audit is not hierarchically subordinate to any operational area and has free access to all useful information for the performance of her task.

The Head of the Internal Audit prepares an annual control plan and submits it to the approval of the Board of Directors. The working program includes the continuous operations required by the regulations (fixed part) and audits of areas and processes deemed most significant also in correlation with relevant risks (variable part).

The objectives of the planned activities are defined for each programmed area of intervention and aim, in short, to ensure proper operation, the adequacy and effectiveness of the risk management system, the accounting system and the overall internal auditing system.

At the end of each audit, the Head of the department draws up a report, which describes in detail the activities carried out, their results and the suggestions made to remove any anomaly reported or to improve the auditing system within the analysed processes. The reports of the audits are delivered to the Top Management, to the Heads of the Organisational Units involved in the audit process and to the members of the Board of Statutory Auditors.

Moreover, the Head of the Internal Audit prepares every year a summary report on her activities, which is submitted to the Audit and Risk Committee, to the Board of Statutory Auditors and to the Board of Directors and, during the year, updates the Risk Committee on the actions carried out.
If particularly important situations occur, the Head of the Department informs immediately the competent Company Bodies and departments.

During 2012, the Internal Audit carried out the audit activities in accordance with the working program submitted to the Board of Directors of 15 March 2012. The main intervention areas concerned the commercial area, the loans segment, the treasury activities, anti-Money Laundering and anti-terrorism and the carrying out of investment services. In addition to this activity carried out on the Company, the Internal Audit carried out audits on the activities of the subsidiaries Investire Immobiliare SGR, Finnat Fiduciaria and Fedra Fiduciaria.

11.3 Organisational model pursuant to italian legislative decree no. 231/2001
In 2004, the Bank equipped itself with an Organisation, management and auditing model in accordance with Italian Legislative Decree no. 231/2001.
On 15 May 2012, the Board of Directors resolved to assign to the Board of Statutory Auditors the function of Supervisory Body in accordance with the provisions of Article 6, paragraph 4-bis of Italian Legislative Decree 231/01, introduced by the 2012 Stability Law.
The Organisation, management and auditing model consists of a 'general part', summarising the main contents of Italian Legislative Decree no. 231/2001, and a 'special part', which identifies the various activities of the Bank presenting a potential risk of committing the different types of crimes considered by Italian Legislative Decree no. 231/2001, the structures and/or departments of the Bank where these crimes can easily be committed, and the procedures and/or internal rules aimed at preventing the commitment of the following crimes:
i) Crimes in matters concerning relations with the Public Administration;
ii) Crimes involving counterfeit coins, public credit papers and stamp values;
iii) Corporate crimes;

iv) Crimes committed for terrorist purposes or to avert the democratic order;
v) Crimes in relation to the mutilation of female genitals;
vi) Crimes against individual personality;
vii) Market abuse;
viii) Crimes committed in breach of health and safety regulations and the protection of health and safety at work;
ix) Money laundering;
x) Transnational crimes.

11.4 Auditing firm

The Shareholders' Meeting held on 29 April 2011, entrusted the task of auditing the statutory and consolidated financial statements and the half-yearly report for the nine-year period 2011/2019 to the auditing firm Reconta Ernst & Young S.p.A.

The auditing firm has the task of ascertaining that the company's books are kept correctly, management events reported correctly in the accounts and that the statutory accounts comply with the results of the accounts and checks performed and with the regulations governing such.

Reconta Ernst & Young S.p.A. also issues a report on the Bank's financial statements each year, giving its opinion on the compliance of the statutory financial statements with the regulations governing them.

11.5 Manager in charge of preparing the accounting documents

The Shareholders' Meeting held on 30 April 2007 adapted the Bank's articles of association, introducing the figure of the Manager in charge of preparing the accounting documents at Article 13.

This task is currently entrusted to Mr. Paolo Collettini, Joint General Manager of the Bank.

The Articles of Association of the Bank establishes that, having heard the compulsory, but non-binding opinion of the Board of Statutory Auditors, the Board of Directors appoints a 'Manager in charge of preparing the accounting documents".

The Manager in charge of preparing the accounting documents is chosen from amongst employed staff that has performed - in the Bank or other companies - managerial roles for at least three years in matters of accounts and/or auditing and/or internal auditing.

Alternatively, the Manager in charge of preparing the accounting documents must have worked professionally as a chartered accountant for at least five consecutive years.

In any case, the Manager in charge of preparing the accounting documents must meet the requirements of honour envisaged by the provisions of law applicable to the appointment of the members of the auditing bodies of listed companies.

The task is conferred on an open-ended basis or until an expiry date that may be established at the time of appointment. In both cases, this is without prejudice to revocation by the Board of Directors.

Powers

In order to carry out the tasks assigned the Manager in charge of preparing the accounting documents is granted all powers necessary in order that he may independently:

- formulate and sign all accounting communications to be sent to the market on the Bank's behalf;
- sign correspondence and communications of an accounting nature that are binding for the Bank;

- prepare and sign reports to the annual and consolidated financial statements;
- prepare and approve business procedures impacting the individual and consolidated financial statements and documents subject to certification;
- freely access all information held to be significant, both within the company and the group companies, obtaining appropriate flows of information and/or documents;
- faculty to dialogue with all organisations and/or operative and auditing managers of the Bank;
- have free access to all the Bank's computer systems;
- spending power up to the limits of the budget authorised annually by the Board of Directors.

Means

The Manager in charge of preparing the accounting documents carries out the tasks entrusted him with the help of all necessary human and material resources pertaining to the bank, and independently exercising his spending power up to the limit of the budget annually authorised by the Board of Directors on the basis of a specific proposal presented by the Manager in charge of preparing the accounting documents and first subjected to the Board of Statutory Auditors.

In carrying out his tasks, the Manager in charge of preparing the accounting documents:

- has the faculty to organise the business structure using internal resources and, where necessary, may also outsource activities;
- has the faculty of organising the business structure, organising human resources according to the number and professionalism;
- has the faculty of organising his office, hiring and organising all human resources and technical means held to be necessary;
- has the faculty of using the Internal Auditing, Organisation and Compliance departments for the mapping and analysis of the processes of competence and in implementing any specific controls held to be necessary.

11.6 Coordination between the parties involved in the internal control and risk management system

The Company adopted a Risk Committee, consisting of a sufficient number of company employees belonging to the structures involved in the internal auditing and risk management system.

12 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On 27 June 2012, the Board of Directors approved the "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties" pursuant to Article 2391-bis of the Italian Civil Code, of Consob Regulation no. 17221/2010 and of Title V, Chapter 5 of the New prudential supervisory provisions for banks set forth in Circular Letter no. 263 of the Bank of Italy. The said Regulation is available on the Company website www.bancafinnat.it, in Investor Relations / Corporate Governance.

The Company adopted a specific software for the assessment of the Related Parties and for the management of Related Party Transactions.

13 APPOINTMENT OF AUDITORS

In accordance with the Articles of Association, the Shareholders' Meeting elects the Board of Statutory Auditors, comprising three Permanent Auditors and two Alternate Auditors.

The entire Board of Statutory Auditors is appointed on the basis of lists presented by the Shareholders, wherein candidates must be listed and progressively numbered with regards to candidates to the office of Permanent Auditor, and assigned progressive letters with regards to Alternate Auditors. Lists must be presented to the Company at least fifteen days prior to the date established for the first calling of the Meeting. The lists must be made available to the public at the registered offices and published on the Company's website without delay and, in any case at least ten days prior to the date established for the first calling of the Meeting. This is without prejudice to the terms that are fundamentally envisaged by applicable legislation.

Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control parties in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present, or participate in the presentation of a single list. They may not present or participate in the presentation of more than one list, directly or through a third party or trustee company. They may not vote for different lists directly or through a third party or trustee company. Candidates may only be presented on a single list, at risk of ineligibility. Subscriptions and votes cast in breach of this prohibition will not be assigned to any list.
Only Shareholders who alone or jointly with other shareholders hold a total of 1% of the shares with voting rights in the Company's Ordinary Shareholders' Meetings may present lists. Alternative, lesser measures may be established by fundamental provisions of law or regulations that will be stated, if applicable, in the notice calling the Meeting. In order to prove ownership of the number of shares necessary to present lists, at the same time Shareholders must provide the Company with the specific certificate issued by a broker qualified in accordance with the law. Together with each list, within the terms of its filing with the registered offices, declarations must also be filed and published by which the individual candidates: (i) accept their candidature and certify, under their own liability, that there is no reason for which they should not be elected or are incompatible with the office, and that they meet the requirements of current legislation (including limits to the number of offices that can be held); (ii) supply full information on their personal and professional characteristics; and (iii) supply the further information required by provisions of law and regulations.
Lists presented that do not comply with the above provisions shall be considered as not presented.
Should there be more than one list, the members of the Board of Statutory Auditors are elected as follows:

a) two Permanent auditors and one Alternate auditor are elected from the list that has obtained the greatest number of Shareholder votes, in the progressive order in which they are listed;
b) the Chairman of the Board of Statutory Auditors (the "Minority Auditor") and an Alternate Auditor are elected from the list that has obtained the second greatest number of votes, in the progressive order in which they are listed.

Should equal votes be cast between two or more lists, the candidates of the list whose first candidate for the office of Permanent Auditor is most senior in terms of age, will be elected.
Should it become necessary to replace an Auditor, the Alternate Auditor pertaining to the same list as that to which the Auditor to be replaced originally pertained shall be appointed. Should this not be the case, the subsequent candidate in progressive order on this list will be appointed, or, where the Auditor standing down is the Minority Auditor, the first candidate of the second minority list in terms of number of votes, shall be appointed.
Where it is not possible to replace the Minority Auditor according to the mechanisms above, the Shareholders' Meeting called to re-form the Board in accordance with the law shall allow for the appointment of this Auditor in compliance with the principles of the regulations adopted by Consob with resolution no. 11971/1999.
Where only one list has been presented, the first three candidates shall be appointed Permanent Auditors elected by majority, and the fourth and fifth candidate shall be the Alternate Auditors.
The Board of Statutory Auditors, or at least two Auditors, can call the Shareholders' Meeting by notifying the Chairman of the Board of Directors to this effect.
The Board of Statutory Auditors, or at least one Auditor, may call the meeting of the Board of Directors and/or the Executive Committee, by notifying the Chairman of the Board of Directors to this effect.
With Communication of 30 October 2012, the Bank of Italy informed that the Assessment Measure no. 0910107/12 of 30 October 2012 was issued with regard to the request to amend the articles of association, which include, among other things, the adjustments of some statutory provisions concerning the composition of their company bodies in order to ensure gender balance set forth in Italian Law no. 120 of 12 July 2011 (which introduced the new Articles 147-ter, paragraph 1 and 148, paragraph 1, bis, of the Italian Consolidated Financial Law). These amendments to the Articles of Association will be submitted to the approval of the Shareholders' Extraordinary meeting convened on 24 and 26 April 2013. When approved, the new provisions of the articles of association aimed at ensuring the observance of the regulation on gender balance will apply as from the first renewal of the Board of Directors and of the Board of Statutory Auditors, respectively, subsequent to 12 August 2012 and for three subsequent mandates, reserving to the least represented gender, for the first mandate in application of the regulations, a share of at least one-fifth of the directors and permanent auditors elected and for the subsequent two mandates, at least one-third the directors and permanent auditors elected (rounding up, if necessary, to the higher integer).
It should also be noted that the amendments to the Articles of Association, which will be submitted to the approval of the Shareholders' Extraordinary meeting mentioned above, also include the proposal to fix at 2% - compared to the current 1% - the attendance threshold required for presenting the list of candidates for the appointment of the board of statutory auditors.

14 AUDITORS (ARTICLE 123-BIS, PARAGRAPH 2/D) ITALIAN CONSOLIDATED FINANCIAL LAW)

In accordance with Article 20 of the Articles of Association, the Board of Statutory Auditors consists of three permanent auditors and two alternate auditors appointed by the Ordinary Shareholders' Meeting. All must be auditors registered with the official roll held by the Ministry of Justice.

Auditors remain in office for three years and may stand for re-election. The Shareholders' Meeting that appoints the Auditors and the Chairman of the Board of Statutory Auditors also determines their fees. The Auditors shall be reimbursed all costs sustained by virtue of their office.

During the year, there has been a constant exchange of information between the Board of Statutory Auditors and the Bank's auditing departments.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 26 April 2012 and will remain in office until approval of the financial statements at 31 December 2014.
The members of the Board of Statutory Auditors were appointed from among the only list of candidates presented by the relative majority shareholder, Arturo Nattino. Since no minority list was presented, Alberto De Nigro was elected Chairman of the Board of Statutory Auditors at the proposal of the majority shareholder. The Shareholders' meeting approved the appointment of Board of Statutory Auditors with the favourable vote of 99.99% of the voting share capital (accounting for 73.92% of the share capital).

The Board of Statutory Auditors consists of:

Auditor	Position
Alberto De Nigro	Chairman
Alessandro de' Micheli	Permanent Auditor
Francesco Minnetti	Permanent Auditor
Antonio Staffa	Alternate Auditor
Aldo Sica Amaduzzi	Alternate Auditor

Alberto De Nigro: born in Rome on 1 July 1958, works professionally as a Chartered Accountant in the field of accounting and tax, specifically dealing with extraordinary operations of corporate finance.
Alessandro de' Micheli: born in Florence on 22 October 1948, works professionally as a Chartered Accountant in the field of accounting and tax, specifically dealing with the auditing of accounts and the legal auditing of accounts, worked academically from 1988 to 1999, in particular in the role of 'Subject Matter Expert' at the School of General and Applied Book-keeping at the La Sapienza University of Rome - Department of Economics and Business.
Francesco Minnetti, born in Rome on 24 January 1964, Chartered Accountant and Auditor. Worked academically since 1996, first in the office of University Researcher and since 2003 in the role of Associate Professor of Economics for Financial Brokers at the Cassino University - Department of Economics.

During 2012, the Board of Statutory Auditors met 14 times. Average meeting duration was approximately 3 hours. This year, two meetings have already been held. By specific assessment, the Board of Statutory Auditors assessed the existence of the requirements of independence required by the Governance Code for its members.

The Board also monitored the independence of the Auditing Firm, specifically checking the nature and scope of further tasks performed by such and, in particular, the signing of the IRAP, Unico, CNM, 770 and VAT tax return forms.

15 RELATIONS WITH SHAREHOLDERS

As compared with last year, the Bank has kept investor relations unchanged in order to manage relations with shareholders and the financial community (institutional investors, managers, analysts) in a transparent manner, organising regular meetings.
In the specific Investor Relations section of the Bank's website (www.finnat.it), information of both an accounting and financial nature is available (financial statements, half-yearly reports and quarterly reports, trend of the market value of financial instruments issued by the Bank and traded on regulated markets), in addition to information of interest to most shareholders (e.g.: in relation to the make-up of the company bodies, group set-up, etc.), as well as press releases issued, copy of documents presented during the regular meetings with the financial community, explanations of extraordinary operations and other significant and price-sensitive information.
The website also includes the Calendar of Corporate Events, stating the dates of the Shareholders' Meetings and the meetings of the Board of Directors called to approve the draft statutory financial statements, the consolidated financial statements, the half-yearly report and the interim management reports, in addition to those of a more strictly financial nature.

The Investor Relation Manager of Banca Finnat S.p.A is Mr. Gianfranco Traverso Guicciardi (tel. +39 06/699331 fax: +39 06/69922420 e-mail: g.traverso@finnat.it).

16 SHAREHOLDERS' MEETINGS (ART. 123-BIS, PARAGRAPH 1/C) ITALIAN CONSOLIDATED FINANCIAL LAW)

The Shareholders' Meeting, duly constituted, represents all shareholders. Its resolutions, when taken in compliance with the law, oblige them even if not having attended or in disagreement. The ordinary or extraordinary meeting meets in accordance with the law and the provisions of the Articles of Association.
In accordance with the provisions of the Articles of Association, Shareholders may take part in the Shareholders' Meeting provided that they demonstrate that they are entitled to attend according to current legislation; the company must receive any notices from intermediaries at least two days prior to the Meeting.
All Shareholders may order their representation in Shareholders' Meeting, granting their representative due power of attorney. For all that is not specified herein, the provisions of Article 2372 of the Italian Civil Code and Arts. from 136 to 144 of Italian Legislative Decree no. 58 dated 24 February 1998, shall apply.

The Board of Directors must call the Shareholders' Meeting to approve the financial statements at least once a year, within one hundred and twenty days of year end. Ordinary and extraordinary meetings can be held in either the registered offices or elsewhere, in a place to be specified in the notice of calling, as long as within the territory of the Italian State. For the methods by which the Shareholders' Meetings may be called, their constitution and the validity of the resolutions passed are in accordance with the provisions of law.
The Chairman of the Shareholders' Meeting ensures that the meeting has been regularly called, ascertaining the identity and legitimate presence of those in attendance, governs its proceedings and the results of votes cast. Said results must be noted in the minutes.

The Shareholders' Meeting is chaired by the Chairman, or by the Deputy Chairman of the Board of Directors in his absence, or in the absence of both by the person appointed by the Shareholders present.
The Chairman appoints a secretary, who need not necessarily be a shareholder, and may choose two scrutinisers from amongst those in attendance.
Resolutions are taken in compliance with provisions of law and these Articles of Associations. They are binding for all Shareholders even if not in attendance or in disagreement.

In accordance with Article 8 of the articles of association, all those able to prove their legitimate presence in accordance with the methods established by current legislation may attend the shareholders' meeting. The right to attend and exercise voting rights is certified by a communication to the Company, made through a qualified intermediary in the favour of the party with voting rights, on the basis of the evidence relating to the terms of the accounting date of the seventh trading day prior to the date established for the shareholders' meeting at its first call (record date). Those recorded as holders of shares only subsequent to the above-stated record date shall not have, therefore, the right to attend and vote in the shareholders' meeting.
The notice by the intermediary must reach the Bank no later than on the third trading day prior to the date established for the shareholders' meeting at its first calling. This is without prejudice to the legitimate right to attend the shareholders' meeting and vote should notices reach the Bank beyond said terms, provided it is prior to the start of the meeting.
Shareholders may be represented in the Shareholders' Meeting, providing the representative appointed by the Bank with a written proxy, or a proxy transmitted electronically as provided by applicable regulations. In this case, the electronic notification of the proxy may be carried out using the appropriate section of the Company's Website, according to the procedures indicated in the notice of call.

Shareholders have the right to ask questions about the items on the agenda by e-mailing said queries to ufficiolegale@finnat.it, or by posting them addressed to Banca Finnat S.p.A. - Ufficio Legale - Piazza del Gesù 49, 00186 Rome, attaching the documents proving the legitimate right to vote.

Shareholders who individually or jointly represent at least one fortieth of the share capital, may ask, within 10 days of the publication of the notice of call, for the supplement of the items on the agenda, specifying the further items proposed in the request. The request must be presented in writing to the registered office, upon demonstration of the relative legitimate presence of the Shareholders' proposing it. Within the above terms and in the same ways, any proponent must also provide the Board of Directors with a report on the items whose discussion is proposed.

All documents about the Shareholders' Meeting are made available in a timely manner on the Bank's Website.

The minutes of the Meeting, when not drawn up by a notary, must be signed by the Chairman and Secretary.
Considering the current dimensions of the attendance by shareholders at the Bank's Shareholders' Meetings, the Board of Directors has not currently held it necessary to adopt meeting regulations.

During the year, no significant changes occurred in the market capitalisation of the Bank's shares or in its shareholders.

17 FURTHER CORPORATE GOVERNANCE PROCEEDINGS

Credits Committee

With a specific resolution taken on 16 February 2004, the Directors considered it appropriate to set up a Credits Committee as a consulting tool during the resolution on whether or not to grant credit lines. Subsequently, during the meeting of 12 November 2010, the Board established to assign the decision-making function to the Credits Committee up to the limits established by the Board.

It comprises, upon appointment by the Board of Directors, eight members of the Bank's Senior Management:

Angelo Nattino	Deputy Chairman of the Board of Directors
Leonardo Buonvino	Deputy Chairman of the Board of Directors
Arturo Nattino	Managing Director
Tommaso Gozzetti	Chairman of the Board of Directors Finnat Investments S.p.A.
Andrea Crovetto	General Manager
Paolo Collettini	Joint General Manager
Giulio Bastia	Assistant General Manager - Credit and Advisory Area
Carlo Pittatore	Sales Manager

Depending on the items up for discussion, other professionals or third parties may be invited to attend the meetings.

Functions of the committee

- To support senior management and the Board of Directors in formulating credit policies in order to ensure the quality and the efficient and effective development of credit activities;
- to propose improvements to make to the credit Regulations, to the procedures and systems supporting the lending activity;
- to examine, for consultation purposes and upon proposal and opinions formally expressed by the competent functions, proposals to assume the credit risk for all types of credit within the risk limit predetermined or set by the Board of Directors and the status shift for the position under its competence;
- to decide, within the limits of its authority, on proposals to assume the credit risk for all types of credit within the risk limit predetermined or set by the Board of Directors and the status shift for the position under its competence;
- to perform periodic checks on credit exposures in terms of performance by type of loan and to decide on overdrafts and impaired loans and relating to the loan positions on the basis of reports prepared by the Credits Organisational Unit;
- to formulate the credit policy contents to be submitted to the Board of Directors.

Function and regularity of meetings

The Credits Committee elects a Chairman from amongst its members.

The Head of the Legal Department serves as Committee Secretary, preparing the meeting minutes.

The minutes, approved at the end of the meeting, are signed by the Chairman and by the Secretary and the related documentation is retained by the Legal Department.

The Committee generally meets once a week and, in any case, each time it may be necessary.

Resolutions - Confidentiality obligations

The Committee passes its resolutions by majority vote of those in attendance, expressed by raising their hands. Any contrary votes or abstentions are mentioned in the minutes.

Committee members shall keep strict confidentiality and refrain from divulging any information whereof they become aware in the performance of their duties and they act with utmost diligence to prevent the external disclosure of confidential information

Limits to decision-making authority

The Credits Committee resolves on the following matters and up to the following amounts:

- 2,500,000.00 euros for first category risks (Class A);
- 3,000,000.00 euros for second category risks (Class B);
- 5,000,000.00 euros for third category risks (Class C);
- 5,000,000.00 for customers' "forward transactions".

These limits were updated by the Board of Directors' resolution of 15 December 2011. The Committee also expresses an opinion with regards to the granting of credit lines for signing and cash and loans in general in relation to financial transactions of all natures and types, even where exceeding the short-term, for cash or other, on the basis of proposals prepared by the competent departments, for proposals under the competence of higher bodies.

Reporting

The Committee shall periodically report to the Board of Directors on the activity it carries out.

* * * * *

These limits, as defined below, can be altered by resolution of the Board of Directors.

All the above, with the obligation to report regularly to the Board of Directors on the activity performed.

Management Committee

The Management Committee is a support body to Senior Management, set up in order to outline, in general terms, investment strategies for products of "Managed Savings" and monitor the relevant results.

The Management Committee currently consists of:

Managing director,
Deputy Chairman (Angelo Nattino),
General Manager,
Financial Services Manager,
Asset Management Department Manager,
Institutional Investor Department Manager,
Studies, research and investor relations Manager,
Major Customer Office Manager.

The Committee is chaired by the Managing Director or, in his absence by the General Manager.

The Managing Director can appoint up to four other members of the Committee, chosen from the Bank Directors.

The Committee is entrusted with the following tasks:
a) assessing the general macroeconomic setting and the foreseeable market outlook;
b) defining the general management strategic guidelines and the approach to related risks in addition to, where held appropriate, guidelines and/or limits to asset allocation. The Departments must comply with these, without prejudice to the compliance with contractual or regulatory provisions in relation to the services accepted;
c) examining and analysing the regular summary results in relation to the "Managed Savings" product trends prepared during each meeting of the different competent corporate departments.

Treasury Committee
The Treasury Committee supports the Senior Management.

The Treasury Committee currently consists of:

Managing Director,
Deputy Chairman (Angelo Nattino),
General Manager,
Financial Services Manager,
Asset Management Department Manager,
Institutional Investor Department Manager,
Studies, research and investor relations Manager,
Major Customer Office Manager.

Duties:
To assess the Bank's liquidity needs and to draw up strategic treasury lines.
Committee meetings are coordinated by the Treasury Manager.

Risk Committee
The Managing Director proposed to institute a new Committee, i.e. the Risk Committee, which will support

the Senior Management and the Board of Directors in the formulation of the Bank's risk identification, measurement, management and monitoring policies, highlighting their specific characteristics:
The committee currently consists of:

Managing Director (Chairman);
General Manager
Joint General Manager
Deputy General Managers;
Head of Internal Audit;
Head of Risk Control;
Head of Anti-Money Laundering;
Head of Compliance;
Head of Operations.

Duties:

- to analyse the bank's level of risk exposure with on a quarterly basis, with the support of the units tasked with risk management and control, providing its assessments and considerations with respect to Senior Management;
- to analyse and propose upgrades to the internal control system tasked with managing the bank's risks;
- periodically report to the Board of Directors on the analyses performed and the conclusions reached.

18 CHANGES SINCE THE YEAR END OF REFERENCE

On 14 February 2013, the Director, Paolo di Benedetto, resigned from the Board of Directors. Therefore, the Board of Directors on 15 March 2013 adopted the measures set forth in Article 2386 of the Italian Civil Code by appointing Giulia Nattino as non-executive non-independent Director who will remain in office until the next Shareholders' Meeting.

TABLE 1 - INFORMATION ON SHAREHOLDERS

SHARE CAPITAL STRUCTURE

	No. of shares	% of share capital	Listed (specify the markets)/ unlisted	Rights and obligations
Ordinary shares	362,880,000	100%	STAR	NA
Shares with limited voting right	NA	NA	NA	NA
Shares without voting right	NA	NA	NA	NA

OTHER FINANCIAL INSTRUMENTS (assignors of the right to subscribe newly-issued shares)

	Listed (specify the markets)/ unlisted	No. of instruments in issue	Category of shares under conversion/ exercise	No. of shares under conversion/ exercise
Convertible bonds	NA	NA	NA	NA
Warrant	NA	NA	NA	NA

MAJOR EQUITY INVESTMENTS

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Finnat Fiduciaria**	Finnat Fiduciaria	73%	NA
Finnat Fiduciaria	Arturo Nattino	21.7%	NA
Finnat Fiduciaria	Nattino Andrea	10.85%	NA
Finnat Fiduciaria	Giulia Nattino	12.00%	NA
Finnat Fiduciaria	Paola Nattino	12.00%	NA
Finnat Fiduciaria	Giampietro Nattino	3.24%	NA
Finnat Fiduciaria	Angelo Nattino	4.65%	NA
GL Investimenti Srl	GL Investimenti Srl	2.013%	NA

* Based on the communications pursuant Article 120 of the Italian Consolidated Financial Law on 31 December 2012.

** fiduciary administration.

TABLE 2: COMPOSITIONS OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors										
Position	Members	In office since	In office until	List (M/m) *	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	(%) **	Number of other offices ***
Chairman	Nattino Giampietro	26.04.12	App. FS 2014	NA		X			100	7
Deputy Chairman	Nattino Angelo	26.04.12	App. FS 2014	NA	X				75	2
Deputy Chairman	Buonvino Leonardo	26.04.12	App. FS 2014	NA	X				100	2
Man. Director	Nattino Arturo	26.04.12	App. FS 2014	NA	X				100	7
Director	Boffa Ermanno	26.04.12	App. FS 2014	NA		X	X	X	100	2
Director	Carlevaris Carlo	26.04.12	App. FS 2014	NA		X			100	6
Director	Caltagirone Francesco	26.04.12	App. FS 2014	NA		X			42	7
Director	Cusmai Roberto	26.04.12	App. FS 2014	NA		X	X	X	58	3
Director	Rattazzi Lupo	26.04.12	App. FS 2014	NA		X			92	3
Director	Tofanelli Marco	26.04.12	App. FS 2014	NA		X	X	X	92	1
DIRECTORS WHO LEFT OFFICE DURING THE REFERENCE YEAR										
Director	Di Benedetto Paolo	26.04.12	14.02.13	NA		X	X	X	67	3
Indicate the quorum necessary to present lists during the last appointment: 2.5%										
No. of meetings held during the reference year:					BoD: 12	ICC: 6	RC: 2	AC: -	EC: NA	IDC: 1

Notes:

* This column states M or m depending on whether the member was elected from the majority (M) or minority (m) voted list.

** This column shows the percentage of participation of directors in BoD and Committee meetings, respectively (no. of meetings attended.no. of meetings held during the individual's term of office).

*** This column shows the number of offices as director or auditor held by the individual in other companies listed on regulated markets in Italy and abroad, in financial, banking, insurance or significant size companies. Attach to the Report a list of such companies with reference to each director, specifying whether or not the company in which the office is held belongs to the group headed by the Issuer or of which the Issuer is part.

**** An "X" marked in this column indicates that the BoD member serves on the committee.

	Internal Auditing Committee		Remunerations Committee		Appointments Committee, if any		Executive Committee, if any		Independent, Directors Committee	
	****	**	****	**	****	**	****	**	****	**
							NA	NA		
							NA	NA		
							NA	NA		
					X		NA	NA		
	X		X		X		NA	NA	X	
							NA	NA		
							NA	NA		
	X		X				NA	NA	X	
							NA	NA		
	X		X		X		NA	NA	X	
	X		X							

TABLE 3: COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Position	**Members**	**In office since**	**In office until**	**List (M/m)** *	**Independ. as per the code**	**(%)** **	**Number of other offices** ***
Chairman	De Nigro Alberto	26.04.12	App. FS 2014	NA	X	100	8
Permanent Auditor	De' Micheli Alessandro	26.04.12	App. FS 2014	NA	X	100	3
Permanent Auditor	Minnetti Francesco	26.04.12	App. FS 2014	NA	X	100	8
Alternate Auditor	Staffa Antonio	26.04.12	App. FS 2014	NA	X	–	19
Alternate Auditor	Sica Amaduzzi Aldo	26.04.12	App. FS 2014	NA	X	–	2
AUDITORS WHO LEFT OFFICE DURING THE REFERENCE YEAR							
	Name Surname	NA	NA	NA	NA	NA	
Indicare il quorum richiesto per la presentazione delle liste in occasione dell'ultima nomina: 1%							
Number of meetings held during the reference year: 14							

Notes:

* This column states M or m depending on whether the member was elected from the majority (M) or minority (m) voted list.

** This column shows the percentage of participation of statutory auditors in Board of Stat. Aud. Meetings (no. of meetings attended.no. of meetings held during the individual's term of office).

*** This column shows the number of offices as director or statutory auditor held by the individual pursuant to Article 148 bis of the TUF. In accordance with Article 144-quinquiesdecies of the Consob Issuers' Regulation, the complete list of offices is attached to the report on supervisory activities drawn up by the statutory auditors in compliance with Article 153, paragraph 1 of the TUF.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
OF BANCA FINNAT GROUP

DIRECTORS' REPORT ON GROUP OPERATIONS

Dear Shareholders,

The consolidated financial statements of Banca Finnat Group for the year ended 31 December 2012 show a net profit of 5,385 thousand euros, up by 2,282 thousand euros (+74%) compared to the previous year (3,103 thousand euros).

The result benefited from the income of 1,004 thousand euros, following the recovery of the deduction for Ires purposes of Irap referring to staff costs, for the 2007/2011 financial years, introduced by Article 2 of Italian Law Decree 201/2011 supplemented by Italian Law Decree 16/2012.

The main items that form the 2012 financial year results are shown below and compared with the corresponding 2011 figures:

- **Earnings margin** of 2012 totals 41,235 thousand euros, compared to 41,674 thousand euros in the corresponding period of the previous financial year. The overall drop of 439 thousand euros may be broken down as follows:

  increases
  - 5,171 thousand euros for Interest margin (11,873 thousand euros at 31 December 2012 compared to 6,702 thousand euros in the corresponding period of the previous year);
  - 308 thousand euros for dividends and similar income (2,968 thousand euros at 31 December 2012, compared to 2,660 thousand euros in the corresponding period of the previous year);

  decreases
  - 4,138 thousand euros for Net commissions (25,072 thousand euros at 31 December 2012, compared to 29,210 thousand euros in the corresponding period of the previous year);
  - 1,209 thousand euros for Net income from trading activities (showing as at 31 December 2012 a negative balance of 340 thousand euros compared to a positive balance of 869 thousand euros of the 2011 financial year);
  - 473 thousand euros for Losses from the disposal of receivables.
  - 98 thousand euros for Profit from the sale of available-for-sale securities (2,135 thousand euros in 2012, compared to 2,233 thousand euros in the corresponding period of the previous year).

