# *Financial Statements 2011*

## *128° fiscal year*

***Financial Statements as of 31 December 2011***
***Approved by the Ordinary Shareholders' Meeting***
***held 5 May 2012***

BANCA
DI CREDITO COOPERATIVO
DI CAMBIANO

www.bancacambiano.it

*Bank founded in 1884*
*The oldest cooperative credit bank operating in Italy*

**BANCADI CREDITO COOPERATIVO DI CAMBIANO**
**(CASTELFIORENTINO – FLORENCE)**
**SOCIETÀ COOPERATIVA PER AZIONI**

Registered Office and General Administration: 50051 Castelfiorentino (Florence) – Piazza Giovanni XXIII, 6
ABI Bank Code 08425.1 - Tel. 05716891 - Fax 0571689251

Registered with the Company Register of Florence at no. 00657440483
Fiscal Code and VAT no. 00657440483
Administrative Economic Index no. (R.E.A.) 196037
Registered with the Register of Banks maintained by the Bank of Italy at no. 3556.8.0
Registered with the Register of Traditional Cooperatives ("*a mutualità prevalente*") at no. A161000

Bank adhering to the Guarantee Fund for Depositors of Cooperative Credit, to the National Guarantee Fund, the Finance Banking Conciliation and Finance Banking Arbitration Services

Regulatory capital as of 31 December 2011: 245,569,038 Euro

Territorial network: 31 branches distributed throughout the provinces of Florence, Pisa and Siena

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# Administrative, control and general management bodies as of 31 December 2011

**Board of Directors**

| | |
|---|---|
| Chairman | *Paolo Regini* |
| Vice Chairman | *Enzo Anselmi* |
| Director | *Mauro Bagni* |
| Director | *Enzo Bini* |
| Director | *Mario Gozzi* |
| Director | *Renzo Maltinti* |
| Director | *Paolo Profeti* |

**Board of Statutory Auditors**

| | |
|---|---|
| Chairman | *Aldo Bompani* |
| Acting Auditor | *Lorenzo Gai* |
| Acting Auditor | *Stefano Sanna* |
| Alternative Auditor | *Gino Manfriani* |
| Alternative Auditor | *Rita Ripamonti* |

**Board of Internal Arbitrators**

| | |
|---|---|
| Chairman | *Luciano Giomi* |
| Acting member | *Fausto Falorni* |
| Acting member | *Giuliano Lastraioli* |
| Alternate member | *Paolo Papini* |
| Alternate member | *Lisa Vasconi* |

**General Managers**

| | |
|---|---|
| Managing Director | *Francesco Bosio* |
| Deputy Managing Director | *Giuliano Simoncini* |

**Independent auditor**

*Bompani Audit Srl – Florence*

# Notice of the Shareholders' Meeting

## *Official Bulletin of the Republic of Italy*
## *Part II no. 44 of 12 April 2012*
## *Commercial notices – Notice of shareholders' meeting*

**BANCA DI CREDITO COOPERATIVO DI CAMBIANO**
**(CASTELFIORENTINO - FLORENCE)**
**Società cooperativa per azioni**
Registered with the Register of mutual aid cooperatives at no. A161000
Registered office in Castelfiorentino (FI), piazza Giovanni XXIII no. 6
Registered with the Company Register of Florence at no. 00657440483
Fiscal Code and V.A.T. no. 00657440483

**Notice of Ordinary Shareholders' Meeting**

The shareholders are hereby given notice of an Ordinary Shareholders' Meeting to be held at first calling on 29 April 2012 at 1:00 pm in the conference room located in Castelfiorentino, via Piave no. 8 and, if necessary at second calling on 5 May 2012, at 4:00 pm at the Auditorium of the State Institute for Higher Education «F. Enriques» located in Castelfiorentino, via Duca d'Aosta no. 65, to discuss and vote on the following

Agenda:

1. Fiscal year financial statements as of 31 December 2011; directors' report on operations; report of the Board of Statutory Auditors; Audit Report; inherent and consequent resolutions; proposal for the distribution of fiscal year profits;
2. Information on the remuneration policies in accordance with Article 29(2) of the Company By-laws;
3. Determination of the share premium to be paid by the new shareholders in accordance with Article 21 of the By-laws;
4. Determination of the maximum credit to be granted to the same borrower;
5. Supervisory Provisions on the Organization and Corporate Governance of Banks – adjustment of "Internal Regulations";
6. Appointment of the members of the Electoral Commission after determining the election procedures.

In accordance with Article 24 of the By-laws, shareholders are entitled to participate and vote at the Shareholders' Meeting if they have been recorded in the shareholders' register for at least ninety days.

Castelfiorentino, 2 April 2012

Signed: The Board of Directors
The Chairman:
*Paolo Regini*

# Schedules to the financial statements

## Assets

| | Asset line items | 2011 | 2010 |
|---|---|---|---|
| 10 | Cash and cash balances | 7,941,979 | 8,339,438 |
| 20 | Financial assets held for trading | 13,061,606 | 113,395,760 |
| 30 | Financial assets measured at fair value | - | - |
| 40 | Financial assets available for sale | 642,134,860 | 341,974,375 |
| 50 | Financial assets held through maturity | - | - |
| 60 | Receivables from banks | 62,995,505 | 156,563,511 |
| 70 | Receivables from customers | 1,718,198,890 | 1,641,083,194 |
| 80 | Hedges | 7,738,169 | 5,301,146 |
| 90 | Adjustment of value of generic hedges for financial assets (+/-) | - | - |
| 100 | Equity investments | 14,419,194 | 13,409,420 |
| 110 | Property, plant and equipment | 46,552,143 | 45,811,953 |
| 120 | Intangible assets | 192,899 | 168,147 |
| | *of which:* | | |
| | *- goodwill* | - | - |
| 130 | Tax receivables | 26,576,769 | 12,424,234 |
| | *a) current* | *7,237,792* | *6,694,208* |
| | *b) pre-paid* | *19,338,976* | *5,730,027* |
| 140 | Noncurrent assets and groups of assets in the course of divestment | - | - |
| 150 | Other assets | 29,105,876 | 21,791,626 |
| | Total assets | 2,568,917,891 | 2,360,262,805 |

## ■ Liabilities

| | Liability line items and Shareholders' Equity | 2011 | 2010 |
|---|---|---|---|
| 10 | Payables to banks | 408,649,726 | 211,329,374 |
| 20 | Payables to customers | 848,919,175 | 816,623,434 |
| 30 | Outstanding securities | 1,038,557,252 | 1,037,773,390 |
| 40 | Financial liabilities from trading | 34,167 | - |
| 50 | Financial liabilities measured at fair value | - | - |
| 60 | Hedges | 531,719 | 280,511 |
| 70 | Adjustment of value of generic hedges for financial liabilities(+/-) | - | - |
| 80 | Tax liabilities | 8,535,421 | 7,520,224 |
| | *a) current* | *4,240,332* | *3,230,812* |
| | *b) deferred* | *4,295,088* | *4,289,412* |
| 90 | Liabilities associated with assets in the course of divestment | - | - |
| 100 | Other liabilities | 39,137,162 | 44,301,067 |
| 110 | Employee severance pay | 3,453,905 | 3,265,070 |
| 120 | Risk and expense funds | 1,262,935 | 1,400,241 |
| | *a) pensions and similar commitments* | - | |
| | *b) other funds* | *1,262,935* | *1,400,241* |
| 130 | Valuation reserves | (14,581,649) | 9,622,328 |
| 140 | Redeemable shares | - | - |
| 150 | Equity instruments | - | - |
| 160 | Reserves | 224,028,551 | 216,626,296 |
| 170 | Premiums on issue of new shares | 242,309 | 242,260 |
| 180 | Share capital | 2,847,220 | 2,878,610 |
| 190 | Treasury shares (-) | - | - |
| 200 | Fiscal year profit (loss)(+/-) | 7,300,000 | 8,400,000 |
| | Total Liabilities and Shareholders' Equity | 2,568,917,891 | 2,360,262,805 |

## Income statement

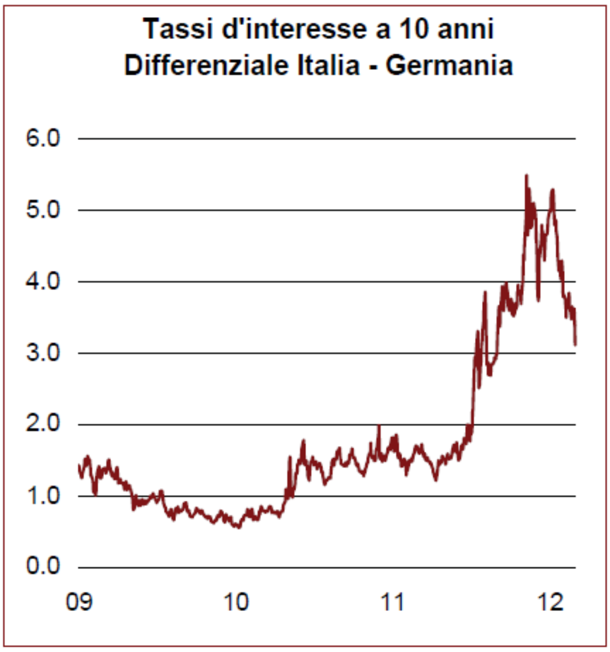
| | Income statement | 2011 | 2010 |
|---|---|---|---|
| 10 | Earned interest and similar income | 76,130,103 | 65,526,530 |
| 20 | Interest payable and similar expenses | (40,072,298) | (28,080,386) |
| 30 | Interest income | 36,057,805 | 37,446,144 |
| 40 | Commission income | 15,898,093 | 14,097,762 |
| 50 | Commission expenses | (1,449,324) | (1,778,586) |
| 60 | Net commissions | 14,448,769 | 12,319,176 |
| 70 | Dividends and similar income | 78,074 | 48,983 |
| 80 | Net trading income | 2,512,338 | 1,646,679 |
| 90 | Net hedging result | 63,664 | (7,031) |
| 100 | Gains (losses) from the disposal or repurchase of: | 4,707,858 | 2,176,564 |
| | *a) receivables* | - | - |
| | *b) financial assets available for sale* | *245,392* | *2,308,963* |
| | *c) financial assets held through maturity* | *0* | - |
| | *d) financial liabilities* | *4,462,466* | *(132,399)* |
| 110 | Net income of financial assets and liabilities measured at fair value | 0 | - |
| 120 | Operating income | 57,868,508 | 53,630,516 |
| 130 | Net adjustments/write-backs of value due to impairment of: | (10,012,800) | (8,183,983) |
| | *a) receivables* | *(10,012,800)* | *(8,183,983)* |
| | *b) financial assets available for sale* | - | - |
| | *c) financial assets held through maturity* | - | - |
| | *d) other financial operations* | - | - |
| 140 | Net income from financial assets | 47,855,708 | 45,446,533 |
| 150 | Administrative costs: | (37,024,140) | (35,096,679) |
| | *a) personnel costs* | *(19,151,332)* | *(18,058,092)* |
| | *b) other administrative costs* | *(17,872,808)* | *(17,038,588)* |
| 160 | Net allocations to risk and expense funds | | - |
| 170 | Net adjustments/write-backs of value to property, plant and equipment | (2,502,245) | (2,579,352) |
| 180 | Net adjustments/write-backs of value to intangible assets | (46,648) | (34,929) |
| 190 | Other operating costs/income | 1,711,053 | 2,577,540 |
| 200 | Operating costs | 37,861,980 | 35,133,420 |
| 210 | Profit (loss) from equity investments | 676,903 | 228,434 |
| 220 | Net result of the fair value measurement of property, plant and equipment and intangible assets | - | - |
| 230 | Adjustments to value of goodwill | - | - |
| 240 | Gains (losses) from the disposal of investments | 9,736 | (16,161) |
| 250 | Gains (losses) from current operations before tax | 10,680,367 | 10,525,386 |
| 260 | Fiscal year income taxes on current operations | (3,380,367) | (2,125,386) |
| 270 | Profit(loss) from current operations after tax | 7,300,000 | 8,400,000 |
| 280 | Gains (losses) from groups of assets in the course of divestment after tax | - | - |
| 290 | Fiscal year profit (loss) | 7,300,000 | 8,400,000 |

# Schedule on overall profitability

| | Line items | 2011 | 2010 |
|---|---|---|---|
| 10 | Fiscal year profit (loss) | 7,300,000 | 8,400,000 |
| | Other income components net of tax | | |
| 20 | Financial assets available for sale | (24,526,278) | (7,838,195) |
| 30 | Property, plant and equipment | - | - |
| 40 | Intangible assets | - | - |
| 50 | Hedging foreign investments | - | - |
| 60 | Hedging cash flows | - | - |
| 70 | Exchange rate differences | - | - |
| 80 | Noncurrent assets in the course of divestment | - | - |
| 90 | Actuary profit (loss) on defined benefit plans | - | - |
| 100 | Share of valuation reserves of equity investments measured on basis of shareholders' equity | 322,300 | 788,148 |
| 110 | Total other income components net of tax | (24,203,977) | (7,050,047) |
| 120 | Overall profitability (Line items 10 + 110) | (16,903,977) | 1,349,953 |

# Report on operations

Ten-year interest rates
Differential Italy - Germany




*Dear Shareholders,*

The Report on fiscal year 2011 must initiate with the graphic representation of the trend of the infamous "spread" between Italian bonds and the German bund that has been dominating our daily lives for many months. It has become the undisputed reference point for measuring market reactions with respect to the choices made and the outlook of the policies adopted for economic rehabilitation and recovery, the fight against tax evasion and corruption, the recovery of productivity for the public system, and the sustainability of the welfare system. This is all fine, except that the judgment of the markets is only based on finance and speculation and does not consider responsible political assessments having social impact. The predominance of the financial economy over the real economy, market abuses with respect to the rules, and the abuse of national governments by the major financial institutions have already demonstrated their pernicious effects, igniting the fuse of the systemic crisis that we are experiencing, but apparently history has not taught us anything and thus it appears that instead of being defused, the fuse is growing. The ruling class, and not only in Italy, is more interested in remaining in office than in governing, and is full of a host of refined orators who transform ethical questions into aesthetic utterances, and hard-fought policies into rhetorical pleadings. There has been collusion between controllers and controlled, and we trusted the judgments of strange private creatures carrying out extremely significant public functions such as the rating agencies. In the Community context as well there has been a rise of nationalism with aggressive tendencies at the expense of society, and of the principle that solidarity should be reserved for those not responsible for the crisis, which in any case would be a good starting point if only the international community truly wants to go back to the roots of this evil and avoid unloading expenses on the weak in order not to irritate the strong, or those presumed to be strong. This is still the path to be followed for an effective European unification, in the name of which we have delegated a large part of national sovereignty, but it remains very long and inaccessible. Solutions have not been found nor will they be found by giving unrestricted rein to experts or even just to politicians, there must be prevailing awareness that the crisis is the result of a sick process that has distant roots and many guilty parties, many of whom have enormous power and responsibilities, and who have followed the trend without the moral force to oppose it, except in very rare cases. No magic hand can intervene. It is up to us, to each of us, to act with a sense of commitment, honesty and fairness in order to recover the common good, aware that it will be necessary to return to the fundamental distinction between rational and reasonable, which criteria must also be recovered by our governments to avoid having blinding rigor prejudice growth and development. It is also necessary that the common good returns as the primary reference point, aware that *"shareholder value maximization is dead"* (Financial Times 16.3.2009). The values of cooperative solidarity and cooperative entrepreneurship are reconfirmed as being increasing relevant, even in this century.

## 1. Summary of results

Direct deposits demonstrate customer confidence, whereas the dynamics of uses offers the extent of the effort sustained on behalf of local economies and, in particular, households and businesses. The first grew by 1.78%, the total by 3.51%, uses by 4.70%. From an organizational standpoint, the procedures and professionalism required to manage various kinds of risk were reinforced.

The fiscal year profit amounted to 7,300,000 Euro. Considering the local and international panorama, the prudent policy of allocations and adjustment that we implemented in relation to the context of the real economy, and considering the trend of the results of the banking sector in general and of territorial reference, the level of profitability achieved should be considered to be quite good.

| SUMMARY OF RESULTS | | | | |
|---|---|---|---|---|
| (in thousands of Euro) | 2011 | 2010 | Absolute var. | Var. % |
| Capital data | | | | |
| Receivables from customers | 1,718,199 | 1,641,083 | 77,116 | 4.70% |
| Receivables from banks | 62,996 | 156,564 | -93,568 | -59.76% |
| Financial assets | 655,196 | 455,370 | 199,826 | 43.88% |
| Equity investments | 14,419 | 13,409 | 1,010 | 7.53% |
| Total assets | 2,568,918 | 2,360,263 | 208,655 | 8.84% |
| Direct deposits from customers | 1,887,476 | 1,854,397 | 33,079 | 1.78% |
| Indirect funding from customers | 126,487 | 91,327 | 35,160 | 38.50% |
| Shareholders' equity (excluding fiscal year profit) | 212,536 | 229,369 | -16,833 | -7.34% |
| Economic data | | | | |
| Interest income | 36,058 | 37,446 | -1,388 | -3.71% |
| Operating income | 57,869 | 53,631 | 4,238 | 7.90% |
| Net income from financial assets | 47,856 | 45,447 | 2,409 | 5.30% |
| Result of operating management | 10,680 | 10,525 | 155 | 1.47% |
| Fiscal year profit | 7,300 | 8,400 | -1,100 | -13.10% |
| Other information | | | | |
| Number of branches | 31 | 30 | 1 | 3.33% |

## 2. Local economic situation

The year 2011 was characterized by the sovereign debt tensions of countries in the Eurozone that were accentuated and expanded, becoming of systemic significance. Many tried to explain the reasons for the crisis, whereas few succeeded. Many examined the errors committed from a technical standpoint, but while the technical errors have been demonstrated why did they occur and why were they allowed to be committed? The true origin was moral decline; but this is an area that remains unexplored, except for generic expressions of condemnation without guilty parties, or perhaps in many cases, were made by the guilty parties themselves for aesthetic, and certainly not ethical, pleasure. Globalization and the interdependence it resulted in among markets was not accompanied by a regulatory government, indispensable for healthy economic growth. In Europe there was also a “currency without a State” and these are the consequences, all the more so with respect to Italy, an extremely old society but a State that is merely one and a half centuries old.

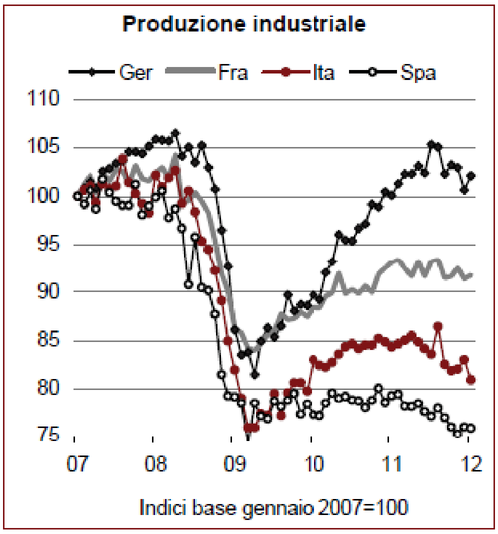
The year that just ended was a terrible year for the world, full of uncertainty, volatility, risks. Until December the line items chase each other and rather than offer security uncertainty and alarmism has been created. The weak link of the international scene continues to consist of the Eurozone, and in particular its southern section.

In the fourth quarter, the Eurozone’s GDP registered a reduction (cyclical annualized reduction) of -1.3%. At the level of an annual average, however, the growth rate was positive and amounted to 1.5%.

The picture of the fourth quarter of 2011 nevertheless remained variegated, with some countries still in a growth phase (France and Germany showed growth that was essentially positive even if the economic situation was negative for Germany) and others already in recession (Italy and Spain) registered negative economic trends). The last data available for 2011 continued to confirm a growing gap between Italy’s macroeconomic performance and that of France and Germany.

The recovery of the world economy, initiated in the second quarter of 2009, reached its apex at the start of 2011, when global production rose above pre-crisis levels. Since then, for approximately one year, worldwide production stagnated, wavering near the levels already reached at the end of 2010. This is a significant slowdown, deriving from diverging trends depending on the country involved. In general, a differentiation of results prevailed, with a continuation of the movement of wealth from West to East, with indexes for developing countries that were clearly better than those of the advanced economies. Among these the United States fared better than the Eurozone (Japan had an unstable trend tied to the earthquake and accident at the nuclear reactor of Fukushima); among the European countries, the Center-North economies registered a significantly better trend with respect to that of the peripheral countries.

Industrial Production

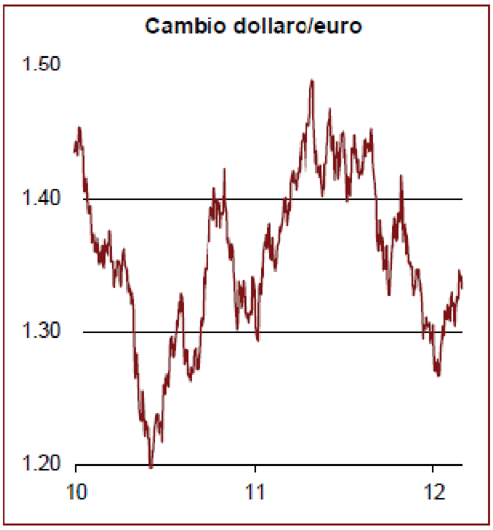



Base indexes January 2007=100

Price of Oil

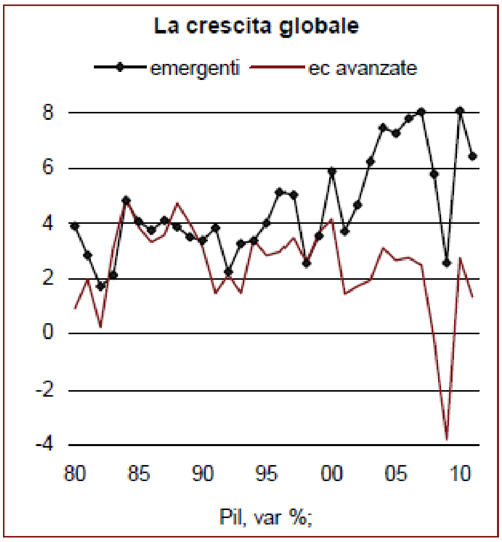

Brent variety, dollars per barrel

Dollar/Euro exchange rate




Global growth

black: developing economies red: advanced economies

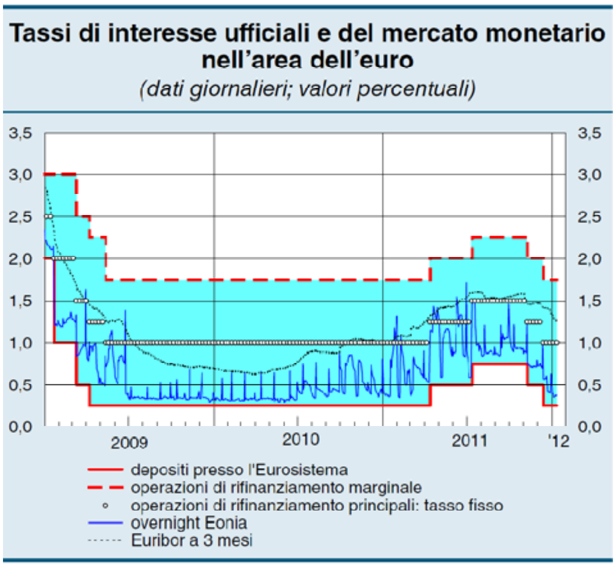



Percentage variation GDP

| WORLD GDP AND TRADE | | | | | |
|---|---|---|---|---|---|
| Average annual variations (%) | Forecasts | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| United States | -3.5 | 3.0 | 1.7 | 1.6 | 2.1 |
| Japan | -5.5 | 4.5 | -0.8 | 1.3 | 1.1 |
| United Kingdom | -4.4 | 2.1 | 0.8 | -0.3 | 0.9 |
| Euro area | -4.2 | 1.8 | 1.6 | -0.3 | 1.1 |
| Germany | -5.1 | 3.6 | 2.9 | 0.3 | 2.0 |
| France | -2.6 | 1.4 | 1.6 | 0.0 | 1.4 |
| Italy | -5.1 | 1.4 | 0.4 | -1.5 | -0.3 |
| Spain | -3.7 | -0.1 | 0.6 | -1.3 | -0.1 |
| Industrialized countries | -4.2 | 2.6 | 1.2 | 0.6 | 1.4 |
| Emerging economies | 2.7 | 7.3 | 5.9 | 4.4 | 6.0 |
| Emerging Asian economies | 7.2 | 9.5 | 7.5 | 5.8 | 7.4 |
| World GDP | -0.6 | 5.1 | 3.6 | 2.7 | 3.8 |
| World Trade | -10.7 | 12.4 | 6.1 | 2.0 | 5.2 |

Official interest rates and interest rates of the currency market in the Euro area

(daily data; percentage values)

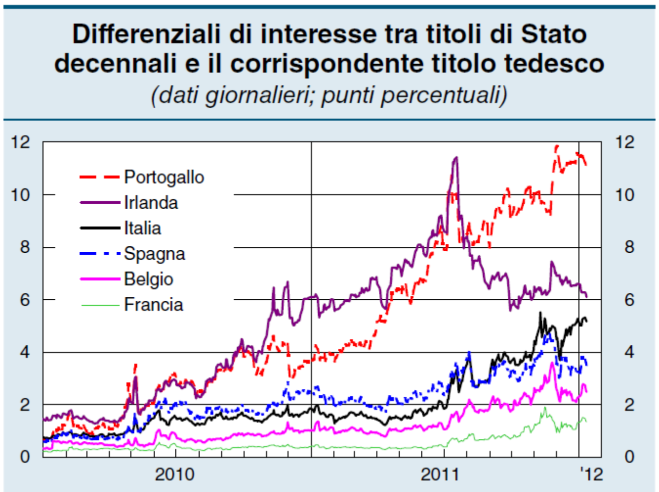



Fonte: BCE e Thomson Reuters Datastream.

deposits with the Eurosystem
marginal lending facilities
main refinancing operations: fixed rate
Eonia overnight rate
3 month Euribor rate

Source: ECB and Thomson Reuters Datastream

Differences in interest rates between ten-year
Government bonds and the corresponding German bond
(daily data; percentages)



The close of 2011 was terrible for the Eurozone economies. The tensions in the debt markets of peripheral countries gave no signs of relenting and the economic indicators showed a deterioration of the outlook for 2012. The financial situation is marked by the fact that there are at least three countries - Greece, Portugal and Ireland – whose public debt remunerates a high risk premium which will be unsustainable mid-term. Only Ireland has recently shown signs of improvement, whereas during the past few quarters Spain and Italy had spreads that reached values that are unsustainable long-term.

In order to contrast such trends, the majority of the European economies adopted fiscal adjustment measures aimed at reducing the deficits. As a result of such policies, the average public deficit of European countries is expected to drop below 3% of the GDP as soon as 2012, and below 2% the following year. Such results are a countertrend with respect to the other major economies: the deficits of Great Britain, the United States and Japan for example, are expected to range between 7% and 10% of the GDP.

In structural terms, on the basis of OECD estimates, the Eurozone will implement a fiscal correction of five points of the GDP in four years – between 2010 and 2013. The actual reduction of the deficit will, however, be lower because part of the correction will be absorbed by a worsening of economic activity, and in some States by the effects of the increase of costs for the public debt service. The latter effect is, however, asymmetrical because with respect to States having the most critical situations, which are also the States that are the most heavily affected by international financial speculation, whose rates increased, there are others where the rates actually lowered. In any case we are faced with restrictive fiscal policies in all of the major European economies, with a consequential deterioration of the weakest economies, which therefore cannot rely on absorption induced by a dynamic trend of demand in the other area economies. In addition to the impact of the slowdown of domestic demand due to fiscal policies, there is the impact that is linked to the deterioration of credit conditions. The increase of the risk premium on Government bonds also effects the risk premiums of bank bonds of States in crisis following their exposure to the public debt of each State. The fall of the prices of Government bonds reduces the value of the financial assets of banking systems, not only in States in crisis but all banks, including in other countries, that have exposure to securities of the public debt of other economies.

The continual corrective maneuvers related to the budgets that followed have always, at the most, stemmed the crisis but only a few have corrected it, including the unsuccessful summer maneuvers aimed at reducing the risk premium on Italy's bonds to reduce sovereign debt, which resulted in a change of government at the end of 2011 and a change of the formulation of Italy's economic policy. In terms of a reflection based on experience, anxiety regarding immediate action continues to prevail, currently cloaked even by restrictions resulting from adhesion to Community logic. But do we necessarily have to cling to everyone to Europe and to the Euro, almost as if they were a new Moses accompanying us in crossing the desert to a promised land that still appears to be in the distance? We have and will have costs to pay if we do not want to run the risk that would be incurred if we abandon the European Community. But in the meantime no one should forget the statement made by Nobel prize winner James Tobin that the ideal of stability is a principle that doesn't put food on the table. The change of government in Italy immediately resulted in a new heavy tax correction which, overlapping the summer maneuver already launched by the previous government, in an alleged connotation of distributive equity even if it is difficult to perceive it as such, should result in a significant reduction of the public debt over the next two years. It is possible that even the summation of the maneuvers will be insufficient for precise compliance with the target of a balanced budget, however it is hoped in any case that the extent of the gap between objectives and results will at least be modest with respect to the sacrifices being imposed in order to find resources that originate more from a tightening of taxation and reduction of welfare than from effective spending cuts.

A margin of uncertainty remains, however, which involves two factors having a strong effect on what might be a gap between objectives and results. The first factor consists of the profound effect of the recession, which is currently clearly admitted and which everyone is calling by its name, that might occur during the two year period 2012-2013, and thus the extent of the deviation with respect to the reference estimate used for the Government's growth forecasts. The second factor is represented by the length of time that Italian interest rates remain at the high levels of the past months, with a consequent increase of the cost of servicing the public debt. Both variables, growth and interest rates, condition each other. An optimistic scenario might be created starting from the presumption that the obstinacy of the new government's actions is such to convince the markets of the reliability of the Italian public accounts in the next few months, thereby resulting in a reduction of interest rates. Lower rates would mean a drop in the country risk premium and would stimulate the Italian stock market, with benefits above all to securities in the banking sector. The market recovery would signal that the crisis is being resolved and would influence the overall climate of confidence, with positive domestic demand. This scenario would contemporaneously result in a lowering of interest rates and an increase of growth, with further favorable effects on the expected trend of public accounts. In the contrary case, in which the international financial markets continue to remain under tension, the operators will continue to bet against Italy's debt, maintaining the spread at the high values of recent months, and the credit crunch would further exacerbate it, provoking an even greater reduction of total demand. The effect on spending would then be sharpened by lowered expectations and by inevitable corrective measures of the deficit over the course of the year. The macro scenario would be extremely risky, with a combination of high interest rates and unfavorable growth levels, which would repel the already difficult objective of a balanced budget. In order to modify market expectations in our favor it is necessary for two conditions to occur, neither of which is very likely, that might result in a significant turning point. The first is represented by a change in German policy, with greater Community orientation, in particular with reference to a more active role to be given to the ECB to finance the debt of States in economic crisis, together with the implementation of other initiatives, such as a program to issue Eurobonds and an increase of the funding of the European Financial Stability Facility. The progress achieved until now has been scarce on this front. Even the ECB's recent long-term refinancing operations of banks did not result in significant changes. The second condition would instead be a domestic one with respect to Italy, with an increase of growth expectations for the Italian economy consistent with "phase 2" of the economic policies in course. Unfortunately, even in such situation, the probabilities of a favorable short-term result are limited. In effect, the Government's action has been necessarily concentrated until now on the issue of rapidly achievable deregulation.

In 2011 Italian households suffered the negative effects of the economic recession in course even more. Italian households, whose disposable income had already been reduced overall in real terms by more than 5 percentage points over a three-year period, are currently even more greatly exposed due to the continuation and worsening of the ongoing recession. There was a further reduction of the purchasing power of Italian households starting from the second quarter of 2011, due to a deceleration of wage growth and wage drift as well as the loss of thousands of jobs.

Trend of the cyclic position of the sectors in the Province of Florence

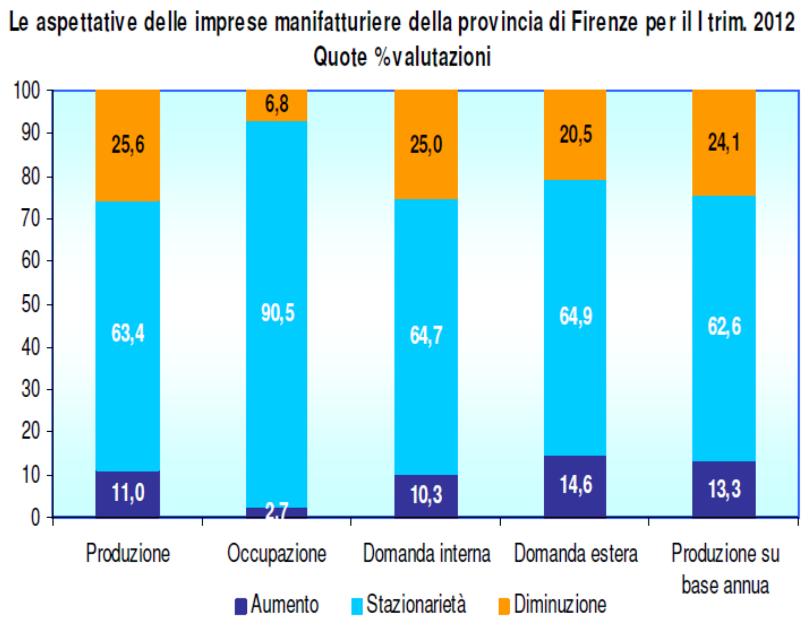
| | 2010 compared to 2009 | I Quarter 2011 | II Quarter 2011 | III Quarter 2011 | IV Quarter 2011 | 2011 compared to 2010 |
|---|---|---|---|---|---|---|
| Food industry | Recovery | Expansion | Expansion | Recession | Slowdown | Recession |
| Textiles - clothing | Recovery | Expansion | Slowdown | Recession | Slowdown | Recession |
| Leather – hides | Recovery | Expansion | Expansion | Expansion | Expansion | Expansion |
| Footwear | Recovery | Recovery | Expansion | Recovery | Recovery | Recovery |
| Wood and furniture | Recovery | Recovery | Expansion | Slowdown | Slowdown | Slowdown |
| Chemistry - rubber - plastic | Recovery | Expansion | Expansion | Slowdown | Recession | Slowdown |
| Pharmaceuticals | Recovery | Expansion | Expansion | Expansion | Slowdown | Expansion |
| Nonmetallic minerals | Recovery | Expansion | Expansion | Recovery | Expansion | Recovery |
| Metals | Recovery | Recovery | Expansion | Slowdown | Recession | Recession |
| Electronics | Recovery | Recovery | Recovery | Expansion | Slowdown | Slowdown |
| Mechanics | Recovery | Recovery | Expansion | Recovery | Expansion | Slowdown |

| | | | | | | |
|---|---|---|---|---|---|---|
| Means of transportation | Recovery | Recession | Expansion | Slowdown | Recession | Slowdown |
| Various | Recovery | Recovery | Expansion | Recession | Slowdown | Recession |

The crisis has produced significant effects in the area of our operative competence as well. Domestic consumption has diminished, production has registered widespread decline, with the sole exception of production aimed at foreign markets. Except for a few cases, there are no factors that can be read as concrete signs of recovery. Companies, in many cases with much flexibility and creativity, are oriented towards short-term programs, and households are consequently subject to the same situation, with diminished consumption and an overall lower standard of living. The sentiment of distrust, which is even also excessive, heavily penalizes the economic cycle. The widespread and prevailing conviction is that the recovery will take a long time.

Forecasts of manufacturing companies in the province of Florence for the I quarter 2012

Forecast percentages

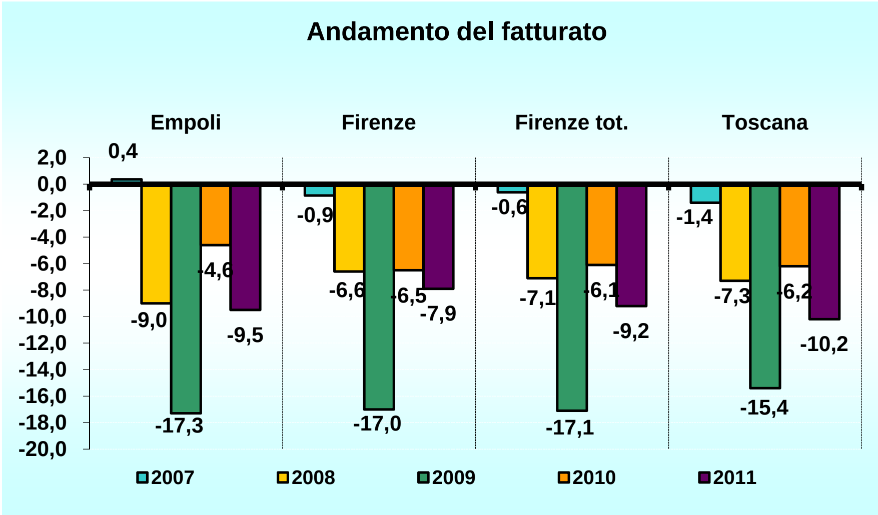



Production Occupation Domestic demand Foreign demand Production on an annual basis

Increase Stationary Decrease

As was to be expected, those activities that have achieved a good reputation over time due to their seriousness and honesty have held their positions. This is the context of reference even in our daily operations, always aimed at having these values emerge and be consolidated so that they become the basis of the recovery. In the Empoli-Valdelsa district, in 2011, in fact already starting from the second half of 2010, if it wasn't for the positive trend of crafts manufacturing aimed at foreign markets the overall picture would have been much worse. The indicators used for exporters almost always have a positive algebraic value, or in any case better with respect to companies operating in the domestic market. The economic analysis related to 2011 on district crafts manufacturing carried out by industry and sector indicates dynamic trends that are quite distinguished. The best performances originate from the fashion industry (clothing and footwear), which during the first ten years of the new century had instead undergone a lengthy involution. The processing of nonmetallic minerals (ceramics and glass) had largely unfavorable trends in 2011. Woodworking (carpentry, furniture stores and frames) remained in a recessive spiral, which has been going on for some time. Differently than in 2010, the mechanics sector gave no signs of maintaining its development trend.

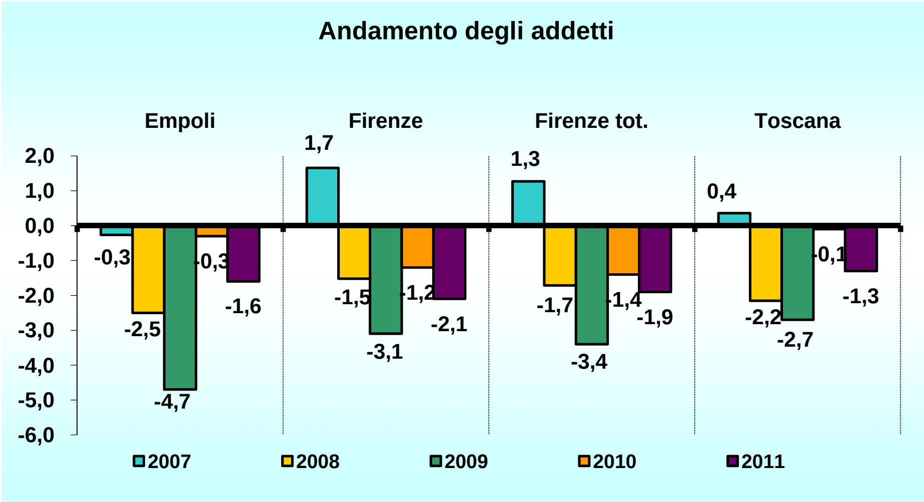
Trend of invoiced sales



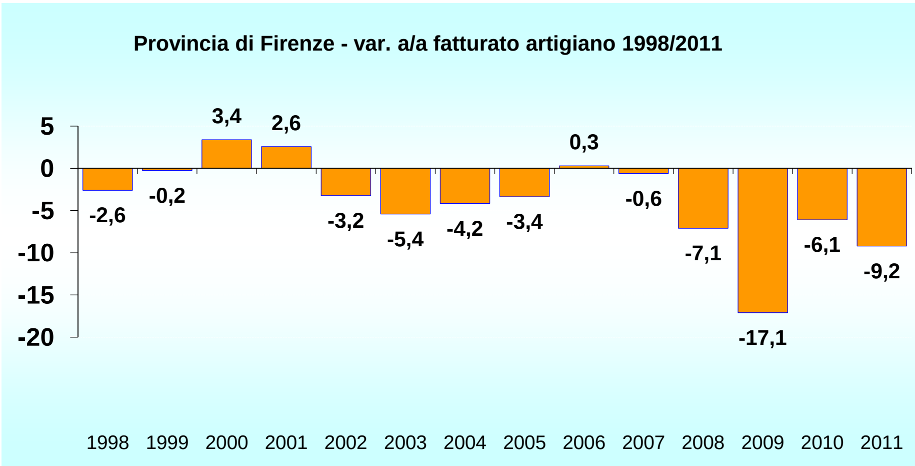

| Trend of invoiced sales in 2011 | | | | | | |
|---|---|---|---|---|---|---|
| *Percentage variation with respect to the same period of the previous year* | | | | | | |
| **Manufacturing districts** | **Manufacturing sector** | | | **Total construction industry** | **Total Services** | **Total crafts** |
| | **District specializations** | **Other manufacturing** | **Total manufacturing** | | | |
| Castelfiorentino | 0.0 | - | -4.2 | -12.3 | -15.7 | -8.1 |
| Empoli | -5.3 | - | -3.6 | -14.1 | -5.4 | -7.4 |
| Tuscany | **-7.4** | **-** | **-6.8** | **-17.1** | **-8.8** | **-10.4** |
| Non-district areas | **-** | **-** | **-6.1** | **-14.4** | **-8.7** | |

| **Districts** | | **Castelfiorentino** | **Empoli** | **Tuscany** |
|---|---|---|---|---|
| **Manufacturing sector** | District specializations | 0.0 | -5.3 | -7.4 |
| | **Total manufacturing activities** | **-4.2** | **-3.6** | **-6.8** |
| **Construction industry** | | **-12.3** | **-14.1** | **-17.1** |
| **Services** | | **-15.7** | **-5.4** | **-8.8** |
| **Total crafts industry** | | **-8.1** | **-7.4** | **-10.4** |

Employee trend




Province of Florence – variation in invoiced sales for the crafts industry 1998/2011




Going into greater detail, the leather-hides component registered a positive increase of sales and good operating results, although faced with increased costs for raw materials as well as the scarcity of raw materials. The sector registered a reduction of the duration of the average portfolio, and the major part of production has an outlet primarily for the most important names in international fashion. The share of production of a lower qualitative level is diminishing, but on the other hand there is a progressive synergy between the customer and producer due to the high flexibility of the production of the tanneries in the local district which, with respect to those of other areas in Italy, are able to modify productions in very short periods of time and guarantee speed and flexibility with respect to deliveries. The results of the footwear sector are also good overall, which extends to outsourcers as well due to the socio-political events that occurred last spring in the regions of North Africa where some productions had been transferred over time. Agricultural concerns maintained a positive trend, also due to the rise of the quotation of wine. The agro-food industry was positive overall. The camper sector remained stagnant and the mobile homes sector did not confirm indexes indicating productive stability. The agricultural tourism sector and tourism maintained positive trends, but lower than the forecasts, while many investments made in the sector were barely able to attain the forecast results, and other initiatives are slowing down. The principal component in the hospitality industry derives from foreign demand, sustained by the uniqueness of the cultural and environmental heritage of our territories. We are still far from having an adequate infrastructural system that can provide incentives and serve tourist flows that are adequate for the hospitality potential that unites the city of Florence with the provincial territory, for an even greater offer level that allows sojourns for longer periods and greater attractiveness. The Bank's initiative of a study aimed at determining strategies to promote cultural tourism in collaboration with the *Scuola Superiore Sant'Anna di Studi Universitari e di Perfezionamento di Pisa* and the *Touring Club Italiano* is in a conclusive phase, and is intended to be a basis of reflection and programming in this sense. The real estate sector, with all of the relative service industry, including professional services, is suffering heavily from this situation. Low level properties remain unsold, while luxury properties and the recovery of quality in unique areas have suffered a lengthening of their negotiation time. The retail trade has negative values in all sectors due to the reduction of domestic consumption, and large-scale distribution is not registering positive trends.

<table>
<tr><th colspan="5">Trend of invoiced sales by sector of activity</th></tr>
<tr><th>Year</th><th>Fashion industry</th><th>Metalworking</th><th>Other manufacturing activity</th><th>TOTAL MANUFACTURING ACTIVITY</th></tr>
<tr><td>2011</td><td>3,4</td><td>-2,6</td><td>-6,1</td><td>-1,4</td></tr>
<tr><th>Year</th><th>TOTAL CONSTRUCTION INDUSTRY</th><th colspan="2">TOTAL SERVICES</th><th>TOTAL CRAFTS INDUSTRY</th></tr>
<tr><td>2011</td><td>-12,0</td><td colspan="2">-7,6</td><td>-6,1</td></tr>
</table>

## 3. Criteria used in corporate management – Information pursuant to Articles 2528 and 2545 of the Italian Civil Code

The policy of admitting new Shareholders has been confirmed as being consistent with the objective of reinforcing local roots in the territorial communities in the area where the Bank operates, and occurs in conformity with the By-laws and the provisions set forth in the Uniform Banking Law and Supervisory Regulations. It is considered to be an opportunity to become a Shareholder for parties who, within the community where the Bank operates, are well-known and esteemed, demonstrate that they share the principles of mutual cooperation, who can provide a positive contribution of know-how and ideas due to life experiences and work, and who are eager to consolidate the relationship that is established with the Bank.

The policy for admitting new Shareholders was confirmed as being aimed at maintaining and developing a balanced composition of the Bank's social base in relation to the areas of territorial competence and in accordance with the requirements established by Article 35 of the Uniform Banking Law, by the Supervisory Regulations and by the By-laws with respect to complying with the prevailing operation requirement with respect to Shareholders. It is noted for such purpose, in accordance with Article 2512 of the Italian Civil Code and with Article 35 of Legislative Decree no. 385 of 1993 and the related Supervisory Regulations, that even during the fiscal year in review the Bank was fully compliant with regulatory requirements in terms of the calculation of the weighted average of the reference parameter used to measure the prevalence of the activity carried out with Shareholders with a positive quantitative measurement. The Bank's management has always been implemented consistently with the principles and conditions regarding prevalent mutual aid, and lending activity outside of its territorial area was always for an amount that was fully contained within the Supervisory parameter.

The Bank has duly complied with its obligations to contribute to mutual aid funds to promote and develop cooperation.

Having noted the above, we communicate that as of the date of 31 December 2011, the Bank's social structure consisted of 3,039 Shareholders, with a reduction of 13 Shareholders (with respect to 56 new Shareholders and 69 withdrawals).

The criteria that the Board of Directors followed in managing the Bank in order to achieve its statutory objectives, in conformity with the Bank's cooperative nature, complied with outstanding laws and regulations, intended to:

- *give preference to Shareholders in the Bank's transactions and services* by means of specific operations benefitting Shareholders and customers, such as, for example, the Account for Employees and Retirees, which is completely gratuitous;
- *promote the improvement of the moral and cultural conditions of Shareholders in the local communities*, sustaining their development and proposing common occasions for training and the use of leisure time, including in collaboration with local entities and other local associations; all of the donations made for social utility must be linked to such objectives, including the creation of scholarships and tourism and cultural initiatives open to Shareholders and customers;
- *educate with regard to savings and social security and the proper use of monetary, financial and credit instruments and services,* by means of internships for high school students and meetings with school groups;
- *promote the spread of the core values of cooperation* (such as democracy and participation, equality and freedom, mutual aid and solidarity), sustaining and encouraging worthy initiatives.

ACTIVITIES WITH SHAREHOLDERS AND ACTIVITIES OUTSIDE TERRITORIAL AREA

| | Legal limit | 2011 | 2010 |
|---|---|---|---|
| % activities with Shareholders and/or having a weighted risk of zero | > 50.00% | 53.842% | 56.698% |
| % activities outside territorial area | < 5.00% | 2.518% | 1.376% |

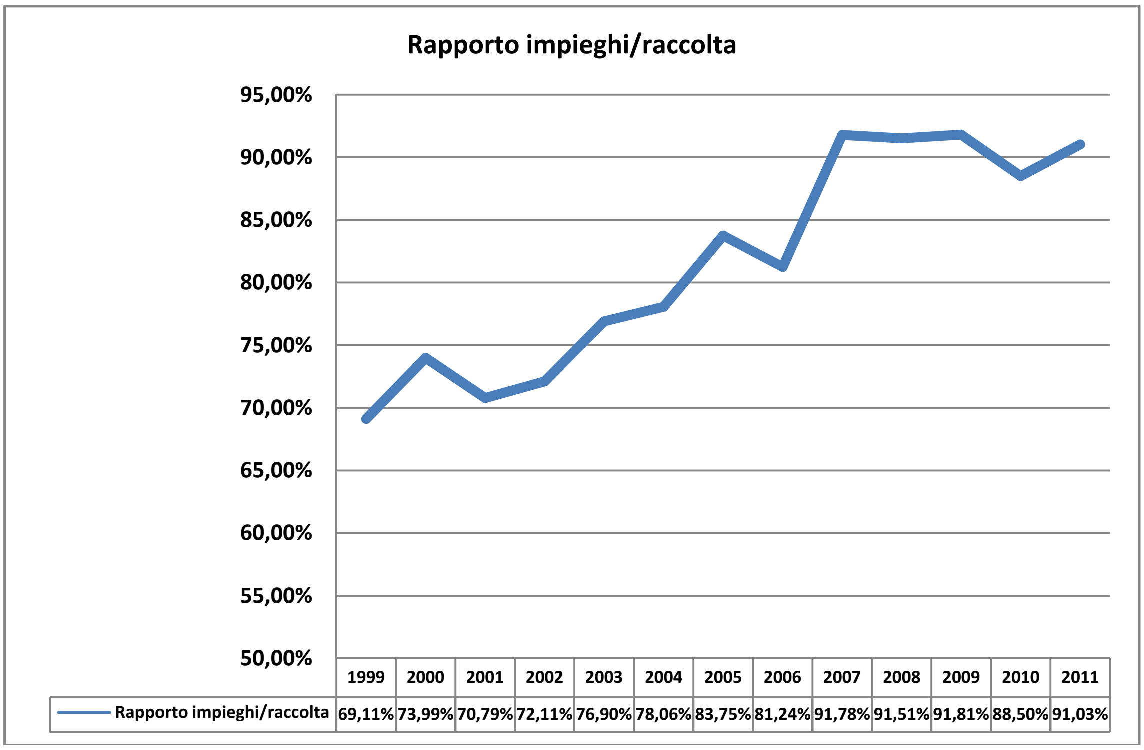
With reference to the intense activity carried out in the context of loans for mutual assistance and solidarity, the strict relationship with the territories in which the Bank operates results in the need to sustain multiple initiatives and respond to requests aimed at promoting social and cultural growth, sustaining volunteer activities, educational and university training, enhancing cohesion and producing wellbeing and value for society. The requests received by the Bank, including due to the closure or strong restriction on loans by many entities and foundations that had been active until now, add up to amounts that substantially exceed available funds. The choices were difficult and many requests had to be turned down, even though deserving. The action taken by the Bank by means of the lending in question currently has an enormous value with respect to this critical moment, the selection of the requests must be increasingly incisive in order to orient resources towards initiatives that are of true social value. The overall figure for lending in fiscal year 2011 amounted to 796,788 Euro.

## 4. The management trend and dynamics of the principal aggregates

The trend of fiscal year 2011 reflects that of the entire system and saw a moderate growth of the volumes of deposits and uses, with credit quality penalized by the economic situation. Profit margins, even in the case of an incisive governance of costs, are effected by the trend of market rates and the reduced levels of economic development.

The results of the reporting period are indicted below using summary schedules, and have been reclassified for an adequate representation of the Bank's management trend.

Use/Deposits Ratio




## ■ Direct deposits

Direct deposits will increasingly be a "scarce resource". The continuation of the economic crisis, the reduced adequacy of household savings, in particular with respect to young people for whom unemployment is increasing, tax evasion, which has reached levels in Italy that can no longer be tolerated, and the increasingly greater concentration of wealth are some of the incisive factors that reduce cash flows from direct deposits. The continuation of the closure of the wholesale markets places greater pressure on the retail market, including the large intermediaries pressured by the lack of liquidity, to intercept financial wealth, both newly created wealth as well as that accumulated in the past. This results in lower growth levels for aggregate deposits and an increase of the cost.

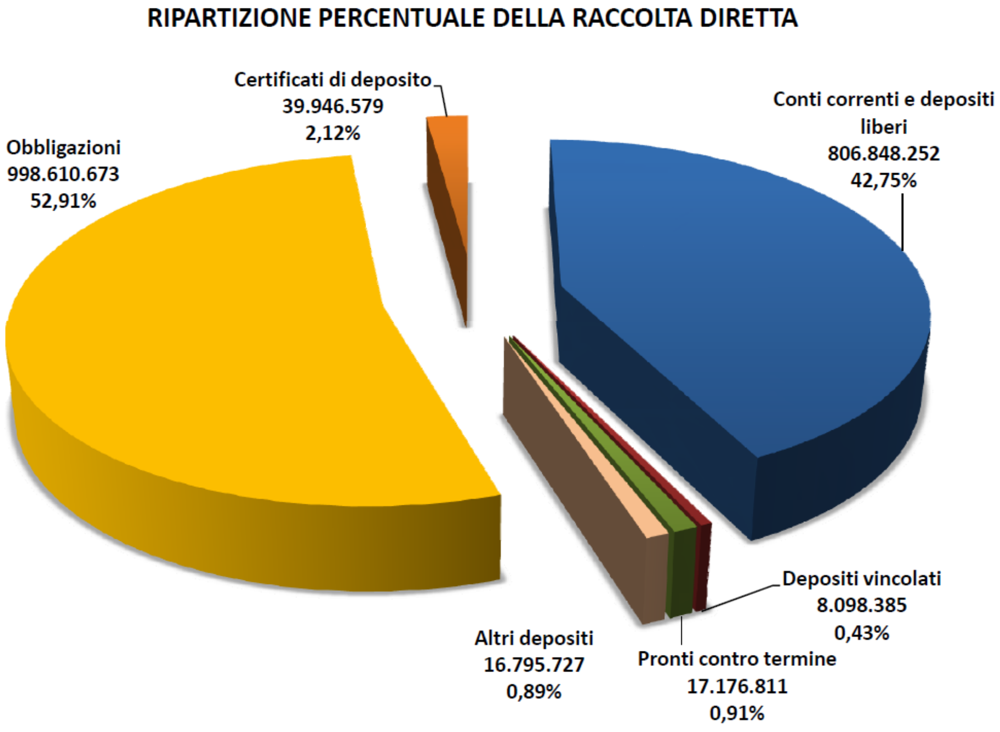
At the end of the year, "direct deposits" from customers reached the amount of 1,887,476,427 Euro, with an increase of 1.78% with respect to the corresponding data of the previous year. The slowdown in growth was particularly apparent during the second half of 2011, both due to the reduction in savings that characterizes the current economic situation, as well as the renewed interest sustained by alternative forms of investment, such as Italian government bonds which had high yields during the period.

At the level of the banking system, the dynamics of funding in Italy slowed down, remaining at positive values. Specifically, at the end of 2011 deposits in Euro for all Italian banks, represented by deposits made by resident customers (deposits in bank accounts, deposits with a pre-determined duration, deposits redeemable upon notice and repurchase agreements) and bonds had a growth rate trend of +1.3%, (+3.3% in December 2010). Observation of the various components demonstrates that the deposits made by resident customers underwent a negative annual variation of -2.8% (+6.6% in December 2010), while bank bonds grew by +8.4% on an annual basis (-1.6% at the end of 2010).

The Bank's detailed data is set forth below.

| DIRECT DEPOSITS | 2011 | 2010 | Absolute variation |
|---|---|---|---|
| *Bank accounts and unrestricted deposits* | *806,848,252* | *728,530,424* | *78,317,828* |
| *Restricted deposits* | *8,098,385* | *71,814* | *8,026,571* |
| *Repurchase agreements* | *17,176,811* | *41,814,258* | *-24,637,447* |
| *Other deposits* | *16,795,727* | *46,206,939* | *-29,411,212* |
| *Bonds* | *998,610,673* | *1,013,993,548* | *-15,382,875* |
| *Certificates of deposit* | *39,946,579* | *23,779,842* | *16,166,737* |
| *Total direct deposits* | *1,887,476,427* | *1,854,396,825* | *33,079,602* |

PERCENTAGE DISTRIBUTION OF DIRECT DEPOSITS




Bonds — Certificates of deposit — Other deposits — Repurchase agreements — Restricted deposits — Bank accounts/ Unrestricted Deposits

## Indirect funding

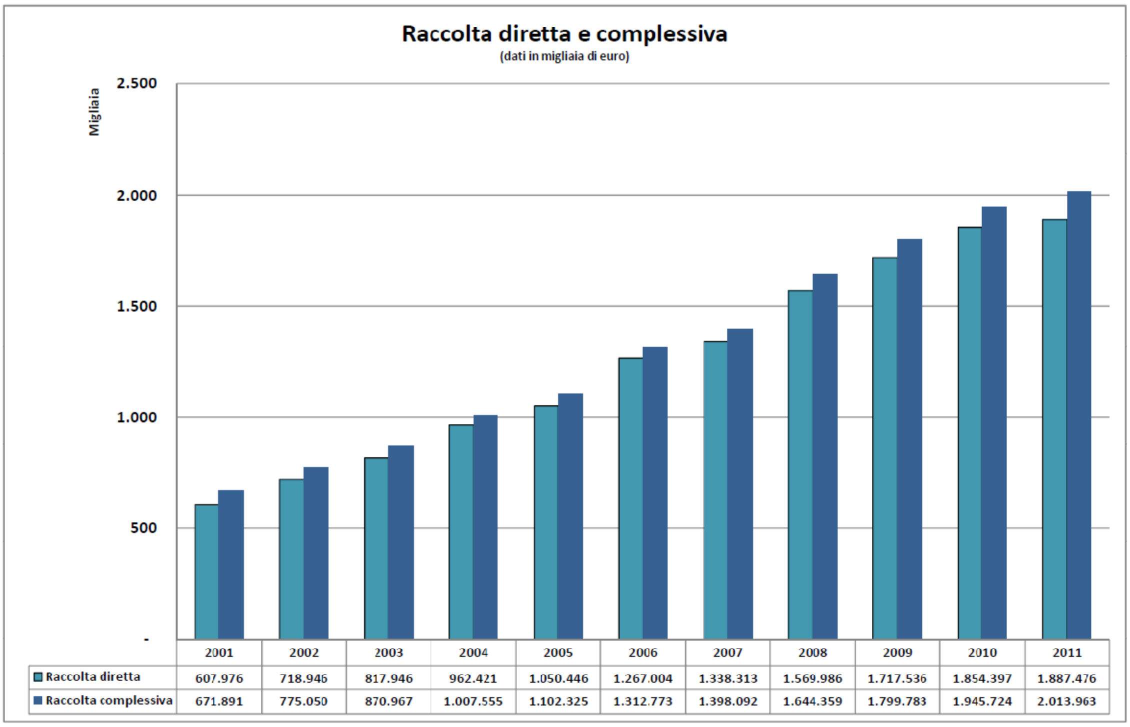
Indirect funding, calculated on the basis of the current values at the end of the fiscal year of the relative financial assets, amounts to 126.5 million Euro, which, compared with 91.3 million Euro of the previous year, results in a growth of 38.50%. A substantial part of this increase is due to the purchase of Italian government bonds by customers during the latter part of the year, depending on the level of the rates during such period.

| INDIRECT FUNDING | 2011 | 2010 | Absolute variation | Var. % |
|---|---|---|---|---|
| *Administered assets* | *125,540,176* | *90,366,970* | *35,173,206* | *38.92%* |
| *Managed assets* | *946,467* | *959,912* | *-13,445* | *-1.40%* |
| *Total indirect funding* | *126,486,642* | *91,326,882* | *35,159,760* | *38.50%* |

## ■ Overall deposits

At the end of the fiscal year the aggregate of overall deposits amounted to 2,013,963,069 Euro, an increase of 3.51% with respect to the end of 2010.

Direct and overall deposits
(data in thousands of Euro)




Direct deposits
Overall deposits

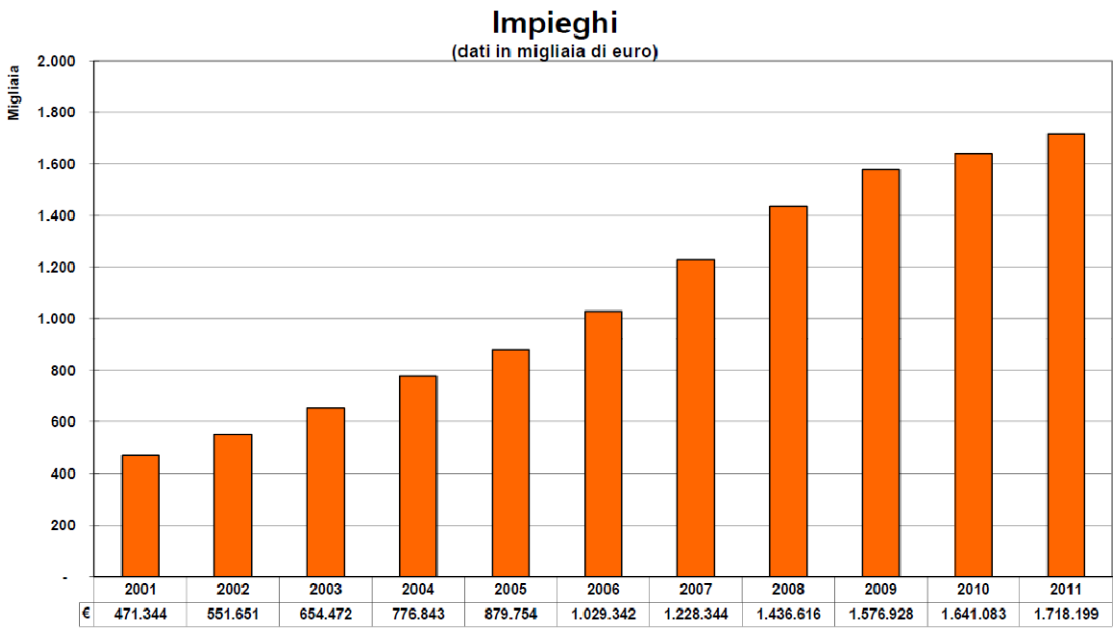
## ■ Uses for customers

The year 2011 was particularly difficult, especially in the lending sector. On the part of many banks there was an oppressive closure with respect to new loans and there were requests for the repayment of loans that had been granted, all resulting from the liquidity crisis and the initiation of the adjustment phase to the more rigorous parameters of Basel III already undertaken by the major institutes which, in view of the difficulty of increasing capital in this phase due to the stock market, the reduction of economic results, and thus growth by allocation to reserves, only have the most immediate incentive available to reduce the portfolio of receivables in order to readjust capital ratios. The situation has and will result in a significant impact, and the effects might not be exhausted. Even though there is a diminished request for loans from creditworthy parties with prospects due to the crisis, which has resulted in less investments, the Bank was involved more than ever with evaluating and supporting the disbursement of loans to assist the territory, specifically households and businesses. This has induced searching for the necessary balance between prudent criteria and the lending needs of the territorial areas where it is located, which the Bank, as a local entity having a cooperative nature, feels it must satisfy, fully aware and counting even on the situation of strong capitalization which has always characterized the Bank's structural profiles, and its consolidated profitability which, even in view of contingent downturns, allows the Bank to fully deal with even an accentuation of credit risk. It should also be noted that differently from 2007, when households and businesses were placed in difficulty due to the vehement rise of Euribor rates, the reason for the present crisis is different and more serious: individuals and households find it difficult to pay the rates because in many cases they have lost their jobs, businesses have seen payment times lengthen, including from the public sector, and ordinary portfolios have been reduced.

During the fiscal year the Bank registered an increase of the economic use sector of 4.70%, as confirmation that it continued active lending even in the context of the present difficulties. This data is higher than that of the system. In fact, during the last months of 2011, the signals of a slowdown of lending activity were accentuated in Italy, as a consequence of the already cited difficulties of money supplies for banks and the progressive deterioration of the macroeconomic context. In December 2011, in fact, uses in the private sector registered a slight growth trend to +1.8% (+4.2% in December of the previous year).

Uses

(data in thousands of Euro)




| ECONOMIC USES | 2011 | 2010 | Absolute variation | Var. % |
|---|---|---|---|---|
| Bank accounts | 470,649,702 | 414,615,320 | 56,034,382 | 13.51% |
| Mortgage loans | 1,040,034,514 | 999,295,999 | 40,738,515 | 4.08% |
| Credit cards, personal loans and salary guaranteed finance | 17,980,471 | 11,183,547 | 6,796,924 | 60.78% |
| Other operations | 189,534,203 | 215,988,329 | -26,454,126 | -12.25% |
| Total economic uses | 1,718,198,890 | 1,641,083,195 | 77,115,695 | 4.70% |

The risk profile of the receivables portfolio suffered from the continuation of the overall negative economic situation, accentuated with respect to prior business data, repositioning itself on average system data. The internal controls to secure impaired receivables remain valid, which, even if prudent with respect to what was registered in the past, leads us to believe that recovery will fully exceed the amounts that were written off.