- **Value adjustments for impairment** show, at 31 December 2012, a balance of 1,016 thousand euros compared to 1,653 thousand euros in the corresponding period of the previous year. The item, in addition to adjustments on loans carried out during the financial year of 1,641 thousand euros, includes the write-back of 625 thousand euros related to the cancellation of the partial write-down carried out last year of the credit position of the Bank towards MF Global UK Ltd, sold in the third quarter of 2012.

- **Administrative expenses** amount to 31,617 thousand euros at 31 December 2012, compared to 31,276 thousand euros in the corresponding period of the previous year, up by 341 thousand euros overall.
  Staff costs, which total 21,644 thousand euros, are up by 1,145 thousand euros, compared to 31 December 2011 (20,499 thousand euros). These costs include the sum of 390 thousand euros, relating to the measurement of the stock options assigned by the Bank to the Group's Management.
  Other administrative expenses increased by 378 thousand euros compared to the previous financial year. Net of recoveries from customers of some expenses allocated in item 220. Other operating income/expenses - of 1,249 thousand euros in 2012 and of 526 thousand euros in 2011- whereas other administrative expenses decreased by 345 thousand euros.

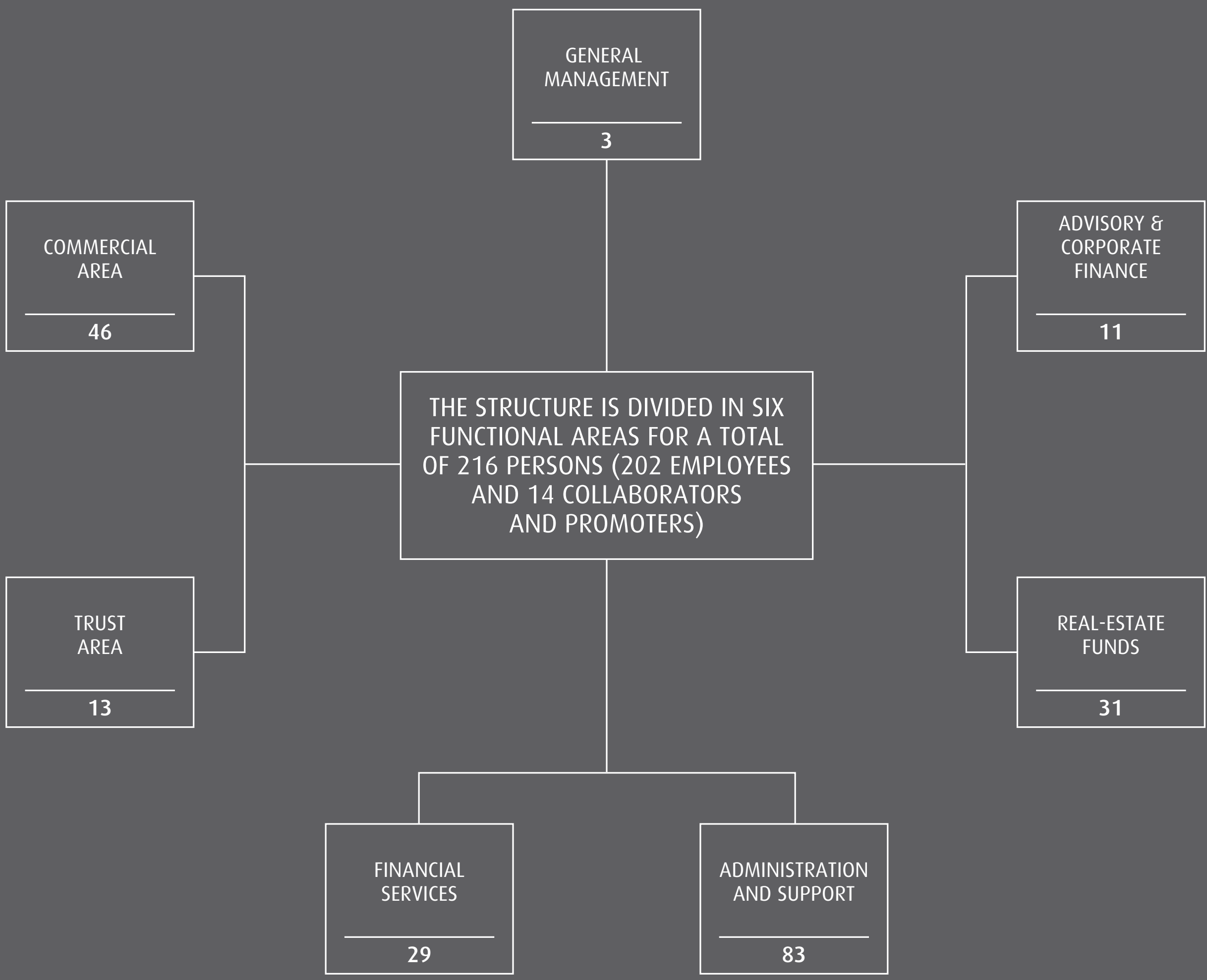
- **Income taxes** at 31 December 2012 amount to 2,441 thousand euros compared to 3,937 thousand euros in the corresponding period of the previous year. The provision for the period benefited from the Ires recovery related to Irap referring to staff costs, as shown above.

The profit of 2012 does not include the changes to the "Valuation reserve" and therefore the global profit for the year, which also takes into account said changes, is shown in the Statement of comprehensive income.

* * *

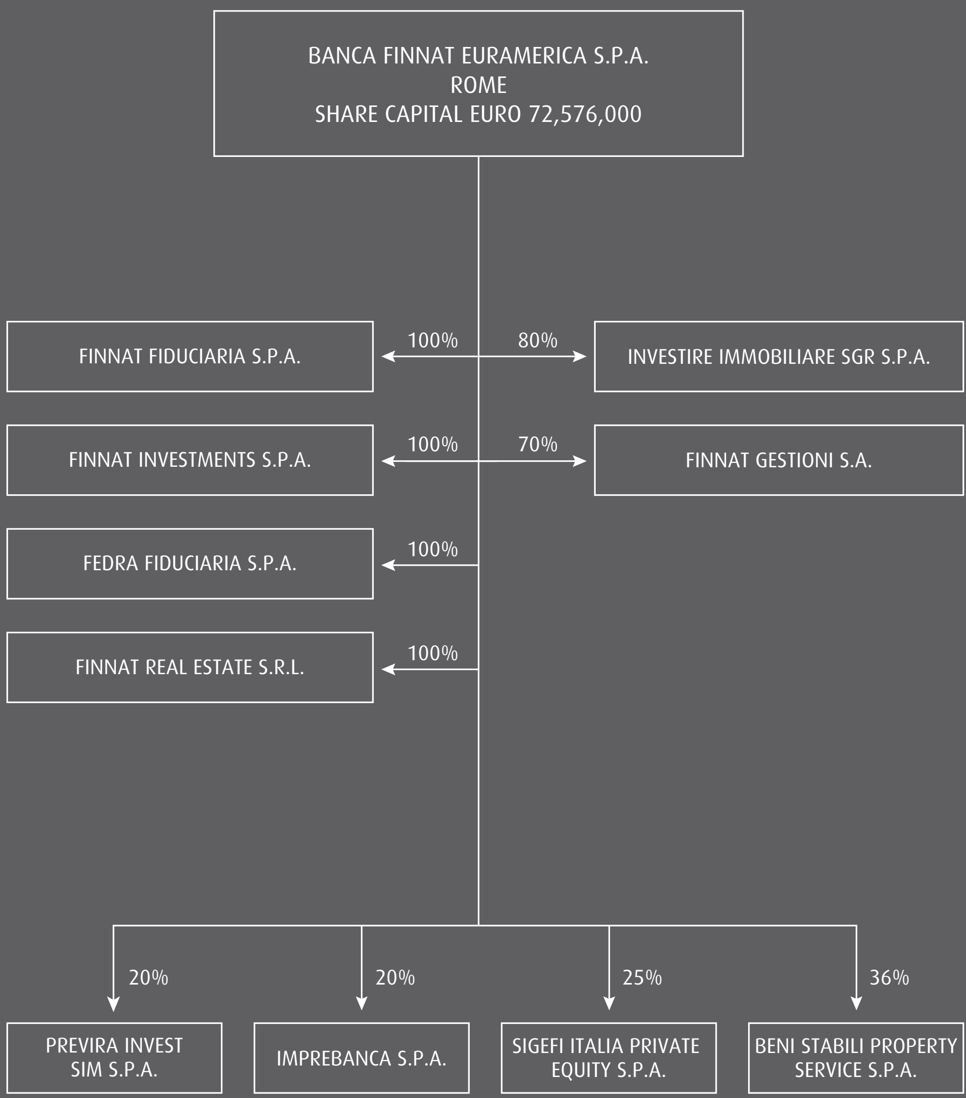
THE STRUCTURE OF BANCA FINNAT EURAMERICA AND OF GROUP COMPANIES

From an organisational point of view, the activities carried out by the Bank and the Group subsidiaries can be represented as follows:



The total number of personnel in the Group decreased from 219 at 31 December 2011 to 216 at 31 December 2012 as shown in detail below:

	31.12.2012	31.12.2011
staff	**202**	**204**
executives	27	27
managers	79	82
clerical workers	96	95
contractors	**11**	**12**
promoters	**3**	**3**
Total	**216**	**219**



Compared to 31 December 2011, the changes in the structure are set below:

- the Beni Stabili Property Service S.p.A. associated company joined the Group following the purchase, by the Bank, of 36% of the capital;
- the Beni Stabili Property Service S.p.A. associated company joined the Group following the purchase, by the Bank, of 36% of the capital;

TOTAL GROUP ASSETS

Assets at 31 December 2012 - represented by asset management accounts, management proxies from third parties, assets under administration, trust assets under administration, portfolios invested in real estate funds and SICAVs of which the Parent Company is the "Promoter" - amounted to a total of 7,832 million euros, 1,032 million euros less (-12%) than the figure at 31 December 2011 (8,864 million euros). The decrease in the financial year is primarily due to the loss of institutional clients and to the shrinking market prices of certain securities.

Trends

(in thousand of euros)

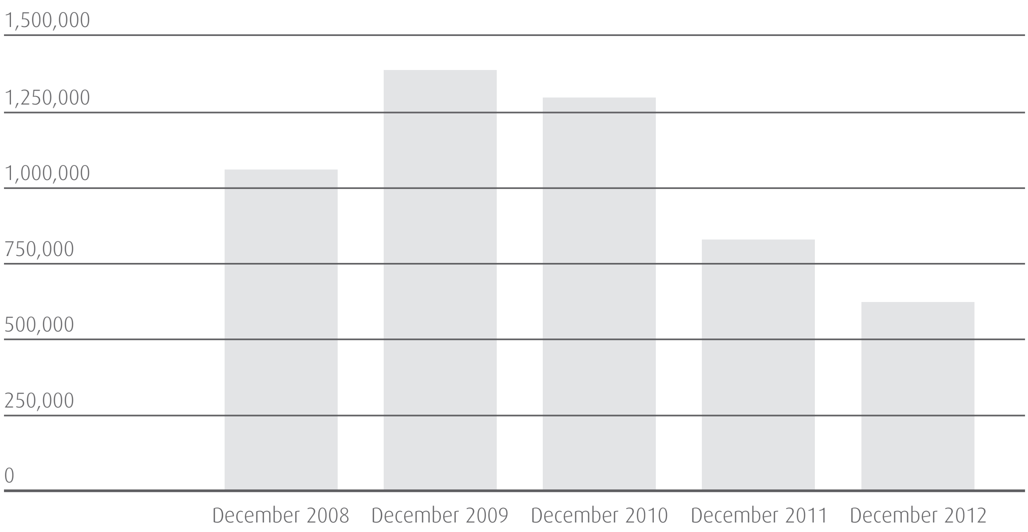
	December 2008	December 2009	December 2010	December 2011	December 2012
Assets under management (Asset management accounts and management proxies received from third parties) (*)	1,062,299	1,390,653	1,300,244	830,271	624,274
Assets under administration	3,630,761	3,650,815	3,306,280	3,600,143	2,980,294
Trusteeships	1,226,038	1,407,448	1,511,954	1,466,914	1,463,583
Real Estate Funds	2,062,432	2,102,283	2,303,810	2,345,652	2,163,520
	7,981,530	**8,551,199**	**8,422,288**	**8,242,980**	**7,231,671**
New Millennium and Rinascimento (Sicav) (**)	555,125	843,010	1,082,343	621,363	599,984
Total	**8,536,655**	**9,394,209**	**9,504,631**	**8,864,343**	**7,831,655**

(*) The amount shown as at 31 December 2012, as at 31 December 2011, 2010 and 2009 includes 80,079 thousand euros, 44,694 thousand euros, 31,676 thousand euros and 15,541 thousand euros, respectively, referring to Finnat Gestioni S.A.

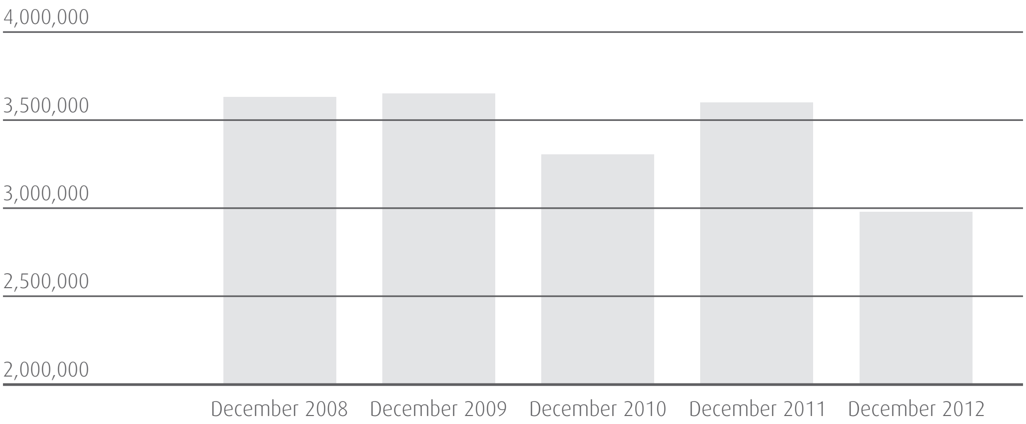
(**) Luxembourg-based Sicav fund the "Promoter" of which is Banca Finnat Euramerica.

The following charts show trends in the assets of the Group by type:

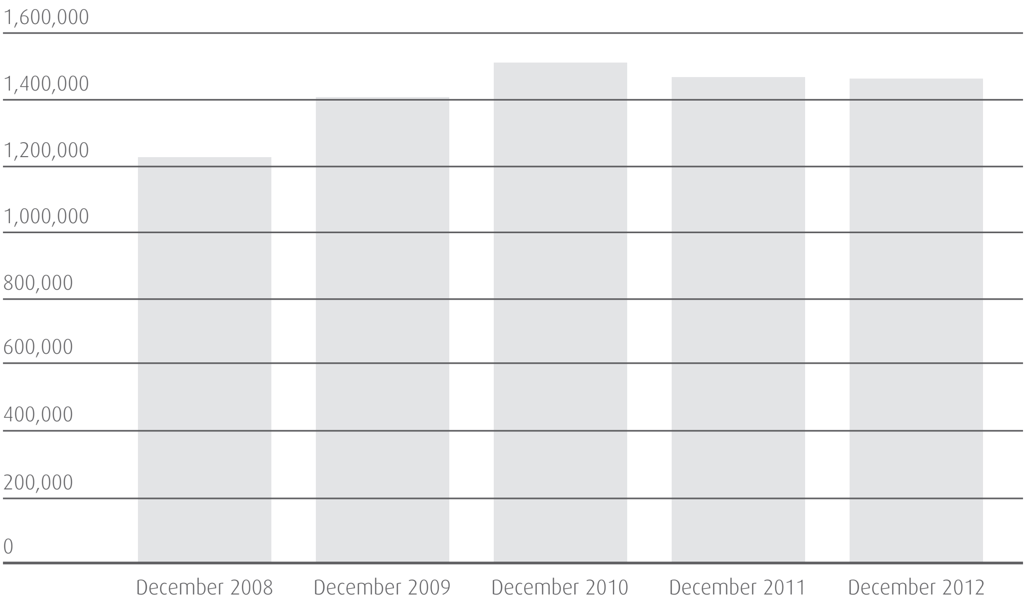
Assets under management (Accounts and management proxies received from third parties)



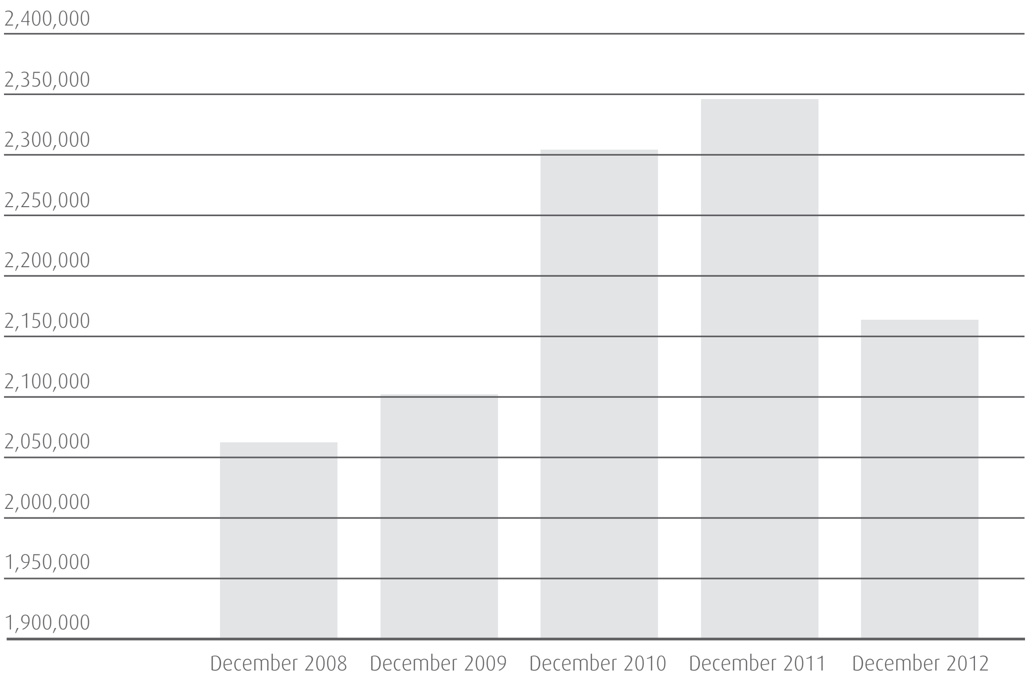
Assets under administration



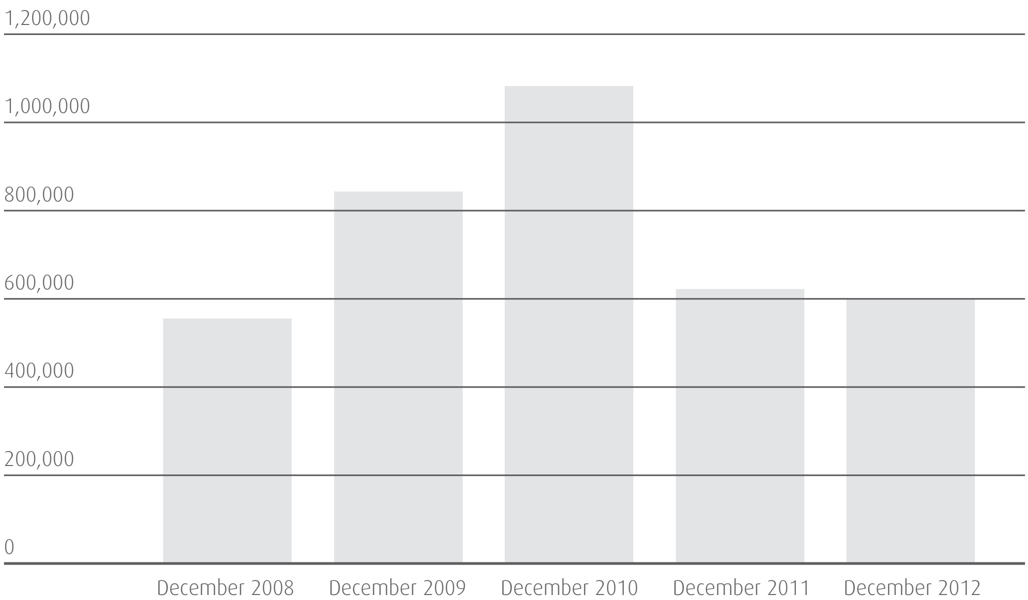
Trusteeships



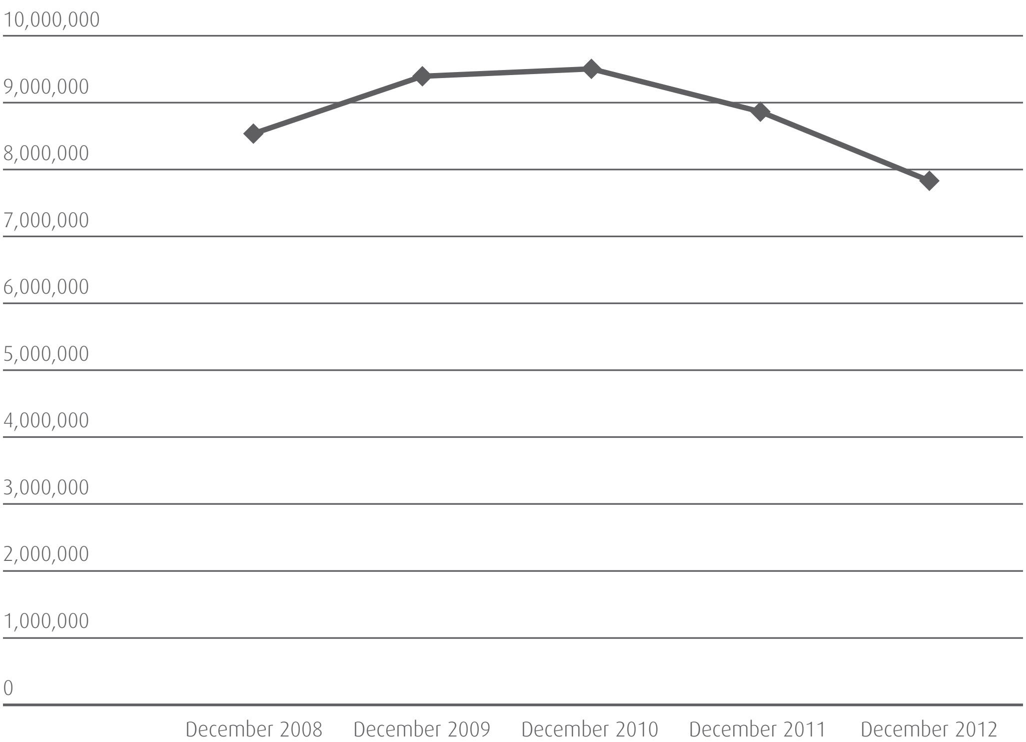
Real Estate Funds



New Millennium and Rinascimento (Sicav)



Total Group assets



GROUP OPERATIONS

For comments on the performance of part-owned company operations, readers are invited to refer to the report on operations in the financial statements of Banca Finnat Euramerica S.p.A., which is included in this report.

Pursuant to Consob communication no. 98084143 of 27 October 1998, it should be noted that the Group principally operates in Italy and in any event does not have operations in locations that are considered to be risk areas.

Transactions regarding securities and equity investments are illustrated and examined in detail in the Notes to the Financial Statements.

COMPARISON OF KEY BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE 2012 AND 2011 FINANCIAL YEARS

The main 2012 financial statement items and comparative items at 31 December 2011 are summarised below.

The tables reflect the minimum mandatory layout provided for in Circular Letter 262/2005 issued by the Bank of Italy.

CONSOLIDATED BALANCE SHEET

(in thousand of euros)

	31.12.2012	31.12.2011	Absolute change
ATTIVO			
Cash and cash equivalents	1,698	428	1,270
Financial assets held for trading	148,120	90,679	57,441
Available-for-sale financial assets	358,815	57,068	301,747
Financial assets held to maturity	2,615	3,366	(751)
Due from banks	78,826	95,136	(16,310)
Due from customers	260,163	255,803	4,360
Equity investments	10,642	9,188	1,454
Tangible assets	5,748	6,089	(341)
Intangible assets	4,252	3,236	1,016
Tax assets	6,651	4,537	2,114
Other assets	25,538	54,850	(29,312)
TOTAL ASSETS	**903,068**	**580,380**	**322,688**
LIABILITIES AND NET EQUITY			
Due to banks	94,797	40,886	53,911
Due to customers	547,399	276,926	270,473
Outstanding securities	64,172	35,060	29,112
Financial liabilities held for trading	449	675	(226)
Tax liabilities	4,103	4,003	100
Other liabilities	10,369	47,380	(37,011)
Staff severance fund	3,685	3,283	402
Minority interest	3,566	3,763	(197)
Group net equity	174,528	168,404	6,124
TOTAL LIABILITIES AND NET EQUITY	**903,068**	**580,380**	**322,688**

CONSOLIDATED INCOME STATEMENT

(in thousand of euros)

	FY 2012	FY 2011	Absolute change	Percent change
Interest margin	**11,873**	**6,702**	**5,171**	**77%**
Net Commissions	**25,072**	**29,210**	**(4,138)**	**-14%**
Dividends and similar income	2,968	2,660	308	
Net income from trading activities	(340)	869	(1,209)	
Net profit (loss) from the transfer or the repurchase of:				
- receivables	(473)	–	(473)	
- available-for-sale financial assets	2,135	2,233	(98)	
Earnings margin	**41,235**	**41,674**	**(439)**	**-1%**
Value adjustments for impairment	(1,016)	(1,653)	637	
Net income from financial operations	**40,219**	**40,021**	**198**	
Staff costs	(21,644)	(20,499)	(1,145)	
Other administrative expenses	(10,998)	(10,620)	(378)	
Value adjustments on tangible and intangible assets	(615)	(731)	116	
Other operating income/expenses	1,640	574	1,066	
Operating costs	**(31,617)**	**(31,276)**	**(341)**	**1%**
Profit (loss) from equity investments	**56**	**(623)**	**679**	
Pre-tax income (loss) from current operations	**8,658**	**8,122**	**536**	**7%**
Income tax on current operations	(2,441)	(3,937)	1,496	
Income (loss) from current operations after tax	**6,217**	**4,185**	**2,032**	**49%**
Profit (loss) of minority interests	(832)	(1,082)	250	
Net profit (loss) for the year pertaining to the Parent Company	**5,385**	**3,103**	**2,282**	**74%**

Following are a series of Group operating ratios at 31 December 2012 compared with the operating ratios of the previous year.

	FY 2012	FY 2011
Interest margin/earnings margin	28.79	16.08
Net commissions/earnings margin	60.80	70.09
Cost/income ratio (operating costs/earnings margin)	76.68	75.05
ROE (profit (loss) for the year/net equity)	3.09	1.84
ROA (profit (loss) for the year/total assets)	0.60	0.53

Based on the analysis of the above ratios:

- the interest margin/earnings margin ratio increased as a result of the increase in interest margin by 77% compared to the previous financial year;
- the net commissions/earnings margin ratio dropped as a result of the higher decrease in net commissions to the earnings margin;
- the cost/income ratio increased both due to the combined effect of increased operating costs and diminished earnings margin;
- the return on equity (ROE) (profit (loss) for the year/net equity) increased due to the increased profit;

- the return on assets (ROA) (profit (loss) for the year/total assets) increased due to the higher increase in profit compared to total assets.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL PERIOD

In the period spanning the end of the 2012 financial year and the date on which these consolidated financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Group emerged.
However, it should nevertheless be reported that on 14 February 2013, the Director of the Bank, Paolo di Benedetto, resigned. The Board of Directors, during the meeting held on 15 March 2013, co-opted Giulia Nattino as non-executive and non-independent Director.

RELATED PARTY AND INTRA-GROUP TRANSACTIONS

As regards transactions with related parties, the Bank had normal financial relations with Prévira Invest Sim S.p.A. and Imprebanca S.p.A., as well as all the group companies included in the scope of consolidation. All transactions were carried out at arm’s length.

Pursuant to Consob Communications Nos. 97001574 of 20 February 1997 and 98015375 of 27 February 1998, it should be highlighted that:
- appropriate and accurate information was provided on the nature of intra-group transactions in the notes to the financial statements;
- information on the nature of significant transactions – which are nevertheless part of group company operations – with related parties was provided in the notes to the financial statements.

The Group has adopted procedures to monitor transactions with related parties, with the objective of defining competences and responsibilities and specifying the rules that govern the approval and execution of said transactions. For additional details, please refer to what is explained in the Corporate Governance Report attached hereto.

In the 2012 financial year, the Bank did not carry out any transaction with related parties or subjects other than related parties considered to be of an “atypical or unusual” nature, and which, due to their magnitude/relevance might have cast doubts on the safeguarding of the Bank’s assets and the protection of minority shareholders’ rights.

All information on transactions with related parties required under IAS 24 are shown in part H of the Notes to the financial statements.

OPTION FOR THE DOMESTIC CONSOLIDATED TAX SYSTEM

Since 2004, the Bank and its Italian-based subsidiaries have decided to join the "domestic consolidated tax system", pursuant to articles 117/129 of the TUIR (Consolidated Income Tax Act). The option was renewed in 2010 also for the 2010/2011/2012 period.

By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' incomes/losses) and, consequently, a single income tax debt/credit determined.

MARKET DISCLOSURE INFORMATION

Regarding market disclosure the Group declares that:

- with reference to the request made by the Bank of Italy, in its Communication of 17 June 2008, its exposure to financial products perceived by the market as risky comprises the investment in "FIP Funding Class A2-2023" bonds, recorded in the financial statements of the Parent Company as trading shares, totalling 2,516 thousand euros (with a nominal value of 3.3 million euros). This investment (CMBS Commercial Mortgage-Backed Securities) is the result of the securitisation of the loan to Fondo Immobili Pubblici (managed, as mentioned above, by the subsidiary Investire Immobiliare SGR S.p.A.) and is guaranteed by a special lien on the real estate owned by the Fund, which is almost exclusively leased out to Government entities; consequently, it is an investment that is not exposed to the risk of insolvency.
  At 31 December 2012, the Bank and Group companies – with the exception of the above mentioned investment – were not exposed to and/or did not hold an interest, either directly or through vehicle companies or other non-consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as: - SPEs (Special Purpose Entities) - CDOs (Collateralised Debt Obligations) – Other subprime exposures and Alt-A – CMBSs (Commercial Mortgage-Backed Securities) – Leveraged Finance;
- the Board of Directors of Banca Finnat Euramerica S.p.A., pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to comply with the simplification system set forth in Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulations adopted by Consob with resolution no. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, of listed companies, to depart from the obligation to submit the information documents required by Annexe 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increase by non-cash contributions, acquisitions and sales;
- with reference to the requests made jointly by the Bank of Italy, Consob and Isvap in their Document no. 2 dated 6 February 2009 and subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made of audit considerations in respect of going concern assumptions, please refer to the commentary provided in Part A, Section 2 – General financial reporting principles and Part E – Risk Information and Related Hedging Policies of the Notes to the Financial Statements.

CAPITAL ADEQUACY, PRUDENTIAL RATIOS AND RISK MANAGEMENT DISCLOSURE

Information about the Group's capital adequacy and risk management are illustrated at length in the Notes to the financial statements, respectively in Part F – Information on Consolidated Net Equity and in Part E – Risk Information and Related Hedging Policies.

CONSOLIDATED REGULATORY CAPITAL

The consolidated regulatory capital of Banca Finnat Euramerica S.p.A. Group amounted to 144,653 thousand euros (133,682 thousand euros at 31 December 2011), consisting entirely of Tier 1 assets. The Bank and other Group companies, in fact, have not issued subordinate liabilities of any kind, nor have they made use of hybrid capital instruments.

The Tier 1 Ratio and the Total capital ratio of the Group at 31 December 2012 both amount to 34.1% (31.8% at 31 December 2011), compared to the minimum ratio of 8% required by the applicable regulations for banks that are part of a banking group.