Total impaired receivables in 2011, which consist, according to the definition of the Bank of Italy, of impaired loans, watchlist entries, restructured receivables and overdue/overdrawn and past due receivables reaches, net of adjustments to value, amounted to 185,679,948 Euro, compared to 179,380,308 Euro in 2010, an increase of 6,299,640 Euro equivalent to 3.51%. Such sector, gross of the adjustments to value, amounts to 219,786,335 Euro, compared to 208,408,108 Euro in 2010, an increase of 11,378,227 Euro equivalent to 5.46%. The ratio with respect to receivables from customers is 10.81% percent if considered net of write-downs (10.93% in 2010,) and 12.51% if calculated gross of write-downs (12.48% in 2010).

The impaired loans, cash exposure and off balance sheets entries with respect to a party in a state of insolvency – even if not determined judicially - or in substantially equivalent situations, represent an important component of impaired receivables. As of 31 December 2011 there was a balance, adjusted by analytical write-downs and the discounting effect, of 56,412,363 Euro that is compared with 40,878,594 Euro of the previous twelve months (an increase of 15,533,769 Euro equivalent to 38.00%). The gross amount of write-downs is 79,463,433 with respect to 61,435,854 Euro in 2010 (an increase of 18,027,579 Euro, equivalent to 29.34%), while the ratio with respect to total receivables is 3.28% (2.49% for 2010) if considered net of the write-downs, and 4.52% if considered gross of write-downs (3.68% in 2010).

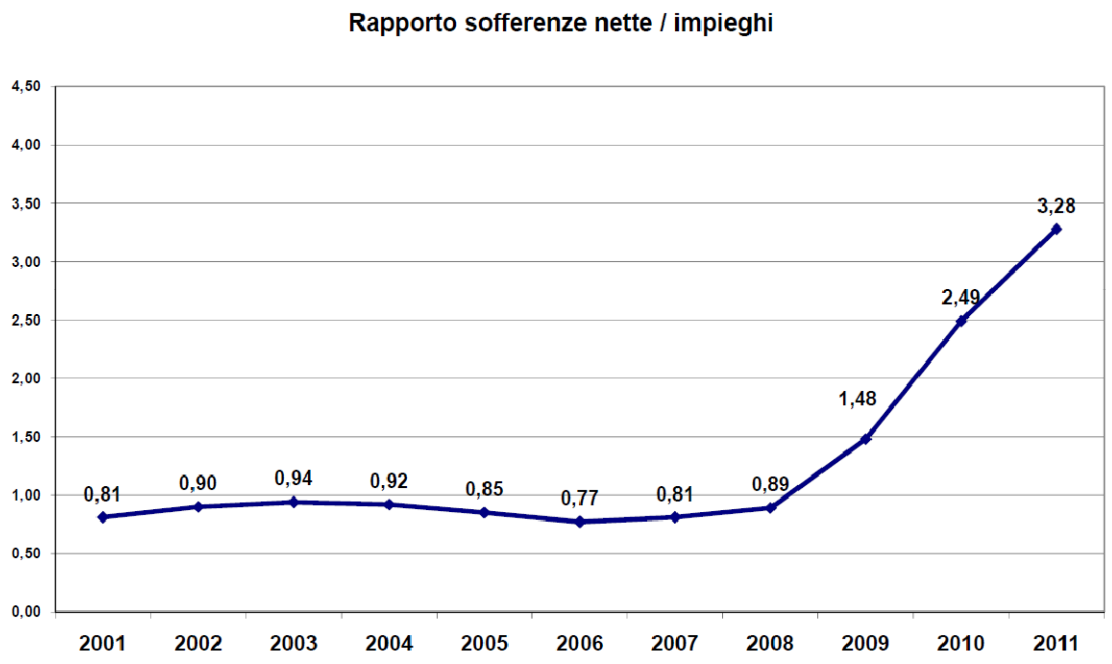
Net watchlist receivables, consisting of receivables from parties in situations of temporary objective difficulty, decreased from 107,943,833 Euro to 95,944,495 Euro, a reduction with respect to the previous twelve months of 11,999,338 Euro, equivalent to -11.12%. With respect to net receivables, this ratio therefore decreased from 6.58% to 5.58%. The gross entry of adjustments to value indicates a watchlist value of 103,492,873 Euro (112,289,072 Euro in the previous twelve months – registering a reduction of 8,796,199 Euro, equivalent to -7.83%), while the impact on total gross receivables is 5.89% compared to 6.72% in the previous fiscal year (-0.83%).

Restructured receivables, net of adjustments, amounted to 16,865,595 Euro (0.98% of the total net receivables), while gross they amounted to 19,602,730 Euro (1.12% of the total gross receivables).

Overdue/overdrawn receivables complete the category of impaired receivables. This aggregate includes loans with rates that have expired by more than 180 days, a term that is reduced to 90 days since 1° January 2012, and overdrawn loans for the same period, both reported if the limit of 5 percent of the individual customer's total exposure is exceeded, in addition to receivables secured by mortgage loans with rates that have expired by more than 90 days, independently of the cited threshold. As of 31 December 2011, net of adjustments, overdue/overdrawn receivables amounted to 16,457,497 Euro, an increase with respect to 14,687,987 Euro at the end of 2010 (1,769,510 Euro, equivalent to +12.05%).

The dynamics of gross and net impaired receivables are better represented in the following tables.

Ratio net impaired receivables / uses




| INDEXES OF CREDIT QUALITY | 2011 | 2010 | 2009 |
|---|---|---|---|
| % of net receivables | | | |
| % net non performing loans on total net receivables | 3,28 | 2,49 | 1,48 |
| % net watchlist and restructured receivables on total net receivables | 6,57 | 7,71 | 5,67 |
| % net overdue/overdrawn accounts on total net receivables | 0,96 | 0,90 | 1,66 |
| % total net impaired receivables of total net receivables | 10,81 | 10,93 | 8,80 |
| | | | |
| % on gross receivables | | | |
| % gross non performing on total gross receivables | 4,52 | 3,68 | 2,39 |
| % gross watchlist and restructured receivables on total gross receivables | 7,01 | 7,88 | 5,84 |
| % gross overdue/overdrawn accounts on total gross receivables | 0,98 | 0,92 | 1,71 |
| % total gross impaired receivables on total gross receivables | 12,51 | 12,48 | 9,94 |
| | | | |
| percentage of hedges | | | |
| Non performing | 29,01 | 33,46 | 39,19 |
| Watchlist, restructured and overdue/overdrawn accounts | 7,88 | 3,91 | 4,18 |
| total impaired receivables | 15,52 | 12,62 | 12,61 |
| receivables in bonis | 0,25 | 0,19 | 0,07 |

The national data of gross non performing loans reached 5.44% in December 2011, and net non-performing loans were the equivalent of 3.09% of uses. The regional data is 6.9% gross, (4.8% in December 2010); the greatest increase was in the Province of Florence, which increased from 3.9%

in 2010 to 6.1% in 2011 (a variation rate of 60.3%). The Bank's data amounted to 4.52% and reconfirms, even in the context of the worsening of the risk level in course, the effective selection and management activity of the loan portfolio that has been implemented, reflected by the best qualitative level of the aggregate, given the accurate classification policies for receivables which have always been implemented at a corporate level.

## ■ Securities and treasury account activity

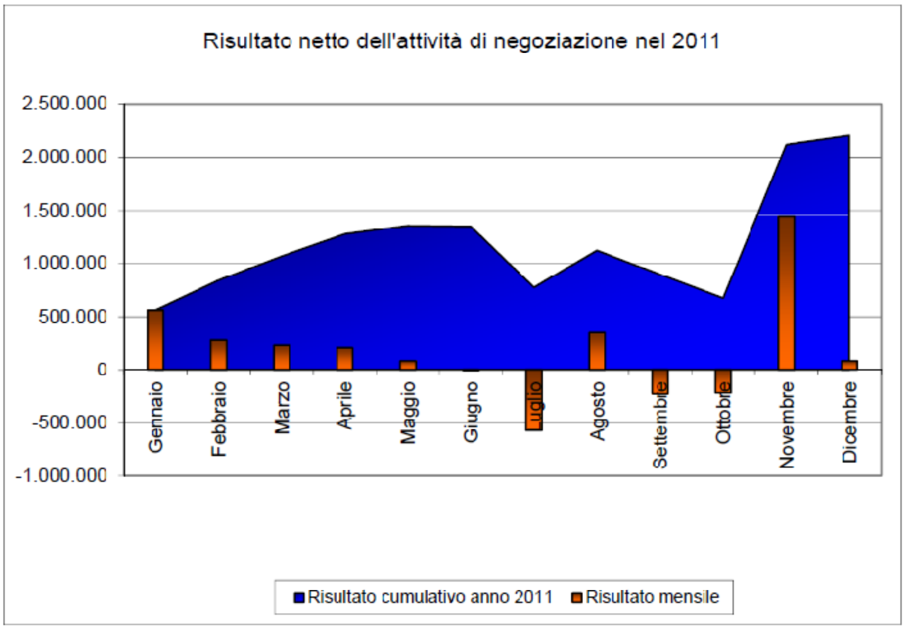
During the course of 2011, the difficulties of the interbank market became radicalized due to the decline in confidence in interbank relationships by many of the major banks, all more or less effected by negative economic situations and which rapidly became hypersensitive. The market has remained relatively liquid, however, with respect to a qualified kind of collateral (typically, sovereign debt bonds), resulting in the widespread use of securities lending by many institutes, including from private customers. There was instead a scarce result of available lending with respect to unsecured requests, or at the most limited to maturities of less than one week, substantially useless for any financial planning. The Bank, consistently with the policy of constantly maintaining a high level of liquidity, instead continued to operate, together with a few other institutes, as a significant lender of funds.

In 2011 the financial markets registered particularly complex negative dynamics and speculation reigned, with widespread and significant depreciation of the courses and excess volatility. The sovereign debt crisis had its epicenter in the Eurozone, arriving at the point where the survival of the sole currency was questioned.

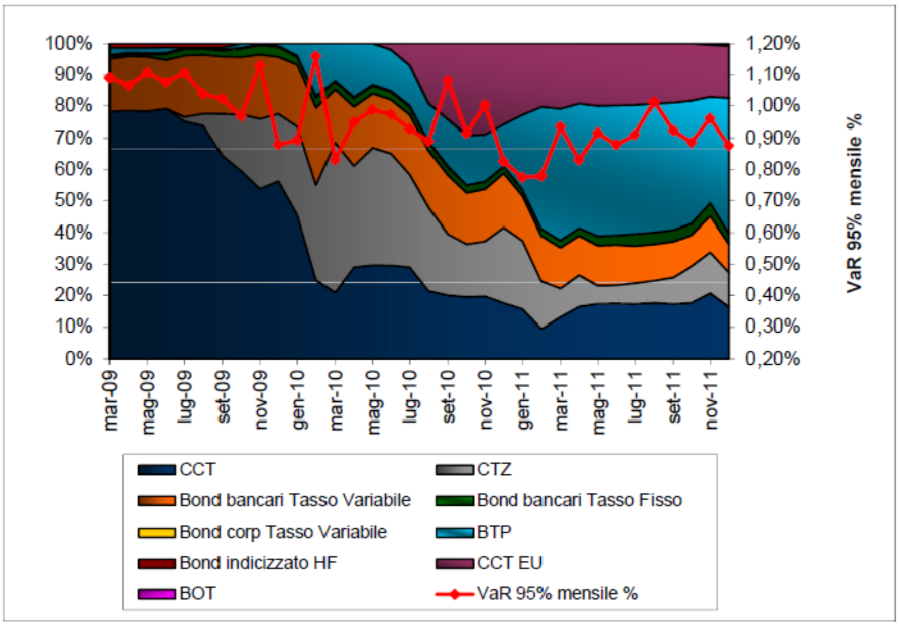
The composition of our treasury portfolio continued to consist of choices aimed at maximum risk aversion, and at the end of the fiscal year amounted to 655,196,466 Euro (of which 13,061,606 Euro HFT and 642,134,860 Euro AFS), compared to 455,370,135 Euro at the end of the previous year, an increase of 199,826,331 Euro equivalent to 43.88%. The composition of the aggregate includes Italian bonds in the amount of 563,176,285 Euro (equivalent to 85.96%), bank bonds in the amount of 81,327,546 Euro (equivalent to 12.1%), securities from other issuers 486,063 Euro (equivalent to 0.07%), and policies for 10,206,572 Euro (equivalent to 1.56%). During the course of the fiscal year "Government Bonds" were transferred from the HFT sector to the AFS sector having a nominal value of 75,220,000.00 Euro; the transfer in question was done using the market price referring to the day 27 October 2011 (official price).

Net trading income (HFT) amounted to a positive value of 2,512,338 Euro, with an increase with respect to the previous fiscal year of 865,659 Euro, equivalent to 52.57%. Gains from divestment or repurchase of financial assets available for sale (AFS) amount to 245,392 Euro, a reduction with respect to the prior fiscal year of 2,063,571 Euro. Earned interest on securities amount to 15,910,322 Euro, with respect to 6,834,833 Euro of fiscal year 2010, with an increase of 9,075,489 Euro (+132.78%). The yield of the 2011 securities portfolio reached 2.737%, an increase of 1.038% with respect to the previous fiscal year (1.699%).

Net result of trading activity in 2011



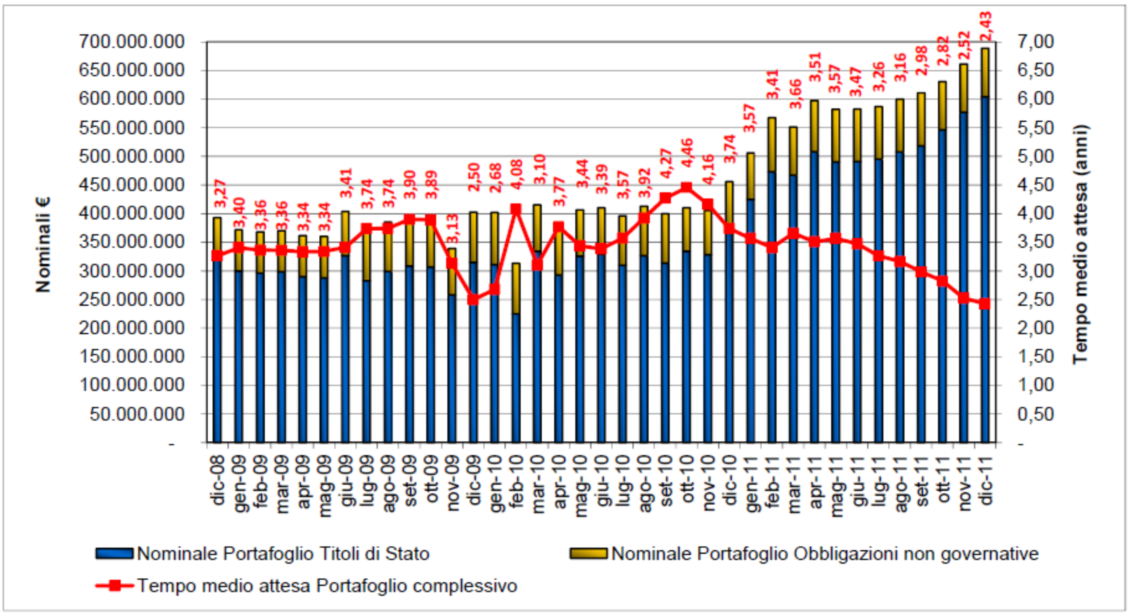

**Bond portfolio as of 31 December 2011 – Breakdown by type**




| | |
|---|---|
| CCT (certified credit certificates) | CTZ (Treasury certificate zero coupon bonds) |
| Variable rate bank bond | Fixed rate bank bond |
| Variable rate corporate bond | BTP (multi-year Treasury bills) |
| HF indexed bond | EU CCT (certified credit certificates indexed to Euribor) |
| BOT (Treasury bills up to 12 months) | Value at risk at 95% confidence monthly % |

The above chart indicates the historic trend of the portfolio's composition, measured considering the nominal amounts invested in the various types of product. Further, the level of the monthly portfolio VaR was 95% confidence.

**Historic trend of nominal value and average waiting time (*)**




blue line: Nominal Portfolio Government Securities gold line: Nominal Portfolio non-government bonds
red line: Average waiting time overall Portfolio

(*) The average waiting time of flows represents the time that is required on average to receive the capital and interest of securities. In order to calculate this value, differently than with respect to duration, forward rates calculated as of December 2011 are theorized for securities having a variable rate.

## ■ Equity investments

Equity investments held by the Bank regard companies of the Cabel Group, the provider of computer services to the Bank. The Cabel Group is articulated in various corporate structures and provides various services. The aggregate amounts to 14,419,194 Euro, with an overall increase of 1,009,774 Euro (+7.53%) with respect to fiscal year 2010. The positive variation is due to the purchase of 2,000 shares of Cabel Leasing s.p.a. in the amount of 532,320 Euro, to other increases of shareholders' equity in subsidiaries amounting to 983,053 Euro, and by the sale of 160,000 shares of Cabel Holding s.p.a. amounting to 505,600 Euro. As of the date of the financial statements, direct equity investments consisted of the following: Cabel Holding s.p.a. 11,876,052 Euro (shareholding equivalent to 38.40% of the share capital), Cabel Leasing s.p.a. 2,296,039 Euro (shareholding equivalent to 17.40% of the share capital) and Cabel Industry s.p.a., 247,103 Euro (shareholding equivalent to 6.00% of the share capital).

## ■ Capital

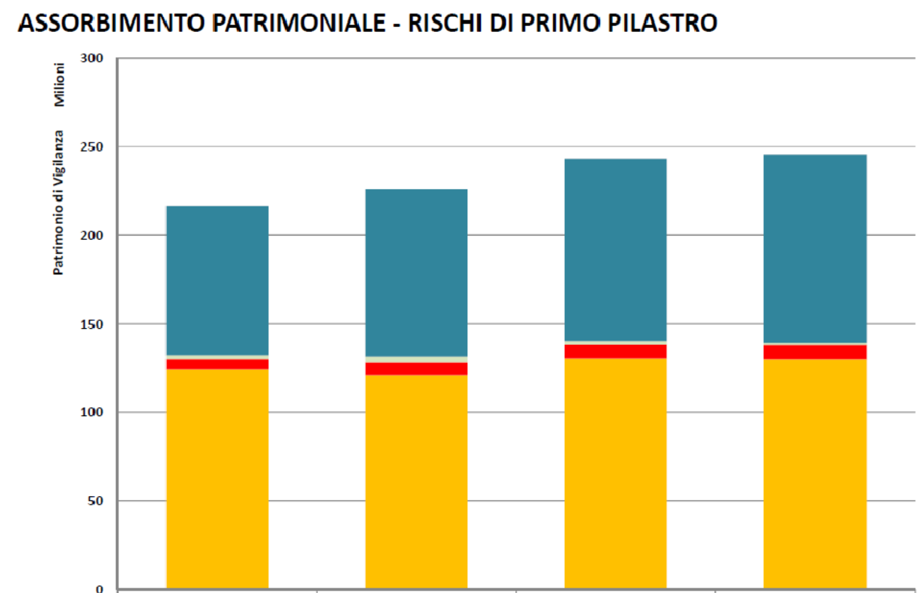
Capital represents a constitutive element and guarantee for any business, all the more so for a bank that is a decisive infrastructure for the area in which it operates, having a cardinal role for the proper functioning of economic systems. Bank capital has always been subject to legislative attention in order to guarantee the maximum stability and solvency. Over the years criteria were identified to establish the minimum capital requirements that each bank must hold, criteria that are constantly modified, as provided most recently even in the regime of Basel III. With respect to our Bank, ample capitalization has always been a priority, aware that this item represents a primary element of guarantee for depositors and makes the Bank's development projects concrete.

At the end of 2011 the Bank's regulatory capital, the principal parameter of reference, amounted to 245,569,038 Euro, compared to 243,112,958 Euro at the end of 2010. The components of the corporate capital are all primary, and as the Bank has never used hybrid or subordinate capital instruments, the Tier One Capital Ratio coincides with the Common Equity index which will be introduced by the rules of Basel III. The Bank's capital adequacy is well represented by the mandatory capital ratios and, fully exceeding the mandatory levels, is confirmed to be at the highest level of the entire Italian banking system.

The total capital ratio (Total Capital Ratio) amounted to 17.03%, compared to 17.29% in the previous year, while the ratio between base regulatory capital and total risk weighted assets (Tier One Capital Ratio) is 15.86%, with respect to 16.03% in 2010.

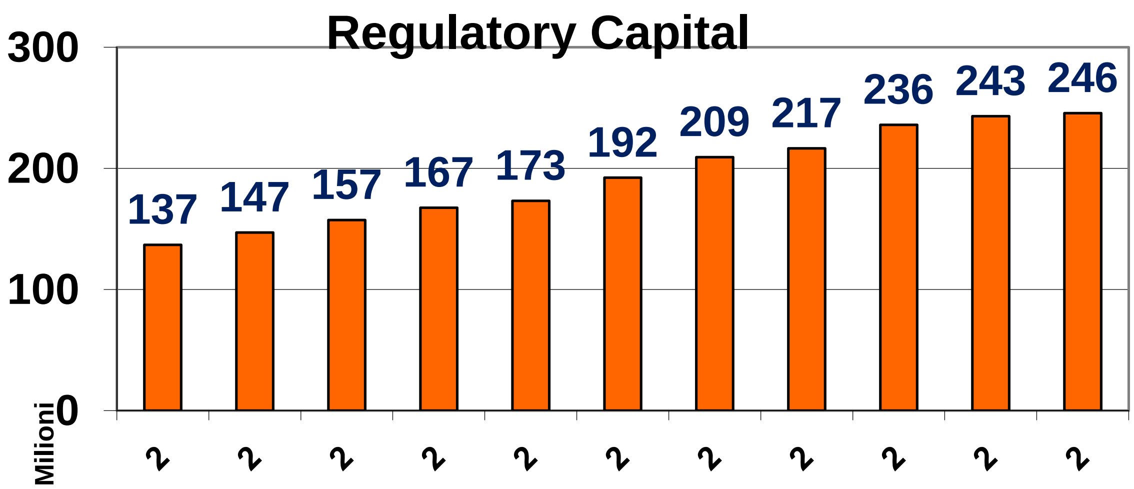
The ICAAP rules also require a tier level control of capital adequacy, including with reference to additional risks with respect to the weighted risks of the first tier of the Basel II regime. This control as well, carried out following the dictates of law and the guidelines of best practices, confirms that the capital resources are fully adequate to cover the broadest range of defined risks and capacity, even with respect to the outcomes of «stress tests» performed on all considered risks that conclude by demonstrating a consistent residual share of unrestricted capital as a further protection.

Capital Absorption – First Tier Risks




| | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Rischio di credito (compreso controparte) | 84.171.327 | 94.293.685 | 102.902.488 | 106.230.675 |
| Rischi di mercato | 2.057.468 | 3.230.792 | 1.910.982 | 1.184.744 |
| Rischio operativo | 5.952.929 | 7.524.001 | 7.678.161 | 7.964.750 |
| Eccedenza patrimoniale | 124.374.590 | 120.969.700 | 130.621.328 | 130.188.870 |

Capital dynamics and the overall exposure to risks is set forth in detail in parts E and F of the Explanatory Notes.




The trend of the most important capitalization indicators over the past few years is as follows:

| | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|
| Shareholders' equity / direct deposits from customers | 11.65% | 12.82% | 13.84% | 13.94% |
| Shareholders' equity / receivables from customers | 12.79% | 14.49% | 15.08% | 15.23% |
| Shareholders' equity / total assets | 8.56% | 10.07% | 10.21% | 10.37% |
| Impaired receivables / regulatory capital | 75.61% | 74.90% | 58.83% | 33.43% |
| Total capital ratio<br>Regulatory capital / risk weighted assets<br>(solvency ratio) | 17.03% | 17.29% | 17.97% | 18.55% |
| Tier one capital ratio | 15.86% | 16.03% | 16.67% | 17.62% |

## ■ Income trend

### *Summary of results*

The results achieved in 2011, notwithstanding the decrease of interest income, confirm the Bank's structural capacity in generating consistent positive results, even in an economic context strongly conditioned by the financial crisis.

The economic result shows a net profit of 7.3 million Euro, a decrease of 13.10% with respect to 8.4 million in 2010.

Such result was obtained by the continued preference for appropriate levels of liquidity, with the known inverse ratio in profitability terms of interest income, low risk profiles, both in consideration of financial management based on criteria of the maximum prudence, as well as lending activity prevalently aimed at containing risks consistently with an operative choice that leans towards development and the consolidation of relationships with customers from a long-term standpoint.

The most recent events that also involve banks confirm the validity of the choices the Bank made and turned into a management method, such as maintaining a high level of liquidity, the prudent management of liquidity, attention to the continuous reinforcement of capital, and an ongoing search for improvement of the productivity indexes and thus the containment of costs.

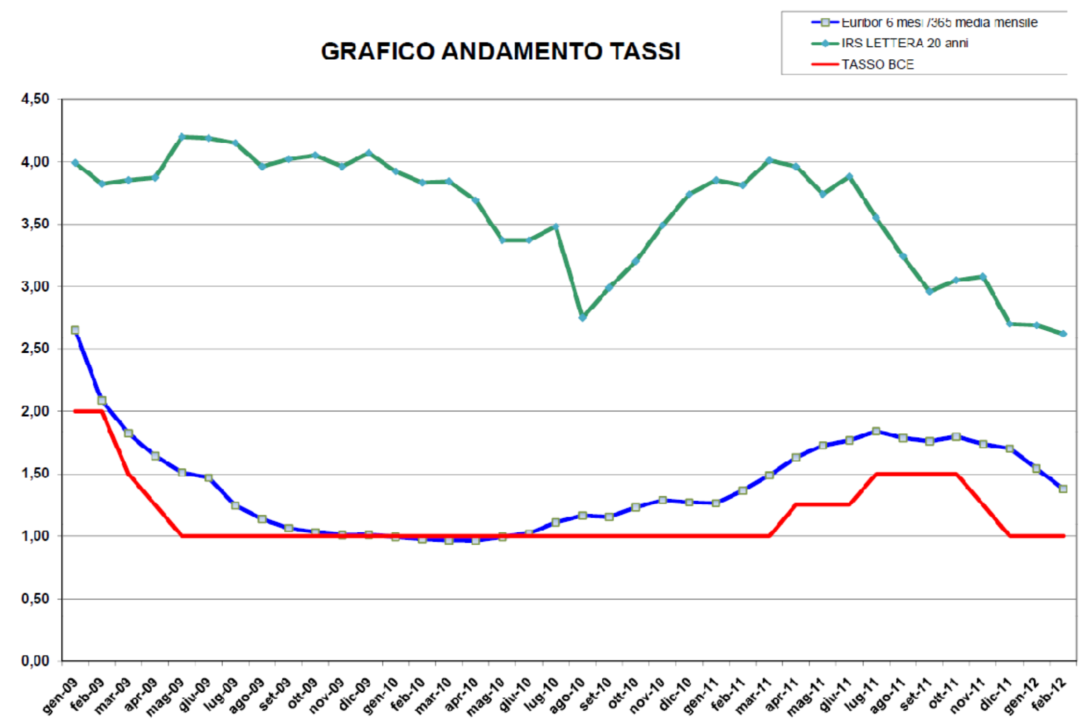
In general, ordinary management confirms a positive trend for commercial activity, notwithstanding the slowdown of the economy, the increase of the cost of deposits and the ongoing financial difficulties of businesses and households, as well as the excessively low level of lending rates, all of which are events that have influenced interest income.

### *Interest income*

With respect to the same period of the previous year, at the end of 2011 interest income amounted to 36.1 million Euro, a decrease of 1.3 million Euro with respect to 31 December 2010. Earned interest, which ended the period at 76.1 million Euro (65.5 million Euro in December 2010), registered an increase of 16.18%, which is unquestionably greater than the growth of the cost of deposits (+42.71% with respect to the same period in 2010), which amounted to 40.1 million Euro (28.1 million Euro in December of last year). The variation of interest income with respect to December 2010 (-3.71%) is essentially due to an increase of the cost of funding. During the period in review in fact, the placement of bonds and other forms of indirect funding increased, issued in the market with higher yields with respect to issues made in previous years. Such dynamic did not find any counterpart in an analogous trend of uses nor, even less so, in the adjustment of their pricing, which turned out to be much less elastic than the funding cost. All in all, however, the income trend of uses is also characterized by the Bank's strategy, which placed particular attention on the mitigation of credit conditions, consistently with the objectives of support to the economy during the contingent critical phase. The benchmark rates, in fact, registered a dynamic of gradual growth over the course of the year, reaching 1.59% for three month maturities during the month of October 2011 (+58 base points in December 2010). The slowdown registered by Euribor starting from the month of November 2011 has not yet been transferred to the bank borrowing rate, which, in fact, has continued the growth observed in the yields of Government bonds.

Table of the Interest Rate Trend

blue line: Euribor 6 months/ average monthly rate (365)
green line: Interest Rate Swap 20 years
red line: ECB rate



### *Operating income*

Operating income has remained substantially the same, due to the contribution provided by the commission component on services rendered to customers and by the profit on the repurchase of financial liabilities.

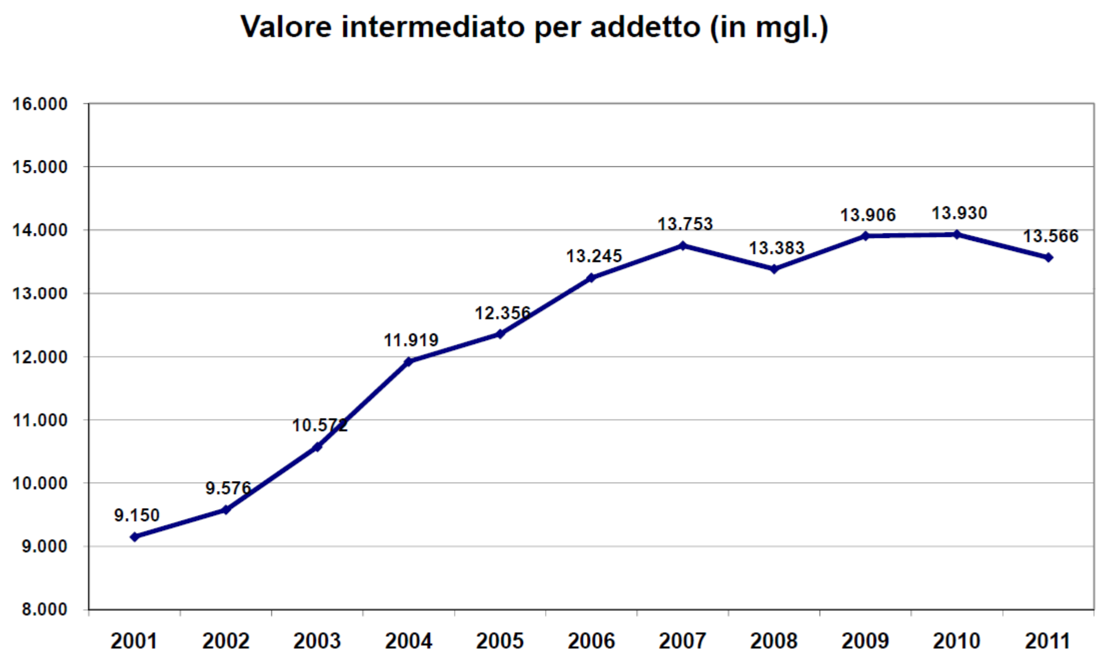
Net commissions from services increased from 12,319,176 Euro in fiscal year 2010 to 14,448,769 Euro, an increase of 17.29%.

Activities regarding financial instruments resulted in a positive net result, which primarily regarded the trading portfolio (in the amount of 2,512,338 Euro). The result of the trend of line item 100 (gains (losses) from the disposal of financial assets and liabilities) is even better, which led to an overall positive result equivalent to 4,707,858 Euro, consisting of 3,419,935 Euro for income from the repurchase of the Bank's bonds on which the "premiums" obtained from the sale of the relative hedges were capitalized (IAS 39, paragraph 92).

Operating income amounted to 57,868,508 Euro, an increase of 7.90% with respect to fiscal year 2010.

The ratio between interest income and operating income is 62.31%, a decrease with respect to fiscal year 2010 (when it reached 69.82%), in consideration of the increase of the positive result of operations in securities and the commission component in relationship to the reduction of the range of interest income.

Traded value by employee (in thousands)




### *Net income from financial assets*

A prudential approach has been applied to the process of determining adjustments for many years, expressed in a lengthy work analyzing the individual impaired positions, with an analytic determination of forecast losses and recovery times. Similar work is then done on watchlist positions. This measurement process is done with the contribution of the Legal Office and

Receivables Control Office to allow objective data to be provided on the true potential of future losses.

Subsequently, for receivables in bonis and for non performing receivables, for which no objective losses of value were found, the losses are measured using statistical methodologies that consider the rate of decay.

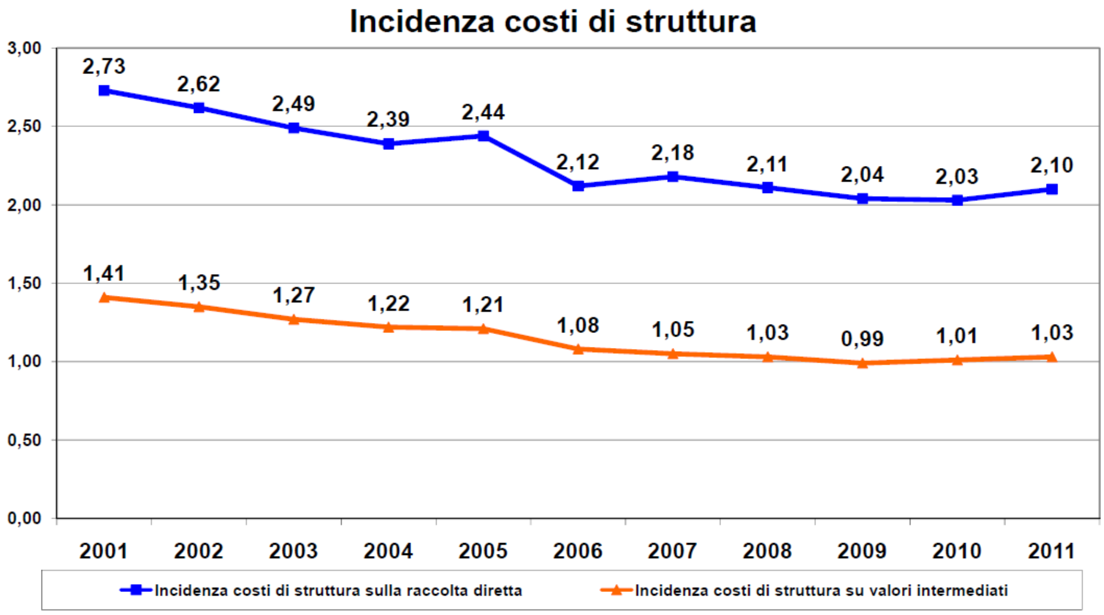
Prudential measurements were made in such sense with a long-term outlook of business continuity. Over the course of recent years the economic crisis has, as noted, also hit our territory very hard, increasing the number of businesses and households in difficulty. Operating in the market context our Bank necessarily felt the crisis, and during the fiscal year adjustments to value were made of more than 10 million Euro. At the end of the fiscal year the total amount of the write-downs of receivables made over time with respect to impaired receivables was 34,106,386 Euro, fully covering even the worst forecasts for recovery and incorporating potentially significant contingent liabilities. With respect to the supervision of lending in general, the Bank has always invested, and is investing, a great deal, because only by guaranteeing low levels of losses in the future, to be mitigated also as a prospect by with the use of incisive devaluation policies, will it be possible to remain competitive in prices, invest in quality and, at the same time, generate the necessary profitability to strengthen capital. Banks must be healthy and profitable for sustainable growth, the magic of the appearance of numbers without substance has ended. The Bank has always looked to the future and to innovations, but with a glance at the past, fully aware that *"the former things are light to the future, because in the world there was always the same fate, and all that is and will be, was in another time, and the same things come back, but under different names and colors; but not everyone recognizes them, only those who are wise, and who diligently observe and consider them"* (Francesco Guicciardini).

### *Gains from current operations*

Gains gross of income tax total 10,680,367 Euro, in line with that of the prior year notwithstanding the increased critical management issues during the fiscal year. The increased fiscal impact, which rose from 2,125,386 in 2010 to 3,380,367 Euro at the end of 2011, resulted in a significant decrease of net income.

At the end of 2011 operating costs amounted to 37.9 million Euro, with an absorption level of operating income stable at 65.43 (65.51% in 2010). Administrative costs rose by 5.49%, in line with the increase of assets.

Impact of structural costs




blue line: impact of structural costs on direct deposits    orange line: Impact of structural costs on traded values

### *Net profit*

Net profit amounted to 7.3 million Euro with respect to 8.4 million of the previous year, after generating taxes for the fiscal year corresponding to 3.380 million Euro.

The principal indicators of the Bank's situation are set forth below.

| FINANCIAL STATEMENT INDEXES | 2011 | 2010 | Variation |
|---|---|---|---|
| STRUCTURAL INDEXES | | | |
| Uses / Total assets | 66.88% | 69.53% | - 2.65 |
| Uses / Direct deposits | 91.03% | 88.50% | + 2.53 |
| Traded volumes<br>(Direct deposits + uses for customers + capital) | 3,825,511,748 | 3,733,249,512 | + 2.47% |
| Percentage of employees in branches | 74.81 | 75.40% | - 0.59 |
| PROFITABILITY INDEXES | | | |
| Interest income / Total assets | 1.40% | 1.59% | - 0.19 |
| Operating income / Total assets | 2.25% | 2.27% | - 0.02 |
| Interest income / Operating income | 62.31% | 69.82% | - 7.51 |
| Net profit / Shareholders' equity (ROE) | 3.07% | 3.53% | - 0.46 |
| Net profit / Total assets | 0.28% | 0.36% | - 0.08 |
| Operating income / Traded volumes | 1.51% | 1.44% | + 0.07 |
| Adjustments to value  of receivables / Operating income | 17.30% | 15.26% | + 2.04 |
| PRODUCTIVITY INDEXES | | | |
| Traded volumes by employee | 13,565,644 | 13,930,035 | - 2.62% |
| Uses by employee | 6,092,904 | 6,123,445 | - 0.50% |
| Direct deposits by employee | 6,693,179 | 6,919,391 | - 3.27% |
| Operating income by employee | 205,207 | 200,114 | + 2.55% |
| EFFICIENCY INDEX | | | |
| Administrative costs / Total assets | 1.44% | 1.49% | - 0.05 |
| Administrative costs /Operating income | 63.98% | 65.44% | - 1.46 |
| Operating costs / Operating income *(cost income)* | , | 65,51% | - 0,08 |
| Cost income without trading result<br>(ratio between line items of the Income statement: 200 and 120-80-90-100) | 74.85% | 70.53% | + 4.32 |
| Administrative costs / Traded volumes | 0.97% | 0.94% | + 0.03 |
| Personnel costs / Average number of employees | 71.460 | 71.095 | + 0.51% |

| FINANCIAL STATEMENT INDEXES | 2011 | 2010 | Variation |
|---|---|---|---|
| ASSET QUALITY INDEXES | | | |
| Net watchlist and overdue/overdrawn receivables / net uses | 7.50% | 8.70% | - 1.21 |
| Net non performing loans / net uses | 3.28% | 2.49% | + 0.79 |
| CAPITAL RATIOS | | | |
| Core Tier 1 | 15.86% | 16.03% | - 0.17 |
| Total Capital Ratio | 17.03% | 17.29% | - 0.26 |

## 5. The Bank's services, initiatives and structure

The past fiscal year consolidated the reinforcement of the Bank's catalogue of products and services. Specifically, the year 2011 saw the launch of the pre-paid card with IBAN CabelPay which was greatly appreciated, in particular by younger customers.

The security agreements with Credit Unions were reviewed and expanded.

### ■ Human resources

Personnel, together with capital and the organizational process, constitute a determinant factor for the Bank's growth. In our work, where reliability and a good reputation are primary elements, people make the difference if they incarnate the distinctive and qualifying traits of our Bank. It is up to them to internalize the ethical values that derive from the tradition as a cooperative bank and implement them in daily operations. The Bank therefore devotes all care to its collaborators. This policy ensures adequate professional growth by rotating roles and functions, coaching and training.

Professional training is considered to be a priority, and is carried out systematically using external and internal trainers and partly with the aid of computer technology, and involves almost all of the personnel. In 2011 training absorbed 1,677 days/per person, corresponding to an average of approximately 6.25 days per employee. In the context of training, adequate space is given both to the sectors required by outstanding law, such as money laundering and privacy, as well as updates for personnel who have the necessary qualification to sell insurance products (Isvap). There were significant activities on legal and technical issues, and specific modules of a commercial nature, aimed above all at improving the approach with respect to customers.

The Bank's overall workforce consisted of 282 persons. of 31 December 2011 The average annual data is 268 employees, of whom 16 temporary workers.

### ■ Territorial articulation

The consolidation of the tie with the territories passes by means of the strengthening and rationalization of the network of branches. The latter are the traditional meeting point with customers and constitute, above all, the designated place for the personalization of each relationship. In fact, in the era of computers and long-distance operations, it is specifically in the branches that the interaction between the Bank and customer occurs best.

It is a fact that in the areas where we have our oldest branches traditional relations have been established among families, entrepreneurs, various economic and institutional operators and our bank. Our activity is aimed at realizing this same relationship even in the areas we have entered most recently, and excellent results are achieved with the progressive acquisition of trust of depositors, with targeted and professional lending activity accompanied by the speed of responses, with transparency and simplification of access to products and services. With respect to the relational aspect, we are recognized as having the prestige of a solid and trustworthy institute that focuses on lasting relationships and is able to satisfy the needs of every kind of customer. Our lending activity distinguishes us by the precise desire to sustain local economies. The nature of being a Bank in the territory is strongly felt by everyone who trusts us with their savings and knows that it will be used to enhance the development of the territory to which they belong, rather than be used for initiatives to be realized who knows where in the world and on behalf of who knows who.

This is the reason why our presence is felt as an enriching element of the areas served and an enhancement of their resources. A countercheck is the constant progress of the Bank's activities in local markets, where precisely due to its true territorial roots it has been able to establish a strong tie to the world of the real economy, mitigating the risks of our assets and carrying out our function as a cooperative bank with true expanded mutual aid. In this vision, the new branches that reinforce our peripheral network each year bring dynamism to our business activity, both from the standpoint of the development and diversification of traded amounts, as well as, equally important, for whatever regards expansion of the social body. With the increase in the number of branches, it is the entire Bank that grows and reinforces its relationships, customers and territories. The Bank had favorable feedback in the regional capital as well corresponding to the need that is felt for a new way of being a bank, in an increasingly homologated market with respect to products and services, and knowing above all how to respond to customer needs.

The commercial network was enriched during the fiscal year in review by its fourth branch in Florence, located in via Maggio and active since February, for a total of 31 branches.

The Bank's business planning forecasts additional branches, however the increased market difficulties have induced a slowdown of the implementation times. During the fiscal year in course, the timing of new branches will be evaluated with the necessary gradualness. We are and wish to remain immune from rapid growth and from being attracted by mirages of size at any cost, which are often harbingers of doom even they are initially seen as the result of winning strategies. Grow, but grow well.

## Organizational aspects

During the course of 2011, there was a complete migration of the computer system in outsourcing to Cabel Industry SpA, our subsidiary, in a context that offers the maximum capability in terms of performance and data security.

As is the case every year, the Programmatic Security Document was updated, which even though it is no longer mandatory in accordance with law constitutes a precious instrument for managing corporate security.

Further, there was constant activity involving the overall organization structure aimed at reinforcing and refining corporate processes, particularly with respect to the control and analysis system and credit risk management, searching for operative models with an increasingly expanded collegial nature.

## Information of environmental issues

As the provider of "dematerialized" services, the Bank's activities do not produce noteworthy environmental impacts. The Bank, however, as a mutual aid cooperative attentive to the territory and aware of the social-environmental responsibility that businesses have, has a policy of being attentive to the environmental impact of its activities. In addition to the use of waste disposal techniques, the Bank has been committed for many years to protection of the environmental and territory, and it has undertaken initiatives aimed at enhancing the environmental sustainability of its actions. On an internal front, there are extensive activities for the optical storage of documents in order to save paper, garbage collection is differentiated, recycled paper and toner is used whenever possible, and photovoltaic panels have been installed.

## 6. Risk management

In carrying out its activity, the Bank is exposed to different types of risk which primarily regard lending and financial intermediation. Among these, the principal categories of risk are represented by credit risk, price and interest rate risk, liquidity risk, concentration risk and operational risk. In accordance with outstanding relevant law, specific information of a qualitative and quantitative nature on risks in provided in “Part E” of the Explanatory Notes, dedicated to “Information on risks and the relative hedging policies”, to which reference is made for greater details.

During the course of 2008, the process for the autonomous assessment of capital adequacy was implemented for the first time (ICAAP - Internal Capital Adequacy Assessment Process), which serves the purpose of measuring capital adequacy in order to guarantee current operations and business strategies in relation to the risks assumed. The Bank feels that it is a priority to constantly measure its capital adequacy, current and foreseeable.

For such purpose, in the context of its adjustment to the new international prudent regulations (Basel II), implemented at a national level by means of Circular 263/2006 of the Bank of Italy, ICAAP was placed from the start in the crossroad between legal obligations and governance opportunities.

Complete adjustment to such important new law is seen as an evolutionary path aimed, without prejudice to the reference values of mutual aid cooperation, at channeling efforts and resources in order to maximize the adequacy of the creation of value for the Bank, including by the development and use of increasingly structured and controlled organizational and procedural models.

The Bank determines its overall internal capital using an approach based on the use of simplified methodologies to measure quantifiable risks, qualitative assessments for other significant risks, a simplified vulnerability analysis with respect to the principal risks assumed and the simple summation of the value of internal capital, calculated for each risk. Internal capital means the capital at risk, i.e. the need for capital related to a specific risk that the Bank considers to be necessary to cover any losses that might exceed a specific forecast level; overall internal capital means the internal capital referring to all significant risks undertaken by the Bank, including any need for internal capital due to strategic considerations (risk appetite).

The process is articulated in specific phases, for which different operational departments/offices are responsible. The Risk Management Department makes a qualifying assessment of the significance of risks and/or analyzes the level of significance of risks, with the support of relevant indicators determined separately for each type of risk. In the context of such activity, the Risk Management Department collaborated with other corporate departments. In this phase, the sources that generate risks are identified and are linked to the relative operational departments/offices or to corporate procedures. The risks that are identified are classified in one of the following two categories:

- *measurable risks*, in relation to which the Bank uses special methodologies to determine internal capital: credit risk and counterparty risk, market risk, operational risk, concentration risk and interest rate risk of the banking portfolio;
- *non-measurable risks*, for which, since no shared sound measurement methodologies have been established, capital absorption is not determined for the relative internal capital but rather adequate controls and systems are prepared: liquidity risk, residual risk, strategic risk, reputation risk.

In order to calculate internal capital with respect to measurable risks, the Banks uses the calculation methodologies for regulatory capital requirements for the risks included in the First Tier (credit risk, counterparty risk, market risk and operational risks), and the simplified algorithm indicated by the cited law for significant measurable risks different than the above (concentration risk and interest rate risk for the banking portfolio). Specifically, the following methods are used:

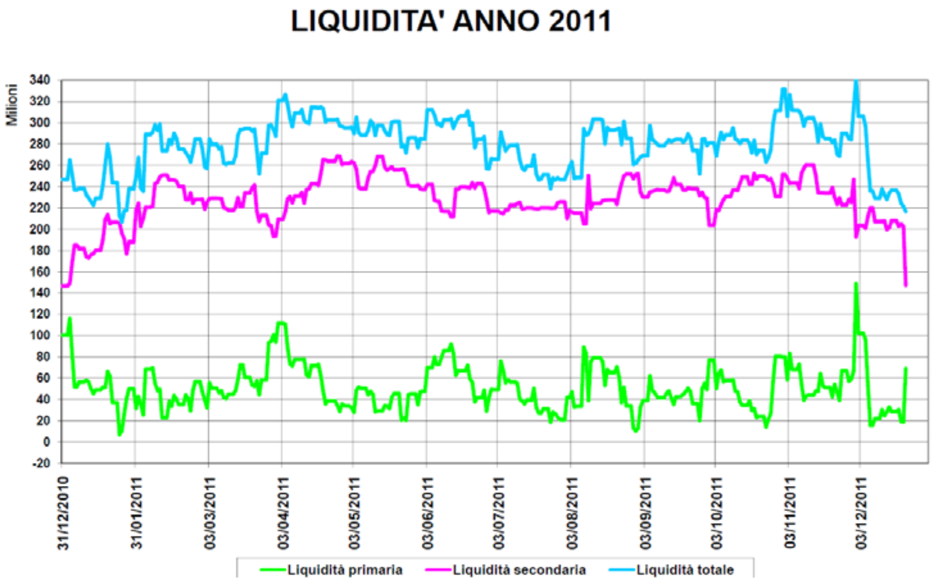
- the standardized method for credit risk;
- the current value method and the simplified method for counterparty risk;
- the standardized method for market risk;
- the base method for operational risk;
- the algorithm of Granularity Adjustment for the risk of concentration, in addition to the valuation methodology of the geo-sector profile prepared by the ABI;
- the simplified "regulatory" algorithm for the interest rate risk.

Instead, with respect to non-measurable risks, the Bank has prepared suitable internal safeguards for control and mitigation consistently with the indications provided by the Bank of Italy. In the context of its assessment, stress tests are also defined and conducted in terms of a simplified vulnerability analysis to the principal risks undertaken.

With respect to the liquidity risk, during the course of the year the Bank prepared documents to manage this risk: the "Emergency Plan (Contingency Liquidity Plan)" and the "Manual for the governance and management of the liquidity risk". According to the indications of the competent organisms, the directives of the Bank of Italy and the regulations known as «Basel III», it has updated and refined its monitoring tools. As of today, the Bank monitors «operational» liquidity on a daily basis using a cash flow schedule called the "Maturity Ladder", which indicates the forecast liquidity balances based on transactions. Monitoring also allowed detailed information to be prepared.

The situation regarding the Bank's liquidity is entirely satisfactory. However, from a prudential standpoint and intending to maintain its competitive advantage with respect to the current situation, which might potentially be reduced due to the provision of liquidity to the banking system that could reposition banks that are currently non-competitive, in December the Bank engaged in a three-year LTRO (Long-term Refinancing Operation) for the amount of 150 million Euro.

LIQUIDITY 2011




green line: primary liquidity pink line: secondary liquidity blue line: total liquidity

## 7. Research and development

Our undertaking to search for the innovation of products and processes continued even during 2011. Particular attention was dedicated to ensure increasing computer security for our operators and customers. Specific projects for document management are being developed together with the subsidiary Cabel Industry. The Bank also participates in the initiatives of ABILAB. The Center for Research and Innovation for the Bank was launched in 2002 on the ABI's initiative in order to create a forum for interaction and exchange among banks and ICT Partners and to carry out research and development on innovative technologies for process management, channels and security in banks. Its activity is excellent and the Bank is requested to participate in work groups in such context.

## 8. Significant events during the course of the fiscal year

During the second quarter, the Bank was subject to an ordinary inspection conducted by the Bank of Italy, which concluded with a positive assessment. The previous inspection dates back to the spring of 2005.

In order to face the crisis di confidence that impacted Italy in particular during the course of 2011, there has been feverish legislative activity, with regulations often adopted by means of emergency procedures, aimed at stabilizing the economy and taking initiatives to encourage recovery. Many regulations also effected banking activities, with a significant impact in terms of intervention in functional and organizational activities. An overview of new regulations starts from Law Decree no. 70 of 13 May 2011 and converted into Law no. 106 of 12 July 2011, which introduced rules to enhance Italy's economic development and competitiveness, including by means of simplification measures for administrative procedures and initiatives to re-launch the economy of Southern Italy. This immediately turned out, however, to be insufficient. It was followed by Law Decree no. 98 of 6 July 2011, called «Urgent measures for financial stability», converted with modifications by Law no. 111 of 15 July 2011, «the economic maneuver», which contained a substantial series of measures aimed at reducing expenses, as usual in the future, and at increasing revenue, as usual immediately, to face commitments made at a Community level with respect to a balanced budget. The Decree also provided for a significant increase of stamp duty on deposits of securities. It was then the turn of Law Decree no. 138 of 13 August 2011, «Additional urgent measures for financial stability and development» (converted with modifications by Law no. 148 of 14 September 2011). This is the so-called «August maneuver», characterized by numerous spending cuts and by a series of new taxes and measures to fight tax evasion and money laundering. To be noted, starting from 1° January 2012, unification at the rate of 20% of the taxation of financial income, with the exclusion of income from Government bonds, and the increase of the Value Added Tax rate from 20 to 21% starting from 17 September 2011. Law no. 183 of 12 November 2011, «Stability Law 2012», adopted the measures requested by Europe and the ECB from Italy to deal with the debt crisis and re-launch growth. Its content is quite broad, and ranges from an analytic intervention to cut ministerial costs, to rules facilitating the sale of public property. Finally, Law Decree no. 201 of 6 December 2011 (converted with modifications by Law no. 214 of 22 December 2011) is cited, immediately called the «Maneuver to save Italy», containing «Urgent measures for growth, equity and fiscal consolidation of public finances». It is a wide ranging intervention that regards pensions, taxes, benefits for companies, the suppression of useless entities, a competition regime, reform of the professions, strengthening fiscal controls, a limit on the use of cash, etc..

Additional laws were issued during the course of 2012. They all have a common trait: "haste is a bad advisor". The legislator's enthusiasm to fill years of inertia in a few days has resulted in a poor quality legislative production in a short period of time that is often contradictory. We have to operate in such context with objective difficulty of implementation.

*Establishment of the Money Laundering Department.* Following the issue of the measure of the Bank of Italy of March 2011 called "Implementing provisions relating to organization, procedures and internal controls to prevent the use of intermediaries and other entities from engaging in financial money laundering and terrorist financing pursuant to Article 7(2) of Legislative Decree no. 231/2007", the Board of Directors ordered the creation of a special internal department entrusted with supervising the prevention and risk management of money laundering. The head of such department has also been given a delegation of power to evaluate and report suspicious transactions pursuant to Articles 41 and 42 of the Legislative Decree 231/2007.

## 9. Significant events after the close of the fiscal year

In compliance with regulatory requirements, we are providing information on significant events that occurred after the close of the fiscal year.

With the crisis of confidence that impacted Italy's sovereign debt and the consequent drying up of the wholesale interbank markets, banks had to tap into the BCE, first in the form of "emergency" aid and then by means of more structured resources, by means of 3 year Long-Term Refinancing Operations (LTRO). The BCE resources also served to off-set Italian savings deposits that had been removed over the past few months from the national economy and channeled abroad or to safe havens. At present, therefore, the ECB has provided financial resources mainly to maintain positions: 250 billion Euro, corresponding to 13% of what is required with respect to the current levels of uses for the economy. Without the ECB, for example, it would not have been possible to renew the "Moratorium". This is a new problem, essentially a problem of liquidity, which arose in 2011 as the effect of the Italian country risk and the Eurozone crisis. With the expected restoration of confidence in wholesale international markets, growth of sufficient stable deposits belonging to Italians, and the renewal of bank bonds that mature, the ECB resources will become "supplemental" rather than "replacements", and will allow existing receivables to grow (rather than simply be maintained).

In February, for the reasons set forth above, the Bank participated in another LTRO in the amount of 160 million Euro, using as collateral for the ECB, the same as for the first operation, Government bonds held by the Bank in order to maintain the advantage of its liquidity, including with respect to extraordinary issues which, as noted, repositioned (or should have repositioned) the major part of the banking system for at least three years. In the Bank's case, the operations in object will cease being collateral upon maturity, without effecting cash flows.

It was instead decided to be inappropriate to issue bonds guaranteed by the State of Italy as provided by Article 8 of Law Decree no. 201/2011, known as the "Operation to Save Italy". The cost of the operation was deemed to be excessive. The impact of the operation upon maturity would result, from a prudent management standpoint, in such a concentrated disbursement that it might impact the liquidity risk due to the uses made of the additional liquidity acquired.

Maintaining the Bank's liquidity level under control was re-confirmed as being a fundamental aspect of corporate strategy and from a prudent standpoint, including expectation of the continuation of the market situation with reduced savings, and thus a slowdown of the growth indexes of deposits, procedures were implemented for a new securitization of performing residential mortgage loans, in the form of a multi originator securitization in collaboration with other banks of the Cabel Network, which is estimated to have a value within 250 million Euro.

At the end of February a new edition of the Protocol for the suspension of the rates of loans was signed between the Italian Banking Association, the Ministry of the Economy and Finance, and the primary entrepreneurial associations. The Bank promptly adhered to the agreement.

At the CDP (Deposits and Loans Association), pursuant to the Finance Act 2007, a revolving fund was established for the total amount of approximately 600 million Euro to finance measures to reduce emissions of greenhouse gas, aimed at implementing the Kyoto Protocol (Kyoto

Law). The duration of the loans ranges from 3 to 6 years. The Bank immediately adhered to the Convention and, among the first in Tuscany, can issue the statement on the reliability parameters of economic-financial viability as well as the bank guarantee, and can grant the loans. A note of satisfaction derives from the fact that the CDP's computer program used to manage this complex operations was provided by our subsidiary Cabel Industry, as confirmation of the qualitative level of the services offered.

## 10. Foreseeable management trend

The Bank continues to have a satisfactory overall technical situation, due to the validity of the technical profiles that characterize it (high level of capitalization, good profitability, reduced risk level, ample liquidity margin, efficient organizational structure), to its particular strengths (maximum efficiency and productivity), as well as, further, to the sound and prudent management criteria that are at the basis of its business conduct.

From such standpoint, in line with the strategic plan, the Bank will continue to pursue growth objectives, both in terms of volume as well as in territorial terms, considering the changed context of reference.

In Document no. 2 of 6 February 2008, the Bank of Italy, Consob and Isvap made some observations with respect to the contingent situation of markets and businesses, requesting Directors to provide a series of information in financial statements considered to be indispensable for a better understanding of business trends and outlook.

We confirm in this regard that we have the reasonable certainty that the Bank will continue to operate profitably in the foreseeable future, and that consequently the fiscal year financial statements for 2011 were prepared with the expectation of continuity. It is also specified that no symptoms were found in its capital and financial structure or in its operational trend that might demonstrate uncertainty on the specific issue of business continuity. In January 2012 the Board of Directors approved the 2012 budget, which forecasts growth through the expansion and reinforcement of its presence in the territory of reference by means of an incisive policy of commercial development.

The most recent trend of the international markets appears to provide a glimpse of the possible progressive stabilization of the financial situation at a worldwide level. It will be the upcoming months, however, that confirm or deny what have only been simple wishes to date.

The national banking system must in any case continue to deal with a difficult economic situation, with negative related effects on credit quality.

## 11. Proposal for the allocation of the fiscal year profit

After the presentation of the various components of the financial statements for fiscal year 2011, the Board of Directors is submitting such financial statements, together with the reports and Explanatory Notes, for your approval.

It is noted that the financial statements as of 31 December 2011 were prepared in accordance with the measurement criteria provided by the International Financial Reporting Standards (IFRS) and by the International Accounting Standards (IAS), issued by the International Accounting Standard Board (IASB) and adopted by the European Community following the procedure set forth in Article 6 of Regulation (EC) no. 1606/202 of the European Parliament and Council of 19 July 2002, and according to the provisions of the Circular no. 262 of the Bank of Italy of 22 December 2005 "The financial statements of banks: schedules and rules for preparation". The Community Regulation was implemented in Italy by means of Legislative Decree no. 38 of 28 February 2005, which, among others, provided for the mandatory implementation of the above international standards to the individual financial statements of banks starting from 2006.

In its operational context, the Bank prepared the financial statements as of 31 December 2011, the same as for the financial statements of prior fiscal years, in compliance with the cited IAS/IFRS international standards and in compliance with the cited provisions that the Bank of Italy issued within the scope of the regulatory powers attributed to it with respect to the "technical forms" of the financial statements of banks.

In the context of the general standards for the preparation of financial statements, we feel it is useful to specify that the financial statements were prepared with the expectation of business continuity, according to the accrual principle, and in compliance with the principle of economic substance over legal form.

The financial statements were submitted for an audit conducted by Bompani Audit Srl of Florence, with a favorable outcome.

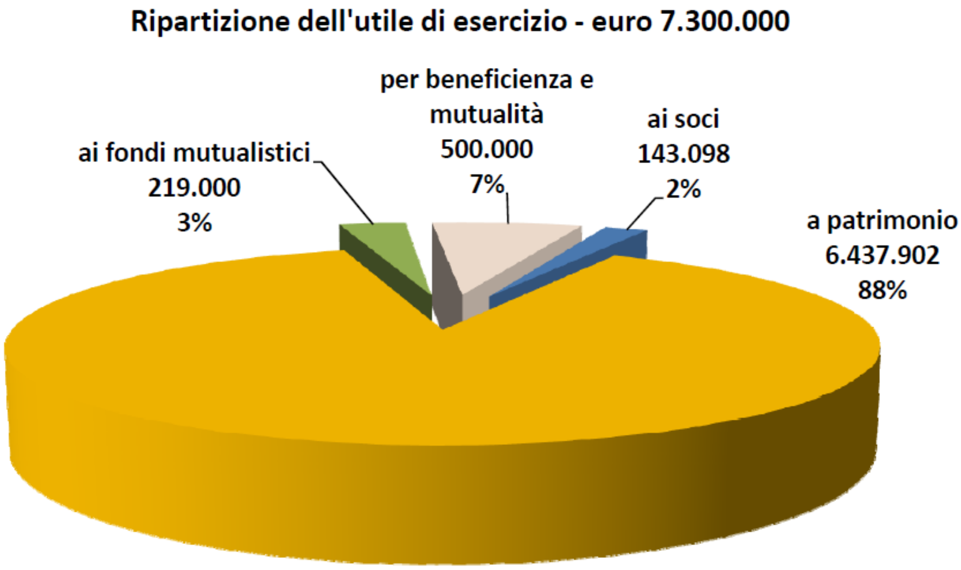
The Board of Directors, on the basis of what is indicated, proposes to the Shareholders' Meeting the distribution of a dividend in the amount of 5.00% of the nominal value of the shares, and a gratuitous revaluation of the nominal value of 5.00 Euro per share.

In accordance with Article 49 of the By-laws it is proposed that the fiscal year profit be allocated as follows:

| | Plan for the allocation of the fiscal year profit | | Amount |
|---|---|---|---|
| 1 | to the indivisible reserves set forth in Article 2 of Law no. 904 of 16.12.1977, confirming that they cannot be distributed to the Shareholders in any form, both while the Bank remains in duration as well as when it is dissolved, specifically: | | |
| | to the ordinary/legal reserve in accordance with Article 37(1) of Legislative Decree no. 385 of 1.9.1993 | | 5,310,278.71 |
| | *of which the reserve pursuant to Article 6 of Legislative Decree no. 38/2005* | *667,595.70* | |
| 2 | to the extraordinary/statutory reserves | | 1,078,533.46 |
| 3 | to mutual aid funds for the promotion and development of cooperation (equivalent to 3% of net profits in accordance with Article 11(4) of Law no. 59 of 31.1.1992 and subsequent modifications) | | 219,000.00 |
| 4 | to the Shareholders as dividends in the amount of 5.00% of nominal value (equivalent to the share capital paid and the payment date) | | 143,097.83 |
| 5 | to the Shareholders for the gratuitous revaluation of the shares (5.00 Euro per share) | | 49,090.00 |
| 6 | available to the Board of Directors for charity and mutual aid | | 500,000.00 |
| | Net fiscal year profit | | 7,300,000.00 |

On the basis of the provisions set forth in Article 6 of Legislative Decree no. 38 of 28 February 2005, the share of the fiscal year profit corresponding to unrealized capital gains recognized in the Income Statement deriving from the measurement of equity investments using the equity method cannot be distributed and must be recorded in a non-distributable capital reserve. In accordance with the same legal provision, the restriction on distribution is reduced in subsequent fiscal years by an amount corresponding to the amount of realized capital gains, including from dividend income, or which have become non-existent due to write-downs. The allocation to such reserve in the present fiscal year was 667,595.70 Euro.

Allocation of fiscal year profit – 7,300,000 Euro




to mutual aid funds   for charity and mutual aid   to Shareholders   to capital

## 12. Final comments

Re-launching growth thus remains the essential and urgent objective.

On the other hand, Italy's well-exploited potential demonstrates that growth is not an objective beyond our reach, and in fact Italy and our territory are examples of this, which still have successful businesses with dynamic vitality that is anything but spent.

It is thus necessary to apply our ability and determination, and to respect and enhance our roots and look to the future, returning to the spirit of better times in our history that attractive and easy "paper wealth" had made most people set aside. At the end of the day, the Bank is a reality in which the real economy always remained pre-eminent, and we must use this as a starting point notwithstanding the ephemeral triumph of the financial economy, from which we inherited many years that need to be put back in order. The division would be more profound if the much longed for social sanction for the persons responsible, at least the domestic ones, for the financial havoc committed and which has emerged had been inflicted. But strength with the weak continues to accompany weakness with those who are strong.