STRATEGY FOR 2013 AND OPERATING OUTLOOK

The prudent management of the Group already deriving from previous financial years allows to foresee for the current year the realisation of a pre-tax profit in line with that for the 2012 financial year, despite the worsening economic crisis and the increasing uncertainty on future prospects.
The Investire Immobiliare SGR S.p.A. subsidiary, as a result of the difficult economic conditions, estimates a reduction in commission income – due to a forecast of lower commissions from sales relating to the FIP Fund – faced up, however, by a reduction in operating costs. The combined effect of these two factors allows for maintaining the current level of profit.
The trusteeships, also as a result of the reorganisation that they underwent in previous financial years, estimate an increase in profits for the current financial year.

RESEARCH & DEVELOPMENT

For research and development activities, readers should refer to the comments contained in the report on operations attached to the separate financial statements of the parent company.

CONSOLIDATED NET EQUITY OF THE GROUP

The Group's net equity at 31 December 2012, including the profit for the period, totalled 174,528 thousand euros and changed as follows:

Trend in Group net equity

(in thousand of euros)

Net equity as at 31 December 2011	**168,404**
Dividend distribution	(3,629)
Change in valuation reserves	4,751
Changes in other reserves	33
Changes in reserves from stock options	390
Changes for purchase of own shares	(806)
Profit (loss) in the period	5,385
Net equity as at 31 December 2012	**174,528**

Reconciliation between the Parent Company's and the Group's net equity and results

(in thousand of euros)

	Net equity	of which: Profit (loss) of the period
Balance as per the Parent Company's financial statements as at 31 December 2012	**204,593**	**8,206**
Results of subsidiaries as per the statutory financial statements:		
- fully consolidated companies	3,341	3,341
- valued by equity method	(919)	56
Amortisation of positive differences:		
- current year	–	–
- previous years	(997)	
Surplus over the book value related to:		
- fully consolidated companies	6,234	
Elimination of dividends	–	(6,208)
Other consolidation adjustments:	(37,724)	(10)
Balance resulting from the consolidated financial statements of the Group as at 31 December 2012	**174,528**	**5,385**

Information on stock option plans

The Shareholders' Meeting of Banca Finnat Euramerica S.p.A. held on 29 April 2011 approved a stock option plan in favour of the Management of the Bank and its subsidiaries, for a reference period of 2011/2016, and vested the BoD with all the powers necessary or suited to managing and implementing the plan. To service the plan, the Shareholders' Meeting also approved the proposal for a paid capital increase, by issuing no more than 27 million new ordinary shares totalling 5,400,000 euros (plus the share premium).

The Plan targets the positions that play a key role in achieving the Group's management results and is aimed at ensuring that they focus their commitments on the achievement of the strategic objectives and share in the company's results.

The stock option plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, with the right of early exercise, which right is conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

On 12 May 2011, the BoD of the Bank approved the Stock Option Plan Regulation and implemented the Plan itself, identifying the beneficiaries and assigning the 27 million options. At the same meeting, the Board fixed the unit price for exercising the options at 0.4702 euro, equal to the mean value of the reference prices of the shares, as measured from the date of assignment to the same day of previous calendar month.

For an itemised description of the terms and conditions of the stock option plan, reference should be made to the information document prepared pursuant to article 114-bis of the Italian Consolidated Financial Law and article 84-bis of the Consob Regulation No. 11971/1999, which can be consulted online at www.bancafinnat.it.

During the financial year under review, the measurement of the assignment rights were updated as a result of the termination of the employer-employee relationship of two Executives of the Bank assignees of 3 million options. Therefore, 24 million options are still exercisable at 31 December 2012.

Own shares

At 31 December 2012, the Bank holds 20,453,500 own shares, representing 5.6% of the share capital with a total value of 10,940 thousand euros. At the end of the past year, the Bank held 17,415,298 own shares with a value of 10,134 thousand euros. During the financial year, the Bank purchased 3,042,881 shares with a total value of 808 thousand euros, and sold 4,679 shares with a total value of 1 thousand euros.

Rome, 15 March 2013

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

(in thousand of euros)

	Asset items	31.12.2012	31.12.2011
10.	Cash and cash equivalents	1,698	428
20.	Financial assets held for trading	148,120	90,679
40.	Available-for-sale financial assets	358,815	57,068
50.	Financial assets held to maturity	2,615	3,366
60.	Due from banks	78,826	95,136
70.	Due from customers	260,163	255,803
100.	Equity investments	10,642	9,188
120.	Tangible assets	5,748	6,089
130.	Intangible assets	4,252	3,236
	of which:		
	- goodwill	300	300
140.	Tax assets	6,651	4,537
	a) current	2,888	671
	b) advance	3,763	3,866
160.	Other assets	25,538	54,850
	Total assets	**903,068**	**580,380**

	Liabilities and net equity	31.12.2012	31.12.2011
10.	Due to banks	94,797	40,886
20.	Due to customers	547,399	276,926
30.	Outstanding securities	64,172	35,060
40.	Financial liabilities held for trading	449	675
80.	Tax liabilities	4,103	4,003
	a) current	421	876
	b) deferred	3,682	3,127
100.	Other liabilities	10,369	47,380
110.	Staff severance fund	3,685	3,283
140.	Valuation reserves	12,995	8,244
170.	Reserves	94,512	94,615
190.	Capital	72,576	72,576
200.	Own shares (-)	(10,940)	(10,134)
210.	Net equity of minority interests	3,566	3,763
220.	Net Profit (Loss) for the year (+/-)	5,385	3,103
	Total liabilities and net equity	**903,068**	**580,380**

INCOME STATEMENT OF BANCA FINNAT GROUP AS AT 31 DECEMBER 2012

(in thousand of euros)

	Items	FY 2012	FY 2011
10.	Interest income and similar income	16,274	9,933
20.	Interest expense and similar expense	(4,401)	(3,231)
30.	**Interest margin**	**11,873**	**6,702**
40.	Commission income	27,062	31,478
50.	Commission expense	(1,990)	(2,268)
60.	**Net Commissions**	**25,072**	**29,210**
70.	Dividends and similar income	2,968	2,660
80.	Net income from trading activities	(340)	869
100.	Net profit (loss) from the transfer or the repurchase of:		
	a) receivables	(473)	
	b) available-for-sale financial assets	2,135	2,233
120.	**Earnings margin**	**41,235**	**41,674**
130.	Net value adjustments/write-backs for impairment of:		
	a) receivables	(1,641)	(1,028)
	d) other financial transactions	625	(625)
140.	**Net income from financial operations**	**40,219**	**40,021**
180.	Administrative expenses:		
	a) staff costs	(21,644)	(20,499)
	b) other administrative expenses	(10,998)	(10,620)
200.	Net value adjustments/write-backs on tangible assets	(455)	(488)
210.	Net value adjustments /write-backs on intangible assets	(160)	(243)
220.	Other operating income/expenses	1,640	574
230.	**Operating costs**	**(31,617)**	**(31,276)**
240.	Profit (loss) from equity investments	56	(623)
280.	**Pre-tax income (loss) from current operations**	**8,658**	**8,122**
290.	Income tax for the year on current operations	(2,441)	(3,937)
300.	**Income (loss) from current operations after tax**	**6,217**	**4,185**
320.	**Net profit (loss) for the year**	**6,217**	**4,185**
330.	Profit (loss) for the year for minority interests	(832)	(1,082)
340.	**Net profit (loss) for the year pertaining to the Parent Company**	**5,385**	**3,103**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF BANCA FINNAT GROUP

(in thousand of euros)

	Items	FY 2012	FY 2011
10.	**Net profit (loss) for the year**	**6,217**	**4,185**
	Other income items after tax		
20.	Available-for-sale financial assets	4,598	-2,600
100.	Share of valuation reserve of equity investments valued by equity method	108	–
110.	**Total other income items after tax**	**4,706**	**-2,600**
120.	**Comprehensive income (Item 10+110)**	**10,923**	**1,585**
130.	Consolidated comprehensive income pertaining to third parties	787	1,065
140.	**Consolidated comprehensive income pertaining to the parent company**	**10,136**	**520**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AS AT 31 DECEMBER 2012

(in thousand of euros)

	Total net equity as of 31.12.2011	Changes in opening balances	Total net equity as of 01.01.2012	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other shares	–		–	–	–
Share Issue premium	**–**		**–**	**–**	**–**
Reserves:	**97,563**	**–**	**97,563**	**556**	**–**
a) profit	82,341		82,341	1,476	
b) other	15,222		15,222	(920)	–
Valuation reserves	**7,977**	**–**	**7,977**		
Capital instruments	**–**		**–**	**–**	**–**
Own shares	**(10,134)**		**(10,134)**	**–**	**–**
Net Profit (Loss) for the year	**4,185**		**4,185**	**(556)**	**(3,629)**
Total net equity	**172,167**	**–**	**172,167**	**–**	**(3,629)**
of which: Group net equity	**168,404**		**168,404**		**(3,629)**
of which: Minority interests	**3,763**		**3,763**		

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AS AT 31 DECEMBER 2011

(in thousand of euros)

	Total net equity as of 31.12.2010	Changes in opening balances	Total net equity as of 01.01.2011	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other shares	–		–	–	–
Share Issue premium	**–**		**–**	**–**	**–**
Reserves:	**97,085**	**–**	**97,085**	**1,948**	**–**
a) profit	83,353		83,353	920	
b) other	13,732		13,732	1,028	–
Valuation reserves	**10,577**	**–**	**10,577**		
Capital instruments	**–**		**–**	**–**	**–**
Own shares	**(9,257)**		**(9,257)**	**–**	**–**
Net Profit (Loss) for the year	**5,577**		**5,577**	**(1,948)**	**(3,629)**
Total net equity	**176,558**	**–**	**176,558**	**–**	**(3,629)**
of which: Group net equity	**171,928**		**171,928**		**(3,629)**
of which: Minority interests	**4,630**		**4,630**		

Changes during the year								Net equity as at 31.12.2012 Total	Net equity as at 31.12.2012 Group	Net equity as at 31.12.2012 Third parties
	Net Equity transactions									
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Compre-hensive income FY 31.12.2012			
–	–	–	–	–	–	–	–	**72,576**	**72,576**	–
–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–
(951)	–	–	–	–	–	**390**	–	**97,558**	**94,512**	**3,046**
(1,007)	–	–		–	–		–	82,810	79,787	3,023
56	–	–	–	–	–	390	–	14,748	14,725	23
–	–	–	–	–	–	–	**4,706**	**12,683**	**12,995**	**(312)**
–	–	–	–	–	–	–	–	–	–	–
–	–	**(806)**	–	–	–	–	–	**(10,940)**	**(10,940)**	
–	–	–	–	–	–	–	**6,217**	**6,217**	**5,385**	**832**
(951)	–	**(806)**	–	–	–	**390**	**10,923**	**178,094**		
33		**(806)**				**390**	**10,136**		**174,528**	
(984)							**787**			**3,566**

Changes during the year								Net equity as at 31.12.2011 Total	Net equity as at 31.12.2011 Group	Net equity as at 31.12.2011 Third parties
	Net Equity transactions									
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Compre-hensive income FY 31.12.2011			
–	–	–	–	–	–	–	–	**72,576**	**72,576**	–
–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–
(1,890)	–	–	–	–	–	**420**	–	**97,563**	**94,615**	**2,948**
(1,932)	–	–		–	–		–	82,341	79,393	2,948
42	–	–	–	–	–	420	–	15,222	15,222	–
–	–	–	–	–	–	–	**(2,600)**	**7,977**	**8,244**	**(267)**
–	–	–	–	–	–	–	–	–	–	–
–	–	**(877)**	–	–	–	–	–	**(10,134)**	**(10,134)**	
–	–	–	–	–	–	–	**4,185**	**4,185**	**3,103**	**1,082**
(1,890)	–	**(877)**	–	–	–	**420**	**1,585**	**172,167**		
42		**(877)**				**420**	**520**		**168,404**	
(1,932)							**1,065**			**3,763**

CONSOLIDATED STATEMENT OF CASH FLOWS (indirect method)

(in thousand of euros)

	Amount	
	31.12.2012	31.12.2011
A. OPERATING ACTIVITIES		
1. Operations	**6,721**	**7,012**
- profit (loss) for the period (+/-)	5,385	3,103
- capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+)	(243)	47
- capital gains/losses on hedging assets (-/+)	–	–
- net value adjustments/write-backs for impairment (+/-)	1,016	1,653
- net value adjustments/write-backs on tangible and intangible fixed assets (+/-)	706	823
- net allocations to the provisions for risks and charges and other costs/revenues (+/-)	1,252	1,034
- net premiums not received (-)	–	–
- other insurance income/expenses not received (-/+)	–	–
- unpaid taxes (+)	2,441	3,937
- net value adjustments/write-backs of groups of assets being disposed after tax (+/-)	–	–
- other adjustments (+/-)	(3,836)	(3,585)
2. Cash generated by/used in financial assets	**(319,547)**	**(71,663)**
- financial assets held for trading	(57,198)	(14,220)
- financial assets carried at fair value	–	–
- available-for-sale financial assets	(301,747)	4,180
- due from banks: on demand	24,547	(47,737)
- due from banks: other receivables	(8,994)	34,470
- due from customers	(6,001)	(16,418)
- other assets	29,846	(31,938)
3. Cash generated by/used in financial liabilities	**315,409**	**67,813**
- due to bank: on demand	494	265
- due to banks: other payables	53,417	5,049
- due to customers	270,473	33,742
- outstanding securities	29,112	(8,692)
- financial liabilities held for trading	(226)	55
- financial liabilities carried at fair value	–	–
- other liabilities	(37,861)	37,394
Cash generated by/used in operating activities	**2,583**	**3,162**

	Amount	
	31.12.2012	31.12.2011
B. INVESTING ACTIVITIES		
1. Cash generated by	**1,643**	**5,528**
- disposals of equity investments	–	–
- dividends received on equity investments	757	5,468
- disposal of financial assets held to maturity	800	–
- disposals of tangible assets	86	51
- disposals of intangible assets	–	9
- disposals of subsidiaries and business units		
2. Cash used in	**(3,694)**	**(2,201)**
- purchases of equity investments	(2,268)	–
- purchases of financial assets held to maturity	(49)	(67)
- purchases of tangible assets	(201)	(363)
- purchases of intangible assets	(1,176)	(1,771)
- purchases of subsidiaries and business units		
Cash generated by/used in investing activities	**(2,051)**	**3,327**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(807)	(882)
- issues/purchases of capital instruments	390	420
- dividend distribution and other purposes	1,155	(6,165)
Cash generated by/used in financing activities	**738**	**(6,627)**
CASH GENERATED/USED DURING THE YEAR	**1,270**	**(138)**

Key:
(+) generated
(-) used

RECONCILIATION	31.12.2012	31.12.2011
ITEMS		
Cash and cash equivalents at the beginning of the period	428	566
Total net cash generated/used during the year	1,270	(138)
Cash and cash equivalents: effect of exchange rate changes		0
Cash and cash equivalents at the end of the year	1,698	428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA GROUP

The sections of the notes to the financial statements applicable to the Group are shown below.

Part A – Accounting policies

A.1 – General information

Section 1 – Statement of compliance with international accounting standards

Section 2 – General financial reporting principles

Section 3 – Scope and methods of consolidation

Section 4 – Subsequent events

Section 5 – Other information

A.2 – Information on the main financial statement items:

Criteria for recording, classifying, measuring, derecognising and recognising the income components of the key financial statement items

A.3 – Information on fair value

Part B – Information on the consolidated balance sheet

ASSETS

Section 1 – Cash and cash equivalents – Item 10

Section 2 – Financial assets held for trading – Item 20

Section 4 – Available-for-sale financial assets – Item 40

Section 5 – Financial assets held to maturity – Item 50

Section 6 – Due from banks – Item 60

Section 7 – Due from customers – Item 70

Section 10 – Equity investments – Item 100

Section 12 – Tangible assets – Item 120

Section 13 – Intangible assets – Item 130

Section 14 – Tax assets and liabilities – Items 140 (assets) and 80 (liabilities)

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LIABILITIES

Section 1 – Due to banks – Item 10

Section 2 – Due to customers – Item 20

Section 3 – Outstanding securities – Item 30

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Section 8 – Tax liabilities – Item 80

Section 10 – Other liabilities – Item 100

Section 11 – Staff severance fund – Item 110

Section 15 – Group net equity – Items 140,170,190,200 and 220

Section 16 – Net equity of minority interests – Item 210

OTHER INFORMATION

Part A – Accounting policies

A.1 – General information

Section 1 – Statement of compliance with international accounting standards

The financial statements at 31 December 2012 of Banca Finnat Euramerica S.p.A. Group have been prepared applying the International Accounting Standard (IAS) and the International Financial Reporting Standards (IFRS), as amended by the International Accounting Standards Board (IASB) and approved by the European Commission, in force at 31 December 2012, in accordance with the procedures laid down in EC Regulation no. 1606/02.

The international accounting standards have been applied taking into account, where necessary, the "Framework for the Preparation and Presentation of financial statements" (the Framework).
For further guidance on the application of the new accounting standards, the Company has also referred to the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC), as well as the documents issued to support the introduction of the IAS/IFRS in Italy by the Organismo Italiano di Contabilità (OIC) – the Italian Accounting Board – and the documents produced by the Italian Bankers' Association (ABI).

If no standard or applicable interpretation applied specifically to a transaction, other event or condition, reference was made to the provisions and guidelines contained in the standards and interpretations dealing with similar and related issues, taking into account the Framework provisions.

Section 2 – General financial reporting principles

In accordance with the requirements jointly issued by the Bank of Italy, Consob and Isvap (see document 2 of 6 February 2009, document no. 4 of 4 March 2010) and paragraphs 15 and 25 of IAS 1, the Directors of the Bank have taken into account – for the purpose of preparing the consolidated financial statements with the utmost caution and attention – the financial, management and other indicators, in order to identify the existence of any circumstance that might in any way affect the 'going concern' principle. On the basis of this analysis, in consideration of the reliability and results of the risk measurement systems and as a result of the audits carried out in respect of the realisable value of the assets – based on prudent weighted assessments – the Directors of the Bank are confident there is no evidence that could lead to request a business continuity audit. Given the size of the Group's assets, the substantial financial resources owned and the breakdown, quality and liquidity of the Bank's portfolio of financial assets, and other elements that could affect the business and operation, the Directors of the Bank have prepared the consolidated financial statements in the full conviction that the Group meets the requirements of a going concern.

The consolidated financial statements at 31 December 2012, as noted above, were drawn up in compliance with the approved IAS/IFRS standards, applying the provisions set out in Circular Letter no. 262 of 22 December 2005, issued by the Bank of Italy, which deals with the formats and rules for drawing up bank financial statements and subsequent relevant clarifications.

The consolidated financial statements comprise the compulsory statements prescribed by updated IAS 1, namely: consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated net equity and consolidated cash flow statement and these notes to the consolidated financial statements. They also comprise the directors' report on operations and situation of the Group.

The Notes to the Consolidated Financial Statements provide all information required by law as well as additional information deemed necessary to give a true and fair representation of the Group's situation. If the information required by the international accounting standards and by the provisions of circular letter no. 262 of 22 December 2005 issued by the Bank of Italy does not suffice to give a true and fair, reliable, comparable and comprehensible view, the notes to the financial statements provide additional information for said purpose.

The tables of the consolidated balance sheet, income statement and statement of comprehensive income are made up of items, sub-items and by additional information on the items and sub-items. The items, sub-items and related details constitute the financial accounts. All items with nil balances either for the current or for the previous financial year are not shown. Revenues in the income statement and statement of comprehensive income are shown without any sign whilst costs are shown in brackets.

Comparative figures are shown for each account item of the consolidated balance sheet, income statement and statement of comprehensive income. If the account items are not comparable with those of the previous financial year, they are adjusted; the lack of comparability, any adjustment made or the inability to make any such adjustment are reported and commented in the notes to the financial statements.

The consolidated financial statements provide a true and fair view of the financial position, the result for the year and cash flows. The financial statements were also prepared, as specified above, on a going concern basis (IAS 1 paragraph 25), on an accrual basis (IAS 1 paragraphs 27 and 28), in compliance with the obligation to make adjustments to reflect the events subsequent to the reference date of the financial statements (IAS 10). The assets and liabilities, income and expenses have not been offset, except where required or allowed by a principle or interpretation (IAS 1 paragraph 32). The cost of inventories of replaceable goods and, in particular, the financial instruments falling within this category, has been determined using the weighted average daily cost method, as in last year's financial statements (IAS 2 paragraph 25).

It should also be noted that as regards disclosures to be provided in the consolidated financial statements, the Directors of the Bank have also considered that indicated in the joint document no. 4 of 4 March 2010 issued by Bank of Italy, Consob and Isvap.

The consolidated financial statements were audited by Reconta Ernst & Young S.p.A. to whose report attached hereto express reference is made.

During 2011 and 2012, the European Commission approved the following Regulations:

- which entered into force in 2012:
  - Regulation no. 1205/2011 – Amendments to the IFRS 7 Additional disclosures – Transfers of financial assets.
  - Regulation no. 1256/2012 - Amendments to the IFRS 7 Financial Instruments: Additional disclosures – Asset and liability offsetting and IAS 32 Financial Instruments: Presentation – Asset and liability offsetting.
- which entered into force in 2013:
  - Regulation no. 475/2012 - Amendments to IAS 1 Presentation of Items of Other Comprehensive Income and to IAS 19 Employee benefits.
  - Regulation no. 1255/2012 – Amendments to IFRS 1 First time adoption of International Financial Reporting Standard – Severe hyperinflation and removal of fixed dates for first time adopters and amendments to IAS 12 Income taxes – Deferred tax assets: recovery of underlying assets, IFRS 13 Fair value measurement and IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

These regulations had no impact nor will impact on the drawing up of the consolidated financial statements.

Consistently with article 5 of Italian Legislative Decree 38/2005, the consolidated financial statements were prepared using the euro as the presentation currency. Regarding the contents of the tables, all figures are expressed in thousand euros (thousand euros), unless otherwise specified.

Section 3 – Scope and methods of consolidation

Scope of consolidation

The scope of consolidation includes:

- the financial statements of the Parent Company Banca Finnat Euramerica S.p.A. and of the subsidiaries, consolidated on a line-by-line basis;
- the financial statements of directly and indirectly associated companies stated at equity.

The scope of consolidation includes all subsidiary companies, regardless of their legal status, and of whether they are going concerns or being wound up.

The scope of consolidation has changed, compared to the financial statements for the year ended 31 December 2011:

- the Beni Stabili Property Service S.p.A. associated company joined the Group following the purchase, by the Bank, of 36% of the capital;
- the New Millennium Advisory S.A. and Finnat Servizi Assicurativi S.r.l. subsidiaries left the Group following the conclusion of the voluntary winding-up,

The list of companies included in the scope of consolidation on a line-by-line basis is shown in the table below.

1. Equity investments in exclusively- and jointly-controlled subsidiaries (consolidated proportionally)

Company names		Headquarters	Type of relationship (1)	Investment relationship		Voting rights % (2)
				Investor company	Quotas %	
A.	**Companies**					
A.1	**Fully consolidated**					
1.	Finnat Fiduciaria S.p.A.	Rome	1	Banca Finnat	100.00	100.00
2.	Fedra Fiduciaria S.p.A.	Rome	1	Banca Finnat	100.00	100.00
3.	Finnat Investments S.p.A.	Rome	1	Banca Finnat	100.00	100.00
4.	Finnat Real Estate S.r.l.	Rome	1	Banca Finnat	100.00	100.00
5.	Finnat Gestioni S.A.	Lugano	1	Banca Finnat	70.00	70.00
6.	Investire Immobiliare SGR S.p.A.	Rome	1	Banca Finnat	80.00	80.00
A.2	**Proportionally consolidated**					

Key:

(1) Type of relationship

1= majority voting rights in ordinary shareholders' meetings; 2= considerable influence in ordinary shareholders' meetings; 3= agreements with other shareholders; 4= other forms of control; 5= sole direction as per article 26, paragraph 1 of Italian Legislative Decree no. 87/92; 6= sole direction as per article 26, paragraph 2 of Italian Legislative Decree no. 87/92; 7= joint control

(2) Voting rights in ordinary shareholders' meetings, with a distinction between effective and potential rights

The percentage of voting rights in the shareholders' meeting is effective.

Subsidiaries

Subsidiaries are companies whose financial and operating policies are directly or indirectly determined and controlled by the Group to which they belong and which Group can, therefore, benefit from their activities. When determining control, account should also be taken of the companies in which Banca Finnat directly or indirectly holds more than half of the voting rights. The voting rights also include the so-called "potential" rights, which can be consistently exercised or converted into effective voting rights at any time.
The financial statements of subsidiaries are consolidated from the date on which the parent company obtains control over the company until the date on which that control ceases.

Associated companies

Associated companies are entities whose financial and operating policies are significantly influenced by the Group, but which it does not control, jointly or separately; they are included in the consolidation according to the so-called net equity method. The profit or losses of the Group are recorded in the consolidated income statement from the date on which the significant influence started and up to the date on which it ceases.
If the loss by the Group exceeds the book value of the equity investment then the value of the equity investment is derecognised and, if the investing company is committed to performing legal or implicit obligations of the associate, or in any event to hedging its losses, any surplus is recognised in a specific liability fund.

Consolidation methods

Line-by-line consolidation

All the financial statements of the part-owned companies used to prepare the consolidated financial statements were drawn up on 31 December and, if necessary, adjusted to ensure the uniform application of the same accounting principles applied by the Parent Company.

The assets and liabilities, expenses and income of the consolidated companies according to the line-by-line method are fully recognised in the consolidated financial statements ("line-by-line" recognition of the balance sheet and income statement aggregates of the subsidiaries), after the recording of any minority interest in specific items; the book value of the equity investments is written off for the corresponding fraction of the net equity of the part-owned companies, recording the single asset and liability items (including the provisions for risks and charges) at their current value on the date of acquisition of control. Any positive difference resulting from the said writing off is recorded as goodwill, under the asset item "Intangible assets", at the date of the first consolidation and, thereafter, among the net equity reserves, while any negative difference is recorded in the Income Statement.

All intra-group balances (assets, liabilities, revenues and costs) and transactions, including any unrealised profit or loss resulting from intra-group transactions, are written off minus their theoretical fiscal effect, if significant. The Group's share of unrealised profit and loss with associated companies is written off.
Unrealised losses are written off only if they represent impairment losses.

The presentation currency of the Group's financial statements is the euro, which is also the functional currency of all the companies included in the consolidated financial statements.

Non-monetary assets and liabilities in foreign currencies, recorded at historical cost, are translated using the exchange rate at the date on which the transaction was originally recorded.

The financial statements of the consolidated companies expressed in foreign currencies were translated according to the exchange rate at the reporting date for the assets and liabilities; for the income statement items, the average exchange rates in the period were used, and the historical exchange rates for the net equity items. The differences between the values of the net equity items at the historical exchange rates and those descending and resulting from the translation thereof at the current exchange rates are recorded and, indeed, posted at the current exchange rates in the net equity item called "Other reserves".

Net equity consolidation method

This method provides for the initial recording of the part-owned company at cost. The book value is then periodically adjusted to take into account the part-owned company's net equity changes. The pro quota allocation of the net income of the part-owned company is recorded in a specific item of the consolidated income statement. The net equity of the associates can thus be inferred from the latest available financial statements.

The difference – if any – between the book value and the recovery value of the equity investment, estimated based on the present value of the future cash flows generated by the investment itself, is recorded in the income statement.

Section 4 – Subsequent events

In the period spanning the end of the 2012 financial year and the date on which these consolidated financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Group emerged.

However, it should nevertheless be reported that on 14 February 2013, the Director of the Bank, Paolo di Benedetto, resigned. The Board of Directors, during the meeting held on 15 March 2013, co-opted Giulia Nattino as non-executive and non-independent Director.

Section 5 – Other information

Risks and uncertainties linked to the use of estimates

In compliance with the IAS/IFRS standards, the Group companies carry out evaluations, estimates and assumptions in support of the application of the accounting standards and for the determination of the amounts of the assets, liabilities, costs and revenues reported in the consolidated financial statements. In respect of the preparation of the consolidated financial statements at 31 December 2012, the Bank and the Group companies have used estimates (based on the most recent available data), in several limited cases and for immaterial amounts, in respect of both several balance sheet and several income statement items.

Exemption from the preparation of the fourth interim financial report for 2012

With the implementation of the Directive on shareholders' rights (Italian Legislative Decree no. 27 of 27 January 2010), paragraph 1 of article 154-ter ("Financial Relations") of the Consolidated Law on Finance (the "TUF") was amended. This amendment establishes that the annual Financial Report, comprising the draft statutory financial statements, the consolidated financial statements, if prepared, the report on operations and the certification of the appointed administrative bodies and the Manager in charge of preparing accounting documents, must be published within 120 days of the company year end. The obligation to ensure publication within 120 days refers specifically to the "draft financial statements" approved by the administrative body and no longer to the "statutory financial statements" approved by the Shareholders' Meeting. As such, this amendment restores, for listed companies, the option to postpone approval of the financial statements within maximum terms of 180 days as established by art. 2364, paragraph 2 of the Italian Civil Code, which had been abolished by Directive 2004/109/EC (the Transparency Directive). The decree also establishes that, as an exception to art. 2429, paragraph 1 of the Italian Civil Code, the draft financial statements must be disclosed by the directors to the board of auditors and independent auditing firm at least 15 days prior to publishing the draft.

With reference to companies belonging to the STAR segment, Borsa Italiana has established the publication - in addition to the reports concerning the first and third quarters, as required by paragraph 5 of article 154-ter – also the interim report on operations with reference to the 4th quarter; it has also allowed to omit drafting said report if publication of the draft financial statements is brought forward to 90 days as from the end of the year of reference. These new terms of 90 days (previously established as 75 days prior to the amendments introduced with the implementation of the Directive as explained above), were established by Borsa Italiana with note no. 14924 of 8 October 2010 concerning the "Changes made to the Market Regulations".

In view of the above, the Bank opted not to publish the 4th interim report on operations, by making the draft separate and consolidated financial statements as of 31 December 2012, complete with the certification by the manager in charge of preparing the accounting documents, that of the board of statutory auditors and the auditing firm, within the new terms of 90 days.

A.2 – Information on the main financial statement items

The main accounting standards adopted in preparing the consolidated financial statements as at 31 December 2012 remained unchanged with respect to those adopted in the financial statements as at 31 December 2011 as concerns classification, measurement and de-recognition criteria in general, and the recognition criteria for costs and revenues.

Financial assets held for trading

Classification criteria

This category includes debt securities, equities, mutual investment funds and the positive fair value of derivative contracts other than those held for hedging purposes. The positive fair value is also recorded of the derivatives entered into by the Group for risk hedging purposes, but which do not satisfy the efficiency test.

The classification of a financial instrument in the category of assets or liabilities held for trading should be made at the initial recognition. The reclassification of HFT instruments is permitted only in "rare circumstances" and should in any case be made at the fair value on the transfer date.

Recognition criteria

Financial instruments are recorded in the category on the settlement date, except for derivatives that are recognised by the subscription date.
They are initially recognised at their fair value, which usually coincides with the purchase price.

Measurement criteria

Subsequent to initial recognition, financial assets held for trading are carried at their fair value, with the results of any change in value recorded in the income statement. The fair value of assets held in a trading portfolio should be determined on the basis of active market prices or, failing these, on the basis of prices supplied by external operators or, lastly, calculated using the results of internal valuation models that are generally used in financial practice, which are believed to provide reliable estimates of the prices of current market transactions.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

The profit or loss resulting from disposals or repayments, and the unrealised profit or loss resulting from changes in the fair value of any financial asset held for trading, will be recorded under item 80 of the income statement "Net income from trading activities", together with the result of the valuations of the foreign-currency assets and liabilities.

Interest is recorded on an accrual basis under item 10 “Interest income and similar income”, dividends from equities or fund units are recorded under item 70 “Dividends and similar income”, as soon as entitlement to them arises.

Available-for-sale financial assets

Classification criteria

The available-for-sale assets include investment fund units, debt securities and equity investments in companies that do not qualify as establishing control or joint control over or association with the said companies. Moreover, this group of assets also includes non-derivative financial assets that cannot be included in the other financial trading asset categories or among the receivables or investments held to maturity, according to the criteria envisaged by a specific framework resolution passed by the BoD.