We must all feel the duty of recovery, above all with respect to the new generations that are currently without prospects, knowing that the continuation of this situation will lead to a decline of Italy and its institutions.

Cultural cohesion among all forces is indispensable, with the objective of repositioning Italy as a modern market economy with strong and impartial public powers, capable of establishing the rules of the game, and of being the first to respect them and to enforce compliance.

Recovery of a sense of collective responsibility, of the sense of quality of life, of the family as the pillar of our "staying together" and as the basis of society will be the cement used to create new sustainable development. The Bank will be in the front line, fully convinced that the crisis will not pass by waiting, and that there will be a better future only if everyone is committed. We should not be afraid to be courageous. It is necessary to act and find positive ideas even from the crisis because true reflection, evaluation and clarification is required, together with a review of what has been done by others as well as of our own acts, occasions of "discernment are created and new planning" (Enciclica *"Caritas in veritate",* 21), and the belief that everything can and must be transformed is the premise necessary for improvement and revival, in order to flourish again in the near future.

Finally, we would like to end this report with some thanks. We wish to sincerely thank the Shareholders and customers who, by means of their trust, loyalty and affection accompanied us in the challenging journey taken together. Special thanks are given to the managing director, deputy managing director, heads of the various departments and all of the Bank's staff for the undertaking and skill required to achieve our business objectives; to the Bank of Italy for its ongoing attention and collaboration aimed at the progressive improvement of the Bank's technical profiles; to the Board of Statutory Auditors for the commitment, balance and professionalism demonstrated in carrying out its delicate and important function; to the Independent Auditor for the important activity performed and for its coaching; and to the companies of the Cabel Group as determinants for the Bank's productive process and the source of constant and precious collaboration.

Castelfiorentino, 26 March 2012

*The Board of Directors*

# Report of the Board of Statutory Auditors to the Shareholders' Meeting (Article 2429(2) of the Italian Civil Code)

*To the Shareholders,*

This Report acknowledges the results of the activity performed by the Board of Statutory Auditors during the fiscal year ended 31 December 2011, including with reference to the functions attributed to it by Article 19 of Legislative Decree no. 39/2010.

The Board of Statutory Auditors performed the supervisory activity required by law in accordance with the criteria established by the Supervisory Instructions of the Bank of Italy, as well as considering the Rules of Conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and Accounting Experts and by the Italian Accounting Body. The audit was performed by the company Bompani Audit srl of Florence.

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In accordance with Article 2429(2) of the Italian Civil Code, specific reference is made to the following issues.

## 1 – Supervisory activity performed in compliance with its obligations

During the course of fiscal year 2011 the Board of Statutory Auditors supervised compliance with Law and the By-laws, as well as compliance with principles of proper administration and sound and prudent management.

The Board, also acting as the "*Internal control and auditing committee*" in accordance with Article 19 of Legislative Decree no. 39 of 27/01/2010, controlled the adequacy of the financial information process, finding it to be adequate to the business activity and regulatory requirements.

As will be set forth in detail below, we also supervised the effectiveness of the internal control system and internal audit system, capable of addressing the risks that arise in the Bank's activity.

The supervisory and control activity was performed in the different areas noted above, as follows:
1) participation at meetings of the Board of Directors (23), the Executive Committee (40) and the Shareholders' Meeting; 2) meetings with the company entrusted with the statutory audit; 3) controls with the managers of the various corporate departments, in particular with the Compliance and Risk Management Department, with the head of the Inspector's Office, and with the company entrusted with the internal auditing; and 4) meetings with the "Supervisory Authority in accordance with Legislative Decree 231/01".

By participating at the meetings of the Board of Directors and the Executive Committee, the necessary information was acquired, both to evaluate the Bank's trend with regard to its overall capital and economic development, as well as to evaluate its most significant operations. The Board of Statutory Auditors can confirm that, to the extent it is aware, management operations were performed in conformity with law and the By-laws, were in the Bank's interests, and did not appear to be manifestly imprudent, irrational or reckless in such a way that would compromise the integrity of shareholders' equity, create a conflict of interest, or conflict with the resolutions approved by the Shareholders' Meeting.

Participation at the meetings of the Board of Directors also allowed us to verify that delegated individuals advised as to the operations they performed in accordance with the powers attributed to them, the general management trend, and its foreseeable development. The directors also advised of any cases of conflict of interest in accordance with outstanding provisions of the Italian Civil Code in order to allow proper decision-making procedures to be implemented pursuant to Article 136 of the Uniform Banking Law.

It is noted that the Board of Statutory Auditors met with the managers of the Independent Auditor, with whom it exchanged information related to audits of the financial statements and other controls that they performed. The managers of the Independent Auditor did not advise of any circumstances, irregularities or censurable facts that had to be reported to the Supervisory Authority or the Board of Statutory Auditors.

With respect to the validity and effectiveness of the internal control system, the Board of Statutory Auditors worked by concentrating its attention above all on issues regarding the ability to identify potential risks, the validity of the regulatory and management instruments used to measure the various cases of risk and to quantify the relative capital absorbed, as well as the transfer to operational processes of the measures deemed necessary for the conscious assumption of risk and/or risk mitigation.

The review of the control system's overall structure was done in view of the activity of Meta srl, the company entrusted with internal auditing.

The Board of Statutory Auditors therefore considers that it can conclude with respect to this point that the overall internal control system is suitable for guaranteeing the efficient and effective management of the business activity.

The Board of Statutory Auditors also assessed and supervised the adequacy of the administrative and accounting system, as well as the latter's reliability in properly representing management activity, by means of numerous meetings with the Risk Management Office, the review of company documents, and primarily by constant analysis of the results of the work performed by the Independent Auditor, which was entrusted, as noted, with the specific task of the statutory audit of the accounts.

The Board of Statutory Auditors also reviewed and approved the program of activities of the Inspector's Office, and evaluated the reports prepared by such service with respect to the outcome of the controls performed. The structure and composition of the Inspector's Office appear to be adequate in relation to the Bank's needs.

During the course of the audits and controls performed, considering the information acquired, including by means of ad hoc reports prepared by the offices entrusted with control functions, no indications appeared of any irregularities in corporate management that would indicate any particular organizational deficiencies.

In conclusion, in consideration of the information obtained during the course of the supervisory activity performed, the Board of Statutory Auditors considers that the organizational structure, internal control system and accounting-administrative structure are consistent with the Bank's size, are adequate to its operating needs and have been timely adjusted/refined based on the evolution of such needs and, specifically, the laws and regulations that regulate the Bank's activity.

According to the information obtained by the Board of Statutory Auditors, no atypical and/or unusual operations were performed during the course of the fiscal year

Relationships with related parties were governed by normal market conditions provided for individual transactions or aligned, if the pre-requisites existed, to the conditions applied to employees.

Said transactions substantially consisted of relationships with the Directors, Statutory Auditors, General Management and companies referring to them. The Board of Statutory Auditors, in its supervisory function, always found that the applicable regulations were complied with.

The document *"Remuneration policies for directors, employees and collaborators who are independent contractors"* was found to be adequate, consistent with supervisory regulations, and in conformity with what was indicated by the Internal Audit department, and the Board found that it was properly applied during the course of the fiscal year. In addition to the financial statements, the Shareholders' Meeting is being provided with information, duly formulated, required with respect to the effective manner in which remuneration policies are applied.

It is certified that information was provided to the Bank of Italy regarding the *"Implementation of the supervisory provisions on the organization and governance of banks"*.

On the basis of our control and audit no significant facts emerged that had to be reported to the Bank of Italy.

With respect to the activity performed, the Board of Statutory Auditors wishes to specifically note the following business and corporate circumstances:

- the Board of Statutory Auditors met 9 times during the course of the fiscal year;
- no complaints or allegations were made pursuant to Article 2408 of the Italian Civil Code;
- the Board of Statutory Auditors did not have to issue any opinions required by law as there was no need due to the lack of pre-requisites;
- during the course of the fiscal year, the activity of the Supervisory Body, which was established in accordance with Legislative Decree 231/2001, continued on a regular basis. Its activity consisted of examining the organizational and management model and the training program for personnel, as well as advising the Bank's managers of the need for ongoing collaboration, useful for allowing full and effective activity to prevent the crimes provided by the above law;
- the Board of Directors made the necessary adjustments to the "Programmatic Security Document" which, even though not required by law, is a necessary document for business operations; the Board shared such approach;
- procedures and activities were also initiated and further adjusted that were required for compliance with the Legislative Decree 231/2007 on money laundering. We have found the positive development that characterized the progressive adjustment of operations that the Bank implemented in order to conform to the new regulations; the Board supervised the above legal, organizational and operational adjustment process, and, following its own controls, considers it to conform to the provisions of the Supervisory Authority;
- in compliance with the measure of the Bank of Italy of 10 March 2011, the Bank adjusted its regulations, completely revising them in view of the prevention and fight against money

laundering and the financing of terrorism; the Money Laundering department was placed under the supervision of the Compliance Officer;
- the procedure for the autonomous assessment of capital adequacy (ICAAP) was promptly determined and implemented, in accordance with the regulatory guidelines; as discussed by the Board of Directors, the capital is fully adequate for the risks assumed;
- the law on the transparency of banking and financial services and transactions was implemented, and the provisions on consumer lending which entered into effect during the course of the year were implemented;
- in terms of usury, the Bank's operations were conducted in compliance with Law no. 108/1996 and the Implementing Provisions of the Bank of Italy;
- with reference to the law on privacy, the provisions of Legislative Decree 196/2003 were complied with;
- as required by Article 136 of the Uniform Banking Law, the Board unanimously confirmed the transactions conducted, directly or indirectly, by the Bank's representatives, all approved in accordance with law, including Article 2391 of the Italian Civil Code;
- with reference to the 13 complaints received by the Bank in 2011, the investigative procedure and management of such cases was found to be proper; further, it was determined that the parties involved were given a timely and reasoned response and that such complaints were properly represented to the Bank's bodies according to regulatory requirements;
- it is certified that, with the participation requested of employees, the necessary training was conducted regarding money laundering, privacy, the placement of insurance and financial products, transparency, and occupational safety.

We note that during the period of 19 April through 21 June 2011, the Bank was subject to an ordinary inspection conducted by the Bank of Italy. The previous inspection was conducted back in 2005.

On 27 July 2011 the Inspectors of the Bank of Italy provided the Board of Directors with the inspection report, which indicated a substantial reconfirmation of the positive judgment of the Bank, due to ample capital and an overall well-balanced technical situation, and noted that certain management and procedural aspects could be improved, which moreover has already been implemented.

## ■ 2 – Fiscal year results

The data of the 2011 financial statements submitted to your approval is summarized in the most significant aggregates set forth below, and compared with those of the 2010 financial statements:

| | 2011 | 2010 |
|---|---|---|
| BALANCE SHEET | | |
| Financial assets | 655,196,466 | 455,370,135 |
| Receivables from customers | 1,718,198,890 | 1,641,083,194 |
| TOTAL ASSETS | 2,568,917,891 | 2,360,262,805 |
| Payables to customers | 848,919,175 | 816,623,434 |
| Outstanding securities | 1,038,557,252 | 1,037,773,390 |
| Shareholders' equity | 212,536,431 | 229,369,494 |
| Fiscal year profit | 7,300,000 | 8,400,000 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 2,568,917,891 | 2,360,262,805 |
| | | |
| INCOME STATEMENT | | |

| | | |
|---|---|---|
| Interest income | 36,057,805 | 37,446,144 |
| Net commissions | 14,448,769 | 12,319,176 |
| Operating income | 57,868,508 | 53,630,516 |
| Net income from financial assets | 47,855,708 | 45,446,533 |
| Operating costs | - 37,861,980 | - 35,133,420 |
| Fiscal year income tax on current operations | - 3,380,367 | - 2,125,386 |
| FISCAL YEAR PROFIT | 7,300,000 | 8,400,000 |

## 3 – Comments on the financial statements

It is noted as follows:

- the draft financial statements were prepared, as implementation of Legislative Decree no. 38/2005, from a substantive standpoint, in accordance with the Supervisory Regulations contained in Circular no. 262 of 22 December 2005 of the Bank of Italy and in application of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB), approved by the European Union, and in effect as of the date the financial statements were closed, as well as the related interpretations (SIC/IFRIC). Such accounting standards are reported analytically in part A.1, section 2 of the Explanatory Notes. The above documentation duly considers what is provided in the Joint Document of the Bank of Italy, Consob and Isvap no. 4 of 3 March 2010, on the information to be provided in financial reports on controls of the reduction of value of assets (impairment test), on the contractual clauses of financial liabilities, on debt restructuring and on the "hierarchy of fair value;
- the draft financial statements, as prepared, correspond to the facts and information the Administrative Body was aware of as of the date of their approval.;
- The Report on Operations contains the information required by outstanding law and completes, in a clear manner, the content of the fiscal year balance sheet; specifically, in the Report on Operations and in the Explanatory Notes, the directors have provided the information required by Document no. 2 of Consob, the Bank of Italy and Isvap of 6 February 2009 on "business continuity" *(going concern)*, and they prepared the financial statements based on an expectation of business continuity. The Board agrees with the judgment expressed and confirms the reasonable expectation that the business will continue operating in the foreseeable future.
- the Board acknowledges and agrees with the transfer of "Italian Government Bonds" from the HFT sector to the AFS sector for a nominal value of 75,220,000.00 Euro; the transfer in question was done using the market price, according to regulatory requirements.

With respect to the fiscal year financial statements as of 31 December 2011, which indicate a profit of 7,300,000 Euro, the company Bompani Audit srl, entrusted with the statutory audit of the accounts, issued its professional opinion today in accordance with Articles 14 and 16 of Legislative Decree no. 39/2010 on the reliability of the financial statements in object without any comments or objections.

As noted, with respect to the supervisory activity of the financial statements for which it is responsible, in addition to the norms of the Italian Civil Code and provisions of the Supervisory Authority, the Board of Statutory Auditors complied with the rules of conduct established by the National Council of Accountants and Auditors.

In conclusion, the Board of Statutory Auditors approves the 2011 fiscal year financial statements, which were duly made available within the prescribed term.

Specifically, in accordance with Article 2426(5) of the Italian Civil Code, the Board consents to recording multi-year software costs and expenses, amounting to 192,899.06 Euro, in asset line item

120 "Intangible Assets". The entry is at cost, net of constant rates of amortization over five years. Again with the Board's consent, the expenses for improvements to third party assets corresponding to 478,034.05 Euro were allocated to asset line item 150 "Other assets" and were amortized directly on the basis of the duration of the leases.

We certify that the Directors provided the information required by Article 10 of Law no. 72 of 19 March 1983 in a special schedule annexed to the financial statements.

The Board of Statutory Auditors, in compliance with the provisions of Article 2 of Law no. 59/1992 and Article 2545 of the Civil Code, approves the standards followed by the Board of Directors in its social activity to pursue mutual aid objectives in conformity with the cooperative nature of the company, and set forth in detail in the report on operations presented by the Directors.

## ■ 4 – Proposals regarding the financial statements

Upon the conclusion of the specific controls carried out, the Board can certify that the Report on Operations is consistent with the Bank's financial statements as of 31 December 2011, and indicates business performance, its current trend and outlook. This is true with reference both to the financial information, as an analysis of the income, asset and financial situation and indictors of capital adequacy, as well as with respect to other information, such as risks and uncertainties concerning the Bank's activity, its management, human resources, cultural and promotional activities, security, mutual aid activities, and business performance. The significance of credit risk, liquidity risk and market risk was adequately indicated, also in consideration of the strong market tensions. The Explanatory Notes indicate the measurement criteria used and provide all of the information required by outstanding law, including information on credit risk, market risk, liquidity risk and operational risks.

As conclusion of our report, in repeating that on the basis of the supervisory activity carried out no critical events appeared and no omissions or irregularities were found, the Board of Statutory Auditors expresses its favorable opinion, to the extent of our responsibility, for the approval of the fiscal year 2011 financial statements and related proposal for the allocation of the fiscal year net profit, which it certifies conforms to law and the By-laws and is suitable in view of the company's economic and financial situation.

✦ ✦ ✦ ✦ ✦

The Board sincerely thanks all of the Bank's departments for the collaboration provided to the control body during the course of the fiscal year while carrying out its institutional functions.

Castelfiorentino, 13 April 2012

**The Board of Statutory Auditors**

| | |
|---|---|
| *Prof. Aldo Bompani* | Chairman |
| *Prof. Lorenzo Gai* | Acting auditor |
| *Prof. Stefano Sanna* | Acting auditor |

# Report of the Independent Auditor

(On Bompani Audit S.r.l.'s letterhead)

BANCA DI CREDITO COOPERATIVO DI CAMBIANO

Report of the Independent Auditor in accordance with Article 14 of Legislative Decree no. 39 of 27.1.2010 on the financial statements for the fiscal year ended 31 December 2011

To the Shareholders of BANCA DI CREDITO
COOPERATIVO DI CAMBIANO
Piazza Giovanni XXIII, 6
50051 CASTELFIORENTINO

Florence, 13 April 2012

1. We have audited the fiscal year financial statements of Banca di Credito Cooperativo di Cambiano for the year ended 31 December 2011 consisting of the balance sheet, income statement, schedule of variations to shareholders' equity, statement of cash flows and explanatory notes thereto. The directors of Banca di Credito Cooperativo di Cambiano are responsible for preparing the financial statements. It is our responsibility to express a professional opinion on the financial statements based on our audit. The above fiscal year financial statements were prepared in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued as implementation of Article 9 of Legislative Decree no. 38/2005.

2. Our audit was conducted according to the standards and criteria provided for audits that are recommended by CONSOB (the Italian Stock Exchange Commission). In conformity with said standards and criteria, the audit was planned and performed in view of acquiring every element necessary to control whether the fiscal year financial statements present any material misrepresentations and whether they are, as a whole, reliable. The audit procedure included the review, based on sample controls, of the evidence justifying the balances and information contained in the financial statements, as well as an evaluation of the adequacy and fairness of the accounting standards utilized and the reasonableness of the estimates made by the directors. We believe that the work performed provides a reasonable basis for expressing our professional opinion. The fiscal year financial statements present data corresponding to the previous fiscal year for comparative purposes. With regard to the opinion related to the previous year's financial statements, whose data is presented for comparative purposes as required by law, reference is made to the report we issued on 08 April 2011.
The audit of the financial statements as of 31 December 2011 was conducted in conformity with outstanding law during the course of said financial year.

3. In our opinion, Banca di Credito Cooperativo di Cambiano's financial statements as of 31 December 2011 comply with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations implementing Article 9 of Legislative Decree no. 38/2005. They were therefore prepared with clarity and represent in a truthful and accurate manner shareholders' equity and the financial situation, the economic result, variations to shareholders' equity and cash flows of Banca di Credito Cooperativo di Cambiano for the fiscal year ended on such date.

4. In accordance with outstanding law, the responsibility for preparing the report on operations rests with Banca di Credito Cooperativo di Cambiano's directors. It is our responsibility to express an opinion on the consistency of the report on operations with the financial statements. For this purpose, we carried out the procedures required by Auditing Standard no. PR 001 issued by the National Council of Accountants and Auditors and recommended by CONSOB. In our opinion,

the Report on Operations is consistent with Banca di Credito Cooperativo di Cambiano's financial statements as of 31 December 2011.

Bompani Audit S.r.l.
by one of its Directors

Bruno Dei
(signature)

# Table of variations to shareholders' equity

**TABLE OF VARIATIONS TO SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2011**

| | Amount as of 31 December 2010 | Modification opening balances | Amount as of 1° January 2011 | Allocation prior fiscal year result: Reserves | Allocation prior fiscal year result: Dividends and other allocations | Fiscal year variations: Variations of reserves | Transactions involving shareholders' equity: Issue of new shares | Transactions involving shareholders' equity: Purchase of treasury shares | Transactions involving shareholders' equity: Distribution of extraordinary dividends | Transactions involving shareholders' equity: Variation equity instruments | Transactions involving shareholders' equity: Derivatives on treasury shares | Transactions involving shareholders' equity: *Stock options* | Overall profitability fiscal year 2011 | Shareholders' equity as of 31 December 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital: | | | | | | | | | | | | | | |
| a) ordinary shares | 2,878,610 | | 2,878,610 | | | | -31,390 | | | | | | | 2,847,220 |
| b) other shares | - | | | | | | | | | | | | | - |
| Premiums on issue of new shares | 242,260 | | 242,260 | | | | 49 | | | | | | | 242,309 |
| Reserves: | | | | | | | | | | | | | | |
| a) from gains | 216,626,296 | | 216,626,296 | 7,402,255 | | | | | | | | | | 224,028,551 |
| b) other | - | | | | | | | | | | | | | |
| Valuation reserves | 9,622,328 | | 9,622,328 | | | | | | | | | | -24,203,977 | -14,581,649 |
| Equity instruments | - | | | | | | | | | | | | | - |
| Treasury shares | - | | | | | | | | | | | | | - |
| Fiscal year gain (loss) | 8,400,000 | | 8,400,000 | -7,402,255 | -997,745 | | | | | | | | 7,300,000 | 7,300,000 |
| Shareholders' equity | 237,769,494 | - | 237,769,494 | - | -997,745 | - | -31,341 | - | - | - | - | - | -16,903,977 | 219,836,431 |

**TABLE OF VARIATIONS TO SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2010**

| | Value as of 31 December 2009 | Modification opening balance | Value as of 1° January 2010 | Allocation prior fiscal year: Reserves | Allocation prior fiscal year: Dividends and other allocations | Fiscal year variations: Variations of reserves | Transactions involving shareholders' equity: Issue of new shares | Transactions involving shareholders' equity: Purchase treasury shares | Transactions involving shareholders' equity: Distribution extraordinary dividends | Transactions involving shareholders' equity: Variation equity instruments | Transactions involving shareholders' equity: Derivatives using treasury shares | Transactions involving shareholders' equity: *Stock options* | Overall profitability fiscal year 2010 | Shareholders' equity as of 31 December 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital: | | | | | | | | | | | | | | |
| a) ordinary shares | 2,900,445 | | 2,900,445 | | | | -21,835 | | | | | | | 2,878,610 |
| b) other shares | - | | | | | | | | | | | | | - |
| Premiums on issue of new shares | 239,401 | | 239,401 | | | | 2,859 | | | | | | | 242,260 |
| Reserves: | | | | | | | | | | | | | | |
| a) from gains | 210,929,997 | | 210,929,997 | 5,478,219 | | 218,080 | | | | | | | | 216,626,296 |
| b) other | - | | | | | | | | | | | | | |
| Valuation reserves | 10,628,586 | | 10,628,586 | 6,261,869 | | -218,080 | | | | | | | -7,050,047 | 9,622,328 |
| Equity instruments | - | | | | | | | | | | | | | - |
| Treasury shares | - | | | | | | | | | | | | | - |
| Fiscal year gain (loss) | 13,075,000 | - | 13,075,000 | -11,740,088 | -1,334,912 | | | | | | | | 8,400,000 | 8,400,000 |
| Shareholders' equity | 237,773,429 | - | 237,773,429 | - | -1,334,912 | - | -18,976 | - | - | - | - | - | 1,349,953 | 237,769,495 |

# Cash flow statement

| CASH FLOW STATEMENT<br>Indirect Method | | |
|---|---|---|
| A. OPERATING ASSETS | Amount | |
| | 2011 | 2010 |
| Amount | 23,006,286 | 21,484,617 |
| - fiscal year result (+/-) | 7,300,000 | 8,400,000 |
| - gains/losses on financial assets held for trading and financial assets/liabilities measured at fair value (+/-) | -172,110 | 153,936 |
| - gains/losses on assets used for hedges (+/-) | -63,664 | 7,031 |
| - adjustment/write-backs of net values due to impairment (+/-) | 10,012,800 | 8,183,983 |
| - net adjustments/write-backs of value of property, plant and equipment and intangible assets (+/-) | 2,548,893 | 2,614,281 |
| - net allocations to risk and expense funds and other costs/income (+/-) | 0 | 0 |
| - outstanding taxes (+) | 3,380,367 | 2,125,386 |
| - adjustment/write-backs of net values of groups of assets being divested net of tax (+/-) | 0 | 0 |
| - other adjustments (+/-) | 0 | 0 |
| 2. Liquidity generated/absorbed by financial assets | -217,692,308 | -38,336,824 |
| - financial assets held for trading | 100,506,264 | 71,867,894 |
| - financial assets measured at fair value | 0 | 0 |
| - financial assets available for sale | -300,160,485 | -118,215,004 |
| - receivables from banks: on demand | 950,414 | -8,051,830 |
| - receivables from banks: other receivables | 92,617,591 | 58,858,576 |
| - receivables from customers | -87,128,496 | -72,339,332 |
| - other assets | -24,477,597 | 29,542,873 |
| 3. Liquidity generated/absorbed by financial liabilities | 195,260,770 | 27,794,115 |
| - Payables to banks: on demand | 3,518,378 | -54,726,518 |
| - Payables to banks: other payables | 193,801,974 | -27,063,116 |
| - Payables to customers | 32,295,741 | 127,967,538 |
| - Outstanding securities | 783,862 | 8,893,390 |
| - Financial liabilities from trading | 34,167 | 0 |
| - Financial liabilities measured at fair value | 0 | 0 |
| - Other liabilities | -35,173,353 | -27,277,178 |
| Net liquidity generated/absorbed by operating assets | 574,747 | 10,941,908 |
| B. INVESTMENT ASSETS | | |
| 1. Liquidity generated by | 3,896,706 | -344,315 |
| - sales of equity investments | 160,000 | 0 |
| - dividends received from equity investments | 0 | 0 |
| - sales of financial assets held through maturity | 0 | 0 |
| - sales of property, plant and equipment | 3,736,706 | -344,315 |
| - sales of intangible assets | 0 | 0 |
| - sales of branches of business | 0 | 0 |
| 2. Liquidity absorbed by | -3,900,093 | -2,939,284 |
| - purchases of equity investments | -532,320 | -180,000 |
| - purchases of financial assets held through maturity | 0 | 0 |
| - purchases of property, plant and equipment | -3,248,766 | -2,619,952 |
| - purchases of intangible assets | -119,007 | -139,332 |
| - purchases of branches of business | 0 | 0 |
| Net liquidity generated/absorbed by investment assets | -3,387 | -3,283,599 |
| C. FUNDING ACTIVITIES | | |
| - issues/purchases of treasury shares | -31,341 | -18,976 |
| - issues/purchases of equity instruments | 0 | 0 |
| - distribution of dividends and other purposes | -937,477 | -6,810,270 |
| Net liquidity generated/absorbed by funding activities | -968,819 | -6,829,245 |
| NET LIQUIDITY GENERATED/ABSORBED DURING THE FISCAL YEAR | -397,459 | 829,063 |

KEY:
(+) generated
(-) absorbed

| RECONCILIATION | | |
|---|---|---|
| LINE ITEMS OF THE FINANCIAL STATEMENTS | Amount | |
| | 2011 | 2010 |
| Cash and cash balances at the beginning of the fiscal year | 8,339,438 | 7,510,375 |
| Total net liquidity generated/absorbed during the fiscal year | -397,459 | 829,063 |
| Cash and cash balances: effect of variation of exchange rates | 0 | 0 |
| Cash and cash balances at the close of the fiscal year | 7,941,979 | 8,339,438 |

# Explanatory Notes

## PART A – ACCOUNTING POLICIES

### A.1 - GENERAL PART

#### *Section 1 – Statement of conformity to International Accounting Standards*

The financial statements for fiscal year 2011 were prepared in conformity with International Accounting Standards (IAS - IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), homologated by the European Commission in accordance with the procedure provided by EU Regulation no. 1606/2002 of 19/07/2002, as well as the measures issued implementing Article 9 of Legislative Decree no. 38/2005 in effect on the date of reference of the financial statements. The implementation of the IFRS was done with reference to the systematic quadro for the preparation and drafting of the financial statements, with specific regard to the fundamental principle of the prevalence of substance over form, as well as the concept of the relevance and significance of the information. The 2011 financial statements were prepared in compliance with the Bank of Italy's Measure no. 262 of 22/12/2005 and subsequent updates.

#### *Section 2 – General preparation standards*

The fiscal year financial statements consist of the "Schedules to the financial statements" (balance sheet, income statement, schedule on overall profitability, table of variations to shareholders' equity, and cash flow statement), and the "Explanatory Notes". They are accompanied by the "Report on Operations". The accounts in the financial statements correspond to the Bank's accounting records. In conformity with what is provided by Article 5(2) of Legislative Decree no. 38 of 28/02/2005, the financial statements were prepared using the Euro as the accounting currency and are based on the application of the following general standards set forth in IAS 1:

- **Going concern**;
- **Accrual basis of accounting**, costs and income are recognized, regardless of the date of their monetary regulation, by period of economic maturity and according to the criterion of correlation;
- **Consistency of presentation**, the classification of the line items remain constant from one period to the next in order to guarantee the comparison of information, unless the variation is required by an International Accounting Standard;
- **Prohibition of offsetting**, assets and liabilities, costs and income are not offset, unless required or allowed by an International Accounting Standard, or by the schedules prepared by the Bank of Italy.

The fiscal year financial statements were prepared complying with the schedules and rules on compilation issued by the Bank of Italy in Circular no. 262 of 22/12/2005 and subsequent updates. The schedules of the Balance Sheet and Income Statement, Schedule on Overall Profitability, Table of variations to Shareholders' Equity, and Cash Flow Statement are expressed in Euro, whereas the Explanatory Notes, unless otherwise specified, are expressed in thousands of Euro.

#### *Section 3 – Events subsequent to the date of reference of the financial statements*

See the special section provided in the Directors' Report on Operations.

### A.2 – PART RELATED TO THE PRINCIPAL LINE ITEMS OF THE FINANCIAL STATEMENTS

#### *Section 1 – Financial assets held for trading*

##### *1.1. Classification criteria*

Debt securities, capital securities, certificates of participation in mutual funds purchased for trading, and derivative contracts with positive fair value are allocated to such line item, with the exclusion of hedges.

### 1.2. Recognition and derecognition criteria

Financial instruments represented by securities are measured using the standard of the subscription date.
Subsequent to the modification of IAS 39 on 15/10/2008, it is possible to transfer financial assets held for trading to the following sectors:

- Loan and Receivables Sector if the financial instrument is no longer held for “Trading”, with the intent of holding it until a foreseeable future or through maturity; these are assets with fixed maturities and not listed as of the date of reclassification. The transfer must be made for fair value as of the reclassification date, which therefore will become the new cost;
- Available for Sale Sector if the financial instrument is no longer held for “Trading”, with the intent of holding it for the foreseeable future or through maturity; this possibility of reclassification requires that there be “rare circumstances”. The transfer must be made for fair value as of the reclassification date, which therefore will become the new amortized cost;
- Held to Maturity Sector if the financial instrument is no longer held for “Trading”, with the intent of holding it through maturity; this possibility of reclassification requires both “rare circumstances” as well as that the financial asset have a fixed maturity. The transfer must be made for fair value as of the reclassification date, which will therefore become the new amortized cost.

The above instruments are derecognized from the financial statements only if all of the risks and benefits (or their effective control) are substantially transferred to the buyers. If all of the risks and benefits (or their effective control) are not substantially transferred, a liability is recognized with respect to the buyers for the amount corresponding to the consideration received.

### 1.3. Measurement criteria

Financial instruments represented by securities and trading derivatives are measured at fair value both upon purchase as well as subsequently. The fair value of instruments listed in active markets are compared with the quotes at the closure of the markets, whereas for unlisted instruments in active markets, fair value is measured by means of the use of the prices made available by the information provider Bloomberg (fair value hierarchy - level 1). If the above is not possible, estimates and measurement models are used that refer to data that can be found in the market. These methods are based on the measurement of financial instruments that are listed having analogous characteristics, discounted cash flows based on the yield curve, and considering the risk of the issuer’s receivables (fair value hierarchy - level 2). If it is not objectively possible to use one of the two methods indicated above, fair value is measured based on estimates and assumptions made by the appraiser based on historical cost and the application of measurement techniques having significant discretional factors (fair value hierarchy - level 3).

### 1.4. Criteria for recognizing income components

The income components related to financial instruments held for trading are measured in the income statement in the period in which they appear on line item "Net trading income". Gains and losses on sales or repayment, and unrealized gains and losses deriving from variations of fair value of the trading portfolio, as well as reductions of value of financial assets measured at cost (impairment), are recognized in the income statement in line item "Net trading income". Earned interest and dividends are respectively recognized in the line items of the income statement "Earned interest and similar income" and "Dividends and similar income".

## Section 2 – Financial assets available for sale

### 2.1. Classification criteria

The portfolio of financial assets available for sale includes all of the non-derivative financial assets that are not classified as receivables, financial assets held through maturity, and assets measured at fair value.
Specifically, such portfolio includes all of the securities to be sold within periods that are generally longer than those of the trading portfolio as well as holdings that cannot be qualified as equity investments of control, joint control, or significant influence, or which are not held for "trading".

### *2.2. Recognition and derecognition criteria*

The portfolio of securities available for sale are initially recognized at fair value, which corresponds to the value of the price paid for their purchase. Subsequent to the modification of IAS 39 of 15/10/2008 it is possible to transfer financial assets available for sale to the following sectors:

- Loan and Receivables Sector if the financial instrument is no longer available for sale, with the intent of holding it through maturity; these are assets with a fixed maturity that are unlisted as of the reclassification date. The transfer must be made for fair value as of the reclassification date, which will therefore become the new cost;
- Held to Maturity Sector if the financial instrument is no longer available for sale, with the intent of holding it through maturity; this possibility of reclassification requires both “rare circumstances” as well as that the financial asset have a fixed maturity. The transfer must be made for fair value as of the reclassification date, which will therefore become the new amortized cost.

Securities available for sale are derecognized from the financial statements only if substantially all of the risks and benefits (or their effective control) are transferred to the buyers. If all of the risks and benefits (or their effective control) are not substantially transferred, a liability is recognized with respect to the buyers for the amount corresponding to the consideration received.
Interest on the securities is calculated on the basis of their internal rate of return.

### *2.3. Measurement criteria*

Subsequent to initial recognition, assets available for sale continue to be measured at fair value (with the same “Levels” provided for assets held for trading), and recognized in the income statement for the value corresponding to amortized cost with an allocation to a special reserve of shareholders’ equity of the profits/losses deriving from the variation of fair value. Equity instruments and the related derivative instruments, for which it is not possible to determine fair value in a reliable manner, are maintained at cost, adjusted upon verification of losses due to a reduction in value.
Verification of the existence of objective evidence of a reduction in value is made at each close of the financial statements or interim financial statement.

### *2.4. Criteria for recognizing income components*

The allocation of income components in the relevant lines of the income statement is done in accordance with what is set forth below.

- Earned interest and dividends of the securities are respectively allocated to line item 10 of the income statement “Earned interest and similar income” and to line item 70 of the income statement “Dividends and similar income”.
- Gains and losses from trading securities are allocated to line item 100 of the income statement “Gain/loss on disposal or repurchase of financial assets available for sale”: capital gains and capital losses from fair value measurement are directly allocated to shareholders’ equity, Liability line item 130 “Valuation Reserves” (net of pre-paid/deferred taxes), and transferred to the income statement only upon their realization by means of the sale of the securities or subsequent to the recognition of impairment losses.
- Impairment losses and write-backs of values of debt securities are allocated to line item 130 of the income statement “Net adjustments/write-backs of net value due to impairment of financial assets available for sale”. Impairment losses on equity instruments are also allocated to line item 130 of the income statement, whereas eventual write-backs of value from fair value are directly allocated to shareholders’ equity, Liability line item 130 “Valuation Reserves”.

### *Section 3 – Financial assets held through maturity*

The Bank does not currently have "Financial assets held through maturity", Asset line item 50, in its portfolio.

### *Section 4 - Receivables*

## *4.1 – Cash receivables*

#### 4.1.1 Classification criteria

The portfolio of receivables includes all cash receivables, of any technical form and including operating receivables from banks and customers, as well as unlisted debt securities that the Bank does not intend to sell short term.

#### 4.1.2 Recognition and derecognition criteria

Receivables and securities are allocated in this portfolio at the time of issue or purchase and cannot subsequently be transferred to other portfolios, nor can financial instruments of other portfolios be transferred to the portfolio of receivables. Receivables and securities are derecognized from the financial statements only if substantially all of the risks and benefits (or their effective control) are transferred to the purchasing counterparties; otherwise, liabilities are registered in their regard, for an amount corresponding to the amounts received, together with the corresponding costs and income of the underlying assets.
Receivables and securities that are the object of repurchase agreements that have not yet been settled are recognized (if purchased) or derecognized (if sold) according to the standard of the "settlement date". Interest is calculated on the basis of the internal rate of return. The rules on "accounting derecognition" provided by IAS 39 have been applied to securitizations performed since 01/01/2004.

#### 4.1.3 Measurement criteria

At the time of issue or purchase, receivables and securities are recognized at fair value, also including, for securities and receivables other than short term, eventual anticipated transaction costs and income, specifically attributable to each security or receivable. Subsequently, measurement is based on the standard of amortized cost, subjecting receivables and securities to an impairment test, if there is symptomatic evidence of the state of impairment of the solvency of borrowers or issuers. With specific regard to receivables, the impairment test is articulated in two phases:

- individual measurement of non performing loans, watchlist and restructured receivables, to determine the relative adjustments/write-backs of value;
- collective measurement of watchlist, restructured, overdue/overdrawn receivables, and in bonis receivables, for the lump sum determination of adjustments to value.

The measurement of the individual impairment of non performing loans was done in a manner conforming to what is required by accounting standard IAS 39, discounting the values of the presumable proceeds of said receivables in relation to the expected time of collection, and more specifically considering:

- the recovery forecasts made by the account managers;
- forecast recovery time estimated on historical-statistical basis and monitored by the managers;
- the "historical" discounting rates, represented by the penalty interest rates at the time of the classification of the account as non performing.

With reference to the collective measurement of the remaining receivables, the portfolio was classified in two different types:

- watchlist, accounts overdue/overdrawn for more than 180 days, and restructured receivables;
- other receivables in bonis.

For each portfolio, the amount of the lump sum write-down corresponds to the result between the total portfolio value, its PD (average default probability) and LGD (parameter that represents the rate of loss in the case of default) of receivables belonging to the same portfolio.
The calculation of PD was done on a historical basis, using the previous three year period for each kind of portfolio as a reference, whereas the LGD value was determined to be 45.00%.

No collective write-downs on receivables from public entities, Poste Italiane s.p.a., factoring companies, and subsidiaries subject to significant influence were calculated.
Successive potential write-backs of value cannot exceed the amount of the write-downs from impairment (individual and collective) previously recognized.

#### 4.1.4 Criteria for recognizing income components

The allocation of income components in the relevant line items of the income statement is done in accordance with what is set forth below.

- Earned interest on receivables and securities is allocated to line item 10 of the income statement "Earned interest and similar income".
- Gains and losses from the disposal of receivables and securities are allocated to line item 100 of the income statement "Gains/losses from the disposal or repurchase of receivables".
- Adjustments and write-backs of value of receivables and securities are allocated to line item 130 of the income statement "Adjustments to net value due to impairment of: receivables".

## *Section 4.2 – Endorsement receivables*

#### 4.2.1. Classification criteria

All of the personal security and collateral issued by the Bank with regard to third party obligations are allocated to the portfolio of endorsement receivables.

#### 4.2.2. Criteria for recognizing income components

Commissions that mature periodically on endorsement receivables are listed in line item 40 of the income statement as "Commission income".

### *Section 5 – Financial assets measured at fair value*

The Bank, not having exercised the fair value option, did not open a portfolio for financial assets measured at fair value.

### *Section 6 – Hedges*

## *6.1. Classification and recognition criteria*

The hedge portfolio includes derivative instruments used by the Bank to sterilize losses from hedged assets or liabilities. The operations performed by the Bank are aimed at the specific hedge of bond issues, and the various derivative contracts stipulated have speculative conditions and values linked to those of the hedged bond. The Bank uses the "fair value hedge" method to measure them. In order for a transaction to be recognized as a "hedge", it is necessary that the following conditions be satisfied: a) the hedge relationship must be formally documented; b) the hedge must be effective from the time it initiates and prospectively for its entire duration. Effectiveness is controlled by means of specific instruments and is considered to exist when variations of fair value of the hedged financial instrument almost entirely sterilize the variations of risk of the hedged instrument. A hedge is considered to be highly effective between a range of 80% through 125%. An effectiveness test is conducted at each close of the financial statements or at the time of any six-month interim financial statements. If the effectiveness test indicates an insufficient hedge and the misalignment is considered not to be temporary, the hedged instrument is allocated to the trading portfolio. Hedges are measured according to the principle of "negotiation date".

## *6.2. Derecognition criteria*

Hedges are derecognized at the time of their maturity, early closure, or when they fail the effectiveness tests.

## *6.3. Measurement criteria*

Hedge instruments are measured at fair value.

The fair value of hedges listed in active markets is taken from the quotations at the close of the markets (fair value hierarchy - level 1), whereas instruments not listed in an active market (over the counter) are measured discounting future cash flows on the basis of the yield curve (fair value hierarchy - level 3). Since they are unlisted, the latter method is used to measure the fair value of all of the Bank's hedges. The hedged accounts are also measured at fair value, limited to variations of value produced by the risks that are the object of the hedge, thus "sterilizing" the risk components that are not directly related to such hedge.

## 6.4. Criteria for recognizing income components

Income components are allocated to the relative line items of the income statement on the basis of what is set forth below.

- The differences matured on hedge instruments for interest rate risk (in addition to the interest of the hedged position) are allocated to line item 10 of the income statement "Earned interest and similar income" or to line item 20 of the income statement "Interest payable and similar expenses";
- The gains and losses deriving from the measurement of the hedge instruments and accounts that are the object of the hedges are allocated to line item 90 of the income statement "Net hedging result";
    - Gains and losses from trading hedge contracts are capitalized on the hedged instrument if it is valued at amortized cost (IAS 39 par. 92), the amount of the premium or discount will be measured in the income statement on the basis of the new effective interest rate of the hedged instrument.

### *Section 7 – Equity investments*

## 7.1. Classification criteria

Shareholdings are allocated to the equity investments portfolio which are subject to control, joint control or significant influence. Control is presumed when more than 50% of the voting rights that can be exercised at shareholders' meetings are held, directly or indirectly. Significant influence is exercised when the shareholder holds, directly or indirectly, a share equal to or greater than 20% of the voting rights. Significant influence is determined even in the case of a holding of less than 20% when the following circumstances exist: a) representation on the board of directors; b) participation in the decision-making process with reference to decisions regarding dividends; c) there are major operations between the investor and the subsidiary. Joint control is when voting rights and control of the subsidiary is shared with other parties.

7.2. Recognition and derecognition criteria

The line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognized at purchase cost, supplemented by directly attributable costs. Financial assets are derecognized when the contractual rights to the cash flows deriving from such assets expire or when the financial asset is sold, transferring all of the risks and benefits connected to it.

## 7.3. Measurement criteria

Equity investments are measured with continuity using the "equity" method. Equity investments in subsidiaries, jointly held companies or companies subject to significant interest are measured at cost, and the accounting value increases or decreases to reflect the share to which to which the shareholder is entitled of profits or losses of the subsidiary realized after the purchase date. The dividends received from a subsidiary reduce the accounting value of the shareholding. Adjustments to the accounting value might be required due to modifications of the share held by the investor in the subsidiary, deriving from modifications of the shareholders' equity of the subsidiary.

## 7.4. Criteria for recognizing income components

Dividends paid by the subsidiary generated subsequent to the purchase date are allocated to line item 70 of the income statement "Dividends and similar income". The results of the measurement of "shareholders' equity" are recognized in line item 210 of the income statement

"Gains/losses on equity investments", when they were included in the income statement of the subsidiary; when instead they were not included in the income statement of the subsidiary, they are allocated to Liability line item 130 "Valuation reserves". Gains/losses deriving from the sale of equity investments are recognized in line item 210 of the income statement "Gains/losses on equity investments".

### *Section 8 – Property, plant and equipment*

## *8.1. Classification and recognition criteria*

Property, plant and equipment include land, instrumental real property, installations, furniture and decor and any kind of equipment. They are property, plant and equipment held to be used in the production or supply of goods and services, to be rented to third parties, or used for other administrative purposes, which it is deemed will be utilized for more than one fiscal year. In relation to real property, the components referring to land and buildings constitute separate assets for accounting purposes and are recognized separately at the time of purchase. Property, plant and equipment are initially recognized at purchase cost, inclusive of accessory charges sustained and directly attributable to when the asset is put into operation. Extraordinary maintenance costs that result in an increase of future economic benefits are allocated to increases of value of the assets, while other ordinary maintenance costs are recognized directly in the income statement.

## *8.2. Derecognition criteria*

Property, plant and equipment are derecognized from the financial statements at the time they are sold or when their economic function has been entirely exhausted and no future economic benefits are expected.

## *8.3. Measurement criteria*

Property, plant and equipment are measured at cost, deducting eventual accumulated depreciation and losses of value. Assets that have been put into operation are systematically depreciated according to time periods determined for homogeneous class equivalent to the useful life of the fixed assets. The book value of buildings to be depreciated "from the earth to the sky" does not include the value of the land on which they are built, which is determined on the basis of specific appraisals and which is treated separately and not depreciated because it is an asset with an indefinite duration. "Artwork", which has an indefinite useful life, is also not depreciated.

## *8.4. Criteria for recognizing income components*

The income components are allocated to the relevant line items of the income statement as follows:

- Periodic depreciation, lasting losses of value and write-backs of value are allocated to line item 170 of the income statement "Net adjustments/write-backs of value to property, plant and equipment".
- Gains and losses deriving from disposals are allocated to line item 240 of the income statement "Gains/losses on disposal of investments".

### *Section 9 – Intangible assets*

## *9.1. Classification criteria*

The portfolio of intangible assets includes intangible production factors having multi-year utility, represented in particular by expenses for the purchase of software and by multi-year expenses to be amortized. The expenses for third party assets (branch offices being rented) were recognized in Asset line item 150 "Other assets"; the relative amortization was proportional to the duration of the leases.

## *9.2. Recognition and derecognition criteria*

The above assets are recognized at purchase cost, inclusive of accessory costs and increased by expenses subsequently sustained to increase their value or initial productive capacity. Intangible assets are derecognized from the financial statements when their economic function has been entirely exhausted.

### 9.3. Measurement criteria

Intangible assets of limited duration are recognized net of accumulated amortization. Said assets are amortized on the basis of the estimate made of their residual useful life. If there is symptomatic evidence of the existence of lasting losses, intangible assets are subject to measurement of the damage, recognizing eventual adjustments to value; subsequent write-backs of value cannot exceed the amount of the losses previously recognized.

### 9.4. Criteria for recognizing income components

Periodic amortizations, lasting losses of value and write-backs of value of intangible assets are allocated to line item 180 of the income statement "Adjustments/write-backs of net value of intangible assets".

## Section 10 – Noncurrent assets and groups of assets in the course of divestment

The Bank does not currently hold noncurrent assets or groups of assets in the course of divestment.

## Section 11 – Current and deferred taxation

### 11.1. Classification criteria

Current tax items include excess payments (current assets) and outstanding payables (current liabilities) for income taxes due for the period. Entries of deferred taxation instead represent income taxes to be recovered in future periods with temporary deductible differences (deferred assets) and income taxes payable in future periods as a consequence of temporary taxable differences (deferred liabilities).

### 11.2. Recognition, derecognition and measurement criteria

Deferred tax receivables are recognized, in conformity with the "balance sheet liability method", only on the condition that there is an ability to fully absorb the temporary deductible differences from future taxable income, whereas deferred tax liabilities are usually always recognized.

### 11.3. Criteria for recognizing income components

Tax assets and liabilities are normally allocated, with offsets, to line item 260 of the income statement "Fiscal year income taxes on current operations", except when they derive from operations whose effects are directly attributable to shareholders' equity; in such case they are allocated to capital.

## Section 12 – Risk and expense funds

### 12.1. Classification criteria

The risk and expense funds express certain or probable liabilities, whose amount or payment date is uncertain.

### 12.2. Recognition, derecognition and measurement criteria

When the time for paying a specific liability is more than twelve months from the recognition date, the relative fund is recognized at discounted values. The actuarial values were estimated by independent professionals pursuant to International Accounting Standard no. 19, according to the unit criteria provided by the Projected Unit Credit Method on the following technical entities:

- Services related to  Employee Severance Pay;
- The payment of loyalty bonuses to employees upon reaching the  25° year of effective service.

Actuarial gains and losses are recognized directly as an offset in the income statement.

### 12.3. Criteria for recognizing income components

The allocation of income components to the relevant line items of the income statement is done in accordance with what is set forth below.

- Provisions for risk and expense funds are allocated to line item 160 of the income statement "Net allocations to risk  and expense funds" or to its own line item if deemed to be more appropriate;
- Provisions for "Employee severance pay" and "Loyalty bonuses" are allocated to line item 150 of the income statement "Administrative costs - personnel costs".

## *Section 13 – Liabilities and Outstanding securities*

### 13.1. Classification criteria

The line items "Payables to banks", "Payables to customers" and "Outstanding securities" include the various forms of funding, both inter-bank as well as with regard to customers, collections of savings by certificates of deposit and outstanding bonds, net of eventual repurchases.

### 13.2. Recognition and derecognition criteria

The financial liabilities noted above are recognized at the time of issue, or replacement after repurchase, or derecognized, at the time of repurchase in accordance with the principle of the "settlement date" and cannot  subsequently be transferred to the portfolio of trading liabilities. Interest is calculated on the basis of their internal rate of return. Structured kinds of financial liabilities, consisting of the combination of a host liability  and one or more embedded derivative instruments are separated and recognized separately from the embedded derivatives, only on the condition that the economic characteristics and risks of the embedded derivatives are substantially different than those of the host financial liabilities and the derivatives can be considered to be autonomous derivative contracts.

### 13.3. Measurement criteria

At the time of their issue, or at the time of replacement subsequent to repurchase, financial liabilities are recognized at fair value, including any anticipated transaction costs and income specifically attributed to each liability. Subsequently measurement is based on the principle of amortized costs, using the effective interest rate method. Short term liabilities are still recognized for their cash value.

### 13.4. Criteria for recognizing income components

Interest payable related to  public savings instruments are recognized in line item 20 of the income statement "Interest payable and similar expenses". Gains and losses from the repurchase of such liabilities are recognized in line item 100d of the income statement "Gains/losses from the disposal or repurchase of financial liabilities".

## *Section 14 – Financial liabilities from trading*

The Bank does not currently have financial liabilities from trading.

## *Section 15 – Financial liabilities measured at fair value*

At present the Bank, not having exercised the fair value option, has not opened a portfolio of financial liabilities  measured at fair value.

## *Section 16 – Operations in foreign currency*

### 16.1. Classification criteria

Operations in foreign currency consist of all assets and liabilities denominated in currency other than the Euro.

### 16.2. Recognition and derecognition criteria

Operations in foreign currency are registered, at the time of initial recognition, in the accounting currency, applying the exchange rate in effect as of the date of the operation to the amount in foreign currency. The exchange rate on the settlement date is also applied in the accounting currency for derecognition.

### 16.3. Measurement criteria

As of the close of the fiscal year, the conversion of monetary assets and liabilities in foreign currency is done using the spot exchange rate on that date.

### 16.4. Criteria for recognizing income components

The exchange rate differences of operations in foreign currency are recognized in line item 80 of the income statement "Net trading income".

## ■ A.3 – INFORMATION ON FAIR VALUE

### A.3.1 – Transfers between portfolios

By means of a resolution dated 27/10/2008, which became effective as of 01/07/2008, the Banca di Credito Cooperativo di Cambiano s.c.p.a. decided to reclassify part of the accounting portfolio of Assets Held for Trading (HFT) to Financial Assets Available for Sale (AFS). By means of the operation in question, securities having the lengthiest maturity dates, which were the most affected by the liquidity crisis, were transferred in order to obtain a new allocation of the securities portfolio that more faithfully reflects the Bank's investment policy. The reclassification as of 31/12/2008 regarded overall a nominal value of 308,341,000.00 Euro and a balance sheet value of 299,354,732.55 Euro, of which "Government Bonds" (CCT) having a nominal value of 293,341,000.00 Euro and a balance sheet value of 286,732,562.75 Euro, and "Other securities" having a nominal value of 15,000,000.00 Euro and a balance sheet value of 12,622,169.80 Euro. With reference to the above mentioned financial instruments, over the course of fiscal year 2009 securities were sold having a nominal value of 187,591,000.00 Euro, of which "Government Bonds" (CCT) having a nominal value of 182,591,000.00 Euro, and "Other securities" having a nominal value of 5,000,000.00 Euro. The sale in question generated gains from disposal in the amount of 1,122,260.96 Euro which were allocated to line item 100 of the income statement "Gains from the disposal or repurchase of: b) financial assets available for sale".

With reference to the above mentioned financial instruments, over the course of fiscal year 2010 securities were sold having a nominal value of 86,750,000.00 Euro, of which "Government Bonds" (CCT) having a nominal value of 81,750,000.00 Euro, and "Other securities" having a nominal value of 5,000,000.00 Euro. The sale in question generated gains from disposal in the amount of 1,272,543.77 Euro, which were allocated to line item 100 of the income statement "Gains from the disposal or repurchase of: b) financial assets available for sale". Over the course of fiscal year 2011 no sales were made; therefore, with reference to the resolution of 27/10/2008, as of 31/12/2011 securities remained having a nominal value of 34,000,000.00 Euro, of which "Government Bonds" (CCT) having a nominal value of 29,000,000.00 Euro, and "Other securities" having a nominal value of 5,000,000.00 Euro.

During the course of fiscal year 2010, by means of a resolution of the Board of Directors on 15/11/2010, Government Bonds (CCT) were transferred from the Held for Trading portfolio to the Available for Sale portfolio, having a nominal value of 79,000,000.00 Euro. Such transfer was done using the market price referring to the day 14/11/2010 (official price). During the course of 2011 "Government Bonds" were sold having a nominal value of 64,564,000.00 Euro. Such sale generated gains from disposal in the amount of 179,763.64 Euro, which were allocated to line item 100 of the income statement "Gains from the disposal or repurchase of: b) financial assets available for sale". Therefore with reference to the resolution of 15/11/2010, as of the date of 31/12/2011 there were remaining "Government Bonds" having a nominal value of 14,436,000.00 Euro.

During the course of fiscal year 2011, by means of a resolution of the Board of Directors on 28/10/2011, "Government Bonds" were transferred from the Held for Trading portfolio to the Available for Sale portfolio having a nominal value of 75,220,000.00 Euro; such transfer was done using the market price referring to the day 27/10/2011 (official price).

**A.3.1.1 – Reclassified financial assets: balance sheet value, fair value and effects on overall profitability**

Values indicated in thousands of Euro

| Type of financial instrument | Portfolio of origin | Portfolio of destination | Balance sheet value as of 31/12/2011 | Fair value as of 31/12/2011 | Income components recognized without the transfer (before tax) | | Income components recognized during the fiscal year (before tax) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Measured | Other | Measured | Other |
| Debt securities - 2008 | HFT | AFS | 30,884 | 30,884 | -909 | 900 | 0 | 900 |
| Debt securities - 2010 | HFT | AFS | 14,083 | 14,083 | 131 | 618 | 0 | 618 |
| Debt securities - 2011 | HFT | AFS | 72,990 | 72,990 | -669 | 695 | 0 | 695 |
| Debt securities - Total | HFT | AFS | 117,957 | 117,957 | -1,447 | 2,212 | 0 | 2,212 |

As of the date of 31/12/2011, reclassified assets remained having an overall nominal value of 123,656,000.00 Euro, of which "Government Bonds" having a nominal value of 118,656,000.00 Euro, and "Other securities" having a nominal value of 5,000,000.00 Euro.

**A.3.1.2 – Reclassified financial assets: effects on overall profitability prior to transfer**

Values indicated in thousands of Euro

| Type of financial instrument | Portfolio of origin | Portfolio of destination | Capital gains/losses in the income statement (before tax) | | Capital gains/losses in shareholders' equity (before tax) | |
|---|---|---|---|---|---|---|
| | | | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| Debt securities | HFT | AFS | 87 | 0 | 0 | 0 |

**A.3.1.3 – Transfer of financial assets held for trading**

It is noted with reference to IAS 39, paragraph 50 that the securities in question are no longer held for the purpose of being traded short term, but will be held for a lengthier period of time. With respect to the "rare circumstances" set forth in paragraph 50B of IAS 39, they refer to the current macro-economic and financial situation and the systemic liquidity crisis, above all in the Eurozone. In particular, the period under consideration was characterized by the extremely high volatility of the financial markets and the explosion of the sovereign debt crisis of European countries, which above all affected Italian Government Bonds.

**List of securities reclassified in 2011**

| Isin | Description | Nominal value | Price as of 27/10/2011 |
|---|---|---|---|
| IT0004634124 | CTZ 31/08/2012 | 26,651,000.00 | 96.97680 |
| IT0004765183 | CTZ 30/09/2013 | 13,213,000.00 | 91.85910 |
| IT0004716327 | CTZ 30/04/2013 | 6,000,000.00 | 93.89290 |
| IT0004674369 | CTZ 31/12/2012 | 5,545,000.00 | 95.47760 |
| IT0004220627 | BTP 15/04/2012 4% | 5,144,000.00 | 100.19490 |
| IT0004508971 | BTP 01/07/2012 2.50% | 4,682,000.00 | 99.26090 |
| IT0004101447 | CCT 01/07/06-13 | 4,300,000,00 | 97.20500 |

| | | | |
|---|---|---|---|
| IT0004605090 | CTZ 30/04/2010-12 | 3,761,000.00 | 98.25360 |
| IT0003858856 | CCT 01/03/05-12 | 2,028,000.00 | 99.81490 |
| IT0004224041 | CCT 01/03/2014 | 1,820,000.00 | 95.13420 |
| IT0003993158 | CCT 01/11/2005-12 | 1,393,000.00 | 99.35830 |
| IT0004284334 | BTP 15/10/2012 4.25% | 683,000.00 | 100.39150 |
| | Total | 75,220,000.00 | |

**A.3.1.4 – Internal rate of return and forecast cash flows of reclassified assets**

The internal rate of return (TIR) and forecast cash flows for each transferred security are indicated below:

| BTP 15/04/2012 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 5,144,000 | 27/10/2011 | | | | |
| | 15/04/2012 | 0.47 | 4.000% | 5,246,880 | |
| | Calculation price | | | | 100.1949 |
| | TIR | | | | 3.60% |

| BTP 01/07/2012 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 4,682,000 | 27/10/2011 | | | | |
| | 01/01/2012 | 0.18 | 2.500% | 58,525 | |
| | 01/07/2012 | 0.68 | 2.500% | 4,740,525 | |
| | Calculation price | | | | 99.2609 |
| | TIR | | | | 3.65% |

| BTP 15/10/2012 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 683,000 | 27/10/2011 | | | | |
| | 15/04/2012 | 0.47 | 4.250% | 14,514 | |
| | 15/10/2012 | 0.97 | 4.250% | 697,514 | |
| | Calculation price | | | | 100.3915 |
| | TIR | | | | 3.87% |

| CTZ 30/04/2012 | | | | |
|---|---|---|---|---|
| nominal | date | period | forecast flows | Notes |
| 3,761,000 | 27/10/2011 | | | |
| | 30/04/2012 | 0.51 | 3,761,000 | |
| | Calculation price | | | 98.2536 |
| | TIR | | | 3.52% |

| CTZ 31/08/2012 | | | | |
|---|---|---|---|---|
| nominal | date | period | forecast flows | Notes |
| 26,651,000 | 27/10/2011 | | | |
| | 31/08/2012 | 0.84 | 26,651,000 | |
| | Calculation price | | | 96.9768 |
| | TIR | | | 3.70% |

| CTZ 31/12/2012 | | | | |
|---|---|---|---|---|
| nominal | date | period | forecast flows | Notes |
| 5,545,000 | 27/10/2011 | | | |
| | 31/12/2012 | 1.18 | 5,545,000 | |
| | Calculation price | | | 95.4776 |
| | TIR | | | 4.01% |

| CTZ 30/04/2013 | | | | |
|---|---|---|---|---|
| nominal | date | period | forecast flows | Notes |
| 6,000,000 | 27/10/2011 | | | |
| | 30/04/2013 | 1.51 | 6,000,000 | |
| | Calculation price | | | 93.8929 |
| | TIR | | | 4.27% |

| CTZ 30/09/2013 | | | | |
|---|---|---|---|---|
| nominal | date | period | forecast flows | Notes |
| 13,213,000 | 27/10/2011 | | | |
| | 30/09/2013 | 1.93 | 13,213,000 | |
| | Calculation price | | | 91.8591 |
| | TIR | | | 4.51% |

| CCT 01/03/2012 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 2,028,000 | 27/10/2011 | | | | |
| | 01/03/2012 | 0.34 | 2.400% | 2,052,336 | |
| | Calculation price | | | | 99.8149 |
| | TIR | | | | 2.97% |

| CCT 01/11/2012 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 1,393,000 | 27/10/2011 | | | | |
| | 01/11/2011 | 0.01 | 1.960% | 13,651 | |
| | 01/05/2012 | 0.51 | 1.960% | 13,651 | |
| | 01/11/2012 | 1.01 | 1.960% | 1,406,651 | |
| | Calculation price | | | | 99.3583 |
| | TIR | | | | 2.62% |

| CCT 01/07/2013 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 4,300,000 | 27/10/2011 | | | | |
| | 01/01/2012 | 0.18 | 2.280% | 49,020 | |
| | 01/07/2012 | 0.68 | 2.280% | 49,020 | |
| | 01/01/2013 | 1.18 | 2.280% | 49,020 | |
| | 01/07/2013 | 1.68 | 2.280% | 4,349,020 | |
| | Calculation price | | | | 97.2050 |
| | TIR | | | | 4.06% |

| CCT 01/03/2014 | | | | | |
|---|---|---|---|---|---|
| nominal | date | period | rate | forecast flows | Notes |
| 1,820,000 | 27/10/2011 | | | | |
| | 01/03/2012 | 0.34 | 2.440% | 22,204 | |
| | 01/09/2012 | 0.85 | 2.440% | 22,204 | |
| | 01/03/2013 | 1.34 | 2.440% | 22,204 | |
| | 01/09/2013 | 1.85 | 2.440% | 22,204 | |
| | 01/03/2014 | 2.34 | 2.440% | 1,842,204 | |
| | Calculation price | | | | 95.1342 |
| | TIR | | | | 4.71% |

**GENERAL SUMMARY**

| | |
|---|---|
| **Overall effective interest rate** | **3.889%** |

| Forecast cash flows – by year | |
|---|---|
| 2011 | 13,651 |
| 2012 | 50,330,044 |
| 2013 | 23,655,448 |
| 2014 | 1,842,204 |
| Total forecast cash flows | 75,841,348 |

## *A.3.2 – Hierarchy of fair value*

**Fair value - Level 1**

For purposes of the measurement process, financial instruments are considered to be listed in active markets when they have official reference prices, or when they are systematically traded on "alternative" trading circuits with respect to official circuits, whose prices are considered "significant" in that they represent the quotation that a transaction would effectively have on the measurement date. Specifically, with respect to an overall asset value of 595,253 thousand Euro, Italian government bonds amount to 563,176 thousand Euro (94.61%), while the remaining 32,077 thousand Euro (5.39%) regard securities from issuers who are Italian banks.

**Fair value - Level 2**

In the lack of prices measured in an active market, fair value is determined using measurement techniques based on input data found in the market. The principal measurement techniques used are the following:
Reference to the price of financial instruments having the same characteristics as those that are being measured (comparable approach);
Fair value measurement technique, such as, for example, "discounted cash flow analysis" or other pricing methodologies generally accepted by the market, based on input data directly found in the market (for example, interest rates and yield curves, volatility, credit default swap, etc.), or obtained indirectly by means of correlation structures.
Financial assets classified at level 2 fair value almost entirely consist of Italian bank bonds.

**Fair value - Level 3**

Level 3 measurement is based on data input not found in the market, or which cannot be entirely found in the market, and as a last resort are based on historical cost. Specifically, on an overall asset value of 19,216 thousand Euro, we note:

- Hedges in the amount of 7,738 thousand Euro, which are fixed interest rate over the counter contracts, measured by discounting future cash flows;
- Financial instruments measured at historic cost amounting to 1,271 thousand Euro, which are primarily equity instruments classified as Available for Sale;

- Insurance policies in the amount of 10,207 thousand Euro, measured using the valuation scheme of such insurer.

**A.3.2.1** – Accounting portfolios: divided by level of fair value
Values indicated in thousands of Euro

| Assets/Financial liabilities measured at fair value | 31/12/2011 | | | 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Financial assets held for trading | 2,855 | 0 | 10,207 | 91,752 | 11,728 | 9,916 |
| 2. Financial assets measured at fair value | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Financial assets available for sale | 592,405 | 48,465 | 1,264 | 296,888 | 33,966 | 11,120 |
| 4. Hedges | 0 | 0 | 7,738 | 0 | 0 | 5,301 |
| Total | 595,260 | 48,465 | 19,209 | 388,640 | 45,694 | 26,338 |
| 1. Financial liabilities held for trading | 0 | 0 | 34 | 0 | 0 | 0 |
| 2. Financial liabilities measured at fair value | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Hedges | 0 | 0 | 532 | 0 | 0 | 281 |
| Total | 0 | 0 | 566 | 0 | 0 | 281 |

**Key:**
Level 1 = Fair value of a financial instrument listed in an active market;
Level 2 = Fair value measured on the basis of measurement techniques that use parameters that can be seen from the market, other than quotations of the financial instrument;
Level 3 = Fair value measured on the basis of measurement techniques that use parameters that cannot be seen from the market.