Recognition criteria

Financial instruments are recorded at their settlement date, except for receivables that are booked at the date of the relevant transaction.

Available-for-sale financial assets are initially recognised at fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost.

Measurement criteria

Subsequent to initial recognition, financial assets held for trading are carried at their fair value, with the results of any change in value recorded in the income statement. Gains and losses deriving from the change in fair value are recorded in a specific net equity reserve, net of the tax effect, unless conditions are met for recording value adjustments as a result of a significant or prolonged decrease in value.

Capital interests in other companies that can be classified as strategic investments, but which do not qualify as establishing control or joint control over or association with the company, and which are not listed in an active market, do not feature prices provided by market operators and for which a reliable fair value cannot be established, through the use of the internal valuation models generally used in financial practice, are maintained at purchase cost.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity’s involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At the transfer, the after-tax gains or losses previously recorded in the net equity reserve are moved to the income statement and, precisely, to item 100 “Profit (loss) from the transfer or repurchase of available-for-sale financial assets”.

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

Any long-lasting impairment is assessed in relation to the duration and extent of the impairment itself. Lacking any other negative elements (such as difficulties in the debt service by the issuer, unfavourable changes in the context in which the company operates) the impairment of value is generally deemed to be significant and prolonged in nature:

- in the case of capital instruments and UCI units, in the case in which the reduction of fair value below the cost exceeds 50% or lasts longer than 18 months;
- in the case of closed-end UCIs – acquired with contractual commitments (lock-up clauses), or consistently with regulatory provisions that require that they be maintained at least until the expiry of either the relevant contract or the financial instrument – the loss of value is generally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80%, or lasts uninterruptedly beyond the expiry of the contractual commitment or of the financial instrument itself, after both are reduced by twelve months for prudential reasons;
- in the case of private-equity funds – for which the investment decision is consistent with the permanence of the financial instrument in the bank's portfolio for a medium-to-long-term time horizon, in relation to the expected income-producing potential thereof and the existence of any possible operational and business synergy – the loss of value is normally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80% or persists uninterruptedly beyond half the fund's duration.

In the case of debt securities in which the reduction of fair value below the cost exceeds 30%, or continues uninterruptedly for a period of 18 months or more.
If an available-for-sale financial asset suffers an impairment loss, the cumulated unrealised loss previously recorded in the net equity is reversed from the net equity and recognised in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: b) available-for-sale financial assets".
If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the net equity, in the case of equities, and to the income statement, in the case debt securities and receivables. The write-back may not exceed the cost (amortised as applicable) that the financial instrument would have had in the absence of the previous adjustment.

Financial assets held to maturity

Classification criteria

This group of assets includes non-derivative financial assets with fixed payments, or payments that can be calculated and with fixed due dates, which, in accordance with IAS 39, are destined to remain in the company's equity in the long-term, based on a specific resolution passed by the BoD to this effect. If the Directors change their mind, or it is no longer possible to hold an investment until its maturity, the investment is reclassified among the available-for-sale financial assets, according to the special procedures set out in the above-mentioned IAS 39.

Recognition criteria

Financial assets are recorded at the settlement date.

Financial assets held to maturity are initially recognised at their fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost. If the recognition in this group of assets occurs after the reclassification of the Assets held for trading or of the Available-for-sale assets, permitted in "rare circumstances" (in accordance with IAS 39 and IFRS 7), the fair value of the assets, at the date of reclassification, is taken as the new amortised cost of the assets themselves.

Measurement criteria

Following their initial recognition, the financial assets held to maturity are adapted to their amortised cost based on the effective interest rate method, and adjusted to take into account the effects of any write-down. The resulting value is recorded in the income statement under item 10 "Interest income and similar income".

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At their transfer, the gains and losses resulting from the transfer of these assets are recorded in the income statement under item 100 "Profit/loss from the transfer or repurchase of: c) financial assets held to maturity".

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

If there is evidence of impairment of value, the relevant loss is measured as the difference between the book value of the asset and the present value of the estimated cash flows, discounted at the effective interest rate. The loss is recorded in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: c) Financial assets held to maturity".

If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the income statement under the same item 130.

Receivables

Classification criteria

This asset group includes receivables due from customers and banks, with fixed and determinable payments, paid directly or acquired from third parties that are not listed on active markets and that have

not been originally classified among the financial assets held for trading, available-for-sale financial assets or carried at fair value.
The receivables item also includes operating loans linked to the supply of financial services, repos and unlisted bonds.

Recognition criteria
Financial assets included in this group are initially recorded on the date on which they were provided or, in the case of repos, on the settlement date.
Initial recognition is made on the basis of the fair value of the instrument, which, given the nature and characteristics of the transactions, is equal to the amount provided or the purchase cost. The initial recognised value includes any cost or income related to the transaction, and known at the time, and will be spread over the residual life of the instrument, participating in the formation of the effective interest rate of the transaction (amortised cost method). Internal administrative related costs due from customers are not included.

Valuation criteria of income statement items
After their initial recognition, receivables are stated at their amortised cost, which is equal to the initial recognition value reduced/increased by capital repayments, by any value adjustment/write-back and by the amortisation calculated on the basis of the effective interest rate, any transaction cost or income known or determinable at the time of provision of the credit.

In the case of short-term receivables, given that the effect of the amortisation is considered negligible, the costs and income directly related to the transactions are posted directly in the income statement.
The amortisation of the transaction costs and income – based on the effective interest rate – is not applied in the case of on-demand receivables and, as a rule, to undated loans. In the case of on-demand loans and, as a rule, undated loans, the relevant value recorded in the financial statements is made equal to the amount paid out, minus any value adjustment.

In accordance with the international accounting standards, all receivables are impairment tested according to the following criteria:

- significant positions are subject to itemised valuation;
- classification within anomalous loan classes are provided for by the current regulations issued by the Bank of Italy; non-performing loans, impaired loans, restructured and past due loans are considered objective evidence of impairment;
- with regard to non-performing loans that are insignificant on an individual basis, the loss is calculated based on statistical criteria. The amount of the loss is calculated as the difference between the amount at which the asset was initially recorded and the present value of the expected future cash flows, discounted at the effective original interest rate of the financial asset;
- performing loans that are insignificant on an individual basis, and for which there is no objective evidence of impairment are collectively valued by grouping them together on a like-for-like risk profile basis. Their value adjustment is calculated on the basis of the historical loss experience for each reference group. In determining the historical loss series the positions that are subject to itemised valuation are removed from the loan population;

- value adjustments determined on a line-by-line basis or collectively are recorded in the income statement in item 130 “Net value adjustments/write-backs for the impairment of a) Receivables”.

If the circumstances giving rise to the impairment losses cease to exist, the losses are reversed in full or in part. As a result, any write-backs, objectively related to an event occurring after the value adjustment was made, are recognised to the income statement until they reach the amortised cost that the instrument would have had without the previous adjustments.

Impaired exposures are broken down as follows, based on the Bank of Italy’s Circular Letter no. 272/2008, updated on 9 February 2011:
- non-performing loans – this is the area of formally impaired loans, including exposure to insolvent customers, even if they have not yet been legally acknowledged as such, or customers in similar positions;
- impaired loans – this area includes relations with subjects undergoing temporary loan repayment difficulties, which are expected to be solved in a suitable period of time. Loans expired or past due for over 270 days, based on the Bank of Italy’s Circular Letter no. 272, are considered objective impaired loans if the expired/past due amount due from the debtor is equal to 10% of the entire exposure (not including default interest);
- restructured exposures – are exposures to counterparties with which debt restructuring arrangements have been entered into also providing for the renegotiation of the relevant terms and conditions;
- past due receivables – are the total exposures to counterparties, other than those classified above, which, at the reference date feature receivables that have expired or are past due for over 90 days.

Derecognition criteria
Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity’s involvement, measured by the exposure of the assets transferred to value changes.
Gains or losses resulting from the derecognition of the same are recorded in the income statement.

Equity investments
Classification criteria
The item “Equity investments” includes investments in associated companies.

Equity interests in other companies in which the Parent Company does not exercise control or over which it has no significant influence, either directly or through its subsidiaries, but which are acquired as long-term investments and not held for the purpose of trading, are classified as “Available-for-sale financial assets”, in accordance with IAS 39.

Recognition criteria
Equity investments are recorded at their settlement date and at purchase – or subscription – cost, including

the additional charges and subsequent adjustment, on the basis of the stake held in the part-owned company.

Valuation criteria of income statement items

After initial recognition, the book value will be adjusted to reflect changes in the net equity of the part-owned company. The pro quota share of the net income of the part-owned company is recorded under item 240 "Profit/loss from equity investments".

Derecognition criteria

Equity investments are derecognised when they are transferred, with the substantial transfer of all related risks and benefits, or when the contractual rights to cash flows deriving from them expire.

Tangible assets

Classification criteria

This item includes the assets for permanent use held to generate income and the property held for investment purposes.

Tangible assets also include payments on account, for the purchase and revamping of assets that are not yet part of the production process and not yet subject to depreciation.

Recognition criteria

All classes of property, plant and equipment recognised as assets are initially recorded at cost, insofar as representative of their fair value. The cost includes the purchase price, non-recoverable purchase taxes and any cost directly descending from the installation of the asset for its intended use, minus any trade discount.

Financial expenses are recorded according to IAS 23 and, therefore, recognised as a cost in the year in which they were incurred.

Overheads and administrative expenses are not included in the initial cost of the assets in question, unless they are directly descended from the purchase of the asset or its installation.

Valuation criteria of income statement items

Following their initial recognition, instrumental fixed assets and fixed investments are valued at cost, minus the accumulated depreciation and taking into account any value impairment and/or revaluation. This principle has been adopted because it was deemed more appropriate than the revaluation method provided by the reference accounting standard.

Tangible assets are depreciated each year, at rates calculated by reference to the residual possibility of using the assets, their related useful life and realisable value, except for land (incorporated in the asset value) and works of art, insofar as they have an indefinite life. In the case of land whose value is incorporated in the value of the tangible fixed asset, the relevant separation is made only for free-standing buildings. For assets acquired during the year, the depreciation is calculated on a daily basis starting on the date on which the asset was first used.

Tangible fixed assets featuring an unlimited useful life cannot be depreciated.

Subsequent expenses relating to property, plant and equipment, already recorded, are added to the book value of the asset when it is likely that the future economic benefits exceed the previously established ordinary performance of the asset.

At the end of each financial year, an impairment test is conducted on the assets. More specifically, a comparison is made between the book value of the asset (purchase cost less accumulated depreciation) and its recoverable amount, equal to the greater of the fair value, minus any sales costs, and the related value of use of the asset, meaning the present value of the future cash flows expected from the asset. Adjustments are recorded in the income statement under item 200 "Net value adjustments/write-backs on tangible assets". If the reasons that led to the recognition of the loss cease to apply, a write-back is recorded that may not exceed the value that the asset would have had minus the depreciation calculated in the absence of previous losses in value.

Derecognition criteria
The book value of a tangible asset must be derecognised on its disposal, or when no future economic benefit is expected from its use.

Intangible assets
Classification criteria
Intangible assets include long-term application software. The positive difference between the value of the assets and liabilities acquired following a business combination and the related purchase price of the combined business entity is recorded under the intangible assets as goodwill.

Recognition criteria
Intangible assets are recorded at cost. The purchase cost can be adjusted for ancillary charges. The costs incurred for the purchase of intangible assets are recognised only if they are identifiable, their cost can be measured reliably, they can be controlled and they are able to generate future economic benefits. Otherwise, the cost of the intangible asset is recorded in the income statement in the year in which it was incurred.

Valuation criteria of income statement items
Following their initial recognition, intangible assets are recorded at cost, less the accumulated depreciation and any impairment of value. The "at cost" valuation method was deemed more appropriate than the "redetermination of value" method. The cost of intangible assets is depreciated, minus the recoverable amount, on the basis of their estimated useful life. For assets acquired during the year, the depreciation is calculated on a daily basis starting on the date on which the asset was first used. In the case of assets transferred and/or disposed of during the year, the depreciation is calculated on a daily basis until the date of transfer and/or disposal.

If the useful life of the fixed asset cannot be established and appears to be indefinite (goodwill), the asset is not depreciated, however it is periodically tested for impairment and, in any case, each time objective evidence is found to this effect its initial recognition value may have to be changed. The performance of this test entails the prior allocation of goodwill to a cash-generating unit, whose value can be reliably estimated. Goodwill impairment is calculated as the difference between its book value and the estimated recoverable amount, determined by reference to the cash-generating unit to which the goodwill in question has been allocated. Any impairment calculated as the difference between the book value of the fixed asset and its recoverable amount is recorded in the income statement under item 260 “Goodwill adjustments”. Goodwill impairment may not be reversed in future accounting periods as required by IAS 36.

Regarding intangible assets other than goodwill, if there is evidence of impairment, an estimate is made each year of the recoverable amount of the assets. The amount of the loss, recorded in the income statement, is equal to the difference between the book value of the asset and its recoverable amount. If the recoverable amount of a specific intangible asset cannot be determined, then the asset must be assigned to the smallest independent cash-flow-generating unit (CGU), and it is by reference to the latter that the recoverable value is estimated and compared with the book value, to establish the possible impairment loss.

Derecognition criteria
Intangible assets are derecognised when they are sold or when no future economic benefits are expected from their use or sale.

Current and deferred tax

Current and deferred income tax, calculated in accordance with the applicable domestic regulations, is recorded in the income statement, except in the case of items directly charged or credited to the net equity. Tax provisions are calculated on a prudential basis and also include the risk provisions set aside in connection with the ongoing disputes.

Since 2004, the Bank and its Italian-based subsidiaries have decided to join the “domestic consolidated tax system”, pursuant to articles 117/129 of the TUIR (Consolidated Income Tax Act). The option was renewed in 2010 also for the 2010/2011/2012 period.
By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries’ incomes/losses) and, consequently, a single income tax debt/credit determined.

Deferred tax is calculated based on the fiscal effect of the temporary differences between the book value of the assets and liabilities and their fiscal value, resulting in future taxable amounts or tax deductions. For this purpose, “temporary taxable differences” means those that, in the future, will determine taxable amounts, while “temporary deductible differences” those that, in the future, will determine deductible amounts. Advance taxes are recorded in the financial statements insofar as they are likely to be recovered, based on the capability of the Bank, and of the other Group companies belonging to the “domestic consolidated tax system”, to generate taxable income, in the future, on a regular basis.

Deferred taxation is calculated based on the applicable rates, with respect to, (i) the temporary taxable differences, with respect to which there is the likelihood of effectively incurring taxes, and (ii) the temporary deductible differences, with respect to which there is the reasonable certainty of recovering tax money back.
Deferred taxes are calculated taking into account the rates expected when payment falls due.

If the deferred tax assets and liabilities relate to income statement items, the balancing item is represented by income tax.

When advance and deferred taxes concern transactions recorded in the net equity, without affecting the income statement (such as the valuation of available-for-sale financial instruments), the directly balancing entry is recorded in the net equity, in the specific reserves where provided (valuation reserves).

Current tax assets/liabilities related to income tax for the year are recognised net of any tax paid in advance and any withholding taxes incurred.

Advance tax assets and deferred tax liabilities are recorded in the balance sheet, respectively under "Tax assets" and "Tax liabilities".

Payables and outstanding securities

Classification criteria

Amounts due to banks, customers and outstanding securities include the various forms of interbank funding and funding from customers, in addition to funding through outstanding bonds, minus any repurchases.

Recognition criteria

On initial recognition, these financial liabilities are recorded upon receipt of the amounts collected at their fair value, which is usually equal to the amount received or the issue price plus/minus any additional cost/income directly attributable to the individual funding or issue transaction, and which has not been reimbursed by/to the creditor.

Valuation criteria of income statement items

After initial recognition, the above-mentioned financial liabilities are recorded at cost depreciated according to the effective interest rate method, except for short-term liabilities, which remain recorded at their original value, because the effect of the time discounting is negligible.

Derecognition criteria

Financial liabilities are derecognised when they expire or are extinguished. A financial liability is considered expired when the debt is settled through payment of the creditor in cash, or by means of other financial assets, goods or services, or when the borrower is legally released from the primary responsibility for the liability.
Cancellation takes place in the event of the repurchase of bonds previously issued. The difference between

the book value of liabilities and the amount paid to purchase them is posted in the income statement. The replacement on the market of own shares after they have been repurchased is considered tantamount to a new issue, with the entry of the new placement price.

Financial liabilities held for trading

Classification criteria

This item includes financial liabilities, regardless of their technical form, classified in the trading portfolio. The negative fair value of the derivative contracts concluded by the Bank to manage hedging risks has also been posted, although they do not meet the efficiency test criteria.

Recognition criteria

These liabilities are initially recorded at fair value, which generally corresponds to the amount collected. The initial recognition of financial liabilities occurs at the subscription date.

Measurement criteria

All trading liabilities are carried at their fair value, which is determined in accordance with the procedures shown in the paragraph on "Financial assets held for trading".

Derecognition criteria

Financial liabilities are removed from the balance sheet when they are extinguished or when the related obligation has been discharged, cancelled or has expired. The resulting difference is recorded in the income statement.

Recognition criteria of income components

Profits and losses arising from changes in the fair value of financial liabilities are recorded under income statement item 80 "Net income from trading activities".

Foreign-currency transactions

Foreign-currency transactions are recorded in euros, at their initial recognition, applying the spot exchange rate in force at the date of the transaction.

When preparing the financial statements, items in foreign currencies are recorded as follows:

- in the case of monetary instruments, at the spot exchange rate on the date of preparation of the financial statements, with exchange differences recorded in the income statement under the item "Net income from trading activities";
- in the case of non-monetary instruments, they are measured at historical cost, at the exchange rate in force at the time of the original transaction;
- in the case of non-monetary instruments carried at fair value, at the spot exchange rate in force at the time of preparation of the financial statements.

Exchange rate differences relating to non-monetary items are recorded applying the accounting standards used for the profits and losses relating to the original instruments.

Other information

1. Own shares

Own shares held are stated in the financial statements at cost, adjusting the Group's net equity by a corresponding amount. No profit or loss is recorded in the income statement in connection with the purchase, sale, issue and derecognition of instruments that represent the Bank's capital. The consideration paid or received is recognised directly in net equity.

Any marginal costs incurred for the repurchase of own shares are recorded as a reduction of the net equity, as long as they are directly related to the capital transaction that otherwise would not have been incurred.

2. Own share-based payments

Share-based payment plans for employees are recorded in the income statement under the item "Staff costs", in compliance with IFRS 2 and the interpretation document IFRIC 11. A corresponding amount will increase the net equity, based on the fair value of the financial instruments at the assignment date, spreading the related charges along the entire duration of the plan.
If stock options are provided, the fair value thereof is calculated using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.
The combination of both values will result in the fair value of the assigned instrument.
Any reduction in the number of assigned financial instruments is accounted for as a derecognition of a portion thereof.

3. Staff severance fund

The staff severance fund is determined as the Group's present obligation towards its employees, in terms of the related severance indemnity. The amount of this obligation on the date of the financial statements is estimated using actuarial methods and time-discounted using the "projected unit credit method" and without applying the so-called "corridor method".
The "Projected Unit Credit Method" views each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Once the final obligation is obtained, the Group needs to calculate its present value, even if part of the obligation falls in the twelve-month period after the date of the financial statements.

Costs relating to staff severance obligations accrued during the year are posted on the income statement under item 180.a) "Administrative expenses: staff costs" and include interest accrued during the year (interest cost) on the bond already in place as of the reform date. The amounts accrued in the year and paid to the supplementary benefit plans or the INPS Treasury are recognised under the item "Staff severance fund".

4. Recognition of revenue and costs

Costs are disclosed in the income statement for the periods in which the related revenue is recorded.

Revenues are recognised when received, or if it is likely that future benefits will accrue and such benefits may be reliably measured.
In particular, commission income and other income for services delivered are recorded in the financial statements in the period in which the services were contractually due and provided.
Dividends are recognised in the income statement at the time their distribution is resolved.
Other revenues are recognised in the financial statements in accordance with the accrual principle. In particular:

- interest is recognised on an accrual basis, which considers its effective yield;
- default interest is only recorded when collected;
- regarding the trading of financial instruments, it should be noted that if the consideration received/paid differs significantly from the reliably measured fair value, the difference is recognised in the income statement, in accordance with IAS 39.

5. Manner of determination of the amortised cost
The amortised cost of a financial asset or a financial liability is in general the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that equalises the present value of future contractual cash payments or receipts until the expiry or the following recalculation date of the price to the net carrying amount of the financial asset or financial liability. In order to calculate the present value, the effective interest rate is applied to the flow of future receipts or payments estimated during the useful life of the financial asset or liability - or a shorter period in the presence of certain conditions (for example, the review of market rates).

If it is not possible to estimate reliably the cash flows or the expected life, the Bank uses the expected contractual cash flows for all the period of validity of the contract.

Subsequent to initial recognition, the amortised cost allows to allocate revenues and costs deducted from or summed to the instruments during its expected life through amortisation. The method of determination of the amortised cost depends on whether the valued financial assets/liabilities have a fixed or variable rate.
For fixed-rate instruments, future cash flows are quantified based on the interest rate known during the life of the loan. For variable-rate financial assets/liabilities, whose variability is not known a priori (because, for example, linked to an index), cash flows are determined by maintaining constant the last variable rate recorded. At each date of review of the rate, the redemption plan and the effective interest rate are recalculated over the entire useful life of the instrument, i.e. until the date of expiry. The adjustment is recognised as an expense or income in the income statement.

The valuation at amortised cost is carried out for receivables, financial assets held to maturity, payables and outstanding securities; for debt instruments recorded among the available-for-sale financial assets, the amortised cost is calculated for the sole purpose of booking to the income statement the interests based on the effective interest rate; the difference between the fair value and the amortised cost is recorded in a specific net equity reserve.

6. Manner of determination of the fair value

The fair value of financial instruments is determined based on the prices acquired by the financial markets, in the case of instruments listed on active markets (**Level 1**), or on internal valuation models, in the case of all other financial instruments.

A financial instrument is listed on an active market if the relevant prices – which reflect normal market transactions – are readily and regularly available through stock exchanges, brokers, intermediaries, industry companies, listing services or authorised entities.

If the instrument is not listed on an active market, or if there is no regularly functioning market, i.e. the market does not feature a sufficient and ongoing number of transactions, bid-ask spread and a volatility that is not sufficiently curbed, the fair value of the financial instruments is generally determined based on the use of valuation methods the purpose of which is to establish the price of a hypothetical independent transaction, motivated by normal market consideration, at the date of valuation.

Regarding the valuation techniques, the following are taken into account:

- if available, the prices of recent transactions involving similar instruments, suitably adjusted to reflect the changed market conditions and the technical differences between the valued instrument and the instrument selected as similar in nature (comparable approach);
- valuation models widely used by the financial community, which have proved over the years capable of producing reliable estimates of prices, with respect to the current market conditions (Mark-to-Model).

Financial instruments classified as **Level 1** instruments include:

- stocks and bonds listed on regulated markets. The principal ‘price source’ of securities listed on regulated markets is the relevant stock exchange, and generally corresponds to the official price published by the regulated market on which the security is negotiated;
- collective investments schemes, SICAVs and ETFs if available a NAV (Net Asset Value) calculated on a daily basis;
- foreign exchange spot transactions;
- derivatives for which prices are available on an active market (e.g., futures and options).

Lacking prices on an active market, the fair value of financial instruments is calculated according to the so-called “comparable approach” (**Level 2**), based on the use of valuation models making use of parameters that can be directly observed on the market. In this case, the valuation is not based on the prices of the actual financial instruments being valued, but on prices or credit spreads taken from the official listings of substantially similar instruments, in terms of risk-yield factors, using a certain calculation method (pricing model). This approach translates into the search for transactions on the active markets involving instruments that, in terms of their risk factors, are comparable with the valued instrument.

Following is an overview of the valuation techniques used:

- the use of current market prices of other substantially similar instruments, if they are deemed to be highly comparable (based on the country and sector to which they belong, along with their rating, maturity and degree of seniority of the securities), such as to avoid any substantial alteration of the prices or the use of trading prices – with respect to the same financial instrument – concerning market transactions between independent counterparties;
- the use of prices of similar instruments, in terms of their calibration;
- discounted cash flow models;
- option pricing models.

Financial instruments classified as **Level 2** instruments include:
- UCI funds, with published NAV, and relating to which the NAV is reasonably representative of the value;
- bonds that are not traded on an active market, but which can be priced based on the prices of comparable securities, as inputs for a valuation model. The fair value of bonds without official prices expressed by an active market is determined based on the use of an appropriate credit spread, determined based on contributed and liquid financial instruments with similar features. Moreover, in the case of market transactions – concerning the same financial instrument – between independent counterparties account will be taken of the known trading price;
- OTC derivatives valued based on observable parameters and market models. Interest rate, exchange, share, inflation and commodity derivatives – if they are not traded on regulated markets – are known as Over The Counter (OTC) instruments, i.e. instruments that are bilaterally negotiated with market counterparties, and their valuation is conducted based on specific pricing models, fed by inputs (such as rate, exchange and volatility curves) observed on the market.

Lastly, the determination of the fair value of certain types of financial instruments is based on valuation models that require the use of parameters that cannot be directly observed on the market and which, therefore, require estimates and assumptions by the valuer (**Level 3**).

Financial instruments classified as **Level 3** instruments include:
- unlisted shares. Unlisted shares carried at cost are also conventionally included among Level 3 instruments;
- funds featuring either an unpublished NAV or a published NAV which, however, is not sufficiently representative of the potential realisation value;
- bonds not listed on active markets, for which there are no comparable instruments, or which require the use of significant assumptions, such as the knowledge of trading prices between independent counterparties;
- OTC derivatives valued using non-market models, or market models based on parameters that cannot be observed on the market.

Level 3 instruments also include financial instruments priced by the Bank based on internal valuation models using inputs that cannot be observed on the market and personal assumptions made by the valuer.

The valuation method defined for a financial instrument is adopted continuously over time and altered only if there are significant changes in the market conditions or subjective changes affecting the issuer of the instruments.

For the purpose of determining the fair value of financial instruments, the above mentioned fair value tier system is consistently used for breaking down the accounting portfolios based on the levels of fair value (see A.3 below).

7. Fair value of financial assets/liabilities: "Information in the notes to the financial statements"

Regarding short-term receivables and payables, the amount paid/collected is deemed to approximate reasonably their fair value. Concerning the part of receivables that is represented by mortgage loans granted to customers and shares in issue, given the fact that they are variable-rate transactions, their book value was deemed to be equal to their fair value.

8. Fair value option

Banca Finnat Group did not use the so-called Fair value option referred to in IAS 39: therefore, items pertaining to this in the balance sheet and income statement are not reported in the statements, because they were not measured.

A.3 – Information on fair value

This section tackles the issue of information on fair value, which governs "Transfers between portfolios" and the "Fair value hierarchy".

A.3.1 Transfer between portfolios

Transfers between portfolios, permitted as envisaged by IAS 39 only in "rare circumstances" were carried out exclusively by the Parent Company as follows:

- in 2008, transferring debt securities from the "Financial assets held for trading" portfolio to the "Assets held to maturity" portfolio, for a total value of 3,600 thousand euros;

- in 2010, transferring 3 UCI units (related to a real estate fund) from the "Financial assets held for trading" portfolio to the "Available-for-sale financial assets" portfolio.

During the financial year under review, two debt securities were repaid on maturity for a total value of 800 thousand euros recorded in 2008 in the "Assets held to maturity" portfolio.

The following tables provide the information requested by IFRS 7..

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

Type of financial instrument	Source portfolio	Target portfolio	Book value as at 31.12.2012	Fair value as at 31.12.2012	Income components without the transfer (pre-tax)		Income components recorded for the year (pre-tax)	
					Items	Other	Items	Other
Debt securities	HFT	HTM	2,615	2,666	401	40	–	99
UCI units	HFT	AFS	1,972	1,972	367	–	367	–

A.3.1.3. Transfers of financial assets held for trading

For a description of the "rare circumstances" that led to the reclassification made by the Bank, please refer to the explanations provided in the 2008 financial statements for debt securities and to the 2010 financial statements for the UCI units.

A.3.1.4 Effective interest rate and cash flow forecast from the reclassified assets

For information on the cash flow forecast from the reclassified debt securities, please refer to that explained in the 2008 financial statements as this was the year during which they were reclassified.

A.3.2 Fair value hierarchy

Following are the balances at 31 December 2012 and 31 December 2011 of the financial instrument portfolios, valued at fair value, broken down based on a hierarchy that reflects the importance of the inputs used in the valuations.

The hierarchy features the following three levels:

- **level 1**: financial instruments listed on an active market;

- **level 2**: the fair value is measured using valuation methods based on parameters that can be observed on the market and which differ from the prices of the financial instrument;
- **level 3**: the fair value is calculated using valuation methods based on parameters that cannot be observed on the market.

A.3.2.1 Accounting portfolios: division by level of fair value

Financial assets/liabilities carried at fair value	31.12.2012			31.12.2011		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	143,422	3,733	965	87,920	2,758	1
2. Financial assets carried at fair value						
3. Available-for-sale financial assets	318,490	28,127	12,198	18,895	29,075	9,098
4. Hedging derivatives						
Total	**461,912**	**31,860**	**13,163**	**106,815**	**31,833**	**9,099**
1. Financial liabilities held for trading	–	449	–	–	675	–
2. Financial liabilities carried at fair value						
3. Hedging derivatives						
Total	**–**	**449**	**–**	**–**	**675**	**–**

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

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

		FINANCIAL ASSETS			
		Held for trading	Measured at fair value	Available-for sale	Hedging
1.	**Opening balance**	**1**	**–**	**9,098**	**–**
2.	**Increases**	**964**	**–**	**3,100**	**–**
2.1.	Purchases	964	3,100		
2.2.	Profits recorded in:	–	–	–	–
2.2.1.	Income Statement	–			
	- of which capital gains	–			
2.2.2.	Net equity	X	X	–	
2.3.	Transfers from other levels				
2.4.	Other increases	–			
3.	**Decreases**	**–**	**–**	**–**	**–**
3.1.	Sales	–			
3.2.	Repayments				
3.3	Losses recorded in:	–			
3.3.1.	Income Statement	–			
	- of which capital losses	–			
3.3.2.	Net equity	X	X		
3.4.	Transfers to other levels	– –			
3.5.	Other decreases	–			
4. Closing balance		**965**	**–**	**12,198**	**–**

Item 2.1. Purchases - available for sale refers to the purchase by the Bank of 2% of the share capital of CSE Consorzio Servizi Bancari S.r.l.

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

The Bank and other Group companies have not recorded any positive/negative items arising from the initial fair value measurement of financial instruments.

Part B – Information on the consolidated balance sheet

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31.12.2012	Total 31.12.2011
a) Cash	275	246
b) Demand deposits at central banks	1,423	182
Total	**1,698**	**428**

Section 2 – Financial assets held for trading – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Amounts	31.12.2012			31.12.2011		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	139,032	2,516	964	84,803	2,758	–
1.1 Structured securities	–	–	–			
1.2 Other debt securities	139,032	2,516	964	84,803	2,758	
2. Equity securities	892	–	–	519		–
3. UCI units	3,498	1,008	1	2,353		1
4. Loans	–	–	–	–	–	–
4.1. Outstanding repos	–	–	–			
4.2 Other	–	–	–			
Total A	**143,422**	**3,524**	**965**	**87,675**	**2,758**	**1**
B. Derivatives						
1. Financial derivatives:	–	209	–	245	–	–
1.1 held for trading	–	209	–	245		–
1.2 related to the fair value option	–	–	–			
1.3 other	–	–	–			
2. Credit derivatives	–	–	–	–	–	–
2.1 held for trading	–	–	–			
2.2 related to the fair value option	–	–	–			
2.3 other	–	–	–			
Total B	**–**	**209**	**–**	**245**	**–**	**–**
Total (A+B)	**143,422**	**3,733**	**965**	**87,920**	**2,758**	**1**

The financial assets held for trading refer exclusively to the Bank.

Item A.1. Debt securities amounting to 142,512 thousand euros (Level 1 139,032 thousand euros, Level 2 2,516 thousand euros and Level 3 964 thousand euros) consists of the following financial instruments:

- Level 1: government bonds of 136,738 thousand euros and bonds of 2,294 thousand euros;
- Level 2 and 3: bonds of 3,480 thousand euros including "FIP Funding Class A2" of 2,516 thousand euros;

Item A.3. UCI units amounting to 4,507 thousand euros, in Level 1, includes
New Millennium Sicav fund shares of 375 thousand euros, Anthilia Capital Partners fund shares for a total amount of 3,058 thousand euros and shares in other funds of 65 thousand euros.