**A.3.2.2 – Annual variations of financial assets measured at fair value (Level 3)**
Values indicated in thousands of Euro

| | FINANCIAL ASSETS | | | |
|---|---|---|---|---|
| | Held for trading | Measured at fair value | Available for sale | Hedges |
| 1. Initial value | 9,916 | 0 | 11,120 | 5,301 |
| 2. Additions | | | | |
| 2.1. Purchases | 3,573 | 0 | 0 | 0 |
| 2.2. Profits allocated to: | | | | |
| 2.2.1. The income statement | 206 | 0 | 0 | 4,845 |
| - of which capital gains | 206 | 0 | 0 | 92 |
| 2.2.2. Shareholders' equity | X | X | 0 | 0 |
| 2.3. Transfers from other levels | 0 | 0 | 0 | 0 |
| 2.4. Other additions | 0 | 0 | 145 | 0 |
| 3. Reductions | | | | |
| 3.1. Sales | 0 | 0 | 10,000 | 0 |
| 3.2. Redemptions | 3,489 | 0 | 0 | 0 |
| 3.3. Losses allocated to: | | | | |
| 3.3.1. Income statement | 0 | 0 | 0 | 2,408 |
| -of which capital losses | 0 | 0 | 0 | 0 |
| 3.3.2. Shareholders' equity | X | X | 0 | 0 |
| 3.4. Transfer to other levels | 0 | 0 | 0 | 0 |
| 3.5. Other reductions | 0 | 0 | 1 | 0 |
| 4. Final value | 10,207 | 0 | 1,264 | 7,738 |

**A.3.2.3 – Annual variations of financial liabilities measured at fair value (Level 3)**

Values indicated in thousands of Euro

| | FINANCIAL LIABILITIES | | |
|---|---|---|---|
| | Held for trading | Measured at fair value | Hedges |
| 1. Initial value | 0 | 0 | 281 |
| 2. Additions | | | |
| 2.1. Issues | 0 | 0 | 0 |
| 2.2. Losses allocated to: | | | |
| 2.2.1. Income statement | 0 | 0 | 257 |
| - of which capital losses | 0 | 0 | 28 |
| 2.2.2. Shareholders' equity | X | X | 0 |
| 2.3. Transfers from other levels | 0 | 0 | 0 |
| 2.4. Other additions | 0 | 34 | 0 |
| 3. Reductions | | | |
| 3.1. Redemptions | 0 | 0 | 0 |
| 3.2. Repurchases | 0 | 0 | 0 |
| 3.3. Losses allocated to: | | | |
| 3.3.1. Income statement | 0 | 0 | 6 |
| - of which capital gains | 0 | 0 | 0 |
| 3.3.2. Shareholders' equity | X | X | 0 |
| 3.4. Transfer to other levels | 0 | 0 | 0 |
| 3.5. Other reductions | 0 | 0 | 0 |
| 4. Final value | 0 | 34 | 532 |

# PART B – INFORMATION ON THE BALANCE SHEET

## ASSETS

### *Section 1 - Cash and cash balances - Line item 10*

### 1.1. Cash and cash balances: breakdown

| | 31/12/2011 | 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| a) Cash | 7,942 | 8,339 | -397 | -4.77% |
| b) Demand deposits with Central Banks | 0 | 0 | 0 | |
| Total | 7,942 | 8,339 | -397 | -4.77% |

The line item "demand deposits with central banks" does not include the regulatory reserve that was noted in Asset line item 60 "Receivables from banks".

### *Section 2 - Financial assets held for trading - Line item 20*

### 2.1. Financial assets held for trading: breakdown by type

| Line items/values | 31/12/2011 | | | 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| A. Cash assets | | | | | | |
| 1 Debt securities | 2,848 | 0 | 10,207 | 91,726 | 11,728 | 9,916 |
| 1.1 Structured securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.2 Other debt securities | 2,848 | 0 | 10,207 | 91,726 | 11,728 | 9,916 |
| 2 Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Shares of mutual funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.1 Repurchase agreements | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.2 Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total A | 2,848 | 0 | 10,207 | 91,726 | 11,728 | 9,916 |
| B. Derivative instruments | | | | | | |
| 1 Financial derivatives: | 0 | 0 | 7 | 0 | 0 | 26 |
| 1.1 from trading | 0 | 0 | 7 | 0 | 0 | 26 |
| 1.2 connected with the fair value option | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.3 others | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Credit derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.1 from trading | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 connected with the fair value option | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.3 others | 0 | 0 | 0 | 0 | 0 | 0 |
| Total B | 0 | 0 | 7 | 0 | 0 | 26 |
| Total (A+B) | 2,848 | 0 | 10,214 | 91,726 | 11,728 | 9,942 |

### 2.2. Financial assets held for trading: breakdown by borrower/issuer

| Line items/values | 31/12/2011 | 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| A. CASH EARNINGS | | | | |
| 1. Debt securities | | | | |
| a) Governments and Central Banks | 853 | 72,223 | -71,371 | -98.82% |
| b) Other public entities | 0 | 0 | 0 | |
| c) Banks | 1,995 | 31.230 | -29,236 | -93.61% |
| d) Other issuers | 10,207 | 9.916 | 290 | 2.93% |

| | | | | |
|---|---|---|---|---|
| 2 Equity instruments | | | | |
| a) Banks | 0 | 0 | 0 | 0.00% |
| b) Other issuers: | 0 | 0 | 0 | 0.00% |
| - Insurers | 0 | 0 | 0 | 0.00% |
| - Finance companies | 0 | 0 | 0 | 0.00% |
| - Non finance companies | 0 | 0 | 0 | 0.00% |
| - Others | 0 | 0 | 0 | 0.00% |
| 3 Shares of mutual funds | 0 | 0 | 0 | 0.00% |
| 4 Loans | | | | |
| a) Governments and Central Banks | 0 | 0 | 0 | 0.00% |
| b) Other public entities | 0 | 0 | 0 | 0.00% |
| c) Banks | 0 | 0 | 0 | 0.00% |
| d) Other issuers | 0 | 0 | 0 | 0.00% |
| Total (A) | 13,054 | 113,370 | -100,316 | -88.49% |
| B DERIVATIVE INSTRUMENTS | | | | |
| a) Banks | 0 | 0 | 0 | 0.00% |
| fair value | 7 | 26 | -18 | -71.59% |
| b) Customers | 0 | 0 | 0 | 0.00% |
| fair value | 0 | 0 | 0 | 0.00% |
| Total (B) | 7 | 26 | -18 | -71.12% |
| Total (A+B) | 13,062 | 113,396 | -100,334 | -88.48% |

## 2.3. Financial cash assets held for trading: annual variations

| | Debt securities | Equity instruments | Shares of mutual funds | Loans | Total |
|---|---|---|---|---|---|
| A Initial value | 113,396 | 0 | 0 | 0 | 113,396 |
| B Additions | | | | | |
| B1. Purchases | 214,546 | 0 | 0 | 0 | 214,546 |
| B2. Increases of fair value | 253 | 0 | 0 | 0 | 253 |
| B3. Other additions | 2,303 | 0 | 0 | 0 | 2,303 |
| C Reductions | | | | | |
| C1. Sales | 226,501 | 0 | 0 | 0 | 226,501 |
| C2. Redemptions | 17,679 | 0 | 0 | 0 | 17,679 |
| C3. Reductions of fair value | 81 | 0 | 0 | 0 | 81 |
| C4. Transfers to other portfolio | 72,412 | 0 | 0 | 0 | 72,412 |
| C5. Other reductions | 764 | 0 | 0 | 0 | 764 |
| D Final value | 13,062 | 0 | 0 | 0 | 13,062 |

### *Section 4 - Financial assets available for sale - Line item 40*

## 4.1 Financial assets available for sale: breakdown by type

| Line items/values | Total 31/12/2011 | | | Total 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Debt securities | 592,405 | 48,465 | 0 | 296,888 | 33,966 | 10,001 |
| 1.1 Structured securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.2 Other debt securities | 592,405 | 48,465 | 0 | 296,888 | 33,966 | 10,001 |
| 2. Equity instruments | 0 | 0 | 1,264 | 0 | 0 | 1,120 |
| 2.1 Measured at fair value | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 Measured at cost | 0 | 0 | 1,264 | 0 | 0 | 1,120 |
| 3. Shares of mutual funds | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4. Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 592,405 | 48,465 | 1,264 | 296,888 | 33,966 | 11,120 |

## 4.2 Financial assets available for sale: breakdown by borrower/issuer

| Line items/values | Total 31/12/2011 | Total 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| 1, Debt securities | 640,871 | 340,855 | 300,016 | 88.02% |
| a) Governments and central banks | 562,324 | 285,572 | 276,751 | 96.91% |
| b) Other public entities | 0 | 0 | 0 | 0.00% |
| c) Banks | 78,547 | 55,283 | 23,265 | 42.08% |
| d) Other issuers | 0 | 0 | 0 | 0.00% |
| 2, Equity instruments | 1,264 | 1,120 | 145 | 12.93% |
| a) Banks | 786 | 786 | 0 | 0.00% |
| b) Other issuers: | 479 | 334 | 145 | 43.34%s |
| - insurers | 0 | 0 | 0 | 0.00% |
| - finance companies | 196 | 81 | 115 | 141.51% |
| - non finance companies | 283 | 253 | 30 | 11.86% |
| - others | 0 | 0 | 0 | 0.00% |
| 3. Shares of mutual funds | 0 | 0 | 0 | 0.00% |
| 4. Loans | 0 | 0 | 0 | 0.00% |
| a) Governments and central banks | 0 | 0 | 0 | 0.00% |
| b) Other public entities | 0 | 0 | 0 | 0.00% |
| c) Banks | 0 | 0 | 0 | 0.00% |
| d) Other issuers | 0 | 0 | 0 | 0.00% |
| Total | 642,135 | 341,974 | 300,160 | 87.77% |

## 4.4 Financial assets available for sale: annual variations

| | Debt securities | Equity instruments | Shares of mutual funds | Loans | Total |
|---|---|---|---|---|---|
| A. Initial values | 340,855 | 1,120 | 0 | 0 | 341,974 |
| B. Additions | | | | | |
| B1 Purchases | 434,126 | 145 | 0 | 0 | 434,271 |
| B2 Increases of fair value | 463 | 0 | 0 | 0 | 463 |
| B3 Write-backs of value | 0 | 0 | 0 | 0 | 0 |
| - allocated to the income statement | 0 | 0 | 0 | 0 | 0 |
| - allocated to shareholders' equity | 0 | 0 | 0 | 0 | 0 |
| B4 Transfers from other portfolios | 72,412 | 0 | 0 | 0 | 72,412 |
| B5 Other additions | 42,070 | 0 | 0 | 0 | 42,070 |
| C. Reductions | | | | | |
| C1 Sales | 172,532 | 0 | 0 | 0 | 172,532 |
| C2 Redemptions | 0 | 0 | 0 | 0 | 0 |
| C3 Reductions of fair value | 37,848 | 0 | 0 | 0 | 37,848 |
| C4 Write-downs due to impairment | 0 | 0 | 0 | 0 | 0 |
| - allocated to the income statement | 0 | 0 | 0 | 0 | 0 |
| - allocated to shareholders' equity | 0 | 0 | 0 | 0 | 0 |
| C5 Transfers - other portfolios | 0 | 0 | 0 | 0 | 0 |
| C6 Other reductions | 38,676 | 0 | 0 | 0 | 38,676 |
| D. Final value | 640,871 | 1,264 | 0 | 0 | 642,135 |

## Section 6 - Receivables from banks - Line item 60

### 6.1 Receivables from banks: breakdown by type

| Type of operation/Values | Total 31/12/2011 | Total 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| A. Receivables from Central Banks | | | | |
| 1. Term deposits | 0 | 0 | 0 | 0.00% |
| 2. Regulatory reserves | 26,668 | 83,299 | -56,630 | -67.98% |
| 3. Repurchase agreements | 0 | 0 | 0 | 0.00% |
| 4. Others | 0 | 0 | 0 | 0.00% |
| B. Receivables from banks | | | | |
| 1. Bank accounts and demand deposits | 36,327 | 70,763 | -34,436 | -48.66% |
| 2. Term deposits | 0 | 0 | 0 | 0.00% |
| 3. Other Loans: | 0 | 2,502 | -2,502 | -100.00% |
| 3.1 Repurchase agreements – receivables | 0 | 0 | | |
| 3.2 Financial leasing | 0 | 0 | | |
| 3.3 Other | 0 | 2,502 | | |
| 4. Debt securities | 0 | 0 | 0 | 0.00% |
| 4.1 Structured securities | 0 | 0 | | |
| 4.2 Other debt securities | 0 | 0 | | |
| Total (balance sheet value) | 62,996 | 156,564 | -93,568 | -59.76% |
| Total (fair Value) | 62,996 | 156,564 | -93,568 | -59.76% |

## Section 7 - Receivables from customers - Line item 70

### 7.1 Receivables from customers: breakdown by type

| Type of operation/values | Total 31/12/2011 | | | Total 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Bonis | Impaired | Total | Bonis | Impaired | Total |
| 1. Bank accounts | 421,099 | 49,550 | 470,650 | 362,832 | 51,783 | 414,615 |
| 2. Repurchase agreements – receivables | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Loans | 913,369 | 126,665 | 1,040,035 | 881,884 | 117,412 | 999,296 |
| 4. Credit cards, personal loans and salary guaranteed finance | 17,689 | 291 | 17,980 | 10,953 | 231 | 11,184 |
| 5. Financial leasing | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Factoring | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Other transactions | 180,361 | 9,173 | 189,534 | 206,034 | 9,955 | 215,988 |
| 8. Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.1 Structured securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.2 Other debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total (balance sheet value) | 1,532,519 | 185,680 | 1,718,199 | 1,461,703 | 179,380 | 1,641,083 |
| Total (fair value) | 1,532,519 | 185,680 | 1,718,199 | 1,461,703 | 179,380 | 1,641,083 |

There was an overall increase of the aggregate in the amount of 77,116 thousand Euro, from 1,641,083 thousand Euro to 1,718,199 thousand Euro (+4.70%). In particular, it is noted that "impaired receivables" increased by 6,300 thousand Euro (+3.51%).

### 7.2 Receivables from customers: breakdown by borrower/issuer

| Type of operation/Values | Total 31/12/2011 | | Total 31/12/2010 | |
|---|---|---|---|---|
| | Bonis | Impaired | Bonis | Impaired |
| 1. Debt securities | | | | |
| a) Governments | 0 | 0 | 0 | 0 |
| b) Other public entities | 0 | 0 | 0 | 0 |
| c) Other issuers | 0 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| - non finance companies | 0 | 0 | 0 | 0 |
| - finance companies | 0 | 0 | 0 | 0 |
| - insurers | 0 | 0 | 0 | 0 |
| - others | 0 | 0 | 0 | 0 |
| 2. Loans to: | | | | |
| a) Governments | 0 | 0 | 0 | 0 |
| b) Other public entities | 9,425 | 0 | 7,132 | 0 |
| c) Others | 1,523,094 | 185,680 | 1,454,571 | 179,380 |
| - non finance companies | 747,978 | 134,747 | 703,979 | 123,904 |
| - finance companies | 83,816 | 82 | 93,864 | 0 |
| - insurers | 0 | 0 | 0 | 0 |
| - others | 691,301 | 50,850 | 656,728 | 55,476 |
| Total | 1,532,519 | 185,680 | 1,461,703 | 179,380 |

It is noted with reference to the breakdown by borrower/issuer that the most significant increase regarded point 2 c) – “non finance companies” in the amount of 54,842 thousand Euro (+6.62%).

### *Section 8 - Hedges - Line item 80*

## *8.1 Hedges: breakdown by type of hedge and by level*

| | Fair value 31/12/2011 | | | Notional value 31/12/2011 | Fair value 31/12/2010 | | | Notional value 31/12/2010 |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A. Financial derivatives | 0 | 0 | 7,738 | 232,922 | 0 | 0 | 5,301 | 186,298 |
| 1) Fair value | 0 | 0 | 7,463 | 225,600 | 0 | 0 | 5,016 | 176,200 |
| 2) Cash flows | 0 | 0 | 275 | 7,322 | 0 | 0 | 285 | 10,098 |
| 3) Foreign investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Credit derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1) Fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2) Cash flows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 7,738 | 232,922 | 0 | 0 | 5,301 | 186,298 |

The table indicates the positive balance sheet value (fair value) of hedge contracts. The "Fair Value Hedge" accounting model was used.
A series of bonds issued by the Bank were hedged using hedge accounting, in order to hedge the relative interest rate risk.

## *8.2 Hedges: breakdown by hedged portfolios and by type of hedge*

| Transactions/Type of hedge | Fair Value | | | | | | Cash flows | | Foreign investments |
|---|---|---|---|---|---|---|---|---|---|
| | Specific | | | | | Generic | Specific | Generic | |
| | Interest rate risk | Exchange rate risk | Credit risk | Price risk | Various risks | | | | |
| 1. Financial assets available for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Portfolio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Other transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1. Financial liabilities | 7,463 | 0 | 0 | 0 | 0 | 0 | 275 | 0 | 0 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2. Portfolio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 7,463 | 0 | 0 | 0 | 0 | 0 | 275 | 0 | 0 |
| 1. Forecast transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Portfolio of financial assets and liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

***Section 10 - Equity investments - Line item 100***

## *10.1. Equity investments in subsidiaries, jointly held companies or subject to significant influence: information on shareholdings*

| Denominations | Registered office | Shareholding % | Votes available % |
|---|---|---|---|
| A. Wholly owned subsidiaries | | | |
| B. Jointly held companies | | | |
| C. Companies subject to significant influence | | | |
| 1. Cabel Leasing s.p.a. | Empoli | 17.40% | 17.40% |
| 2. Cabel Holding s.p.a. | Empoli | 38.40% | 38.40% |
| 3. Cabel Industry s.p.a. | Empoli | 6.00% | 6.00% |

## *10.2 Equity investments in subsidiaries, jointly held companies or subject to significant influence: accounting information*

| Denomination | Total assets | Total income | Gain (Loss) | Shareholders' equity | Balance sheet value | Fair value |
|---|---|---|---|---|---|---|
| A. Wholly owned subsidiaries | | | | | | |
| B. Jointly held companies | | | | | | |
| C. Companies subject to significant influence | | | | | | |
| 1. Cabel Leasing s.p.a. | 211,261 | 5,774 | 660 | 13,196 | 2,296 | |
| 2. Cabel Holding s.p.a. | 40,679 | 5,816 | 1,204 | 30,927 | 11,876 | |
| 3. Cabel Industry s.p.a. | 12,433 | 20,958 | 1,085 | 4,118 | 247 | |
| Total | 264,373 | 32,548 | 2,949 | 48,241 | 14,419 | |

The fair value of equity investments in companies subject to significant influence was not indicated because non of such companies is a listed company.

## *10.3 Equity investments: annual variations*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Initial values | 13,409 | 12,202 |
| B. Additions | | |
| B.1 Purchases | 532 | 180 |
| B.2 Write-backs of value | 0 | 0 |
| B.3 Revaluations | 972 | 1,028 |
| B.4 Other additions | 11 | 0 |
| C. Reductions | | |
| C.1 Sales | 506 | 0 |
| C.2 Adjustments to value | 0 | 0 |
| C.3 Other reductions | 0 | 0 |
| D. Final value | 14,419 | 13,409 |
| E. Total revaluations | 9,532 | 8,559 |
| F. Total adjustments | 0 | 0 |

Line B.1 "Purchases" includes the purchase of 2,000 shares at 266.16 Euro per share of the company Cabel Leasing s.p.a. for 532 thousand Euro.
Line B.3 "Revaluations" includes the revaluation of the company Cabel Leasing s.p.a. for 84 thousand Euro (from fiscal year profits), the revaluation of the company Cabel Holding s.r.l. for 860 thousand Euro (of which 463 thousand Euro from fiscal year profit, and 397 thousand Euro for the revaluation of equity capital), and the revaluation of the company Cabel Industry s.p.a. for 28 thousand Euro (of which: 28 thousand Euro from fiscal year profits).
Line C.1 “Sales” includes the sale of 160,000 shares at 3.16 Euro per share of the company Cabel Holding s.p.a. amounting to 506 thousand Euro.
The data from the 2010 financial statements refer to the last financial statements approved by subsidiaries (31/12/2009).
The data from the 2011 financial statements refer to the last financial statements approved by subsidiaries (31/12/2010).

### *Section 11 - Property, plant and equipment - Line item 110*

## *11.1 Property, plant and equipment: breakdown of assets measured at cost*

| Assets/values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Assets having a functional use | | |
| 1.1 own assets | 46,552 | 45,812 |
| a) land | 12,523 | 12,523 |
| b) buildings | 23,529 | 23,231 |
| c) furniture | 7,242 | 6,622 |
| d) electronic equipment | 712 | 806 |
| e) other | 2,546 | 2,630 |
| 1.2 purchased in financial leasing | 0 | 0 |
| a) land | 0 | 0 |
| b) buildings | 0 | 0 |
| c) furniture | 0 | 0 |
| d) electronic systems | 0 | 0 |
| e) other | 0 | 0 |
| Total A | 46,552 | 45,812 |
| B. Assets held for investment purposes | | |
| 2.1 own assets | 0 | 0 |
| a) land | 0 | 0 |
| b) buildings | 0 | 0 |
| 2.2 purchased in financial leasing | 0 | 0 |
| a) land | 0 | 0 |
| b) buildings | 0 | 0 |
| Total B | 0 | 0 |
| Total (A+B) | 46,552 | 45,812 |

All of the Bank’s property, plant and equipment is measured at cost; the line item "land" indicates the value of the land that is separated from the value of buildings.

## *11.3 Property, plant and equipment having a functional use: annual variations*

| | Land | Buildings | Furniture | Electronic systems | Other | Total 31/12/2011 |
|---|---|---|---|---|---|---|
| A. Initial gross value | 12,523 | 38,233 | 10,721 | 5,647 | 10,792 | 77,915 |
| A.1 Total net reductions of value | 0 | 15,003 | 4,098 | 4,840 | 8,162 | 32,103 |
| A.2 Initial net value | 12,523 | 23,231 | 6,622 | 806 | 2,630 | 45,812 |
| B. Additions: | | | | | | |
| B.1 Purchases | 0 | 522 | 1,171 | 222 | 674 | 2,589 |

| | | | | | | |
|---|---|---|---|---|---|---|
| B.2 Expenses for capitalized improvements | 0 | 660 | 0 | 0 | 0 | 660 |
| B.3 Write-backs of value | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Increases of fair value allocated to: | | | | | | |
| a) shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| B.5 Positive exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 |
| B.6 Transfers from real property held for investment | 0 | 0 | 0 | 0 | 0 | 0 |
| B.7 Other additions | 0 | 0 | 0 | 3,792 | 49 | 3,841 |
| C. Reductions: | | | | | | |
| C.1 Sales | 0 | 0 | 0 | 3,792 | 55 | 3,847 |
| C.2 Depreciation | 0 | 884 | 551 | 317 | 751 | 2,502 |
| C.3 Adjustments to value from impairment allocated to: | | | | | | |
| a) shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| b) the income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| C.4 Reductions of fair value allocated to: | | | | | | |
| a) shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| b) the income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| C.5 Negative exchange rate difference | 0 | 0 | 0 | 0 | 0 | 0 |
| C.6 Transfers to: | | | | | | |
| a) Property, plant and equipment held for investment | 0 | 0 | 0 | 0 | 0 | 0 |
| b) assets in the course of divestment | 0 | 0 | 0 | 0 | 0 | 0 |
| C.7 Other reductions | 0 | 0 | 0 | 0 | 0 | 0 |
| D. Final net value | 12,523 | 23,529 | 7,242 | 712 | 2,546 | 46,552 |
| D.1 Reductions of total net value | 0 | 15,886 | 4,649 | 1,365 | 8,865 | 30,765 |
| D.2 Final gross value | 12,523 | 39,415 | 11,891 | 2,077 | 11,411 | 77,317 |
| E. Measurement at cost | 0 | 0 | 0 | 0 | 0 | 0 |

Depreciation was measured based on the useful life of the assets, as specified below:

| | |
|---|---|
| - Land | 0.00% |
| - Buildings | 3.00% |
| - Artwork | 0.00% |
| - Furniture and various furnishings | 12.00% |
| - AED plants, machinery and equipment | 20.00% |
| - Technical plants, machinery and equipment | 15.00% |
| - Vehicles | 20.00% |

## *Section 12 - Intangible assets - Line item 120*

### *12.1 Intangible assets: breakdown by type of assets*

| Assets/values | Total 31/12/2011 | | Total 31/12/2010 | |
|---|---|---|---|---|
| | Limited duration | Unlimited duration | Limited duration | Unlimited duration |
| A.1 Goodwill | 0 | 0 | 0 | 0 |
| A.2 Other Intangible assets | | | | |
| A.2.1 Assets measured at cost: | 193 | 0 | 168 | 0 |

| | | | | |
|---|---|---|---|---|
| a) Intangible assets generated internally | 0 | 0 | 0 | 0 |
| b) Other assets | 193 | 0 | 168 | 0 |
| A.2.2 Assets measured at fair value: | 0 | 0 | 0 | 0 |
| a) Intangible assets generated internally | 0 | 0 | 0 | 0 |
| b) Other assets | 0 | 0 | 0 | 0 |
| Total | 193 | 0 | 168 | 0 |

All of the Bank's intangible assets are measured at cost.

## 12.2 Intangible assets: annual variations

| | Goodwill | Other Intangible assets: generated internally | | Other Intangible assets: other | | Total 31/12/2011 |
|---|---|---|---|---|---|---|
| | | limited duration | unlimited duration | limited duration | unlimited duration | |
| A. Initial value | 0 | 0 | 0 | 3,490 | 0 | 3,490 |
| A.1 Total net reductions of value | 0 | 0 | 0 | 3,321 | 0 | 3,321 |
| A.2 Initial net value | 0 | 0 | 0 | 168 | 0 | 168 |
| B. Additions | | | | | | |
| B.1 Purchases | 0 | 0 | 0 | 119 | 0 | 119 |
| B.2 Increases of internal intangible assets | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Write-backs of value | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Increases of fair value | | | | | | |
| - to shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| - to the income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| B.5 Positive exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 |
| B.6 Other additions | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Reductions | | | | | | |
| C.1 Sales | 0 | 0 | 0 | 0 | 0 | 0 |
| C.2 Adjustments of value | | | | | | |
| - Amortizations | 0 | 0 | 0 | 94 | 0 | 94 |
| - Write-downs | | | | | | |
| + shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| + the income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| C.3 Reductions of fair value | | | | | | |
| - shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 |
| - the income statement | 0 | 0 | 0 | 0 | 0 | 0 |
| C.4 Transfers to noncurrent assets in the course of divestment | 0 | 0 | 0 | 0 | 0 | 0 |
| C.5 Negative exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 |
| C.6 Other reductions | 0 | 0 | 0 | 0 | 0 | 0 |
| D. Final net value | 0 | 0 | 0 | 193 | 0 | 193 |
| D.1 Total net adjustments of value | 0 | 0 | 0 | 3,364 | 0 | 3,364 |
| E. Final gross value | 0 | 0 | 0 | 3,557 | 0 | 3,557 |
| F. Measurement at cost | 0 | 0 | 0 | 0 | 0 | 0 |

Other intangible assets consist of the cost of corporate software. Amortization is measured at constant rates based on its useful life, which is estimated to be 5 years.

### Section 13 – Tax assets and liabilities – Asset line item 130 and Liability line item 80

## 13.1 Assets related to pre-paid taxes: breakdown

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Multi-year costs | 0 | 0 |
| 2. Personnel costs | 79 | 68 |
| 3. Receivables | 3,021 | 1,807 |
| 4. Entertainment expenses | 0 | 2 |
| 5. Financial instruments (Securities Available for Sale) | 16,240 | 3,853 |
| 6. Tax losses | 0 | 0 |
| 7. Other | 0 | 0 |
| Total | 19,339 | 5,730 |

Among assets for pre-paid taxes, we note the line "Receivables", tax receivables due to adjustments to value on receivables not deducted during the fiscal year because they exceeded the limit of Article 106 of TUIR. Such adjustments are deductible over the following fiscal years according to the mechanism of eighteen constant rates.
The line "Financial instruments" indicates tax receivables related to financial instruments classified in the portfolio of assets available for sale.

## 13.2 Liabilities for deferred taxes: breakdown

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Property, plant and equipment | 3,925 | 3,967 |
| 2. Personnel costs | 5 | 108 |
| 3. Ex credit risk fund | 0 | 0 |
| 4. Equity investments | 126 | 129 |
| 5. Financial instruments (Securities Available for Sale) | 144 | 11 |
| 6. Other | 95 | 75 |
| Total | 4,295 | 4,289 |

Among liabilities for deferred taxes, we note the line "Property, plant and equipment": the tax liability was calculated between the IAS value and the "tax" value of the property, plant and equipment owned.
The line "Equity investments" indicates the tax liability referable to equity investments calculated at the Ires tax rate (27.50) on 5.00% of overall capital gain (9,197 thousand Euro).
The line "Financial instruments" indicates tax liabilities related to financial instruments classified in the portfolio of assets available for sale.

## 13.3 Variations of pre-paid taxes (as an offset to the income statement)

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Initial value | 1,877 | 1,012 |
| 2. Additions | | |
| 2.1 Pre-paid taxes recognized during the fiscal year | | |
| a) related to previous fiscal years | 0 | 0 |
| b) due to change of accounting policies | 0 | 0 |
| c) write-backs of value | 0 | 0 |
| d) other | 1,328 | 924 |
| 2.2 New taxes or increases of tax rates | 0 | 0 |
| 2.3 Other additions | 0 | 0 |
| 3. Reductions | | |

| | | |
|---|---|---|
| 3.1 Pre-paid taxes derecognized during the fiscal year | | |
| a) reversals | 105 | 59 |
| b) write-downs for receivables written off as unrecoverable | 0 | 0 |
| c) change of accounting policies | 0 | 0 |
| d) other | 0 | 0 |
| 3.2 Reductions of tax rates | 0 | 0 |
| 3.3 Other reductions | 0 | 0 |
| 4. Final value | 3,099 | 1,877 |

The table summarizes all pre-paid taxes which will be absorbed in subsequent fiscal years as offsets to the income statement.

The principal pre-paid tax that arose during the fiscal year was that generated by the write-downs on receivables exceeding the deductible limit in the fiscal year totaling 1.317 thousand Euro.

### *13.4 Variations of deferred taxes (as an offset to the income statement)*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Initial value | 4,183 | 4,399 |
| 2. Additions | | |
| 2.1 Deferred taxes recognized during the fiscal year | | |
| a) related to previous fiscal years | 0 | 0 |
| b) due to a change of accounting policies | 0 | 0 |
| c) other | 18 | 39 |
| 2.2 New taxes or increases of tax rates | 94 | 0 |
| 2.3 Other additions | 0 | 0 |
| 3. Reductions | | |
| 3.1 Deferred taxes derecognized during the fiscal year | | |
| a) reversals | 244 | 171 |
| b) due to a change of accounting policies | 0 | 0 |
| c) other | 0 | 0 |
| 3.2 Reductions of tax rates | 0 | 0 |
| 3.3 Other reductions | 0 | 84 |
| 4. Final value | 4,051 | 4,183 |

The table summarizes all deferred taxes that will be absorbed during subsequent fiscal years as offsets to the income statement.

### *13.5 Variations of pre-paid taxes (as an offset to shareholders' equity)*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Initial value | 3,853 | 682 |
| 2. Additions | | |
| 2.1 Pre-paid taxes recognized during the fiscal year | | |
| a) related to previous fiscal years | 0 | 0 |
| b) due to a change of accounting policies | 0 | 0 |
| c) other | 12,297 | 3,853 |
| 2.2 New taxes or increases of tax rates | 89 | 0 |
| 2.3 Other additions | 0 | 0 |
| 3. Reductions | | |
| 3.1 Pre-paid taxes derecognized during the fiscal year | | |
| a) reversals | 0 | 682 |
| b) write-downs for receivables written off as unrecoverable | 0 | 0 |

| | | |
|---|---|---|
| c) due to a change of accounting policies | 0 | 0 |
| d) other | 0 | 0 |
| 3.2 Reduction of tax rates | 0 | 0 |
| 3.3 Other reductions | 0 | 0 |
| 4. Final value | 16,240 | 3,853 |

The variations are exclusively due to the pre-paid taxes recorded in movements to the reserves of shareholders' equity related to the financial instruments classified in the portfolio "Financial assets available for sale".