Item B1.1 Financial derivatives held for trading refers to the fair value measurement of forward exchanges.

2.2 Financial assets held for trading: breakdown by debtor/issuer

Voci/Valori	Total 31.12.2012	Total 31.12.2011
A. Cash assets		
1. Debt securities	**142,512**	**87,561**
a) Governments and Central Banks	136,738	82,826
b) Other public authorities	–	–
c) Banks	3,258	1,977
d) Other issuers	2,516	2,758
2. Equity securities	**892**	**519**
a) Banks	–	–
b) Other issuers:	892	519
- insurance companies	–	–
- financial companies	–	–
- non-financial companies	892	489
- other	–	30
3. UCI units	**4,507**	**2,354**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	–
b) Other public authorities	–	–
c) Banks	–	–
d) Other entities	–	–
Total A	**147,911**	**90,434**
B. Derivatives		
a) Banks	–	–
- fair value	209	245
b) Customers	–	–
- fair value	–	–
Total B	**209**	**245**
Total (A + B)	**148,120**	**90,679**

The breakdown of the item "UCI units" by the main type of funds is as follows:

- bond funds 1,378 thousand euros,
- equity funds 3,065 thousand euros,
- other 64 thousand euros.

2.3 Cash financial assets held for trading: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total 31.12.2012
A. Opening balance	**87,561**	**519**	**2,354**	**–**	**90,434**
B. Increases	**3,403,874**	**13,573**	**3,282**	**–**	**3,420,729**
B1. Purchases	3,400,655	13,520	3,089	–	3,417,264
B2. Positive changes in fair value	320	37	184	–	541
B3. Other changes	2,899	16	9	–	2,924
C. Decreases	**3,348,923**	**13,200**	**1,129**	**–**	**3,363,252**
C1. Sales	3,347,124	12,915	1,107	–	3,361,146
C2. Repayments	190	–	–	–	190
C3. Negative changes in fair value	204	90	3	–	297
C4. Transfers to other portfolios	–	–	–	–	–
C5. Other changes	1,405	195	19	–	1,619
D. Closing balance	**142,512**	**892**	**4,507**	**–**	**147,911**

Item B3. "Other changes" includes profits from trading activities and interest accrued as at 31 December 2012.

Item C5 "Other changes" includes losses from trading activities.

Section 4 – Available-for-sale financial assets – Item 40

4.1 Available-for-sale financial assets: breakdown by product

Items/Amounts	Total 31.12.2012			Total 31.12.2011		
	L1	L2	L3	L1	L2	L3
1. Debt securities	298,762	–	–	655	–	–
1.1 Structured securities	–	–	–			
1.2 Other debt securities	298,762	–	–	655		
2. Equity securities	16,330	–	12,198	14,609	–	9,098
2.1 Carried at fair value	16,330	–	–	14,609		
2.2 Carried at cost	–	–	12,198			9,098
3. UCI units	3,398	28,127	–	3,631	29,075	
4. Loans	–	–	–			
Total	**318,490**	**28,127**	**12,198**	**18,895**	**29,075**	**9,098**

4.2 Available-for-sale financial assets: breakdown by debtor/issuer

Items/Amounts	Total 31.12.2012	Total 31.12.2011
1. Debt securities	**298,762**	**655**
a) Governments and Central Banks	298,762	655
b) Other public authorities	–	–
c) Banks	–	–
d) Other issuers	–	–
2. Equity securities	**28,528**	**23,707**
a) Banks	–	–
b) Other issuers:	28,528	23,707
- insurance companies	–	–
- financial companies	22,161	20,441
- non-financial companies	6,357	3,257
- other	10	9
3. UCI units	**31,525**	**32,706**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**358,815**	**57,068**

The breakdown of the item “UCI units” by the main type of funds is as follows: real estate funds 26,841 thousand euros and others 4,684 thousand euros.

4.4 Available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total
A. Opening balance	**655**	**23,707**	**32,706**	**-**	**57,068**
B. Increases	**299,457**	**9,905**	**1,799**	**-**	**311,161**
B1. Purchases	293,599	3,100	1,099	-	297,798
B2. Positive changes in fair value	3,492	4,672	700	-	8,864
B3. Write-backs	-	-	-	-	-
- Recorded in the income statement	-	X	-	-	-
- Recorded in the net equity		-			-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other changes	2,366	2,133	-	-	4,499
C. Decreases	**1,350**	**5,084**	**2,980**	**-**	**9,414**
C1. Sales	-	3,793	-	-	3,793
C2. Repayments	1,337	-	636	-	1,973
C3. Negative changes in fair value	2	-	2,287	-	2,289
C4. Write-downs from impairment	-	-	-	-	-
- Recorded in the income statement	-	-	-	-	-
- Recorded in the net equity	-	-	-	-	-
C5. Transfer to other portfolios	-	-	-	-	-
C6. Other changes	11	1,291	57	-	1,359
D. Closing balance	**298,762**	**28,528**	**31,525**	**-**	**358,815**

Item B1. Purchases mainly refers to the Bank, in particular:

- for debt securities, to nominal 300 million euros of total Italian debt securities. Interests accrued during the period, inclusive of amortised cost, are shown in item B5 other increases;
- for equity securities, to 2% of the share capital of CSE Consorzio Servizi Bancari S.r.l.;
- for UCI units, to 9 units of the FIP fund.

Item C1. Sales - equity securities refers to 310,000 shares in London Stock Exchange Group plc. transferred by the Bank for an equivalent value of 3,793 thousand euros, realising a capital gain of 2,133 thousand euros recorded under item B5-Other increases. This amount is inclusive of the reallocation to income statement of the related valuation reserve of 1,291 thousand euros recorded in item C6-Other decreases.

Item C.2 Repayments represents the amount of partial repayments of shares of the FIP fund.

The comment to the items B2. Positive changes in Fair Value and C.3 Negative changes in Fair Value is illustrated in Part D - Comprehensive income.

Section 5 – Financial assets held to maturity – Item 50

5.1 Financial assets held to maturity: breakdown by product

	Total 31.12.2012				Total 31.12.2011			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	2,615	2,666	–	–	3,366	3,057	–	–
- structured	–							
- other	2,615	2,666			3,366	3,057		
2. Loans	–	–	–	–	–	–	–	–
Total	**2,615**	**2,666**	**–**	**–**	**3,366**	**3,057**	**–**	**–**

Key:
FV = fair value
BV = book value

The item includes several bonds issued by the Bank and transferred in 2008, as already mentioned in Section A.3 Information on fair value, from the "Financial assets of trading" portfolio.

5.2 Financial assets held to maturity: debtors/issuers

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
1. Debt securities	**2,615**	**3,366**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	2,615	3,366
d) Other issuers	–	
2. Loans	**–**	**–**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**2,615**	**3,366**
Total fair value	**2,666**	**3,057**

5.4 Assets held to maturity: annual changes

	Debt securities	Loans	Total
A. Opening balance	**3,366**	**–**	**3,366**
B. Increases	**49**	**–**	**49**
B1. Purchases	–	–	–
B2. Write-backs	–	–	–
B3. Transfers from other portfolios	–	–	–
B4. Other changes	49	–	49
C. Decreases	**800**	**–**	**800**
C1. Sales	–	–	–
C2. Repayments	800	–	800
C3. Value adjustments	–	–	–
C4. Transfer to other portfolios	–	–	–
C5. Other changes	–	–	–
D. Closing balance	**2,615**	**–**	**2,615**

Item B4. includes interest accrued at 31 December 2012 and item C2. the repayment of two bonds.

Section 6 – Due from banks – Item 60

6.1 Due from banks: breakdown by product

Type of transaction/Amount	Total 31.12.2012	Total 31.12.2011
A. Due from central banks	**–**	**–**
1. Fixed-term deposits	–	–
2. Obligatory reserve	–	–
3. Outstanding repos	–	–
4. Other	–	–
B. Due from banks	**78,826**	**95,136**
1. Current accounts and demand deposits	65,747	90,294
2. Fixed-term deposits	13,079	4,842
3. Other loans:	–	–
3.1 Outstanding repos	–	–
3.2 Finance lease	–	–
3.3 Other	–	–
4. Debt securities	–	–
4.1 Structured securities	–	–
4.2 Other debt securities	–	–
Total (book value)	**78,826**	**95,136**
Total (fair value)	**78,826**	**95,136**

Item B.2. Fixed-term deposits, which refers exclusively to the Bank, includes the obligatory reserve deposited at the ICBPI of 3,078 thousand euros and a deposit with maturity by January 2013 of 10,001 thousand euros. At 31 December 2011, the obligatory Reserve amounted to 4,842 thousand euros.

Section 7 – Due from customers – Item 70

7.1 Due from customers: breakdown by product

Type of transaction/Amount	Total 31.12.2012			Total 31.12.2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Current accounts	72,799		852	114,229		1,929
2. Outstanding repos	3,037		–	–		–
3. Mortgages	141,862		4,511	115,093		3,535
4. Credit cards, personal loans and loans on salary	–		–	–		–
5. Finance lease	–		–	–		–
6. Factoring	–		–	–		–
7. Other loans	32,199		4,903	16,479		4,538
8. Debt securities	–	–	–	–	–	–
8.1 Structured securities	–		–	–		–
8.2 Other debt securities	–		–	–		–
Total (book value)	**249,897**	**–**	**10,266**	**245,801**	**–**	**10,002**
Total (fair value)	**249,897**	**–**	**10,266**	**245,801**	**–**	**10,002**

The item “Due from customers”, which does not include debt securities, totals 260,163 thousand euros.

At the date of these financial statements, the items relating to current accounts, mortgages and other loans include the following impaired assets relating to the Parent Company:

- non-performing loans totalling 6,131 thousand euros (including the write-downs) relating to the following positions:
  - 4,568 euros relating to a mortgage contract terminated by the Bank on 8 July 2011, after which the Bank requested the immediate repayment of the entire amount; the mortgage is secured by property the value of which covers the entire exposure – based on an expert appraisal report updated to 30 July 2012 – also providing for a repayment by instalments. A restructuring plan of the company and the Group has been presented to the remitting banks pursuant to Article 67 of the Italian Finance Act, which has been accepted by the totality of banks to be analysed thoroughly. The plan provides for the full repayment of the amount due to us, with respect to both the principal and the interest after the sale of the property. On 24 December 2012, the Bank resolved the acceptance of the restructuring plan of the company, subject to the total acceptance of the banks and to the sharing of the contractual documents;
  - 1,563 thousand euros referring to trade receivables of 803 thousand euros and to financial receivables of 760 thousand euros.

    The line-by-line write-downs made totalled 1,398 thousand euros including 695 thousand euros carried out in previous financial years and 703 thousand euros in the financial year under review.
- impaired loans totalling 5,503 thousand euros, including the write-downs, comprising:
  - subjective impaired loans of 5,000 thousand euros, consisting of overdraft facilities of 671 thousand euros and mortgage positions of 3,991 thousand euros (256 thousand euros of overdue instalments and 3,735 thousand euros of principal about to fall due); in addition to trade receivables of 338

thousand euros. Impaired loans were written down line by line totalling 440 thousand euros of which 376 thousand euros during the financial year under review and 64 thousand euros in previous financial years;
  - objective impaired loans amounting to 503 thousand euros;
- other positions expired or past due for over 90 days, not falling under objective impaired loans, totalling 340 thousand euros, including the collective write-down.

As usual, at 31 December 2012, the Bank wrote down cash loans on a collective basis of 161 thousand euros, based on the mean value of the historical series of the default rates of cash loans received from the Risk Centre.

Therefore, in 2012, the Bank recorded 1,255 thousand euros (including 15 thousand euros of derecognition of loans) in the income statement item 130 a) "Net value adjustments for impairment of loans"

The overall value adjustments at the end of the period under review totalled 3,257 thousand euros, of which:
- 1,838 thousand euros, on an itemised basis;
- 1,419 thousand euros, for collective write-downs.

As regards the other Group companies, the Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A. subsidiaries recorded net value adjustments over the year of 296 thousand euros and 90 thousand euros, respectively. At the date of these financial statements, Finnat Fiduciaria S.p.A. carried out total write-downs of 1,123 thousand euros (of which 638 thousand euros line-by-line) and Fedra Fiduciaria S.p.A. carried out write-downs of 365 thousand euros (of which 215 thousand euros line-by-line).

7.2 Due from customers: breakdown by debtor/issuer

Type of transaction/Amount	Total 31.12.2012			Total 31.12.2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Debt securities:	**–**	**–**	**–**	**–**	**–**	**–**
a) Governments						
b) Other public authorities						
c) Other issuers	–	–	–	–	–	–
- non-financial companies						
- financial companies						
- insurance companies						
- other						
2. Loans to:	**249,897**	**–**	**10,266**	**245,801**	**–**	**10,002**
a) Governments	–		–	–		
b) Other public authorities	–		–	–		
c) Other entities	249,897	–	10,266	245,801	–	10,002
- non-financial companies	157,287		8,511	154,455		6,657
- financial companies	221		65	239		3
- insurance companies	–		–	–		–
- other	92,389		1,690	91,107		3,342
Total	**249,897**	**–**	**10,266**	**245,801**	**–**	**10,002**

A breakdown of time distribution of amounts due from customers by residual duration can be found under Section 1.3 - Banking group - liquidity risk.

Section 10 – Equity investments – Item 100

10.1 Equity investments in subsidiaries, jointly controlled companies (valued by equity method) or companies under considerable control: information on investment relationships

Company name	Headquarters	Type of relationship	Investment relationship		Voting rights
			Investor company	Ownership %	%
A. Companies					
1. Prévira Invest Sim S.p.A.	Rome	Considerable control	Banca Finnat	20.00	
2. Sigefi Italia Private Equity S.p.A.	Milan	Considerable control	Banca Finnat	25.00	
3. Imprebanca S.p.A.	Rome	Considerable control	Banca Finnat	20.00	
4. f Beni Stabili Property Service S.p.A.	Rome	Considerable control	Banca Finnat	36.00	

The share ownership also represents the percentage of voting rights at the shareholders' meetings.

The figures given in the table below refer to the draft financial statements at 31 December 2012 or to the latest available financial statements. The net equity figure includes the profit/loss for the year.

10.2 Equity investments in subsidiaries, jointly controlled companies or companies under considerable control: accounting information

Company name	Total assets	Total revenues	Profit (loss)	Net equity	Consolidated book value	Fair value
A. Equity investments valued by equity method						
A.1 subject to joint control						X
A.2 under considerable control	131,117	14,743	195	49,754	10,642	
1. Prévira Invest Sim S.p.A.(*)	3,713	2,470	37	2,559	512	
2. Sigefi Italia Private Equity S.p.A.	201	152	5	177	44	
3. Imprebanca S.p.A	121,633	5,630	(1,279)	42,753	8,551	
4. Beni Stabili Property Service S.p.A.	5,570	6,491	1,432	4,265	1,535	
B. Companies consolidated proportionally					**X**	**X**

(*) Figures as at 31 December 2011

The fair value is not indicated as it is not available.

10.3 Equity investments: annual changes

	Total 31.12.2012	Total 31.12.2011
A. Opening balance	**9,188**	**9,785**
B. Increases	**2,580**	**6**
B.1 Purchases	2,268	–
B.2 Write-backs	–	–
B.3 Revaluations	312	6
B.4 Other changes	–	–
C. Decreases	**1,126**	**603**
C.1 Sales	–	–
C.2 Value adjustments	88	603
C.3 Other changes	1,038	–
D. Closing balance	**10,642**	**9,188**
E. Total revaluations	**312**	**6**
F. Total adjustments	**88**	**603**

Item C.3 Other changes refers to the positive difference of the first consolidation of the Beni Stabili Property Service S.p.A. associated company. This investment was purchased by the Bank, during the second half-year of 2012, for the consideration shown in item B.1.

Section 12 – Tangible assets – Item 120

12.1 Tangible assets: breakdown of the assets carried at cost

Assets/amounts	Total 31.12.2012	Total 31.12.2011
A. Assets for functional use		
1.1 owned assets	**5,748**	**6,089**
a) land	1,308	1,308
b) buildings	3,052	3,222
c) furniture	845	861
d) electronic equipment	480	610
e) other	63	88
1.2 acquired under finance lease	**–**	**–**
a) land	–	
b) buildings	–	
c) furniture	–	
d) electronic equipment	–	
e) other	–	
Total A	**5,748**	**6,089**
B. Assets held for investment		
2.1 owned assets	**–**	**–**
a) land	–	
b) buildings	–	
2.2 acquired under finance lease	**–**	**–**
a) land	–	
b) buildings	–	
Total B	**–**	**–**
Total (A + B)	**5,748**	**6,089**

The Bank owns two flats used as offices situated in Rome - Via Parigi n. 11. In 1974, the property was revalued by 8 thousand euros and further revaluations were made for a total of 1,216 thousand euros in accordance with laws no. 576 of 2 December 1975, no. 72 of 19 March 83, and no. 413 of 30 December 1991. In addition, part of the deficit was allocated to the flats in 2003, amounting to 4,000 thousand euros, following the merger by incorporation of Banca Finnat Euramerica S.p.A. with Terme Demaniali di Acqui S.p.A. and entirely written off through the payment of a substitute tax in 2008. Item b) buildings includes the net value of the land calculated on a lump-sum basis for tax purposes equal to 14 thousand euros.

12.3 Tangible assets for functional use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**1,308**	**5,761**	**2,210**	**4,008**	**348**	**13,635**
A.1 Net total impairment	–	2,539	1,349	3,398	260	7,546
A.2 Net opening balance	**1,308**	**3,222**	**861**	**610**	**88**	**6,089**
B. Increases:	**–**	**–**	**60**	**125**	**15**	**200**
B.1 Purchases	–	–	60	52	3	115
B.2 Capitalised improvement expenses	–	–	–	–	–	-
B.3 Write-backs	–	–	–	–	–	-
B.4 Positive changes in fair value allocated to:	–	–	–	–	–	–
a) net equity	–	–	–	–	–	-
b) income statement	–	–	–	–	–	-
B.5 Positive exchange differences	–	–	–	–	–	-
B.6 Transfers from properties held for investment	–	–	–	–	–	-
B.7 Other changes	–	–	–	73	12	85
C. Decreases	**–**	**170**	**76**	**255**	**40**	**541**
C.1 Sales	–	–	–	73	13	86
C.2 Depreciation	–	170	76	182	27	455
C.3 Value adjustments for impairment allocated to:	–	–	–	–	–	–
a) net equity	–	–	–	–	–	-
b) income statement	–	–	–	–	–	-
C.4 Negative changes in fair value allocated to:	–	–	–	–	–	–
a) net equity	–	–	–	–	–	-
b) income statement	–	–	–	–	–	-
C.5 Negative exchange differences	–	–	–	–	–	-
C.6 Transfers to:	–	–	–	–	–	–
a) tangible assets held for investment	–	–	–	–	–	-
b) assets being disposed	–	–	–	–	–	-
C.7 Other changes	–	–	–	–	–	-
D. Net closing balances	**1,308**	**3,052**	**845**	**480**	**63**	**5,748**
D.1 Net total impairment	–	2,709	1,425	3,507	275	7,916
D.2 Gross closing balance	**1,308**	**5,761**	**2,270**	**3,987**	**338**	**13,664**
E. Valuation at cost						

Section 13 – Intangible assets – Item 130

13.1 Intangible assets: breakdown by asset

Assets/Amounts	Total 31.12.2012		Total 31.12.2011	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill:	**X**	**300**	**X**	**300**
A.1.1 pertaining to the Group	X	300	X	300
A.1.2 pertaining to minority interests	X	–	X	–
A.2 Other intangible assets	**188**	**3,764**	**240**	**2,696**
A.2.1 Assets carried at cost:	188	3,764	240	2,696
a) Intangible assets generated internally	–	–	–	–
b) Other assets	188	3,764	240	2,696
A.2.2 Assets carried at fair value:	–	–	–	–
a) Intangible assets generated internally	–	–	–	–
b) Other assets	–	–	–	–
Total	**188**	**4,064**	**240**	**2,996**

Item A.1 equal to 300 thousand euros regards a part of the goodwill resulting from the merger in 2003 of Banca Finnat Euramerica S.p.A. into Terme Demaniali di Acqui S.p.A.

Item A.2 Indefinite life consists of the value of a trademark purchased during the financial year by the Bank and by the positive consolidation differences of the following companies:

- Finnat Fiduciaria S.p.A. of 984 thousand euros;
- Investire Immobiliare SGR of 1,693 thousand euros;
- Beni Stabili Property Service S.p.A. of 1,038 thousand euros.

As it regards an intangible asset whose useful life cannot be defined, an impairment test was carried out in accordance with the provisions of IAS 36. This evaluation did not show any loss in value to record in the income statement.

13.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**300**	**–**	**–**	**1,854**	**2,866**	**5,020**
A.1 Net total impairment	–	–	–	1,614	170	1,784
A.2 Net opening balance	**300**	**–**	**–**	**240**	**2,696**	**3,236**
B. Increases	**–**	**–**	**–**	**90**	**1,086**	**1,176**
B.1 Purchases	–	–	–	90	1,086	1,176
B.2 Increases in internal intangible assets	X	–	–	–	–	–
B.3 Write-backs	X	–	–	–	–	–
B.4 Positive changes in fair value	–	–	–	–	–	–
- on net equity	X	–	–	–	–	–
- on income statement	X	–	–	–	–	–
B.5 Positive exchange rate differences	–	–	–	–	–	–
B.6 Other changes	–	–	–	–	–	–
C. Decreases	**–**	**–**	**–**	**142**	**18**	**160**
C.1 Sales	–	–	–	–		–
C.2 Value adjustments	–	–	–	142	18	160
(-) Amortisation	X	–	–	142	18	160
(-) Write-downs	–	–	–	–	–	–
(+) net equity	X	–	–	–	–	–
(+) income statement	–	–	–	–	–	–
C.3 Negative changes in fair value	–	–	–	–	–	–
- on net equity	X	–	–	–	–	–
- on income statement	X	–	–	–	–	–
C.4 Transfers to non-current assets being disposed	–	–	–	–	–	–
C.5 Negative exchange differences	–	–	–	–	–	–
C.6 Other changes	–	–	–	–	–	–
D. Net closing balances	**300**	**–**	**–**	**188**	**3,764**	**4,252**
D.1 Total net value adjustments	–	–	–	1,756	188	1,944
E. Gross closing balance	**300**	**–**	**–**	**1,944**	**3,952**	**6,196**
F. Valuation at cost						

Key:
DEF: definite life
UNDEF: undefinite life

Section 14 – Tax assets and liabilities – Items 140 (assets) and 80 (liabilities)

Current tax assets total 2,888 thousand euros (671 thousand euros at 31 December 2011) and mainly concern Ires tax credits from the domestic consolidated tax system of 1,131 thousand euros, Irap tax credits referring to subsidiaries of 129 thousand euros and tax credits requested for refund of 1,377 thousand euros. These include the amount of 1,004 thousand euros (of which 820 thousand euros referring to the Bank) deriving from the request for refund for the greater amount of Ires tax paid by the companies joining the domestic consolidated tax system during the financial years before 2012, in accordance with the provision of Article 2 of Italian Law Decree 201/2011 supplemented by Italian Law Decree 16/2012.

Tax liabilities total 421 thousand euros (876 thousand euros at 31 December 2011) and mainly concern Irap tax payables of the Bank of 178 thousand euros and challenged assessments of 194 thousand euros.

14.1 Advance tax assets: breakdown

	Total 31.12.2012	Total 31.12.2011
Goodwill	2,519	2,913
Write-down of securities	10	10
Write-down of receivables	505	340
Staff severance fund – IAS change	80	29
Administrative expenses	14	13
Other	635	561
Total	**3,763**	**3,866**

14.2 Deferred tax liabilities: breakdown

	Total 31.12.2012	Total 31.12.2011
Revaluation of securities	2,569	1,720
Allocation of merger difference on securities	47	47
Placement commissions	971	1,306
Other tax liabilities	95	54
Total	**3,682**	**3,127**

Advance and deferred taxes have been determined applying the Ires and, where applicable, Irap rates in force at the date of preparation of these financial statements.

Advance taxes (14.1) refer primarily to a lower tax burden in perspective, related to the amortisation of goodwill in the forthcoming years, until 2019.
The goodwill – originally totalling 21,440 thousand euros – was recorded in 2003, as a result of the merger of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A. with Terme Demaniali di Acqui S.p.A.

14.3 Changes in advance taxes (with corresponding item in the income statement)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**3,313**	**3,689**
2. Increases	**476**	**241**
2.1 Advance taxes recognised in the year	476	181
a) relating to previous years	235	–
b) due to the change in the accounting policies	–	–
c) write-backs	–	140
d) other	241	41
2.2 New taxes or increases in tax rates	–	60
2.3 Other increases	–	–
3. Decreases	**666**	**617**
3.1 Advance taxes cancelled during the year	666	498
a) reallocations	666	498
b) write-downs due to irrevocability	–	–
c) change in the accounting policies	–	–
d) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	119
4. Closing balance	**3,123**	**3,313**

14.4 Changes in deferred taxes (with corresponding item in the income statement)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**2,350**	**2,688**
2. Increases	**368**	**100**
2.1 Deferred taxes recognised in the year	368	9
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	368	9
2.2 New taxes or increases in tax rates	–	91
2.3 Other increases	–	–
3. Decreases	**527**	**438**
3.1 Deferred taxes cancelled during the year	527	438
a) reallocations	527	438
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**2,191**	**2,350**

14.5 Changes in advance taxes (with corresponding item in the net equity)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**553**	**448**
2. Increases	**87**	**115**
2.1 Advance taxes recognised in the year	87	114
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	87	114
2.2 New taxes or increases in tax rates	–	1
2.3 Other increases	–	–
3. Decreases	**–**	**10**
3.1 Advance taxes cancelled during the year	–	10
a) reallocations	–	10
b) write-downs due to irrevocability	–	–
c) due to the change in the accounting policies	–	–
d) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**640**	**553**

14.6 Changes in deferred taxes (with corresponding item in net equity)

	Total 31.12.2012	Total 31.12.2011
1. Opening balance	**777**	**1,520**
2. Increases	**1,388**	**110**
2.1 Deferred taxes recognised in the year	1,387	82
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	1,387	82
2.2 New taxes or increases in tax rates	–	28
2.3 Other increases	1	–
3. Decreases	**674**	**853**
3.1 Deferred taxes cancelled during the year	674	853
a) reallocations	674	853
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**1,491**	**777**

For further information on changes to advance and deferred taxes, please see: for those recorded in the income statement, Part C—Section 20 Income tax for the year and for those recorded in the net equity Part D – Comprehensive income.

* * *

In terms of tax disputes, the Rome Tax offices notified two income tax assessments to the Bank for the year 2003 to the bank, duly appealed. In 2011, the Provincial Tax Commission of Rome filed the judgement with which it partially upheld the complaints made during the appeal. The bank, as a result of the acceptance in first instance, allocated during the 2011 financial year the residual tax of 83 thousand euros plus sanctions and interest, and lodged appeal before the Regional Tax Commission of Rome. During 2012, the second instance judges passed judgement rejecting the appeal made by the Bank. An appeal has been lodged before the Supreme Court against this judgement.
Moreover, an appeal is currently pending before the Supreme Court, made by the Bank, for which the amount in dispute, pertaining to the 2002 financial year, was fully paid, for additional taxes of 55 thousand euros (plus sanctions and interests).

Section 16 – Other assets – Item 160

16.1 Other assets: breakdown

	Total 31.12.2012	Total 31.12.2011
Receivables for guarantee deposits	289	305
Advance payments to suppliers	3	10
Deposits with Cassa Compensazione e Garanzia	20,121	5,014
Deposits segregated at M.F. Global UK Ltd	–	3,548
Due from counterparties and brokers	519	39,651
Tax credits for withholding tax	231	460
Sundry receivables	4,375	5,862
Total	**25,538**	**54,850**

The item “Segregated deposits at M.F. Global UK Ltd”, was zeroed during 2012 following the assignment of the debt of the Bank to third parties. The assignment of the debt implied the write-back of 625 thousand euros related to the cancellation of the partial write-down carried out in 2011 and the recording of the loss deriving from the assignment of 473 thousand euros.

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 Due to banks: breakdown by product

Type of transactions/Items of the group	Total 31.12.2012	Total 31.12.2011
1. Due to Central Banks	**94,683**	**–**
2. Due to banks	**114**	**40,886**
2.1 Current accounts and demand deposits	111	605
2.2 Fixed-term deposits	–	2,002
2.3 Loans	–	38,271
2.3.1 reverse repos	–	38,271
2.3.2 other	–	–
2.4 Amounts due under repurchase agreements of own equity instruments	–	–
2.5 Other liabilities	3	8
Total	**94,797**	**40,886**
Fair value	**94,797**	**40,886**

Section 2 – Due to customers – Item 20

2.1 Due to customers: breakdown by product

Type of transactions/Items of the group	Total 31.12.2012	Total 31.12.2011
1. Current accounts and demand deposits	272,731	235,841
2. Fixed-term deposits	32,483	36,937
3. Loans	242,035	–
3.1 reverse repos	242,035	–
3.2 other	–	–
4. Amounts due under repurchase agreements of own equity instruments	–	–
5. Other payables	150	4,148
Total	**547,399**	**276,926**
Fair value	**547,399**	**276,926**

Item 3.1 Reverse repos concerns the transactions between the Bank and Cassa di Compensazione e Garanzia.

Section 3 – Outstanding securities – Item 30

3.1 Outstanding securities: breakdown by product

Type of securities/ Amount	Total 31.12.2012				Total 31.12.2011			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**64,172**	**–**	**–**	**64,172**	**35,060**	**–**	**–**	**35,060**
1. bonds	44,549	–	–	44,549	33,982	–	–	33,982
1.1 structured								
1.2 other	44,549			44,549	33,982			33,982
2. other securities	19,623	–	–	19,623	1,078	–	–	1,078
2.1 structured								
2.2 other	19,623			19,623	1,078			1,078
Total	**64,172**	**–**	**–**	**64,172**	**35,060**	**–**	**–**	**35,060**

The item, referring exclusively to the Bank, concerns:

- bonds issued inclusive of the accrued coupon. The amount is given minus the value of the securities held by the Bank for trading, totalling a nominal value of 4,130 thousand euros.
- certificates of deposit issued, inclusive of the accrued coupon, totalling a nominal value of 19,236 thousand euros.

Section 4 – Financial liabilities held for trading – Item 40

4.1 Financial liabilities held for trading: breakdown by product

Type of transactions/ Items of the Group	Total 31.12.2012					Total 31.12.2011				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities	–	–	–	–		–	–	–	–	
1. Due to banks										
2. Due to customers					–					–
3. Debt securities	–	–	–	–	–	–	–	–	–	–
3.1 Bonds	–	–	–	–		–	–	–	–	
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities	–	–	–	–		–	–	–	–	
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A	–	–	–	–	–	–	–	–	–	–
B. Derivatives		–	**449**	–			–	**675**	–	
1. Financial derivatives		–	449	–			–	675	–	
1.1 Held for trading	X	–	449	–	X	X	–	675	–	X
1.2 Related to the fair value option	X				X	X				X
1.3 Other	X				X	X				X
2. Credit derivatives		–	–	–			–	–	–	
2.1 Held for trading	X				X	X				X
2.2 Related to the fair value option	X				X	X				X
2.3 Other	X				X	X				X
Total B	**X**	–	**449**	–	**X**	**X**	–	**675**	–	**X**
Total (A + B)	**X**	–	**449**	–	**X**	**X**	–	**675**	–	**X**

Key:
FV = fair value
FV* = fair value calculated excluding the changes in value due to the change in the credit rating of the issuer with respect to the issue date
NV = face or notional value

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

Financial liabilities held for trading, referring exclusively to the Bank, include the fair value measurement of an Interest Rate Swap Amortising. This derivative is a hedging transaction for managing the interest rate risk associated with the granting of a fixed-rate loan.

Section 8 – Tax liabilities – Item 80

See Section 14 of the assets.

Section 10 – Other liabilities – Item 100

10.1 Other liabilities: breakdown

	Total 31.12.2012	Total 31.12.2011
Social security and insurance contributions to be paid	982	799
Payables to employees and contractors	1,741	1,345
Emoluments to be paid to the Directors	62	65
Emoluments to be paid to the Board of Statutory Auditors	262	237
Due to suppliers	1,067	1,344
Payables for transactions to be settled	88	–
Shareholders for dividends to be paid	737	552
Payables to brokers and institutional counterparties	2,066	39,746
Tax payables for withholding tax	2,076	1,743
Other payables	1,288	1,549
Total	**10,369**	**47,380**

Section 11 – Staff severance fund – Item 110

11.1 Staff severance fund: annual changes

	Total 31.12.2012	Totale 31.12.2011
A. Opening balance	**3,283**	**3,428**
B. Increases	**1,252**	**1,034**
B.1 Allocation for the year	1,252	1,034
B.2 Other changes	–	–
C. Decreases	**850**	**1,179**
C.1 Severance indemnities paid out	270	393
C.2 Other changes	580	786
D. Closing balance	**3,685**	**3,283**

The actuarial assumptions used to calculate the liabilities as at the balance sheet date are set out below:

Demographic assumption

As regards the demography data used, life expectancy was assessed using the RG48 demographic table on population activity ratios ("Tavola di permanenza nella posizione di attivo") (processed by the General Accounting Office, by reference to the 1948 generation), "selected, projected and subdivided by gender", supplemented by internal statistics concerning the probability of staff leaving employment.

Economic-financial assumptions

Technical evaluations were made on the basis of the following assumptions:

- technical discount rate between 0.7950% and 2.4270%, determined on the basis of the official yield curve for interest rate swaps, taking the corresponding maturities for leaving the Fund;
- annual inflation rate 2.5%.

Section 15 – Group net equity – Items 140,170,190,200 and 220

15.1 “Share capital” and “Own shares”: Breakdown

At 31 December 2012, the share capital paid up by the Bank was 72,576,000 euros, divided into 362,880,000 ordinary shares with a face value of 0.20 euros each, and the Bank holds 20,453,500 of its own shares, amounting to 5.6% of the share capital (17,415,298 at 31 December 2011).

In application of IAS 32 and of the provisions contained in the Circular Letter no. 262/2005, the own shares held exclusively at 31 December 2012, and referred exclusively to the Bank, were used to adjust the net equity for an amount of 10,940 thousand euros, which corresponds to their purchase price.

15.2 Capital - Number of shares of the parent company: annual changes

Items/Types	Ordinary	Other
A. Number of shares at the beginning of the year	**362,880,000**	
– fully paid-up	362,880,000	
– partly paid-up		
A.1 Own shares (-)	(17,415,298)	
A.2 Outstanding shares: opening balance	**345,464,702**	
B. Increases	**4,679**	
B.1 New issues		
– against payment:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
– on a free basis:		
- in favour of staff		
- in favour of directors		
- other		
B.2 Sale of own shares	4,679	
B.3 Other changes		
C. Decreases	**3,042,881**	
C.1 Cancellation		
C.2 Purchase of own shares	3,042,881	
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**342,426,500**	
D.1 Own shares (+)	20,453,500	
D.2 Number of shares at the end of the year	362,880,000	
– fully paid-up	362,880,000	
– partly paid-up		

15.3 Share capital: Other information

During the year, the Bank's share capital was not subject to change.

15.4 Retained earnings: other information

The "Reserves" item amounts to 94,512 thousand euros (94,615 thousand euros at 31 December 2011) and is broken down as follows:

- **retained earnings of the Bank:**
  79,787 thousand euros consisting of the legal reserve of 8,051 thousand euros, extraordinary reserve of 51,615 thousand euros, the dividend adjustment reserve of 6,725 thousand euros, the reserve for own shares of 10,940 thousand euros and the reserve for purchase of own shares of 2,456 thousand euros;
- **other reserves:**
  14,725 thousand euros consisting of the reserve for the gains on the sale of own shares of 4,336 thousand euros, the stock option plan reserve of 811 thousand euros and the consolidation reserves for the difference.

Section 16 – Net equity of minority interests – Item 210

16.1 Minority interest net equity: breakdown

Items/Amounts	Total 31.12.2012	Total 31.12.2011
1. Share capital		
2. Share issue premiums		
3. Reserves	3,046	2,948
4. (Own shares)	–	–
5. Valuation reserves	(312)	(267)
6. Capital instruments	–	–
7. Profit (Loss) for the year	832	1,082
Total	**3,566**	**3,763**

OTHER INFORMATION

1. Guarantees given and commitments

Transactions	Amount 31.12.2012	Amount 31.12.2011
1) Financial guarantees given	16,864	9,845
a) Banks	258	246
b) Customers	16,606	9,599
2) Commercial guarantees given	6,811	1,723
a) Banks	–	–
b) Customers	6,811	1,723
3) Irrevocable commitments to disburse funds		1,760
a) Banks	–	–
i) for certain use	–	–
ii) for uncertain use	–	–
b) Customers		1,760
i) for certain use	–	–
ii) for uncertain use		1,760
4) Commitments underlying credit derivatives: sales for protection	–	–
5) Assets pledged as guarantee of the obligations of third parties	–	–
6) Other commitments	19	19
Total	**23,694**	**13,347**

Item 1) a) Banks shows the percentage of the Bank’s commitment towards the Interbank Fund for the Protection of Deposits.

2. Assets pledged as guarantee of own liabilities and commitments

Portfolios	Amount 31.12.2012	Amount 31.12.2011
1. Financial assets held for trading	3,000	3,000
2. Financial assets carried at fair value	–	
3. Available-for-sale financial assets	–	
4. Financial assets held to maturity	–	
5. Due from banks	–	
6. Due from customers	–	
7. Tangible assets	–	

The item, referring exclusively to the Bank, represents the Government bonds established to guarantee issue of bank drafts.

5. Management and brokerage on behalf of third parties

Type of service	Amount
1. Execution and brokerage on behalf of third parties	
a) purchases	3,933,008
1. settled	3,920,655
2. unsettled	12,353
b) sales	3,945,774
1. settled	3,934,822
2. unsettled	10,952
2. Portfolio management	
a) individual	624,273
b) collective	2,163,520
3. Custody and administration of securities	
a) third-parties securities on deposit related to depository services (excluding asset management)	–
1. securities issued by companies included in the consolidation	–
2. other securities	–
b) third-party securities on deposit (excluding asset management): other	2,185,704
1. securities issued by companies included in the consolidation	56,980
2. other securities	2,128,724
c) third-party securities lodged with third parties	2,095,740
d) own securities lodged with third parties	254,082
4. Other transactions	

Part C – Information on the consolidated income statement

Section 1 – Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Categories	Debt securities	Loans	Other transactions	Total FY 2012	Total FY 2011
1. Financial assets held for trading	5,171	–	–	5,171	993
2. Financial assets carried at fair value	–	–	–	–	–
3. Available-for-sale financial assets	4,237	–	–	4,237	6
4. Financial assets held to maturity	99	–	–	99	127
5. Due from banks	–	251	–	251	926
6. Due from customers	–	6,494	–	6,494	7,844
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	22	22	37
Total	**9,507**	**6,745**	**22**	**16,274**	**9,933**

1.4 Interest expense and similar expense: breakdown

Items/Categories	Payables	Securities	Other transactions	Total FY 2012	Total FY 2011
1. Due to Central Banks	684	X	–	684	–
2. Due to banks	452		–	452	524
3. Due to customers	2,083	X	–	2,083	1,940
4. Outstanding securities	X	1,182	–	1,182	767
5. Financial liabilities held for trading	–	–	–	–	–
6. Financial liabilities carried at fair value	–	–	–	–	–
7. Other liabilities and funds	X	X	–	–	–
8. Hedging derivatives	X	X	–	–	–
Total	**3,219**	**1,182**	**–**	**4,401**	**3,231**

The interest margin, referring exclusively to the Bank, of 11,873 thousand euros is 77% higher than the previous year (6,702 thousand euros), as a result of the increased yield of loans granted and of total Italian debt securities, present in the portfolio of the Parent Company and classified under "Available-for-sale financial assets" (of which nominal value 100 million euros guaranteeing the Long Term Refinancing Operation (LTRO) launched by the ECB in February 2012).

Section 2 – Commissions – Items 40 and 50

2.1 Commission income: breakdown

Type of services/Amounts	Total FY 2012	Total FY 2011
a) guarantees given	132	82
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	26,279	30,729
1. trading in financial instruments	3,926	5,740
2. trading in currencies	–	–
3. portfolio management	16,449	17,818
3.1. individual	4,533	3,986
3.2. collective	11,916	13,832
4. custody and administration of securities	2,391	2,643
5. custodian bank	–	–
6. securities placement	2,282	2,215
7. acceptance of trading orders	–	–
8. consulting 1,100	2,225	
8.1 investments	93	–
8.2 financial structure	1,007	2,225
9. distribution of third-party services	131	88
9.1. portfolio management	–	–
9.1.1. individual	–	–
9.1.2. collective	–	–
9.2. insurance policies	131	88
9.3 other products	–	–
d) collection and payment services	135	178
e) servicing of securitisation operations	–	–
f) factoring services	–	–
g) rate and tax collection office services	–	–
h) multilateral trading systems management		
i) current account keeping and management	314	347
j) other services	202	142
Total	**27,062**	**31,478**

The item was reduced by 4,416 thousand euros compared to the previous year due almost exclusively to the reduction of commissions referring to the Bank of 2,570 thousand euros (due to the trading and advisory segments) and of the Investire Immobiliare SGR S.p.A. subsidiary of 1,824 thousand euros.

2.2 Commission expense: breakdown

Services/Amounts	Total FY 2012	Total FY 2011
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	1,844	2,139
1. trading in financial instruments	366	544
2. trading in currencies	–	–
3. portfolio management:	373	455
3.1 own portfolio	121	150
3.2 third-party portfolio	252	305
4. custody and administration of securities	93	124
5. placement of financial instruments	1,012	1,016
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	52	43
e) other services	94	86
Total	**1,990**	**2,268**

Section 3 - Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total FY 2012		Total FY 2011	
	Dividends	Income from UCI units	Dividends	Income from UCI units
A. Financial assets held for trading	19	–	2	3
B. Available-for-sale financial assets	738	2,211	731	1,924
C. Financial assets carried at fair value	–	–	–	–
D. Equity investments	–	X	–	X
Total	**757**	**2,211**	**733**	**1,927**

Section 4 – Net income from trading activities – Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Gains (A)	Profit from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	**541**	**1,459**	**297**	**1,618**	**85**
1.1 Debt securities	320	1,365	204	1,404	77
1.2. Equity securities	37	85	90	195	(163)
1.3. UCI units	184	9	3	19	171
1.4 Loans	–	–	–	–	–
1.5 Other	–	–	–	–	–
2. Financial liabilities held for trading	**–**	**–**	**–**	**–**	**–**
2.1 Debt securities	–	–	–	–	–
2.2 Payables	–	–	–	–	–
2.3 Other	–	–	–	–	–
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(348)**
4. Derivatives	**–**	**286**	**449**	**123**	**(77)**
4.1 Financial derivatives:	–	286	449	123	(77)
- On debt securities and interest rates	–	182	449	–	(267)
- On equity securities and stock indices	–	104	–	123	(19)
- On currencies and gold	X	X	X	X	209
- Other	–	–	–	–	–
4.2 Credit derivatives	–	–	–	–	–
Total	**541**	**1,745**	**746**	**1,741**	**(340)**

Net income from trading activities, referring exclusively to the Bank, features a negative balance of 340 thousand euros, compared to a positive balance of 869 thousand euros of the previous financial year, and may be broken down as follows:

- positive difference between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio totalling 244 thousand euros;
- negative difference of 240 thousand euros between unrealised capital gains and losses in connection with the fair value measurement of currency forwards and of Interest Rate Swap Amortising;
- a positive balance between profits and losses related to trading on securities and derivatives of 4 thousand euros;
- a negative balance between profits and losses on exchange transactions totalling 348 thousand euros. The negative balance includes the loss of 745 thousand euros on the forward sale of sterling against euros to hedge against exposure to exchange risks, with respect to the LSEG shares, which does not meet the requirements of IAS 39 on hedging transactions.

Section 6 – Profit (loss) from disposal/repurchase – Item 100

6.1 Profit (loss) from disposal/repurchase: breakdown

Items/Income items	Total FY 2012			Total FY 2011		
	Profit	Losses	Net income	Profit	Losses	Net income
Financial assets						
1. Due from banks	–	–	–	–	–	–
2. Due from customers	–	473	(473)	–	–	–
3. Available-for-sale financial assets	2,135	–	2,135	2,529	296	2,233
3.1 Debt securities	2	–	2	3	1	2
3.2 Equity securities	2,133	–	2,133	759	195	564
3.3 UCI units	–	–	–	1,767	100	1,667
3.4 Loans	–	–	–	–	–	–
4. Financial assets held to maturity	–	–	–	–	–	–
Total assets	**2,135**	**473**	**1,662**	**2,529**	**296**	**2,233**
Financial liabilities						
1. Due to banks	–	–	–	–	–	–
2. Due to customers	–	–	–	–	–	–
3. Outstanding securities	–	–	–	–	–	–
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**

Item 2. Due from customers includes the loss of 473 thousand euros, which represents the difference between the value of the debt due by the Bank towards M.F.Global UK Ltd of USD 5,589 thousand and its transfer price.

Item 3.2 Equity securities includes the capital gains by the Bank from the sale of 310,000 shares of London Stock Exchange Group plc.

Section 8 - Net value adjustments/write-backs for impairment – Item 130

8.1 Net value adjustments for impairment of loans: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total FY 2012	Total FY 2011
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans	–	–	–	–	–	–	–	–	
- Debt securities	–	–	–	–	–	–	–	–	
B. Due from customers	71	1,445	177	–	–	–	52	1,641	1,028
Purchased impaired loans	–	–		–	–	–		–	–
- Loans	–	–	X	–	–	–	X	–	
- Debt securities	–	–	X	–	–	–	X	–	
Other receivables	71	1,445	177	–	–	–	52	1,641	1,028
- Loans	71	1,445	177	–	–	–	52	1,641	1,028
- Debt securities	–	–	–	–	–	–	–	–	
C. Total	**71**	**1,445**	**177**	**–**	**–**	**–**	**52**	**1,641**	**1,028**

Key:
A = from interest
B = other write-backs

The specific adjustments – Other pertain to the Bank (1,079 thousand euros), to Finnat Fiduciaria (276 thousand euros) and Fedra Fiduciaria (90 thousand euros).
Collective adjustments pertain to the Bank (161 thousand euros) and to Finnat Fiduciaria (16 thousand euros).

8.4 Net value adjustments for impairment of other financial transactions: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total FY 2012	Total FY 2011
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Guarantees given	–	–	–	–	–	–	–	–	–
B. Credit derivatives	–	–	–	–	–	–	–	–	–
C. Commitments to disburse funds	–	–	–	–	–	–	–	–	–
D. Other transactions	–	–	–	–	625	–	–	(625)	625
E. Total	**–**	**–**	**–**	**–**	**625**	**–**	**–**	**(625)**	**625**

Key:
A = from interest
B = other write-backs

The write-back concerns the derecognition of the partial write-down of the credit claimed by the Bank from the broker MF Global UK Ltd, recognised following the assignment of the debt.

Section 11 – Administrative expenses – Item 180

11.1 Staff costs: breakdown

Type of expense/Segments	Total FY 2012	Total FY 2011
1) Staff 19,241	17,999	
a) wages and salaries	13,057	12,221
b) social security charges	3,515	3,307
c) staff severance fund	636	718
d) welfare charges	–	–
e) allocation for staff severance fund	616	316
f) allocation to pensions and similar commitments:	–	–
- defined contribution	–	–
- defined benefit	–	–
g) allocation to external supplementary retirement benefit plans:	–	–
- defined contribution	–	–
- defined benefit	–	–
h) costs due to payment agreements based on own capital instruments	390	420
i) other benefits in favour of employees	1,027	1,017
2) Other active staff	407	376
3) Directors and statutory auditors	1,996	2,124
4) Inactive staff		
Total	**21,644**	**20,499**

The item increased by 1,145 thousand euros compared to the previous year, of which 423 thousand euros pertain to Investire Immobiliare SGR S.p.A. and 730 thousand euros to the Bank. The other companies decreased by a total of 8 thousand euros.

Item 1) h) includes, in accordance with IFRS 2, the charge pertaining to the fair value measurement, at the assignment date, of the stock option rights assigned to the management of the Bank of 354 thousand euros, of Investire Immobiliare SGR of 29 thousand euros and of Finnat Fiduciaria of 7 thousand euros.

11.2 Average number of employees by category

	Total FY 2012	Total FY 2011
Staff	**206**	**205**
(a) senior managers	28	27
(b) executives	44	42
(c) rest of staff	134	136
Other staff	**18**	**17**

11.4 Other benefits in favour of employees

Employee benefits amount to 1,027 thousand euros (versus 1,017 thousand euros last year) and concern meal tokens, collective health care policies, professional training and cars.

11.5 Other administrative expenses: breakdown

Type of expense/Segments	Total FY 2012	Total FY 2011
Rentals and condominium fees	2,202	2,248
Membership fees	159	178
EDP materials	50	22
Stationery and printing supplies	104	114
Vehicle charges	34	42
Consulting and outsourced professional services	1,488	2,004
Outsourcing services	1,888	1,611
Auditing company fees	200	194
Maintenance	396	385
Utilities and connections	1,729	1,761
Postal, transport and shipment fees	62	75
Insurance companies	147	45
Public relations and advertising expenses	264	222
Office cleaning	191	196
Books, newspapers and magazines	46	44
Entertainment expenses	317	415
Travel expenses and mileage based reimbursements	245	164
Other duties and taxes	1,017	263
Security charges	82	90
Other	377	547
Total	**10,998**	**10,620**

In the 2012 financial year, the breakdown of different types of expenses was changed compared to the previous financial year; therefore, for the sake of consistency, the latter was reclassified.

The item “Other duties and taxes” includes the stamp duty, calculated on the basis of the new regulation, of 778 thousand euros, not present in the previous financial year.

The other administrative expenses increased by 378 thousand euros compared to the previous financial year.
Recoveries from customers of some expenses are allocated in item 220. Other operating expenses and income and amount to 1,249 thousand euros in 2012 and 526 thousand euros in 2011, respectively. Excluding these recoveries, other administrative expenses decreased compared to the previous financial year of 345 thousand euros (9,749 thousand euros in 2012 compared to 10,094 thousand euros in 2011).

Auditing company fees

In accordance with the requirements of art. 149 duodecies of Consob Resolution no. 15915 of 3 May 2007, we list the fees paid for 2012 for the various services provided by the auditing company to the Group.
There were no services provided by entities belonging to its network.

(in thousands of euros)	Party who provided the service	Payments due in 2012
Auditing services	RECONTA ERNST & YOUNG S.p.A.	141
Auditing services	Dreieck Fiduciaria SA	5
Declaration of compliance services	RECONTA ERNST & YOUNG S.p.A.	8
Total		**154**

The auditing activities include the auditing of financial statements, the accounting auditing of the Group as well as the consolidated financial statements and the consolidated half-yearly report of the Parent Company. The declaration of compliance services refer to the controls carried out on the Unico tax return form, Irap, the CNM (domestic consolidation) form and the ordinary and simplified 770 forms.

Payments do not include VAT, expense repayments and supervisory contribution. The total expense amounts to 200 thousand euros.

Section 13 – Net value adjustments/write-backs on tangible assets – Item 200

13.1 Net value adjustments on tangible assets: breakdown

Assets/Income items	Amortisation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Tangible assets				
A.1 Owned assets	455	–	–	455
- Functional use	455	–	–	455
- For investment	–	–	–	–
A.2 Acquired under finance lease	–	–	–	–
- Functional use	–	–	–	–
- For investment	–	–	–	–
Total	**455**	**–**	**–**	**455**

Section 14 – Net value adjustments/write-backs on intangible assets – Item 210

14.1 Net value adjustments on intangible assets: breakdown

Assets/Income items	Amortisation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets				
A.1 Owned assets	160	–	–	160
- Generated internally by the company	–	–	–	–
- Other	160	–	–	160
A.2 Acquired under finance lease	–	–	–	–
Total	**160**	**–**	**–**	**160**

Section 15 – Other operating income/expenses – Item 220

15.1 Other operating expense: breakdown

	Total FY 2012	Total FY 2011
Amounts reimbursed to customers	4	108
Amortisation for improvements to third party assets	91	92
Other expense	157	236
Total	**252**	**436**

15.2 Other operating income: breakdown

	Total FY 2012	Total FY 2011
Rental income	234	201
Recovery of stamp duty	725	–
Recovery of substitute tax	126	74
Income from expense recovery	398	452
Other income	409	283
Total	**1,892**	**1,010**

The recoveries posted under table 15.2 amount to 1,249 thousand euros and 526 thousand euros, respectively.

Section 16 – Profit (loss) from equity investments – Item 240

16.1 Profit (loss) from equity investments: breakdown

Income items/Segments	Total FY 2012	Total FY 2011
1) Jointly controlled companies		
A. Income	–	–
1. Revaluations		–
2. Profit from disposals		–
3. Write-backs		–
4. Other income		–
B. Expense	–	–
1. Write-downs		–
2. Value adjustments for impairment		–
3. Losses from disposals		–
4. Other expense		–
Net income	**–**	**–**
2) Companies under considerable control		
A. Income	312	30
1. Revaluations	312	30
2. Profit from disposals		–
3. Write-backs		–
4. Other income		–
B. Expense	256	653
1. Write-downs	256	653
2. Value adjustments for impairment		–
3. Losses from disposals		–
4. Other expense		–
Net income	**56**	**-623**
Total	**56**	**-623**

Section 20 – Income tax for the year on current operations – Item 290

20.1 Income tax for the year on current operations: breakdown

Income items/Segments	Total FY 2012	Total FY 2011
1. Current taxes (-)	(3,182)	(3,935)
2. Changes in current taxes compared with previous years (+/-)	772	–
3. Reduction in current taxes (+)	–	–
4. Change in advance taxes (+/-)	(190)	(340)
5. Change in deferred taxes (+/-)	159	338
6. Income taxes for the year (-) (-1+/-2+3+/-4+/-5)	**(2,441)**	**(3,937)**

The change in current taxes compared with previous years (772 thousand euros) results from the arithmetical sum of:

- Ires adjustments for the 2011 financial year of 232 thousand euros referring almost exclusively to the Bank;
- the amount of 1,004 thousand euros, related to the recovery of the deduction for Ires purposes of Irap referring to staff costs. The recovery of this deduction was introduced by Article 2 of Italian Law Decree no. 201/2011 supplemented by Italian Law Decree 16/2012, whose request for refund for the financial years from 2007 to 2011 was filed on 6 March 2013 at consolidated level.

20.2 Reconciliation of the theoretical tax charge with the current tax charge

	FY 2012		
	IRES	IRAP	TOTAL
(A) Pre-tax profit (loss)	8,620	8,620	
Applicable tax rate	27.50	5.57	33.07
THEORETICAL TAX CHARGE	**(2,371)**	**(480)**	**(2,851)**
Effect of income that is exempt or taxed with concessional rates	2,661	212	2,873
Effect of charges that are fully or partially non-deductible	(2,262)	(832)	(3,094)
Effect of income/charges that are not included in the IRAP taxable income	-	(638)	(638)
Change in deferred taxes	(26)	(107)	(133)
Changes in current taxes compared with previous years	1,296	106	1,402
CURRENT TAX CHARGE	**(702)**	**(1,739)**	**(2,441)**

Section 22 – Profit (loss) for the year for minority interests – Item 330

22.1 Breakdown of Item 330 “Profit for the year for minority interests”

Profit for the year for minority interests amounts to 832 thousand euros compared to 1,082 thousand euros of the previous financial year.

Section 24 – Earnings per share

24.1 Average number of ordinary shares with diluted capital

The basic and diluted earnings (loss) per share, at consolidated level, are given below, in accordance with IAS 33. As no Group company holds any Parent Company shares, the consolidated figures coincide with those relating to the Bank.

The basic earnings (loss) per share are calculated by dividing the consolidated net income (in euros) of the holders of the Bank's ordinary shares (the numerator) by the weighted average of the ordinary shares outstanding during the period (the denominator).
For the purpose of calculating the basic earnings (loss) per share, the weighted average of the ordinary shares outstanding during the period is calculated based on the ordinary shares outstanding at the beginning of the period, adjusted by the amount of ordinary shares purchased or issued or sold during the period multiplied by the number of days that the shares were outstanding, in proportion to the total days in the period. The outstanding shares do not include the own shares.
The diluted earnings (loss) per share is calculated by adjusting the consolidated earnings (loss) of ordinary share holders, and likewise the weighted average of the outstanding shares, to take account of any impact by circumstances with diluted effects.

The following table shows the basic earnings (loss) per share.

	31.12.2012	31.12.2011
Profit (loss) for the period	5,384,798	3,102,593
Weighted average of ordinary shares	343,847,239	346,665,960
Basic earnings (loss) per share	0.015660	0.008950

The following table shows the diluted earnings (loss) per share.

	31.12.2012	31.12.2011
Adjusted profit (loss) for the period	5,384,798	3,102,593
Weighted average of ordinary shares with diluted capital	343,847,239	346,665,960
Diluted earnings (loss) per share	0.015660	0.008950

Since the Bank has no transactions under way that might determine changes to the number of outstanding shares and the earnings (loss) of ordinary share holders, the diluted earnings (loss) per share coincides with the basic earnings per share and it is unnecessary to perform the reconciliation provided for by paragraph 70 of IAS 33.

24.2 Other information

At the date of the financial statements, no financial instruments had been issued that could lead to the dilution of the basic earnings (loss) per share

Part D – Consolidated statement of comprehensive income

ANALYTICAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items	Gross amount	Income tax	Net amount
10. Net profit (loss) for the year	**X**	**X**	**6,217**
Other income items			
20. Available-for-sale financial assets:	5,224	626	4,598
a) changes in fair value	6,575	646	5,929
b) reallocation to income statement	-1,294	-1	-1,293
- adjustments from impairment			
- profits/losses from disposal	-1,294	-1	-1,293
c) other changes	-57	-19	-38
30. Tangible assets			
40. Intangible assets			
50. Foreign investment hedge:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
60. Cash flow hedges:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
70. Exchange differences:			
a) changes in value			
b) reallocation to income statement			
c) other changes			
80. Non-current assets being disposed:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
90. Actuarial profit (loss) on defined benefit plans			
100. Share of valuation reserve of equity investments valued by equity method:	108		108
a) changes in fair value	108		108
b) reallocation to income statement			
- adjustments from impairment			
- profits/losses from disposal			
c) other changes			
110. Total other income items	**5,332**	**626**	**4,706**
120. Comprehensive income (Item 10+110)	**5,332**	**626**	**10,923**
130. Consolidated comprehensive income pertaining to third parties			787
140. Consolidated comprehensive income pertaining to the parent company			**10,136**

The positive change of 4,598 thousand euros in Item 20 Available for sale financial assets was caused by the following investments:

of the Parent Company

- 3,382 thousand euros to the London Stock Exchange Group plc shares as a result of the reallocation of the positive reserve related to the 310,000 shares sold during the year for (1,291) thousand euros and to the use of 4,673 thousand euros consequent to the increase in prices at the end of 2012 compared to those at 31 December 2011;
- (1,363) thousand euros to the shares of the FIP Fund pertaining to the reverse of the positive reserve for the repayments for the year of (38) thousand euros and to the negative change in fair value of (1,325) thousand euros;
- 468 thousand euros to other shares of funds as a result of the positive change of fair value;
- 2,336 thousand euros to total Italian debt securities as a result of the change in prices at the end of 2012 compared to the purchase cost;

of the other Companies in the Group

- (222) thousand euros to shares of funds owned by Investire Immobiliare SGR S.p.A. as a result of the reduction in prices at the end of 2012 related to those at 31 December 2011;
- (4) thousand euros for debt securities owned by Finnat Fiduciaria S.p.A. as a result of the reallocation of the negative reserve and of the negative increase in fair value;
- 1 thousand euros for debt securities owned by Finnat Investments S.p.A. as a result of the positive increase of fair value;

The valuation reserves of the Group relating to "Available-for-sale financial assets" at 31 December 2012 show a positive balance of 11,523 thousand euros whereas third-party valuation reserves show a negative balance of 312 thousand euros.
The reserves of the Group are broken down as follows:

Parent company		
London Stock Exchange Group plc shares	Euro	9,772
FIP Fund units	Euro	7
Other UCI units	Euro	655
Total Italian debt securities	Euro	2,336
	Euro	12,770
Other Group Companies		
Fund Shares (Investire Immobiliare SGR S.p.A.)	Euro	(1,247)
Government bonds (Finnat Fiduciaria S.p.A)	Euro	(1)
Government bonds (Finnat Investments S.p.A.)	Euro	1
	Euro	11,523

Part E – Risk information and related hedging policies

Section 1 - Banking group risks

1.1 – Banking group - credit risk

Qualitative information
General aspects
Credit risk mitigation techniques

The Group defined the credit risk as the risk to incur losses due to the unexpected worsening of the creditworthiness of a customer, also following contractual default.

In order to mitigate credit risk and avoid situations that would imply losses and write-downs on the loan portfolio, the Bank carries out credit activities that privilege receivables guaranteed by collateral securities or those guaranteed by liens on securities, asset management and property mortgages. Well-known customers are occasionally granted credit lines based on the creditworthiness of the customer in question. Moreover, the company structure and organisation – which are characterised by the reduced size and accurate formalisation of credit line/loan disbursement procedures – enable to offer customers primary services (such as private banking, investment banking, trusteeship and finance consulting, hot money), granted with rapid appraisal processes.

The operating strategy adopted by the Bank and outlined above ensured that:
- transactions carried out have low-risk exposures;
- non-performing loans/due from customers represent 1.8% of the total shown in table "A.1.1. Distribution of financial assets by portfolio and credit quality" in the following pages. The non-performing loans are entirely made up by receivables secured by ample first mortgages on property;
- operations generated a positive image and prestige feedback for the Bank and the Group, with a positive impact on traditional activities".

The valuation of credit risk and creditworthiness of customers is carried out by delegated bodies, which operate by means of proper proxies. The delegated bodies receive all information necessary to evaluate the creditworthiness of the customers, so that they can readily express their opinion on credit line transactions.

The Bank's credit process is illustrated below.

Evaluation of the creditworthiness of credit line applicants
Creditworthiness evaluation, which is performed according to a specific procedure, is mainly aimed at verifying that credit line applicants have the ability to repay as well as verifying the compatibility of the individual credit line applications and the company's strategies with regard to the chosen size and composition of the credit portfolio.

The company functions that are involved in the creditworthiness assessment procedure act as follows:
- they accept the loan application of customers;
- they gather the documents required to examine the asset, financial and economic situation of the loan applicant and any guarantor to start filling in all the credit line forms;
- they analyse the qualitative information concerning the new customers and update the information of former customers whose creditworthiness has already been assessed;
- they verify the reliability of the data included in the document and in the information required;
- they formulate, by reference to the files set up, a creditworthiness score of the loan applicant;
- they examine all the various relationships that the Bank has in place with the same loan applicant, both credit and debit ones, and compare loans granted with guarantees offered and guarantees received with proposed guarantors;
- they prepare a summary of the assessments based on the creditworthiness of the customer and formulate an opinion with regard to the amount of the loan that could be granted, the technical use of the loan by the customer, and specify the guarantees to be received based on both qualitative and quantitative information.

Credit granting

Credit granting is performed by the Deliberative Body, taking all the reasons supporting the definition of the amount that could be granted and the guarantees requested into due consideration, based on the risk inherent in the transaction.

Once the loan proposal has been positively resolved upon:
- the guarantees are requested and the loan granting process takes place;
- the credit line/loan is granted;
- the transaction is input in the IT system so that it can be regularly verified: instalments due, review of the interest rate, if contractually provided for, and/or of the associated guarantees.

Management of anomalous loans

The management of anomalous loans is carried out through a careful and periodic analysis of expired positions by the company functions and with the supervision of the General Management. In particular, the General Management of the Bank receives on an established basis, appropriate reports containing the trend of impaired loans, broken down by customer with or without loans.

“Impaired” loans, net of write-downs, amounted in total to 10,266 thousand euros, of which 4,733 thousand euros were non-performing loans, 5,194 thousand euros were subjective and objective impaired loans and 339 thousand euros were past due receivables.

To this end, it should be stressed that impaired loans at the end of 2012 were equal to 3.9% of the total amount of the item due from customers detailed in table A.1.1 Distribution of financial assets by portfolio and credit quality below.

Credit risk mitigation techniques

Credit risk mitigation is carried out by privileging almost exclusively transactions guaranteed by collateral securities. Credit lines and disbursements are granted, by the corporate bodies, only after a careful analysis of the creditworthiness and the validity and consistency of the guarantees given. Preventive analyses are implemented by controls subsequent to disbursement, which are carried out to monitor the change in the creditworthiness of customers. Having taken into account the structure of the controls carried out by the Bank for loan hedging and the empirical evidence, it should be underlined that the Bank's credit risk can be rated as "modest".

* * *

Quantitative information

A. Credit quality

A.1 Impaired and performing loans: balances, value adjustments, changes, breakdown by type and geographical area

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolio/Quality	Banking group					Other companies		Total
	Non-performing loans	Problem loans	Restructured loans	Past due exposures	Other assets	Impaired	Other	
1. Financial assets held for trading					142,721			142,721
2. Available-for-sale financial assets					298,762			298,762
3. Financial assets held to maturity					2,615			2,615
4. Due from banks					78,826			78,826
5. Due from customers	4,733	5,194		339	249,897			260,163
6. Financial assets carried at fair value					–			–
7. Financial assets being disposed					–			–
8. Hedging derivatives					–			–
Total 2012	**4,733**	**5,194**	**-**	**339**	**772,821**			**783,087**
Total 2011	**4,538**	**3,719**		**1,745**	**433,217**			**443,219**

A.1.2 Distribution of credit exposures by portfolio and credit quality (gross and net amounts)

Portfolio/Quality	Impaired assets			Performing			Total
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	(Net exposure)
A. Banking group							
1. Financial assets held for trading	–	–	–	X	X	142,721	142,721
2. Available-for-sale financial assets	–	–	–	298,762	–	298,762	298,762
3. Financial assets held to maturity	–	–	–	2,615	–	2,615	2,615
4. Due from banks	–	–	–	78,826	–	78,826	78,826
5. Due from customers	13,034	(2,768)	10,266	251,296	(1,399)	249,897	260,163
6. Financial assets carried at fair value	–	–	–	X	X	–	–
7. Financial assets being disposed	–	–	–	–	–	–	–
8. Hedging derivatives	–	–	–	X	X	–	–
Total A	**13,034**	**(2,768)**	**10,266**	**631,499**	**(1,399)**	**772,821**	**783,087**
B. Other companies included in the consolidation							
1. Financial assets held for trading				X	X		
2. Available-for-sale financial assets							
3. Financial assets held to maturity							
4. Due from banks							
5. Due from customers							
6. Financial assets carried at fair value				X	X		
7. Financial assets being disposed							
8. Hedging derivatives				X	X		
Total B	–	–	–	–	–	–	–
Total 2012	**13,034**	**(2,768)**	**10,266**	**631,499**	**(1,399)**	**772,821**	**783,087**
Total 2011	**10,813**	**(811)**	**10,002**	**346,164**	**(1,206)**	**433,217**	**443,219**

Gross impaired assets refer to the Bank for 11,974 thousand euros and consist of non-performing loans (6,131 thousand euros), impaired loans (5,503 thousand euros) and past due receivables (340 thousand euros).

The portfolio of "performing loans" does not include any exposure subject to renegotiation under the scope of collective agreements.

A.1.2.1 Distribution of performing loans by portfolio

(amount in euro)

Expired portfolio/maturity	Loan subject to renegotiation within Collective Agreements					
	Past due up to 3 months	Past due from over 3 months to 6 months	Past due from over 6 months to 1 year	Past due for over 1 year	Not due	
1. Financial assets held for trading						
2. Available-for-sale financial assets						
3. Financial assets held to maturity						
4. Due from banks						
5. Due from customers						
6. Financial assets carried at fair value						
7. Financial assets being disposed						
8. Hedging derivatives						
Total 2012						

	Other exposures					Total (net exposure)
	Past due up to 3 months	Past due from over 3 months to 6 months	Past due from over 6 months to 1 year	Past due for over 1 year	Not due	
		–	–	–	142,721	142,721
		–	–	–	298,762	298,762
		–	–	–	2,615	2,615
		–	–	–	78,826	78,826
	29,566	1,146	–	621	218,564	249,897
	29,566	**1,146**		**621**	**741,488**	**772,821**

A.1.3 Banking group - Cash and off-balance sheet loan exposures to banks: gross and net amounts

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing loans	–	–	X	–
b) Impaired loans	–	–	X	–
c) Restructured exposures	–	–	X	–
d) Past due exposures	–	–	X	–
f) Other assets	84,725	X	(26)	84,699
TOTAL A	**84,725**	**–**	**(26)**	**84,699**
B. OFF-BALANCE SHEET EXPOSURES				
a) Impaired	–	–	X	–
b) Other	590	X	–	590
TOTAL B	**590**	**–**	**–**	**590**
TOTAL (A + B)	**85,315**	**–**	**(26)**	**85,289**

A.1.6 Banking group - Cash and off-balance sheet credit exposures to customers: gross and net amounts

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing loans	6,131	(1,398)	X	4,733
b) Impaired loans	5,653	(459)	X	5,194
c) Restructured exposures	–	–	X	–
d) Past due exposures	340	(1)	X	339
f) Other assets	691,837	X	(1,309)	690,528
TOTAL A	**703,961**	**(1,858)**	**(1,309)**	**700,794**
B. OFF-BALANCE SHEET EXPOSURES				
a) Impaired	–	–	X	–
b) Other	45,367	X	–	45,367
TOTAL B	**45,367**	**–**	**–**	**45,367**
TOTAL (A + B)	**749,328**	**(1,858)**	**(1,309)**	**746,161**

A.1.7 Banking group - Credit cash exposures to customers: changes in gross impaired exposures

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due exposures
A. Gross opening balance	**5,326**	**3,737**	**–**	**1,750**
- of which: exposures sold and not derecognised				
B. Increases	**805**	**2,826**	**–**	**–**
B.1 inflows from performing loans	805	2,826		
B.2 transfers from other categories of impaired loans		–		
B.3 other increases				
C. Decreases	**–**	**–**	**–**	**1,410**
C.1 outflows to performing loans				1,410
C.2 derecognition				
C.3 collection				
C.4 gains from disposals				
C.5 transfers to other categories of impaired loans				
C.6 other decreases				
D. Gross closing balance	**6,131**	**6,563**	**–**	**340**
- of which: exposures sold and not derecognised				

A.1.8 Banking group - Credit cash exposures to customers: changes in overall value adjustments

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due exposures
A. Total opening adjustments	**788**	**18**	**–**	**5**
- of which: exposures sold and not derecognised				
B. Increases	**683**	**1,360**	**–**	**1**
B.1 value adjustments	675	1,360		1
B.1. bis loss from disposal				
B.2 transfers from other categories of impaired loans				
B.3 other increases	8			
C. Decreases	**73**	**9**	**–**	**5**
C.1 valuation write-backs	65	9		5
C.2 cash write-backs				
C. 2. bis profit from disposal				
C.3 derecognition	8			
C.4 transfers to other categories of impaired loans				
C.5 other decreases				
D. Total closing adjustments	**1,398**	**1,369**	**–**	**1**
- of which: exposures sold and not derecognised				

A.2 Classification of exposures based on external and internal ratings

A.2.1 Banking group - Distribution of on- and off-balance sheet exposures by external rating class

Considering the Bank's customer base, there are no ordinary customers that are assessed through "external ratings" with significant credit lines". Conversely, the majority of the Group's exposures towards banks is assessed through "external ratings".

A.2.2 Banking group - Distribution of on- and off-balance sheet exposures by internal rating class

The table in question is not filled out as, to date, also having regard to the specific type of credit lines granted, the Bank does not use credit risk measurement models in a complete and systematic manner, according to which a rating is given to counterparties.

A.3. Distribution of the guaranteed exposures by type of guarantee

A.3.2 Banking group - Exposures to guaranteed customers

	Total 31.12.2012
Guaranteed due from customers	**212,864**
a) by mortgage loans	109,043
b) by pledges on:	97,098
1. Cash deposits	16,851
2. Securities	80,205
3. Other values	42
c) by guarantees from:	6,723
1. Countries	–
2. Other public authorities	–
3. Banks	–
4. Other entities	6,723

The foregoing data are exclusively ascribable to the Bank.

B. Distribution and concentration of credit exposures

B.1 Banking Group - Segment distribution of cash and "off-balance sheet" loan exposures to customers (book value)

Exposures/Counterparties	Governments and Central Banks			Other public authorities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
A. Cash exposures						
A.1 Non-performing loans			X			X
A.2 Impaired loans			X			X
A.3 Restructured exposures			X			X
A.4 Past due exposures			X			X
A.5 Other exposures	136,738	X	210		X	
TOTAL A	**136,738**	**–**	**210**	**–**	**–**	**–**
B. Off-balance sheet exposures						
B.1 Non-performing loans			X			X
B.2 Impaired loans			X			X
B.3 Other impaired assets			X			X
B.4 Other exposures		X			X	
TOTAL B	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL (A + B) 2012	**136,738**	**–**	**210**	**–**	**–**	**–**
TOTAL (A + B) 2011	**83,481**	**–**	**153**	**–**	**–**	**–**

	Financial companies			Insurance company			Non-financial companies			Other entities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
			X			X	4,733	(1,050)	X		(348)	X
	1		X			X	3,689	(1,245)	X	1,505	(124)	X
			X			X			X			X
			X			X		(1)	X	340		X
	3,143	X	(68)		X		463,584	X	(1,191)	87,061	X	(260)
	3,144	**–**	**(68)**	**–**	**–**	**–**	**472,006**	**(2,296)**	**(1,191)**	**88,906**	**(472)**	**(260)**
			X			X			X			X
			X			X			X			X
			X			X			X			X
	34,516	X	–		X		4,659	X		6,192	X	
	34,516	**–**	**–**	**–**	**–**	**–**	**4,659**	**–**	**–**	**6,192**	**–**	**–**
	37,660	**–**	**(68)**	**–**	**–**	**–**	**476,665**	**(2,296)**	**(1,191)**	**95,098**	**(472)**	**(260)**
	9,724	**–**	**(94)**	**–**	**–**	**–**	**164,822**	**(767)**	**(991)**	**97,772**	**(44)**	**(213)**

B.2 Banking group - Geographical distribution of cash and "off-balance sheet" loan exposures to customers (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments
A. Cash exposures										
A.1 Non-performing loans	4,733	(1,398)								
A.2 Impaired loans	5,194	(1,369)								
A.3 Restructured exposures										
A.4 Past due exposures	339	(1)								
A.5 Other exposures	685,370	(1,309)	5,158							
TOTAL	**695,636**	**(4,077)**	**5,158**	–	–	–	–	–	–	–
B. Off-balance sheet exposures										
B.1 Non-performing loans										
B.2 Impaired loans										
B.3 Other impaired assets										
B.4 Other exposures	44,652		715							
TOTAL	**44,652**	–	**715**	–	–	–	–	–	–	–
TOTAL 2012	**740,288**	**(4,077)**	**5,873**	–	–	–	–	–	–	–
TOTAL 2011	**354,469**	**(1,956)**	**1,295**	–	**35**	–	–	–	–	–

B.3 Banking group - Geographical distribution of cash and "off-balance sheet" loan exposures to banks (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments	Net Exposure	Total Value adjustments
A. Cash exposures										
A.1 Non-performing loans										
A.2 Impaired loans										
A.3 Restructured exposures										
A.4 Past due exposures										
A.5 Other exposures	77,447	15	7,252	(41)						
TOTAL	**77,447**	**15**	**7,252**	**(41)**	–	–	–	–	–	–
B. Off-balance sheet exposures										
B.1 Non-performing loans										
B.2 Impaired loans										
B.3 Other impaired assets										
B.4 Other exposures	438		152							
TOTAL	**438**	–	**152**	–	–	–	–	–	–	–
TOTAL 2012	**77,885**	**15**	**7,404**	**(41)**	–	–	–	–	–	–
TOTAL 2012	**112,687**	**(3)**	**6,835**	**58**	**3,366**		–	–	–	–

B.4 Major risks

a) NUMBER	10
b) WEIGHTED VALUE	174,300
c) BOOK VALUE	685,714

Analysis of major risks	Weighted value	Book value
Regulatory trading portfolio	7,023	143,661
Other cash risk assets		
- total loans	57,707	90,943
- equity investments in non-financial companies		
- equity securities: other	16,331	16,331
- bonds		298,762
- other assets	77,069	77,069
Available credit lines and unsecured loans		
- off-balance sheet risk assets	16,170	58,948
Total	**174,300**	**685,714**

C. Securitisation and sale of asset transactions

C.1 Securitisation transaction

The Group has not carried out any securitisation transaction. At the balance sheet date, no such transactions were in place.

C.2 Disposal of companies

Financial assets sold and not derecognised in full

Qualitative information

Financial assets sold and not derecognised in full refer to total Italian debt securities of the Bank used in repos carried out with Cassa di Compensazione e Garanzia.

Quantitative information

C.2.1 Banking group - Financial assets sold and not derecognised: book value and full value

Categories/Portfolio	Financial assets held for trading			Financial assets carried at fair value		
	A	B	C	A	B	C
A. Cash assets	**44,952**	–	–	–	–	–
1. Debt securities	44,952					
2. Equity securities						
3. UCI						
4. Loans						
B. Derivatives				**X**	**X**	**X**
Total 31.12.2012	**44,952**	–	–	–	–	–
- of which impaired						
Total 31.12.2011	**38,601**					
- of which impaired						

Key:
A= financial assets sold recognised in full (book value)
B= financial assets sold recognised in part (book value)
C= financial assets sold recognised in part (full value)

	Available-for-sale financial assets			Financial assets held to maturity			Due from banks			Due from customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	31.12.2012	31.12.2011
	198,802	**–**	**–**										**243,754**	**38,601**
	198,802												243,754	38,601
				X	X	X	X	X	X	X	X	X		
				X	X	X	X	X	X	X	X	X		
	X	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
	198,802	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**243,754**	**X**
														X
													X	**38,601**
													X	

C.2.2 Banking group - Financial liabilities for assets sold and not derecognised: book value

Liabilities/ Asset portfolio	Financial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Due to customers	**44,951**	**-**	**197,084**				**242,035**
a) relating to fully recognised assets	44,951		197,084				242,035
b) relating to partially recognised assets							
2. Due to banks							
a) relating to fully recognised assets							
b) relating to partially recognised assets							
3. Outstanding securities							
a) relating to fully recognised assets							
b) relating to partially recognised assets							
Total 31.12.2012	**44,951**	**-**	**197,084**	**-**	**-**	**-**	**242,035**
Total 31.12.2011	**38,271**						**38,271**

D. Banking group - Credit risk measurement models

In order to assess the Credit Risk, the Bank uses a standardised method in compliance with the guidelines set out in the budgeting and multi-year planning process.

With a view to verifying the suitability of the internal capital, also in the event of adverse outlooks linked to the negative trend of loans, the Bank carries out stress testing during ICAAP reporting on the credit risk. To carry out these tests, reference is made to the statistics given in the public information of the Bank of Italy, in view of the limited historical series in the Bank's possession, which has only made investments in this area for the last few years.

1.2 – Banking group - market risk

The Group defined the market risk as the risk of an unfavourable change in the value of a position in financial instruments – included in the trading portfolio for regulatory purposes – due to the adverse performance of interest, exchange and inflation rates, volatility, share prices, credit spreads, price of goods (generic risk) and creditworthiness of the issuer (specific risk).

1.2.1 Interest rate risk and price risk – Regulatory trading portfolio

It is noted that the Group's regulatory trading portfolio coincides with the Bank's portfolio.

Qualitative information

Interest rate risk

The "trading portfolio" – as defined in the supervisory regulations – includes all financial instruments subject to capital requirements for market risks.

The trading portfolio includes:

- debt securities;
- shares;
- UCI units;
- derivatives held for trading.

Most part of debt securities in the portfolio are CTZ and BOT with maturity within the year. Share investments mainly refer to securities listed on the Italian Stock Exchange, with high liquidity. The portfolio instruments are denominated in euro.

The Managing Director and the General Management of the Bank provide strategic guidelines on market risk acceptance with regard to the purchase and dealing in trading securities.

The transactions with similar characteristics in terms of type or terms are screened by the General Management that performs a specific evaluation also with regard to the risk profiles associated with them.

With regard to the interest rate risk, the Bank monitors the changes in market rates and prepares a proper report that is sent to the Management.

Price risk

Price risk is the risk of capital losses on listed financial assets or assets that are similar to listed instruments due to fluctuations in the price of securities or to factors attributable to the peculiar situation of the issuer.
The trading portfolio is mainly represented by Government debt securities. As a result, price risk is associated with the specific situation of the issuer.
With regard to the share capital securities portfolio, it should be underlined that it almost exclusively includes listed shares with a high degree of liquidity.

Quantitative information

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**54,729**	**65,801**	**1,014**	**20,965**	**1**	**2**	**–**
1.1 Debt securities	–	54,729	65,801	1,014	20,965	1	2	–
- with the option of early redemption								
- other	–	54,729	65,801	1,014	20,965	1	2	
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**242,035**	**–**	**–**	**–**	**–**
2.1 Reverse repos				242,035				
2.2 Other liabilities								
3. Financial derivatives	**–**	**29,186**	**2,998**	**15,509**	**3,127**	**7,448**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	29,186	2,998	15,509	3,127	7,448	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	29,186	2,998	15,509	3,127	7,448	–	–
+ Long positions		23,507	2,998	7,925	3,127	1,816		
+ Short positions		5,679		7,584		5,632		

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: pound

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	**–**	**16,848**	**1,225**	**2,207**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	16,848	1,225	2,207	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	16,848	1,225	2,207	–	–	–	–
+ Long positions				1,104				
+ Short positions		16,848	1,225	1,103				

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: US Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	**–**	**6,814**	**–**	**12,949**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	6,814	–	12,949	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	6,814	–	12,949	–	–	–	–
+ Long positions		3,442	–	6,469				
+ Short positions		3,372	–	6,480				

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	**–**	**1,186**	**475**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	1,186	475	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	1,186	475	–	–	–	–	–
+ Long positions		614	–					
+ Short positions		572	475					

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Swiss francs

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	**–**	**–**	**911**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	911	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	911	–	–	–	–	–
+ Long positions								
+ Short positions			911					

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Canadian Dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	–	–	–	–	–	–	–	–
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	–	–	–	–	–	–	–	–
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	–	**293**	–	–	–	–	–	–
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	293	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	293	–	–	–	–	–	–
+ Long positions		148						
+ Short positions		145						

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Australian dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	–	–	–	–	–	–	–	–
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Other assets								
2. Cash liabilities	–	–	–	–	–	–	–	–
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives	–	**201**	–	–	–	–	–	–
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	201	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other derivatives	–	201	–	–	–	–	–	–
+ Long positions		99						
+ Short positions		102						

2. Regulatory trading portfolio: distribution of exposures in equity securities and stock indices in the main countries of the market.

Transaction type/Listing index	Listed						Unlisted
	Italy	United States of America	United Kingdom	Japan	Germany	Other	
A. Equity securities							
- Long positions	886					6	
- Short positions							
B. Sales of equity securities not yet settled							
- Long positions	116					18	19
- Short positions	299					34	2
C. Other derivatives on equity securities							
- Long positions							
- Short positions							2
D. Derivatives on stock indices							
- Long positions	2,197						
- Short positions	1,491						

1.2.2 Interest rate risk and price risk – Banking portfolio

Qualitative information

Interest rate risk

The interest rate risk for the banking book is defined as the current and prospective risk of profit/capital volatility due to unfavourable fluctuations in interest rates.

The internal structures of the Bank monitor on a regular basis the interest rate risk on the banking book, providing adequate reporting to the General Manager.

The banking portfolio comprises financial instruments (assets and liabilities) that are not in the trading portfolio. It is mainly made up of due to/from banks and customers.

As regards the banking book of the Parent Company, attention is drawn to the following aspects concerning interest rate risk:

- due from banks and due from customers include:
  - loans and deposits to banks, totalling 77 million euros, comprising: 10 million euros in fixed-term loans with maturity within January; 64 million euros in deposits to banks, mainly with variable rate; 3 million euros in compulsory variable rate reserve;
  - current account overdrafts and loans to customers for a total of 238 million euros, all variable rate with the exception of one significant fixed-rate loan managerially hedged by an Interest Rate swap.

- at present, available-for-sale securities include only (in addition to equity securities and UCI units not exposed to interest rate risk) total Italian debt securities totalling a nominal value of 300 million euros of which 160 million euros with maturity within November 2013 and 140 million euros with maturity within 2015;

- securities held to maturity (which were reclassified in 2008 from the HFT category) only include variable-rate bonds listed in regulated markets, for a total face value of 2.8 million euros;

- due to banks and to due to customers include:
  - loans and deposits to banks totalling 95 million euros, comprising 94 million euros of variable-rate Long Term Refinancing Operation (LTRO) of ECB with maturity within February 2015;
  - loans, fixed-term deposits and current accounts with customers, totalling 550 million euros, comprising: 33 million euros in fixed-term loans with maturity in 2013 (29 million euros in the first quarter and 4 million euros in the second quarter); 275 million euros in current accounts at variable rate or at revisable fixed rate; 242 million euros in repos on securities listed in regulated markets.

- among outstanding securities totalling 64 million euros are variable-rate debenture loans issued by the Bank (Euribor plus 30 b.p.) with maturity in November 2014, March 2015 and April 2016 of 45 million euros and fixed-rate certificates of deposits with maturity within twelve months of 16 million euros and within eighteen months of 3 million euros.

Given the above, it may be concluded that the Group's exposure to interest rate risk is very low.

Price risk

The banking portfolio is made up of UCIs, debt securities and share capital securities. Listed and unlisted shares included in the AFS portfolio – being held as a result of complex relationships with specific subjects or representing an instrument supporting significant initiatives – represent strategic investments. The risk exposure of such financial instruments is monitored in the same way as equity investments are managed.

Quantitative information

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**299,078**	**15,686**	**69,765**	**159,971**	**74,699**	**7,152**	**345**	**–**
1.1 Debt securities	–	2,615	69,285	159,445	70,032	–	–	–
- with the option of early redemption	–	383						
- other	–	2,232	69,285	159,445	70,032			
1.2 Loans to banks	55,821	10,000						
1.3 Loans to customers	243,257	3,071	480	526	4,667	7,152	345	–
- current accounts	72,986	–						
- other loans	170,271	3,071	480	526	4,667	7,152	345	–
with the option of early redemption	153,627	34	480	526	4,667	2,419	345	
other	16,644	3,037				4,733		
2. Cash liabilities	**356,439**	**62,963**	**23,151**	**251,657**	**1,610**	**–**	**–**	**–**
2.1 Due to customers	261,664	28,672	–	246,537				
- current accounts	229,031	28,672		4,502				
- other payables	32,633	–	–	242,035	–	–	–	–
with the option of early redemption								
other	32,633			242,035				
2.2 Due to banks	94,775	–	–	–	–	–	–	–
- current accounts	89							
- other payables	94,686							
2.3 Debt securities	–	34,291	23,151	5,120	1,610	–	–	–
- with the option of early redemption			997	5,120	1,610			
- other		34,291	22,154					
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: US Dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**8,003**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	7,924							
1.3 Loans to customers	79	–	–	–	–	–	–	–
- current accounts	79							
- other loans		–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**8,056**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	8,055	–	–	–	–	–	–	–
- current accounts	8,055							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	1	–	–	–	–	–	–	–
- current accounts	1							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: British pound

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**2,532**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	2,113							
1.3 Loans to customers	419	–	–	–	–	–	–	–
- current accounts	419							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**2,128**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	2,118	–	–	–	–	–	–	–
- current accounts	2,118							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	10	–	–	–	–	–	–	–
- current accounts	10							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Swiss Francs

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**841**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	805							
1.3 Loans to customers	36	–	–	–	–	–	–	–
- current accounts	36							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**290**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	281	–	–	–	–	–	–	–
- current accounts	281							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	9	–	–	–	–	–	–	–
- current accounts	9							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Japanese Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**551**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	421							
1.3 Loans to customers	130	–	–	–	–	–	–	–
- current accounts	130							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**72**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	72	–	–	–	–	–	–	–
- current accounts	72							
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts								
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Canadian Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**273**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	273							
1.3 Loans to customers	–	–	–	–	–	–	–	–
- current accounts								
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	–	–	–	–	–	–	–	–
- current accounts								
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	2	–	–	–	–	–	–	–
- current accounts	2							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: residual

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**1,470**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	1,469							
1.3 Loans to customers	1	–	–	–	–	–	–	–
- current accounts	1							
- other loans	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	–	–	–	–	–	–	–	–
- current accounts								
- other payables	–	–	–	–	–	–	–	–
with the option of early redemption								
other								
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts								
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1.2.3 Exchange rate risk

Qualitative information

Exchange rate risk management is the responsibility of the General Management and the Finance Department carries out trading, hedging and brokering activities within specific operating limits (amounts) with regard to both financial assets and liabilities denominated in foreign currencies in its own account or on behalf of customers.

Generally, the exposure to exchange rate risk is quite low and limited to temporary misalignments in opposite sign positions; the Bank keeps this risk to a minimum by monitoring the treasury exposure due to the time mismatching between asset and liability items. The exchange rate risk arising from the ownership of London Stock Exchange Group plc shares was completely cancelled by the complete "management" hedging carried out through sales transactions of Sterling against Euro.

Quantitative information

1. Distribution by currency of assets, liabilities and derivatives

Items	Currencies					
	US Dollar	Pound	Yen	Canadian Dollar	Swiss francs	Other currencies
A. Financial assets	**8,003**	**20,143**	**551**	**273**	**841**	**1,470**
A.1 Debt securities	–	1,280	–	–	–	–
A.2 Equity securities	–	16,331	–	–	–	–
A.3 Loans to banks	7,924	2,113	421	273	805	1,469
A.4. Loans to customers	79	419	130	–	36	1
A.5 Other financial assets	–	–	–	–	–	–
B. Other assets	**14**	**9**	**–**	**–**	**10**	**–**
C. Financial liabilities	**8,056**	**2,128**	**72**	**2**	**290**	**–**
C.1 Due to banks	1	10	–	2	9	–
C.2 Due to customers	8,055	2,118	72	–	281	–
C.3 Debt securities	–	–	–	–	–	–
C.4 Other financial liabilities	–	–	–	–	–	–
D. Other liabilities						
E. Financial derivatives	**19,763**	**20,280**	**1,661**	**293**	**911**	**201**
- Options	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–
- Other derivatives	19,763	20,280	1,661	293	911	201
+ Long positions	9,911	1,104	614	148	–	99
+ Short positions	9,852	19,176	1,047	145	911	102
Total assets	**8,017**	**20,152**	**551**	**273**	**851**	**1,470**
Total liabilities	**8,056**	**2,128**	**72**	**2**	**290**	**–**
Imbalance (+/-)	**(19,802)**	**(2,256)**	**(1,182)**	**(22)**	**(350)**	**1,269**

2.4 Derivative instruments

A. Financial derivatives

A.1 Regulatory trading portfolio: end-of-period notional and average values

Underlying assets/Type of derivatives	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**(4,943)**	**–**	**(5,632)**	**–**
a) Options				
b) Interest rate swap	(4,943)		(5,632)	
c) Forwards				
d) Futures		–		–
e) Other				
2. Share capital securities and stock indices	**–**	**–**	**–**	**–**
a) Options	–			
b) Swaps				
c) Forwards				
d) Futures	–	–		
e) Other				
3. Currencies and gold	**(42,808)**	**–**	**(16,060)**	**–**
a) Options				
b) Forwards	(42,808)		(16,060)	
c) Futures				
d) Cross currency swaps				
e) Other				
4. Goods				
5. Other underlying assets				
Total	**(47,751)**	**–**	**(21,692)**	**–**
Average values				

A.3 Financial derivatives: gross positive fair value - breakdown by product

Derivative types/Portfolios	Positive fair value			
	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**209**	**–**	**531**	**–**
a) Options			78	
b) Interest rate swap	–			
c) Cross currency swap				
d) Equity swap				
e) Forward	209		453	
f) Futures		–		
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
Total	**209**	**–**	**531**	**–**

A.4 Financial derivatives: gross negative fair value - breakdown by product

Derivative types/Portfolios	Negative fair value			
	Total 31.12.2012		Total 31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**449**	**–**	**956**	**–**
a) Options	–		73	
b) Interest rate swap	449		275	
c) Cross currency swap				
d) Equity swap				
e) Forward	–		608	
f) Futures		–		
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Others				
Total	**449**	**–**	**956**	**–**

A.5 OTC financial derivatives - regulatory trading portfolio: notional values, gross positive and negative fair values for counterparties - contracts not covered by offset agreements

Contracts not covered by offset agreements	Governments and Central Banks	Other public authorities	Banks	Financial companies	Insurance company	Non-financial companies	Other entities
1) Debt securities and interest rates			**-4,494**				
- notional value			-4,943				
- positive fair value			–				
- negative fair value			449				
- future exposure							
2) Equity securities and stock indices			**–**				
- notional value			–				
- positive fair value			–				
- negative fair value			–				
- future exposure							
3) Currencies and gold			**-42,599**				
- notional value			-42,808				
- positive fair value			209				
- negative fair value							
- future exposure							
4) Other values			**–**				
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
Total 2012			**(47,093)**				
Total 2011			**(20,205)**				

A.9 Residual life of OTC financial derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	More than 5 years	Total
A. Regulatory trading portfolio	**(42,808)**	**–**	**(4,943)**	**(47,751)**
A.1 Financial derivatives on debt securities and interest rates			(4,943)	(4,943)
A.2 Financial derivatives on equity securities and stock indices	–			–
A.3 Financial derivatives on exchange rates and gold	(42,808)			(42,808)
A.4 Financial derivatives on other values				–
B. Banking portfolio	**–**	**–**	**–**	**–**
B.1 Financial derivatives on debt securities and interest rates				–
B.2 Financial derivatives on equity securities and stock indices				–
B.3 Financial derivatives on exchange rates and gold				–
B.4 Financial derivatives on other values				–
Total 2012	**(42,808)**	**–**	**(4,943)**	**(47,751)**
Total 2011	**(16,060)**		**(5,632)**	**(21,692)**

1.3 – Banking group - liquidity risk

Qualitative information

The Group defined the liquidity risk as the inability to meet own payment commitments. This risk is linked to the inability to raise funds (funding liquidity risk) or to the existence of limits for the disinvestment of assets (market liquidity risk).

Funding liquidity risk means the risk according to which the Bank and the companies of the Group are not able to meet their own payment commitments and obligations efficiently (compared to the "desired" risk profile and/or "fair" economic conditions) due to the inability to raise funds without compromising their core business activities and/or financial situation.

Market liquidity risk means the risk according to which the Group is able to dispose of an asset only by incurring capital losses due to the low liquidity of the reference market and/or due to the timing with which the transaction will be carried out.

The analysis of the Group's financial instruments (assets and liabilities) highlights that, overall, liquidity risk is quite low. In fact, the loans portfolio is mostly made up of short-term funding sources both on the interbank market and with regard to customers (as it comprises mainly on-demand loans that are directly connected with the private banking activity). Most of the securities trading portfolio is made up of debt securities issued by countries of the Euro zone, with high liquidity and, to a lesser extent, by UCI units.
As far as liabilities are concerned, funding sources are represented by current accounts, deposits, repos and the issue by the Bank of variable-rate debenture loans (Euribor plus 30 b.p.) due in November 2014, March 2015 and April 2016 and by the issue of certificate of deposits with fixed rates and variable maturities within eighteen months. Moreover, the Bank participated in the Long Term Refinancing Operation with ECB.

The Group's overall exposure to liquidity risk is therefore maintained at modest levels thanks to the structure of the financial portfolio described above.

The ability to meet commitments promptly and economically is guaranteed by carefully monitoring the position through the use of information systems that ensure the ongoing monitoring of the liquidity requirements that are managed, where necessary, by resorting to the interbank deposits and, alternatively, to the repos market.

On the basis of the provisions established by the Bank of Italy Circular Letter no. 263 of 27 December 2006, the Bank has defined the guidelines on the governance and management of liquidity risk. More specifically, the roles and responsibilities have been defined by the company bodies involved, the calculation methods of the LCR (Liquidity Cover Ratio) and NSFR (Net Stable Funding Ratio) and the criteria to be applied in carrying out stress testing.
The short-term liquidity management policy, monitoring using the LCR indicator, includes all limits and alert thresholds that allow both in normal market conditions and in stressful periods, for the measurement of

the liquidity risk to which it is exposed. The liquidity needed to cope with any structural imbalance in the breakdown of assets and liabilities along a one-year timeframe, instead, is monitored through the NSFR indicator.

Within the liquidity risk management process, the Parent Company's Risk Control organisational unit:

- periodically carries out the stress tests identified by the Bank for risk measurement, performing the measurements necessary to determine the value of the LCR (liquidity Coverage ratio) indicator (aimed at assuring that the Bank holds an amount of high quality liquid assets that enables it to withstand stress situations on the funding market for a time horizon of 30 days) and the NSFR (Net Stable Funding Ratio) (aimed at assuring a structural balance of the financial statements of the bank);
- prepare the reports to be sent to the Senior Management, illustrated the exposure to liquidity risk, also determined on the basis of the stress tests.

The stress tests were successful, because the Bank fulfilled the critical threshold identified by the Supervisory Authority (100% LCR indicator and NSFR indicator).

Quantitative information

1. Time distribution of financial assets and liabilities by residual duration

Currency: Euro

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**158,857**	**–**	**243**	**42,843**	**30,212**	**68,448**	**191,752**	**211,590**	**92,069**	**3,078**
A.1 Treasury Bonds	8			25,071	28,804	64,238	160,490	162,658	5	
A.2 Other debt securities			11	1		1	1,062	(3,040)	3,300	
A.3 UCI units	36,032									
A.4 Loans	122,817	–	232	17,771	1,408	4,209	30,200	51,972	88,764	3,078
- Banks	52,743	–		10,000						3,078
- Customers	70,074		232	7,771	1,408	4,209	30,200	51,972	88,764	
Cash liabilities	**355,485**	**15,903**	**4,307**	**14,885**	**5,516**	**243,888**	**9,825**	**46,011**	**–**	**–**
B.1 Deposit and current accounts	355,485	15,903	4,257	8,514	–	242,883	4,606	–	–	–
- Banks	94,775									
- Customers	260,710	15,903	4,257	8,514		242,883	4,606			
B.2 Debt securities			50	6,371	5,516	1,005	5,219	46,011		
B.3 Other liabilities										
Off-balance sheet transactions	**45,886**	**–**	**–**	**–**	**6,170**	**17,808**	**29,290**	**768**	**11,424**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	15,150	–	768	500	–
- Long positions						7,575		384	250	
- Short positions						7,575		384	250	
C.2 Financial derivatives without exchange of capital	–	–	–	–	6,170	2,658	29,290	–	10,924	–
- Long positions					1,982	2,658	21,707		5,292	
- Short positions					4,188		7,583		5,632	
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	21,948	–	–	–	–	–	–	–	–	–
- Long positions	21,948									
- Short positions										
C.5 Financial guarantees issued	23,938									
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

Bank "Undated Loans" refer to the deposit in the Obligatory reserve.

1. Time distribution of financial assets and liabilities by residual duration

Currency: US dollars

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**8,511**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities										
A.3 UCI units										
A.4 Loans	8,511	–	–	–	–	–	–	–	–	–
- Banks	7,924									
- Customers	587									
Cash liabilities	**8,056**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	8,056	–	–	–	–	–	–	–	–	–
- Banks	1									
- Customers	8,055									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**19,763**	**–**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	19,763	–	–	–	–	–	–
- Long positions				9,911						
- Short positions				9,852						
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1. Time distribution of financial assets and liabilities by residual duration

Currency: pound

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**2,532**	**–**	**1,280**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities			1,280							
A.3 UCI units										
A.4 Loans	2,532	–	–	–	–	–	–	–	–	–
- Banks	2,113									
- Customers	419									
Cash liabilities	**2,128**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	2,128	–	–	–	–	–	–	–	–	–
- Banks	10									
- Customers	2,118									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**16,848**	**1,225**	**2,207**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	16,848	1,225	2,207	–	–	–
- Long positions							1,104			
- Short positions					16,848	1,225	1,103			
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1. Time distribution of financial assets and liabilities by residual duration

Currency: Yen

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**551**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities										
A.3 UCI units										
A.4 Loans	551	–	–	–	–	–	–	–	–	–
- Banks	421									
- Customers	130									
Cash liabilities	**72**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	72	–	–	–	–	–	–	–	–	–
- Banks										
- Customers	72									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**1,186**	**475**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	1,186	475	–	–	–	–
- Long positions					614					
- Short positions					572	475				
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1. Time distribution of financial assets and liabilities by residual duration

Currency: Swiss francs

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**841**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities										
A.3 UCI units										
A.4 Loans	841	–	–	–	–	–	–	–	–	–
- Banks	805									
- Customers	36									
Cash liabilities	**290**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	290	–	–	–	–	–	–	–	–	–
- Banks	9									
- Customers	281									
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**911**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	911	–	–	–	–
- Long positions										
- Short positions						911				
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1. Time distribution of financial assets and liabilities by residual duration

Currency: Canadian dollars

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**273**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities										
A.3 UCI units										
A.4 Loans	273	–	–	–	–	–	–	–	–	–
- Banks	273									
- Customers										
Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	2	–	–	–	–	–	–	–	–	–
- Banks	2									
- Customers										
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**293**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	293	–	–	–	–	–
- Long positions					148					
- Short positions					145					
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1. Time distribution of financial assets and liabilities by residual duration

Currency: residual

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**1,470**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds										
A.2 Other debt securities										
A.3 UCI units										
A.4 Loans	1,470	–	–	–	–	–	–	–	–	–
- Banks	1,469									
- Customers	1									
Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	–	–	–	–	–	–	–	–	–	–
- Banks										
- Customers										
B.2 Debt securities										
B.3 Other liabilities										
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**201**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	201	–	–	–	–	–
- Long positions					99					
- Short positions					102					
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions										
- Short positions										

1.4 – Banking group – operational risk

Qualitative and quantitative information

Operating risk is defined as the risk to incur losses arising from the inadequacy or weakness in procedures, human resources and internal systems, or from external events. These include losses arising from frauds, human errors, interruptions in business activities, unavailability of systems, contractual default, natural and/or geopolitical disasters. The operating risk includes the legal risk, while it does not include strategic and reputational risks.

During the 2012 financial year, the Group carried out an analysis/assessment of operating risks on the "core" procedures. In particular, the analysis focused on the identification, within the above-mentioned operating procedures, of the steps that may generate operating risks for the Bank and of the related controls to mitigate the risks themselves. In order to standardise the quantification process of operating risks, the Bank has also formalised the adopted method in the document called "Management of operating risks in Banca Finnat".

With regards to the quantification of internal capital supporting the operating risk, the Bank uses the basic approach under the scope of determining prudential equity requirements, as envisaged by Bank of Italy Circular Letter no. 263/2006.

In this context, the internal control function verifies that said procedures, and any updates of such are correctly implemented and are observed, as well as ensuring that they comply with regulations in force.

Section 3 - Risks of other companies

At 31 December 2012, there are no "other companies" in that the subsidiary Finnat Servizi Assicurativi S.r.l. an insurance brokerage company, classified as such, was cancelled from the Companies Registry following the conclusion of the voluntary winding-up.

Part F – Information on the consolidated net equity

Section 1 – Consolidated net equity

A. Qualitative information

The Group net equity comprises the Capital, Reserves, Own Shares, Valuation Reserves and Profit for the year. All financial instruments that are not classified as financial assets or liabilities according to the IAS/IFRS are considered part of the net equity.

For supervisory purposes, the relevant aggregate net equity is calculated based on the applicable regulations laid down by the Bank of Italy and constitutes the reference control data of the prudential supervisory regulations.

Pursuant to the above-mentioned regulations, the Group is required to comply with a minimum solvency ratio of 8%, calculated by reference to credit and market prices.

The consolidated net equity totals 178,094 thousand euros, of which the group net equity is 174,528 thousand euros. It is detailed in the table below.

B. Quantitative information

B.1 Consolidated net equity: breakdown by company type

Net equity items	Banking group	Insurance companies	Other companies	Consolidation cancellations and adjustments	Total
Share capital	72,576				72,576
Share issue premiums					–
Reserves	97,558		–		97,558
Capital instruments					–
(Own shares)	(10,940)				(10,940)
Valuation reserves:	12,683	–	–	–	12,683
- Available-for-sale financial assets	11,211				11,211
- Tangible assets					–
- Intangible assets					–
- Foreign investment hedge					–
- Cash flow hedge					–
- Exchange differences					–
- Non-current assets being disposed					–
- Actuarial profit (loss) on defined benefit social security plans					–
- Share of valuation reserves of equity investments valued by equity method	108				108
- Special revaluation regulations	1,364				1,364
Profit (loss) for the year (+/-) of the Group and third parties	6,217		–		6,217
Net equity	**178,094**	**–**	**–**	**–**	**178,094**

B.2 Valuation reserves of available-for-sale financial assets: breakdown

Assets/amounts	Banking group		Insurance companies		Other companies		Consolidation cancellations and adjustments		Total 31.12.2012	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	2,338	2	–	–	–	–	–	–	2,338	2
2. Equity securities	9,772	–	–	–	–	–	–	–	9,772	–
3. UCI units	682	1,267	–	–	–	–	–	–	682	1,267
4. Loans	–	–	–	–	–	–	–	–	–	–
Total 31.12.2012	**12,792**	**1,269**	**–**	**–**	**–**	**–**	**–**	**–**	**12,792**	**1,269**
Total 31.12.2011	**7,969**	**1,089**	**–**	**–**	**–**	**–**	**–**	**–**	**7,969**	**1,089**

The above breakdown of the valuation reserves refers to the Group.

The positive reserve of item 1. Debt securities concerns the fair value adjustment, after taxes on total Italian debt securities held almost exclusively by the Bank.
The positive reserve of item 2. Equity securities relates to the London Stock Exchange Group plc shares owned by the Bank.
The positive reserve of item 3. UCI units refers to the Fund shares held by the Bank. The negative reserve refers almost exclusively to fund shares held by Investire Immobiliare SGR S.p.A.
Third-party valuation reserve is negative by the amount of 312 thousand euros (compared to 267 thousand euros at 31 December 2011).

B.3 Valuation reserves of available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI shares	Loans
1. Opening balance	**3**	**6,390**	**487**	**–**
2. Positive changes	**2,338**	**4,673**	**469**	**–**
2.1 Increases in fair value	2,338	4,673	469	–
2.2 Reallocation of negative reserve to income statement	–	–		–
- from impairment	–	–		–
- from disposal	–	–		–
2.3 Other changes	–	–	–	–
3. Negative changes	**5**	**1,291**	**1,541**	**–**
3.1 Decreases in fair value	3	–	1,503	–
3.2 Adjustments from impairment	–	–		–
3.3 Reallocation to income statement from positive reserves: from disposal	2	1,291		–
3.4 Other changes	–	–	38	–
4. Closing balance	**2,336**	**9,772**	**(585)**	**–**

The change in the above valuation reserves refer to the Group. The change in third-party valuation reserve is negative by the amount of 45 thousand euros. The comment to the changes in Group and third party reserve is illustrated in part D – Comprehensive income.

Section 2 – Regulatory capital and ratios

2.2 Bank regulatory capital

Set out below are the data on the consolidated regulatory capital.

A. Qualitative information

	2012	2011
1. Tier 1 capital	144,653	133,682
2. Tier 2 capital	–	–
3. Tier 3 capital	–	–

B. Quantitative information

	Total 31.12.2012	Total 31.12.2011
A. Tier 1 capital before the application of prudential filters	**157,218**	**146,868**
B. Prudential filters for Tier 1 capital:	(1,269)	(1,089)
B.1 IAS/IFRS positive prudential filters (+)		
B.2 IAS/IFRS negative prudential filters (-)	(1,269)	(1,089)
C. Tier 1 capital including deductions (A+B)	**155,949**	**145,779**
D. Deductions from Tier 1 capital	11,296	12,097
E. Total Tier 1 capital (C-D)	**144,653**	**133,682**
F. Tier 2 capital before the application of prudential filters	**4,382**	**2,942**
G. Prudential filters for Tier 2 capital:	(1,509)	(789)
G.1 IAS/IFRS positive prudential filters (+)		
G.2 IAS/IFRS negative prudential filters (-)	(1,509)	(789)
H. Tier 2 capital including deductions (F+G)	**2,873**	**2,153**
I. Deductions from Tier 2 capital	2,873	2,153
L. Total Tier 2 capital (H-I)		
M. Deductions from total Tier 1 and Tier 2 capital		
N. Regulatory capital (E+L-M)	**144,653**	**133,682**
O. Tier 3 capital		
P. Regulatory capital including Tier 3 capital (N+O)	**144,653**	**133,682**

2.3 Capital adequacy

A. Qualitative information

Within the Bank, there are functions in charge of constantly monitoring that the capital adequacy ratios are complied with vis-à-vis the trend of the various risk profiles in order to pursue an adequate balance of the overall structure.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/ Requirementsi	
	2012	2011	2012	2011
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standard methodology	883,024	671,418	297,938	309,844
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisation				
B. CAPITAL REQUIREMENTS FOR SUPERVISORY PURPOSES				
B.1 Credit and counterparty risk			**23,835**	**24,788**
B.2 Market risks				
1. Standard methodology			3,756	2,630
2. Internal models				
3. Concentration risk				
B.3 Operating risk				
1. Basic method			6,303	6,250
2. Standardised method				
3. Advanced method				
B.4 Other prudential requirements				
B.5 Other calculation elements				
B.6 Total prudential requirements			**33,894**	**33,668**
C. RISK-WEIGHTED ASSETS AND ADEQUACY RATIOS				
C.1 Weighted risk assets			423,675	420,844
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			34.1%	31.8%
C.3 Regulatory capital including Tier 3/ Weighted risk assets (Total capital ratio)			34.1%	31.8%

Part H – Related party transactions

As required by IAS 24, information on related party transactions is provided below.

BALANCE SHEET	Receivables (Payables) for c/a transactions	Other Receivables (Payables)	Securities available for sale	Sureties issued
ASSOCIATED COMPANIES				
Prévira Invest Sim S.p.A.	**(221)**	–	–	
Imprebanca S.p.A.	**(62)**	–	–	
OTHER RELATED PARTIES				
Natural persons	**(249)**		–	**1,667**
Companies and enterprises	**4,631**	**237**	**2,630**	

Other Receivables (Payables) are included in the financial statement items "Other assets" and "Other liabilities".

INCOME STATEMENT	Interest income (expense)	Commission income (expense)
ASSOCIATED COMPANIES		
Prévira Invest Sim S.p.A.	(5)	
Imprebanca S.p.A.	1	15

Significant non-recurring operations and positions or transactions descending from atypical and/or unusual operations

Pursuant to the Consob Communication DEM/6064293 of 28 July 2006, it should be noted that:

- in 2012, no non-recurring events occurred or were carried out, meaning events or operations that do not usually take place, in connection with ordinary business operations;
- no atypical and/or unusual transactions took place during 2012, either within the Group or with related or third parties. Atypical and/or unusual transactions are those operations which, due to their magnitude/importance, to the nature of the counterparty, to the subject matter of the transaction and to the method for determining the transfer price and time frame (whether close to the year-end or not), may give rise to doubts as to the accuracy/completeness of the information set out in the financial statements, any conflict of interest, the safeguarding of the company's net worth and the protection of minority interests.

The most significant Group transactions in the 2012 financial year are commented on in a special section of the Report on Operations.

Part I - Payment agreements based on own capital instruments

A. Qualitative information

1. Description of the payment agreements based on own capital instruments

On 12 May 2011, the Board of Directors of the Bank launched a stock option plan, as empowered by the Shareholders' Meeting of 29 April 2011, in favour of the Management of the Bank and its subsidiaries; the plan is addressed to persons with a key role in the achievement of the Group's operating results.
The said plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, at a unit exercise price of 0.4702 euro and are conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

The data about the evolution of the plan are shown below.

	Number of shares	Average exercise price (euro)	Market price (euro)
Rights existing at 31.12.2011	**27,000,000**	**0.4702**	**0.2835**
Rights exercised in 2012	–	–	–
Rights cancelled in 2012	3,000,000		
Rights assigned in 2012		–	–
Rights existing at 31.12.2012	**24,000,000**	**0.4702**	**0.2675**
- of which: exercisable at 31.12.2012	–	-	–

The Market Price corresponds to the official price of the shares at the end of the year.

B. Quantitative information

1. Annual changes

Items/Number of shares and exercise price	Banking group		
	Number of options	Average prices	Average maturity term
A. Opening balance	**27,000,000**	**0.4072**	**2015**
B. Increases	**-**	**-**	**X**
B.1 New issues	-	-	-
B.2 Other changes	-	-	X
C. Decreases	**3,000,000**	**0.4072**	**X**
C.1 Cancelled	3,000,000	0.4072	X
C.2 Exercised	-	-	X
C.3 Expired	-	-	X
C.4 Other changes	-	-	X
D. Closing balance	**24,000,000**	**0.4072**	**2015**
E. Exercisable options at the end of the year	**-**	**-**	**X**

	Insurance companies			Other companies			31.12.2012			31.12.2011		
	Number of options	Average prices	Average maturity term	Number of options	Average prices	Average maturity term	Number of options	Average prices	Average maturity term	Number of options	Average prices	Average maturity term
	–	–	–	–	–	–	27,000,000	0.4072	2015	–	–	–
	–	–	X	–	–	X	–	–	X	27,000,000	0.4702	X
	–	–	–	–	–	–	–	–	–	27,000,000	0.4702	2015
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	3,000,000	0.4072	X	–	–	X
	–	–	X	–	–	X	3,000,000	0.4072	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	–	–	–	–	24,000,000	0.4072	2015	27,000,000	0.4702	2015
	–	–	X	–	–	X	–	–	X	–	–	X

Other information

The stock option plan was assessed using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.

During the financial year under review, the measurement of the assignment rights were updated as a result of the termination of the employer-employee relationship of two Executives of the Bank assignees of 3 million options. Therefore, 24 million options are still exercisable at 31 December 2012.

In these consolidated financial statements, the item "Staff costs" includes the amount of 390 thousand euros concerning the assessment at the assignment date of stock option rights assigned to the Group's management. The costs pertain to the Bank for 354 thousand euros, to Investire Immobiliare SGR S.p.A. for 29 thousand euros and to Finnat Fiduciaria S.p.A. for 7 thousand euros.

The above amounts, together with those recorded in 2011, were recorded for a total of 811 thousand euros in the item "Stock option plan reserve" of the Net Equity, with the details shown in the related statements.

Part L – Segment information

The application of IFRS 8, in the place of IAS 14, has not changed the criteria applied by the Group to identify its operating segments, due to the fact that they comply with the current requirements.

A – Primary reporting

For the purpose of identifying operating segments and establishing the figures to be allocated, the segment reporting of the Banca Finnat Group is based on its organisation and management structure, along with the internal auditing system used to support the management's operating decisions.

The Banca Finnat Group operates primarily in Italy, where it carries out conventional credit brokerage activities and provides asset management and administration services.

For IAS segment reporting purposes, the Group has adopted the business approach, selecting as the primary representative base, for the breakdown of its balance sheet and income statement figures, the main business sectors through which it carries out its consolidated activities and which constitute the internal reporting segments used by the Management for allocating resources and analysing the related performances.

The segments identified for providing an operation-based description of the Group results, also defined on the basis of business representativeness/prevalence criteria, are:

- assets under management
- assets under administration
- trusteeships
- banking services holding and other.

Income statement calculation criteria by business segment

The calculation of before-tax profit by business segment is based on the following criteria:

- the Bank's interest margin also takes into account the figurative performance of the owned capital and has been reclassified in the "Banking Services Holding and Other" segment, while, as regards the other Group entities, the various differences between interest income and similar income and interest expense and similar expense have been allocated to the relevant Business Area, minus the consolidation adjustments;
- net commissions have been identified through the direct allocation of the commission components to the various business segments;
- the dividends received by the Bank, minus the consolidation adjustments, have been reclassified in the "Banking Services Holding and Other"; while those received by the other Group companies were assigned on the basis of the type of business activities performed;
- the net profit from trading activities generated by the Bank has been attributed to the business segment that generated effectively the profit; while the profit generated by the other Group entities has been allocated directly on the basis of the business activities performed;

- the Operating costs item represents an aggregate and includes Administrative expenses, Other operating income and expenses and Provisions for risks and charges. The expenses incurred by the

Bank were apportioned according to a model that envisages the direct or indirect allocation of the costs to organisational services and, subsequently, their allocation through specific drivers to the business segments. The expenses incurred by subsidiaries, minus the intra-group entries, were directly allocated to the segments on the basis of the business activities performed. Costs that cannot be reasonably allocated and residual costs were allocated to the "Banking Services Holding and Other segment".

- The aggregate figure for value adjustments includes Value adjustments for impairment and Value adjustments on tangible and intangible assets due to the amortisation process. Items regarding non-divisionalised entities (single segment) were directly allocated based on the relevant business segment, while the divisionalised ones were indirectly allocated through suitable drivers.

Criteria for calculating the balance sheet aggregates by business segment

Balance sheet aggregates were calculated according to the matching concept, with costs/revenues allocated to the single segments.

In particular:

- Receivables from customers are the assets directly employed in the operating activities of the segment and directly attributable thereto.
- Payables to managed customers were reclassified in the "Assets under management "segment, the remaining payables were allocated to the "Banking Services Holding and Other segment".

Assets/liabilities that cannot be reasonably attributed were allocated to the "Banking Services Holding and Other segment".

Transactions between business segments

In each business segment, the revenues, costs, assets and liabilities are calculated before the intra-group balances and intra-group transactions are eliminated within the consolidation process. When intra-group transactions take place between entities belonging to the same business segment, the relevant balances are eliminated within the segment in question.

Consolidated aggregate income statement values by business segment

Business segments	Assets under management	Asset under administration	Trusteeship	Banking services holding and other	Total
Interest margin	–	–	29	11,844	11,873
Net Commissions	16,145	3,675	2,235	3,017	25,072
Dividends	–	–	–	2,968	2,968
Net income from trading activities including AFS profit	5	–	2	1,788	1,795
Losses from the disposal of receivables	(279)	(194)	–	–	(473)
EARNINGS MARGIN	**15,871**	**3,481**	**2,266**	**19,617**	**41,235**
Operating costs	(12,317)	(2,708)	(1,839)	(14,753)	(31,617)
Net value adjustments for impairment of:					
- receivables	–	–	(386)	(1,255)	(1,641)
- other financial transactions	369	256	–	–	625
Profit from equity investments	–	–	–	56	56
PRE-TAX PROFIT	**3,923**	**1,029**	**41**	**3,665**	**8,658**

Consolidated aggregate balance sheet values by business segment

Business segments	Assets under management	Asset under administration	Trusteeship	Banking services and other services holding	Total
Financial assets	880	–	1,101	507,569	509,550
Due from customers	13,319	–	226	246,618	260,163
Due from banks	1,606	–	–	77,220	78,826
Due to customers	40,327	–	–	507,072	547,399
Due to banks	3	–	–	94,794	94,797
Outstanding securities				64,172	64,172
Financial liabilities	–	–	–	449	449

B – Secondary reporting

The distribution of balance sheet and income statement figures by geographical area is not shown, due to the fact that the Group operates almost exclusively in Italy.

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Report by the auditing firm
pursuant to Articles 14 and 16 of Italian Legislative Decree no. 39 of 27 January 2010

To the Shareholders
of Banca Finnat Euramerica S.p.A.

1. We have audited the consolidated financial statements that comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in net equity, statement of cash flows and related notes to the financial statements of Banca Finnat Euramerica S.p.A. and its subsidiaries ("Banca Finnat Euramerica Group") at 31 December 2012. The directors of Banca Finnat Euramerica S.p.A. are responsible for preparing the financial statements in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005. Our responsibility is to express a professional opinion on these financial statements and based on the audit.

2. We conducted our audit in accordance with the auditing principles and criteria recommended by Consob. In accordance with such standards, the audit was planned and performed to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles used and the reasonableness of the estimates made by the directors. We think that the work carried out provides a reasonable basis for expressing our professional opinion. As regards the opinion concerning the consolidated financial statements for the previous financial year, whose figures are presented for comparison purposes, reference should be made to the report we issued on 29 March 2012.

3. In our opinion, the consolidated financial statements of the Banca Finnat Euramerica Group at 31 December 2012 is in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005; they were prepared clearly and give a true and fair view of the company's state of affairs, income statement and cash flows of the Banca Finnat Euramerica Group for the financial year ended on that date.

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4. The directors of Banca Finnat Euramerica S.p.A. are responsible for preparing the Report on Operations and the report on corporate governance and ownership structure in compliance with what is provided by the laws in force.

   Our responsibility is to express an opinion on the consistency of the Report on Operations and the information relating to paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of Article 123-bis of Italian Legislative Decree no. 58/98, submitted in the report on corporate governance and ownership structure, with the financial statements, as required by the law. For this purpose, we carried out the procedures indicated by the audit principle 001 issued by the Italian National Association of Professional Accountants recommended by Consob In our opinion, the Report on Operations and the information relating to paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of Article 123-bis of Italian Legislative Decree no. 58/98, submitted in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Banca Finnat Euramerica Group at 31 December 2012.

Rome, 27 March 2013
Reconta Ernst & Young S.p.A.
Alberto Pisani (Shareholder)

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF THE CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1. The undersigned Arturo Nattino, acting in the capacity of Managing Director, and Paolo Collettini, acting in the capacity of Manager in charge of preparing corporate reports and accounting documents of Banca Finnat Euramerica S.p.A., hereby certify, also with regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

   - the adequacy, as regards the characteristics of the company, and
   - the effective application,

   of the administrative and accounting procedures, in respect of the formation of the consolidated financial statements during the 2012 financial year.

2. No significant matters emerged, with respect thereto.

2. The undersigned also certify that:
   3.1. the consolidated financial statements:
      a. have been prepared in accordance with the applicable international accounting standards approved by the European Community, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b. correspond to the entries in the accounting books and records;
      c. provide a true and fair account of the equity, performance and financial situation of the issuing company and of the set of companies included in the consolidation.
   3.2. The report on operations includes a reliable analysis of the performance and operating income, as well as of the situation of the issuer and of the companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Rome, 15 March 2013

The Managing Director	The Manager in charge of preparing the accounting documents
(Arturo Nattino)	(Paolo Collettini)

SUMMARY OF THE RESOLUTIONS PASSED BY THE SHAREHOLDERS' MEETING

On 24 April 2013 at 3.00 pm, the ordinary and extraordinary shareholders' meeting of Banca Finnat Euramerica S.p.A. was held on first call in , Piazza del Gesù, 49, and the following resolutions were passed:

Ordinary part

with reference to the first item in the agenda

- having viewed the report of the Board of Statutory Auditors and of the Auditing Firm and having examined the draft financial statements as at 31 December 2012 and the consolidated financial statements as at 31 December 2012, the Shareholders' Meeting approved the Report on Operations and the Financial Statements for the year ended 31 December 2012 and the related annexes, as prepared by the Board of Directors;
- the profit for the year shall be allocated as follows:

profit for the year	**Euro**	**8,205,872**
– 5% to legal reserve, to be allocated to provisions in accordance with the law and with the articles of association	Euro	410,294
– to the 362,880,000 ordinary shares a gross dividend of Euro 0.010 per share,equal to 5% of the nominal value of the shares (in accordance with 2357 ter of the Italian Civil Code the profit pertaining to the treasury shares owned on the ex-dividend date shall be assigned proportionately to the other shares)	Euro	3,628,800
– to extraordinary reserve	Euro	4,166,778
Total	**Euro**	**8,205,872**

- the aforesaid dividend shall be paid, through the authorised Intermediaries in accordance with current regulations for centralised dematerialised shares, from 23 May 2013 (coupon no. 29) with coupon detachment on 20 May 2013;

with reference to the second item in the agenda

- after confirming that the number of the members of the Board of Directors shall be 11, the Shareholders' Meeting appointed Ms. Giulia Nattino as a non-executive, non-independent member of the Board of Directors until the Shareholders' Meeting for the approval of the financial statements as at 31 December 2014;

with reference to the third item in the agenda, the Shareholders' Meeting resolved

- to set to a fixed amount of Euro 15,000 the total gross annual compensation to be paid pro rata temporis to the Board of Statutory Auditors in relation to the functions as Supervisory Board in accordance with Italian Law Decree 231/01 from the date of appointment.

with reference to the fourth item in the agenda, the Shareholders' Meeting resolved

- to revoke, insofar as it is necessary, the previous resolution to purchase treasury shares up to a revolving limit of 5,000,000 ordinary treasury shares in addition to those already in the portfolio and in any case for a total maximum additional value of Euro 3,000,000, valid until 25 April 2013;
- to authorise the Board of Directors, with the option to vest one of its members or the General Manager

with the necessary executive powers, to purchase on regulated market, in one or more instalments, from 24 April 2013 and until 23 April 2014, up to a revolving limit of 5,000,000 ordinary treasury shares in addition to those already in the portfolio and in any case for a total maximum additional value of Euro 3,000,000 for a unit price, for each individual transaction, that shall be within plus or minus 8% of the closing price recorded in the previous Stock Market session, after transferring the residual reserve "Provision for treasury share purchase" to the "Extraordinary Reserve" in view of the plans which expired today, and after establishing a new "Provision for treasury share purchase" reserve of Euro 3,000,000 by drawing from the extraordinary Reserve;

- to authorise the Board of Directors, with the option to vest one of its members or the General Manager with the necessary executive powers, to carry out disposal actions in relation to all treasury shares in the Bank's portfolio from time to time, under the following conditions:
  a) the authorisation is given without time limits;
  b) the disposal of the treasury shares may also take place before the exhaustion of the quantity of purchases authorised herein, in one or more instalments, without time limits in the ways deemed most appropriate in the interest of the Bank and in compliance with current regulations, with the following procedures:
     - by sale on the Stock Market or under any other form allowed by applicable provisions at a price that may be not be lower by more than 8% than the closing price recorded in the previous session and, otherwise, in compliance with current rules and regulations; or
     - by assignment to managers, employees and/or workers of the Bank and of its subsidiaries within the scope of plans for the assignment of financial instruments in accordance with Article 114-bis of Italian Legislative Decree no. 58/98 at the conditions set by the Board of Directors and in any case at a price that shall be no lower than the carrying amount of the shares.

with reference to the fifth item in the agenda, the Shareholders' Meeting,

- having examined the Board of Directors' report containing the Report on Remuneration in accordance with Article 123-ter of Italian Legislative Decree 58/98, including the disclosure on the remuneration policies in favour of Directors, Employees and Workers who are not employees, resolved to approve the illustrated Remuneration Policy of Banca Finnat Euramerica S.p.A.

with reference to the sixth item in the agenda, the Shareholders' Meeting resolved

- to increase the total annual compensation to be allocated among the members of the Board of Directors on the basis of the decisions to be made by the Board itself from Euro 30,000 to Euro 45,000.

Extraordinary part

with reference to the sole item in the agenda, the Shareholders' Meeting resolved

- to amend Articles 9, 12, 12-bis and 20 of the articles of association, in particular with reference to the inclusions of the regulations on gender balance in administration and control bodies, to the measure of the attendance required for the submission of lists pertaining to the Board of Statutory Auditors, to the elimination of the Board of Directors' authority to appoint the designated representative and to the insertion of a new Article 25 as a transitory clause regarding the enforcement of gender balance rules.

Rome, 24 April 2013

PROGETTO GRAFICO
Ape Communication Srl

Share Capital	Euro 72,576,000 (fully paid-in)	Telephone	+39 06 69933.1
Headquarters	00186 Rome (Italy) - Palazzo Altieri - Piazza del Gesù, 49	Fax	+39 06 6791984
R.E.A. Reg. No.	444286	Website	www.bancafinnat.it
Tax Identification No.	00168220069	E-mail	banca@finnat.it
VAT Registration No.	00856091004	Investor Relations	investor.relator@finnat.it

The company is listed on the official market and its shares are admitted to trading on the STAR segment
The above data refer to the Parent Company Banca Finnat Euramerica S.p.A.

www.bancafinnat.it