### 13.6 Variations of deferred taxes (as an offset to shareholders' equity)

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Initial value | 106 | 583 |
| 2. Additions | | |
| 2.1 Deferred taxes recognized during the fiscal year | | |
| a) related to previous fiscal years | 0 | 0 |
| b) due to a change of accounting policies | 0 | 0 |
| c) other | 135 | 106 |
| 2.2 New taxes or increases of tax rates | 2 | 0 |
| 2.3 Other additions | 0 | 0 |
| 3. Reductions | | |
| 3.1 Deferred taxes derecognized during the fiscal year | | |
| a) reversals | 0 | 583 |
| b) due to a change of accounting policies | 0 | 0 |
| c) other | 0 | 0 |
| 3.2 Reduction of tax rates | 0 | 0 |
| 3.3 Other reductions | 0 | 0 |
| 4. Final value | 244 | 106 |

The variations are due to the deferred taxes recorded in movements to the reserves of shareholders' equity related to the financial instruments classified in the portfolio "Financial assets available for sale", and in movements to the reserve of shareholders' equity related to equity investments.

### 13.7 Other information - Assets due to current taxes - Breakdown

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Accounts paid to the Tax Authority | 6,763 | 6,039 |
| 2. Tax receivables – principal | 154 | 66 |
| 3. Tax receivables – interest | 307 | 344 |
| 4. Other withholdings | 14 | 246 |
| Total | 7,238 | 6,694 |

### 13.7 Other information – Liabilities due to current taxes - Breakdown

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Fund for Ires tax | 2,002 | 1,396 |
| 2. Fund for Irap tax | 2,041 | 1,631 |
| 3. Fund for stamp duties | 140 | 147 |
| 4. Tax fund – substitute tax Law 244/2007 | 0 | 0 |
| 5. Tax fund – other | 56 | 56 |
| Total | 4,240 | 3,231 |

The "Tax fund - other" represents the liability to the Tax Authority for the payment of taxes from previous fiscal years (2007), originating from the Bank's acceptance of the Tax Authority's notice of tax assessment.

### *Section 15 - Other assets - Line item 150*

## *15.1 Other assets: breakdown*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Entries transferred among branches and non-liquid entries | 5,342 | 1,407 |
| 2. Other assets from securitizations | 70 | 70 |
| 3. Diverse borrowers for sales of securities to be regulated | 0 | 162 |
| 4. Pre-paid expenses/deferred liabilities not included in their own line item | 251 | 504 |
| 5. Entries in progress and diverse borrowers | 23,442 | 19,649 |
| Total | 29,106 | 21,792 |

## ■ LIABILITIES

### *Section 1 - Payables to banks - Line item 10*

## *1.1 Payables to banks: breakdown by type*

| Type of operation/Values | Total 31/12/2011 | Total 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| 1. Payables to central banks | 379,495 | 61,132 | 318,362 | 520.78% |
| 2. Payables to banks | | | | |
| 2.1 Bank accounts and demand deposits | 1,448 | 56,635 | -55,187 | -97.44% |
| 2.2 Term deposits | 13,158 | 175,351 | -162,194 | -92.50% |
| 2.3 Loans | 14,549 | 0 | 14,549 | |
| 2.3.1 Repurchase agreements - payables | 14,549 | 0 | | |
| 2.3.2 Other | 0 | 0 | | |
| 2.4 Liabilities for commitments to repurchase own shares | 0 | 0 | 0 | |
| 2.5 Other liabilities | 0 | 0 | 0 | |
| Total | 408,650 | 293,119 | 115,531 | 39.41% |
| Fair value | 408,650 | 293,119 | 115,531 | 39.41% |

Payables to banks are all measured at cost or at amortized cost.

### *Section 2 - Payables to customers - Line item 20*

## *2.1 Payables to customers: breakdown by type*

| Type of operation/Values | Total 31/12/2011 | Total 31/12/2010 | Variation | Variation % |
|---|---|---|---|---|
| 1. Bank accounts and demand deposits | 806,848 | 728,530 | 78,318 | 10.75% |
| 2. Term deposits | 8,098 | 72 | 8,027 | 11176.93% |
| 3. Loans | 33,024 | 86,727 | -53,702 | -61.92% |
| 3.1 Repurchase agreements – payables | 17,177 | 41,814 | | |
| 3.2. Other | 15,847 | 44,912 | | |
| 4. Liabilities for commitments to buy back treasury shares | 0 | 0 | 0 | 0.00% |
| 5. Other liabilities | 948 | 1,295 | -346 | -26.74% |
| Total | 848,919 | 816,623 | 32,296 | 3.95% |
| Fair value | 848,919 | 816,623 | 32,296 | 3.95% |

Payables to customers are all measured at cost or at amortized costs.

Line 3.2 "Loans - Others" in the amount of 15,847 thousand Euro includes transactions with Cassa Depositi e Prestisi s.p.a. in the amount of 15,847 thousand Euro.
Line 5 "Other payables" includes liabilities that were assigned but not derecognized for securitizations.

### Section 3 - Outstanding securities - Line item 30

## 3.1 Outstanding securities: breakdown by type

| Type of security/Values | Total 31/12/2011 | | | | Total 31/12/2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance sheet value | Fair value | | | Balance sheet value | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| A. Securities | | | | | | | | |
| 1. Bonds | 998,611 | 0 | 0 | 998,611 | 1,013,994 | 0 | 0 | 1,013,994 |
| 1.1 structured | 2,459 | 0 | 0 | 2,459 | 0 | 0 | 0 | 0 |
| 1.2 other | 996,151 | 0 | 0 | 996,151 | 1,013,994 | 0 | 0 | 1,013,994 |
| 2. Other securities | 39,947 | 0 | 0 | 39,947 | 23,780 | 0 | 0 | 23,780 |
| 2.1 structured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 others | 39,947 | 0 | 0 | 39,947 | 23,780 | 0 | 0 | 23,780 |
| Total | 1,038,557 | 0 | 0 | 1,038,557 | 1,037,773 | 0 | 0 | 1,037,773 |

The table indicates deposits consisting of securities that also include, in addition to bonds, outstanding and matured certificates of deposit to be repaid.
All of the liabilities are measured at cost or at amortized cost, with the exception of entries that are the object of specific hedges of the interest rate risk on which the effect of the Swap was capitalized.
Liabilities are indicated net of the repurchased bonds.
The aggregate increased with respect to the previous fiscal year by 784 thousand Euro (+0.08%).

## 3.3 Outstanding securities: securities subject to specific hedges

| Type of operation/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Securities subject to specific fair value hedges: | | |
| a) interest rate risk | 231,863 | 181,924 |
| b) exchange rate risk | 0 | 0 |
| c) various risks | 0 | 0 |
| | | |
| 2. Securities subject to specific cash flow hedges: | | |
| a) interest rate risk | 0 | 0 |
| b) exchange rate risk | 0 | 0 |
| c) other | 0 | 0 |
| Total | 231,863 | 181,924 |

The table indicates outstanding securities that are the object of specific hedges.
Securities issued by the Bank for which the hedge decision was made subsequent to the issue, or for which there is the intention to maintain the hedge for the entire contractual duration of the issue, were the object of specific hedges of the fair value of the interest rate risk.

### Section 4 - Financial liabilities from trading - Line item 40

## 4.1 Financial liabilities from trading: breakdown by type

| Type of securities/Values | Total 31/12/2011 | | | | Total 31/12/2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance sheet value | Fair value | | | Balance sheet value | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| A. Cash payables | | | | | | | | |
| 1. Payables to banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Payables to customers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Debt securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.1 Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.1.1 Structured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.1.2 Other bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2 Other securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2.1 Structured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2.2 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Derivative instruments | | | | | | | | |
| 1. Financial derivatives | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 |
| 1.1 From trading | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 |
| 1.2 Connected with the fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.3 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Credit derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.1 From trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 Connected with the fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.3 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total B | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 |
| Total (A+B) | 0 | 0 | 0 | 34 | 0 | 0 | 0 | 0 |

### Section 6 - Hedges - Line item 60

## 6.1 Hedges: breakdown by type of hedge and by hierarchical level

| | Fair value 31/12/2011 | | | Notional value 31/12/2011 | Fair value 31/12/2010 | | | Notional value 31/12/2010 |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A. Financial derivatives | 0 | 0 | 532 | 10,315 | 0 | 0 | 281 | 12,563 |
| 1) Fair value | 0 | 0 | 257 | 3,000 | 0 | 0 | 0 | 0 |
| 2) Cash flows | 0 | 0 | 275 | 7,315 | 0 | 0 | 281 | 12,563 |
| 3) Foreign investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Credit derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1) Fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2) Cash flows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 532 | 10,315 | 0 | 0 | 281 | 12,563 |

The table indicates the negative balance sheet value (fair value) of hedge contracts, for hedges using the hedge accounting instrument.
A series of bonds issued by the Bank were hedged by means of hedge accounting, in order to hedge the relative interest rate risk.

## 6.2 Hedges: breakdown by hedged portfolio and by type of hedge

| Operation/ Type of hedge | Fair Value | | | | | | Cash flows | | Foreign investments |
|---|---|---|---|---|---|---|---|---|---|
| | Breakdown | | | | | Generic | Specific | Generic | |
| | Interest rate risk | Exchange rate risk | Credit risk | Price risk | Various risks | | | | |
| 1. Financial assets available for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Receivables | 257 | 0 | 0 | 0 | 0 | 0 | 275 | 0 | 0 |
| 3. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Portfolio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Other transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 257 | 0 | 0 | 0 | 0 | 0 | 275 | 0 | 0 |
| 1. Financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Portfolio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1. Expected transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Portfolio of financial assets and liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

### *Section 10 - Other liabilities - Line item 100*

## *10.1 Other liabilities: breakdown*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Various tax entries | 3,340 | 3,245 |
| 2. Entries transferred among branch offices | 5,413 | 1,904 |
| 3. Differences receivables on offsets of third party portfolio | 8,185 | 10,108 |
| 4. Suppliers | 2,126 | 2,903 |
| 5. Deferred income not included in its own line item | 0 | 11,019 |
| 6. Entries in progress and various creditors | 20,073 | 15,122 |
| Total | 39,137 | 44,301 |

### *Section 11 - Employee severance pay - Line item 110*

## *11.1 Employee severance pay: annual variations*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Initial value | 3,265 | 3,346 |
| B. Additions | | |
| B.1 Allocation during the fiscal year | 800 | 811 |
| B.2 Other additions | 494 | 327 |
| C. Reductions | | |
| C.1 Payments made | 305 | 407 |
| C.2 Other reductions | 800 | 811 |
| D. Final value | 3,454 | 3,265 |

| | | |
|---|---|---|
| Total | 3,454 | 3,265 |

Line B.1 "Allocation during fiscal year" includes severance pay matured during the fiscal year in the amount of 811 thousand Euro.
Line B.2 "Other additions" includes "Interest Cost" for IAS purposes of severance pay in the amount of 88 thousand Euro, and "Actuarial Losses" for IAS purposes of severance pay in the amount of 406 thousand Euro.
Line C.1 "Payments made" includes "Benefits Paid" for IAS purposes of severance pay in the amount of 305 thousand Euro.
Line C.2 "Other reductions" includes severance pay transferred to the Integrated Employee Pension Fund (external) in the amount of 800 thousand Euro.

### *Section 12 - Risk and expense funds - Line item 120*

## *12.1 Risk and expense funds: breakdown*

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Funds for company pensions | 0 | 0 |
| 2. Other risk and expense funds | 1,263 | 1,400 |
| 2.1 lawsuits | 19 | 19 |
| 2.2 personnel costs | 286 | 246 |
| 2.3 other | 958 | 1,136 |
| Total | 1,263 | 1,400 |

The table indicates a decrease of 137 thousand Euro (-9.81%).
Line 2.1 "lawsuits", refers to the Tax Authority for tax sanctions on "Notice with acceptance" for tax period 2007, line 2.2 "Personnel costs" includes costs referring to "Loyalty bonuses" for employees. Line 2.3 "Other" includes the profit fund available to the Board of Directors for charity and mutual aid.

## *12.2 Risk and expense funds: annual variations*

| | Pension funds | Other funds | Total 31/12/2011 |
|---|---|---|---|
| A. Initial values | 0 | 1,400 | 1,400 |
| B. Additions | | | |
| B.1 Allocation during fiscal year | 0 | 600 | 600 |
| B.2 Additions due to the passage of time | 0 | 0 | 0 |
| B.3 Additions due to modifications of the discount rate | 0 | 0 | 0 |
| B.4 Other additions | 0 | 45 | 45 |
| C. Reductions | | | |
| C.1 Use during the fiscal year | 0 | 783 | 783 |
| C.2 Reductions due to modifications of the discount rate | 0 | 0 | 0 |
| C.3 Other reductions | 0 | 0 | 0 |
| D. Final value | 0 | 1,263 | 1,263 |

### *Section 14 – Shareholders' equity - Line items 130, 150, 160, 170, 180, 190 and 200*

## *14.2 Share capital – Number of shares: annual variations*

| Line items/Type | Ordinary | Other |
|---|---|---|
| A. Outstanding shares at the start of the fiscal year | 10,030 | 0 |
| - entirely unrestricted | 10,030 | 0 |
| - with restrictions | 0 | 0 |
| A.1 Treasury shares (-) | 0 | 0 |

| | | |
|---|---|---|
| B.2 Outstanding shares: initial value | 10,030 | 0 |
| B. Additions | | |
| B.1 New issues | | |
| - for payment: | 149 | 0 |
| - mergers | 0 | 0 |
| - conversion of bonds | 0 | 0 |
| - exercise of warrants | 0 | 0 |
| - other | 149 | 0 |
| - on a gratuitous basis: | 0 | 0 |
| - to employees | 0 | 0 |
| - to directors | 0 | 0 |
| - other | 0 | 0 |
| B.2 Sale of treasury shares | 0 | 0 |
| B.3 Other variations | 0 | 0 |
| C. Reductions | | |
| C.1 Derecognition | 361 | 0 |
| C.2 Buy backs of treasury shares | 0 | 0 |
| C.3 Sales of companies | 0 | 0 |
| C.4 Other variations | 0 | 0 |
| D. Outstanding shares: final value | 9,818 | 0 |
| D.1 Treasury shares (+) | 0 | 0 |
| D.2 Outstanding shares at the end of the fiscal year | 9,818 | 0 |
| - entirely unrestricted | 9,818 | 0 |
| - with restrictions | 0 | 0 |

## 14.3 Share capital: other information - annual variations

| | Amount | Number of shares | Number of shareholders |
|---|---|---|---|
| A. Initial values | 2,879 | 10,030 | 3,052 |
| B. Additions | | | |
| B.1 New shareholders | 14 | 48 | 32 |
| B.2 From revaluations | 30 | 0 | 0 |
| B.3 From successions | 20 | 70 | 20 |
| B.4 From other additions | 9 | 31 | 4 |
| C. Reductions | | | |
| C.1 Redemptions | 26 | 89 | 43 |
| C.2 Partial redemptions | 49 | 171 | 0 |
| C.3 From successions | 20 | 70 | 22 |
| C.4 From other reductions | 9 | 31 | 4 |
| D. Final value | 2,847 | 9,818 | 3,039 |

## 14.4 Retained earnings: other information - breakdown of shareholders' equity

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Share capital | 2,847 | 2,879 |
| 2. Premiums on issue of new shares | 242 | 242 |
| 3. Reserves | 224,029 | 216,626 |
| 3.1 Ordinary/extraordinary reserves | 180,414 | 174,467 |
| 3.2 Statutory reserve | 44,378 | 42,923 |
| 3.3 Reserves - Fist Time Adoption I.A.S. | -763 | -763 |

| | | |
|---|---|---|
| 4. (Treasury shares) | 0 | 0 |
| 5. Valuation reserves | -14,582 | 9,622 |
| 5.1 Financial assets available for sale | -32,576 | -8,046 |
| 5.2 Property, plant and equipment | 0 | 0 |
| 5.3 Intangible assets | 0 | 0 |
| 5.4 Hedging foreign investments | 0 | 0 |
| 5.5 Hedging cash flows | 0 | 0 |
| 5.6 Exchange rate differences | 0 | 0 |
| 5.7 Noncurrent assets in the course of divestment | 0 | 0 |
| 5.8 Actuary profit (loss) on defined benefit plans | 0 | 0 |
| 5.9 Share of the valuation reserves of equity investments measured at shareholders' equity | 7,159 | 6,832 |
| 5.10 Special revaluation laws | 10,836 | 10,836 |
| 6. Equity instruments | 0 | 0 |
| 7. Fiscal year profit (loss) | 7,300 | 8,400 |
| Total | 219,836 | 237,769 |

## 14.4 Retained earnings: other information – division and use of fiscal year profit

| | Amount | Accounting classification of capital |
|---|---|---|
| Ordinary/Legal Reserve | 4,643 | Increase of Liability line item 160 (Tier 1) |
| Reserve in accordance with Article 6, Legislative Decree 38/2005 | 668 | Increase of Liability line item 160 (Tier 1) |
| Statutory Reserve | 1,079 | Increase of Liability line item 160 (Tier 1) |
| Shareholders for dividends | 143 | |
| Shareholders for gratuitous revaluation of shares | 49 | Increase of Liability line item 180 (Tier 1) |
| Mutual aid fund to promote and develop cooperation, Law 59/1992 | 219 | |
| Available to the Board of Directors for charity and mutual aid | 500 | |
| Total | 7,300 | |

## 14.6 Other information – Schedule on the origin and the potential use and distribution of the line items of shareholders' equity (Article 2427(1)( 7 bis) of the Italian Civil Code)

In accordance with Article 2427(7-bis) of the Italian Civil Code, the following table indicates the breakdown of shareholders' equity, according to the origin and level of availability and potential distribution of the various entries:

| Type / description | Amount | Possibility of use | Available share | Summary of uses made in the last three fiscal years | |
|---|---|---|---|---|---|
| | | | | To cover losses | For other reasons |
| Share capital | 2,847 | B - C | 2,847 | | 328 |
| Share premium reserve | 242 | B - C | 242 | | 18 |
| Fund for general bank risks | | | | | |
| Valuation reserves: | | | | | |
| - revaluation reserve pursuant to Law 576/75 | 12 | A - B - C | 12 | | |
| - revaluation reserves pursuant to Law 72/83 | 695 | A - B - C | 695 | | |
| - revaluation reserves pursuant to Law | 273 | A - B - C | 273 | | |

| Type / description | Amount | Possibility of use | Available share | Summary of uses made in the last three fiscal years | |
|---|---|---|---|---|---|
| | | | | To cover losses | For other reasons |
| 413/91 | | | | | |
| - AFS securities reserve | -32,576 | B | -32,576 | | |
| - reserves from equity investments | 7,159 | B | 7,159 | | |
| Retained earnings: | | | | | |
| - indivisible legal/statutory reserve | 224,792 | B | 224,792 | | |
| - reserve from transition to International Accounting Standards | 9,092 | B | 9,092 | | |
| TOTAL | 212,536 | | 212,536 | | |
| Non distributable share | | | 211,556 | | |
| Residual distributable share | | | 980 | | |

Key: A = to increase share capital - B = to cover losses - C = to distribute to shareholders

## ■ OTHER INFORMATION

### 1. Guarantees given and commitments

| Operations | Amount 31/12/2011 | Amount 31/12/2010 |
|---|---|---|
| 1) Financial guarantees given to: | 119,337 | 114,342 |
| a) Banks | 15,017 | 2,589 |
| b) Customers | 104,320 | 111,753 |
| 2) Commercial guarantees given to: | 12,777 | 11,740 |
| a) Banks | 270 | 250 |
| b) Customers | 12,507 | 11,490 |
| 3) Irrevocable commitments to disburse funds given to: | 17,858 | 42,559 |
| a) Banks | 0 | 10,811 |
| i) for certain use | 0 | 10,761 |
| ii) for uncertain use | 0 | 50 |
| b) Customers | 17,858 | 31,748 |
| i) for certain use | 0 | 0 |
| ii) for uncertain use | 17,858 | 31,748 |
| 4) Underlying commitments for credit derivatives: sales of protection | 0 | 0 |
| 5) Assets pledged as collateral for third party obligations | 7,992 | 9,951 |
| 6) Other commitments | 300 | 0 |
| Total | 158,264 | 178,592 |

The amount of 7,992 thousand Euro set forth in point 5 refers to guarantees issued on credit lines related to operations on the New-Mic trading platform of the Cash Clearing and Guarantee Fund.

### 2. Assets pledged as collateral for own liabilities and commitments

| Portfolio | Amount 31/12/2011 | Amount 31/12/2010 |
|---|---|---|
| 1. Financial assets held for trading | 0 | 9,959 |
| 2. Financial assets measured at fair value | 0 | 0 |
| 3. Financial assets available for sale | 31,758 | 33,184 |
| 4. Financial assets held through maturity | 0 | 0 |
| 5. Receivables from banks | 0 | 0 |

| | | |
|---|---|---|
| 6. Receivables from customers | 0 | 0 |
| 7. Property, plant and equipment | 0 | 0 |

The table indicates the value of securities pledged as collateral for repurchase agreements.

## *4. Management and trading on behalf of third parties*

| Type of services | Amount |
|---|---|
| 1. Trading financial instruments on behalf of customers | 0 |
| a) purchases | 0 |
| settled | 0 |
| not settled | 0 |
| b) sales | 0 |
| settled | 0 |
| non settled | 0 |
| 2. Asset management | 946 |
| a) individual | 946 |
| b) collective | 0 |
| 3. Custody and management of securities | 2,856,237 |
| a) third party securities on deposit: related to bank performance of the depository bank (excluding asset management) | 0 |
| 1. securities issued by the bank that prepares the balance sheet | 0 |
| 2. other securities | 0 |
| b) third party securities on deposit (excluding asset management): other | 1,050,862 |
| 1. securities issued by the bank that prepares the balance sheet | 925,535 |
| 2. other securities | 125,327 |
| c) third party securities deposited with third parties | 1,046,248 |
| d) treasury securities deposited with third parties | 759,127 |
| 4. Other transactions | 0 |

# PART C – INFORMATION ON THE INCOME STATEMENT

### *Section 1 - Interest - Line items 10 and 20*

## *1.1. Earned interest and similar income: breakdown*

| Line items/Technical forms | Debt securities | Loans | Other transactions | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | 388 | 0 | 0 | 388 | 1,868 |
| 2. Financial assets available for sale | 15,522 | 0 | 0 | 15,522 | 4,967 |
| 3. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 |
| 4. Receivables from banks | 0 | 1,295 | 0 | 1,295 | 624 |
| 5. Receivables from customers | 0 | 56,819 | 0 | 56,819 | 54,395 |
| 6. Financial assets measured at fair value | 0 | 0 | 0 | 0 | 0 |
| 7. Hedges | 0 | 0 | 2,068 | 2,068 | 3,622 |
| 8. Other assets | 0 | 0 | 38 | 38 | 50 |
| Total | 15,910 | 58,114 | 2,106 | 76,130 | 65,527 |

The column "Loans", item 5 "Receivables from customers" includes earned interest and similar income matured during the fiscal year referring to impaired exposure as of the balance sheet reference date in the amount of 4,993 thousand Euro.

## *1.2. Earned interest and similar income: differences related to hedges*

| Line items | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Positive differences relating to hedges: | 6,642 | 6,175 |
| B. Negative differences relating to hedges: | 4,574 | 2,553 |
| C. Balance (A-B) | 2,068 | 3,622 |

The table indicates positive interest income in the amount of 2,068 thousand Euro, deriving from the difference between earned interest (6,642 thousand Euro) and payable interest (4,574 thousand Euro). These differences are the consequence of the transformation from a fixed to a variable interest rate of a series of bonds issued by the Bank which, speculatively, were combined with mirror fixed interest rate (IRS) hedges.

## *1.3 Earned interest and similar income: other information*

### 1.3.1 Earned interest on financial assets in foreign currency

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| Earned interest on financial assets in foreign currency | 114 | 60 |

## *1.4 Interest payable and similar expenses: breakdown*

| Line items/Technical forms | Liabilities | Securities | Other transactions | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|
| 1. Payables to central banks | -2,980 | 0 | 0 | -2,980 | -583 |
| 2. Payables to banks | -218 | 0 | 0 | -218 | -587 |
| 3. Payables to customers | -7,639 | 0 | 0 | -7,639 | -4,694 |
| 4. Outstanding securities | 0 | -29,205 | 0 | -29,205 | -22,138 |
| 5. Financial liabilities from trading | 0 | 0 | 0 | 0 | 0 |
| 6. Financial liabilities measured at fair value | 0 | 0 | 0 | 0 | 0 |
| 7. Other liabilities and funds | 0 | 0 | -29 | -29 | -78 |
| 8. Hedges | 0 | 0 | 0 | 0 | 0 |
| Total | -10,838 | -29,205 | -29 | -40,072 | -28,080 |

## 1.5 Interest payable and similar expenses: differences related to hedges

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Positive differences related to hedges: | 0 | 0 |
| B. Negative differences related to hedges: | 0 | 0 |
| C. Balance (A-B) | 0 | 0 |

## 1.6 Interest payable and similar expenses: other information

### 1.6.1 Interest payable on liabilities in foreign currency

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| Interest payable on financial liabilities in foreign currency | -96 | -60 |

***Section 2 - Commissions - Line items 40 and 50***

## 2.1 Commission income: breakdown

| Type of services/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| a) guarantees given | 238 | 220 |
| b) credit derivatives | 0 | 0 |
| c) management, intermediation and consulting services: | 1,115 | 1,107 |
| 1 trading financial instruments | 20 | 15 |
| 2 trading foreign currencies | 343 | 293 |
| 3 asset management | 24 | 30 |
| 3.1 individual | 24 | 30 |
| 3.2 collective | 0 | 0 |
| 4 custody and management of securities | 126 | 111 |
| 5 depository bank | 0 | 0 |
| 6 securities placement | 75 | 80 |
| 7 receipt and transmission of orders | 209 | 143 |
| 8 consulting activity | 0 | 0 |
| 8.1 on investments | 0 | 0 |
| 8.2 on financial structure | 0 | 0 |
| 9 distribution of third party services | 318 | 435 |
| 9.1 asset management | 1 | 0 |
| 9.1.1. individual | 1 | 0 |
| 9.1.2 collective | 0 | 0 |
| 9.2 insurance products | 40 | 38 |
| 9.3 other products | 277 | 397 |
| d) collection and payment services | 4,635 | 4,732 |
| e) servicing securitizations | 0 | 0 |
| f) factoring services | 0 | 0 |
| g) fiscal year tax collection and payee services | 0 | 0 |
| h) asset management of multilateral exchange systems | 0 | 0 |
| i) maintenance and management of bank accounts | 9,073 | 7,575 |
| j) other services | 837 | 463 |
| Total | 15,898 | 14,098 |

## 2.2 Commission income: distribution channels of products and services

| Channels/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| a) at its own branches: | 417 | 545 |
| 1. asset management | 24 | 30 |
| 2. securities placement | 75 | 80 |
| 3. third party services and products | 318 | 435 |
| b) off-site offer: | 0 | 0 |
| 1. asset management | 0 | 0 |
| 2. securities placement | 0 | 0 |
| 3. third party services and products | 0 | 0 |
| c) other distribution channels | 0 | 0 |
| 1. asset management | 0 | 0 |
| 2. securities placement | 0 | 0 |
| 3. third party services and products | 0 | 0 |

## 2.3 Commission expenses: breakdown

| Services/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| a) guarantees received | 0 | 0 |
| b) credit derivatives | 0 | 0 |
| c) management and intermediation services: | -161 | -170 |
| 1. trading financial instruments | 0 | -5 |
| 2. trading foreign currency | -141 | -142 |
| 3. asset management | -20 | -24 |
| 3.1 own portfolios | 0 | 0 |
| 3.2 delegated by third parties | -20 | -24 |
| 4. custody and management of securities | 0 | 0 |
| 5. placement of financial instruments | 0 | 0 |
| 6. off-site offer of financial instruments, products and services | 0 | 0 |
| d) collection and payment services | -1,288 | -1,608 |
| e) other services | 0 | 0 |
| Total | -1,449 | -1,779 |

### *Section 3 - Dividends and similar income - Line item 70*

## 3.1 Dividends and similar income: breakdown

| Line items/Income | Total 31/12/2011 | | Total 31/12/2010 | |
|---|---|---|---|---|
| | Dividends | Income from shares of mutual funds | Dividends | Income from shares of mutual funds |
| A. Financial assets held for trading | 0 | 0 | 0 | 0 |
| B. Financial assets available for sale | 78 | 0 | 49 | 0 |
| C. Financial assets measured at fair value | 0 | 0 | 0 | 0 |
| D. Equity investments | 0 | 0 | 0 | 0 |
| Total | 78 | 0 | 49 | 0 |

### *Section 4 - Net trading income - Line item 80*

## 4.1 Net trading income: breakdown

| Transactions/Income components | Capital gains (A) | Trading profits (B) | Capital losses (C) | Trading losses (D) | Net income [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| 1. Financial assets from trading | 253 | 2,689 | 81 | 349 | 2,512 |
| 1.1 Debt securities | 253 | 2,134 | 81 | 349 | 1,957 |
| 1.2 Equity instruments | 0 | 0 | 0 | 0 | 0 |
| 1.3 Shares of mutual funds | 0 | 0 | 0 | 0 | 0 |
| 1.4 Loans | 0 | 0 | 0 | 0 | 0 |
| 1.5 Other | 0 | 555 | 0 | 0 | 555 |
| 2. Financial liabilities from trading | 0 | 0 | 0 | 0 | 0 |
| 2.1 Debt securities | 0 | 0 | 0 | 0 | 0 |
| 2.2 Liabilities | 0 | 0 | 0 | 0 | 0 |
| 2.3 Other | 0 | 0 | 0 | 0 | 0 |
| 3. Financial assets and liabilities: exchange rate differences | 0 | 0 | 0 | 0 | 0 |
| 4. Derivative instruments | 0 | 0 | 0 | 0 | 0 |
| 4.1 Financial derivatives | 0 | 0 | 0 | 0 | 0 |
| - On debt securities and interest rates | 0 | 0 | 0 | 0 | 0 |
| - On equity instruments and equity indexes | 0 | 0 | 0 | 0 | 0 |
| - On foreign currency and gold | 0 | 0 | 0 | 0 | 0 |
| - Other | 0 | 0 | 0 | 0 | 0 |
| 4.2 Credit derivatives | 0 | 0 | 0 | 0 | 0 |
| Total | 253 | 2,689 | 81 | 349 | 2,512 |

The table indicates the economic result from the portfolio of assets held for trading.

### *Section 5 - Net hedging income - Line item 90*

## 5.1 Net hedging result: breakdown

| Income components/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Income related to: | | |
| A.1 Hedges of fair value | 92 | 7 |
| A.2 Hedged financial assets (fair value) | 0 | 0 |
| A.3 Hedged financial liabilities (fair value) | 0 | 0 |
| A.4 Hedges of cash flows | 0 | 0 |
| A.5 Assets and liabilities in foreign currency | 0 | 0 |
| Total income from pledged assets (A) | 92 | 7 |
| B. Expenses related to: | | |
| B.1 Hedges of fair value | -29 | -14 |
| B.2 Hedged financial assets (fair value) | 0 | 0 |
| B.3 Hedged financial liabilities fair value) | 0 | 0 |
| B.4 Hedged cash flows | 0 | 0 |
| B.5 Assets and liabilities in foreign currency | 0 | 0 |
| Total expenses of hedged assets (B) | -29 | -14 |
| C. Net hedging income (A-B) | 64 | -7 |

The table indicates the net income from hedged assets. The income components recognized in the income statement derive from the measurement process between hedged liabilities and the relative hedge contracts.

### *Section 6 - Gains (Losses) from disposal/repurchase - Line item 100*

## *6.1 Gains (Losses) from disposal/repurchase: breakdown*

| Line items/Income components | Total 31/12/2011 | | | Total 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Gains | Losses | Net income | Gains | Losses | Net income |
| Financial assets | | | | | | |
| 1. Receivables from banks | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Receivables from customers | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Financial assets available for sale | 538 | 292 | 245 | 2,309 | 0 | 2,309 |
| 3.1 Debt securities | 538 | 292 | 245 | 2,309 | 0 | 2,309 |
| 3.2 Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.3 Shares of mutual funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 538 | 292 | 245 | 2,309 | 0 | 2,309 |
| Financial liabilities | | | | | | |
| 1. Payables to banks | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Payables to customers | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Outstanding securities | 4,553 | 90 | 4.462 | 249 | 381 | -132 |
| Total liabilities | 4,553 | 90 | 4.462 | 249 | 381 | -132 |

The table indicates the economic result deriving from the divestment of financial assets other than those held for trading.
With respect to assets available for sale in line item 3.1, there was a net positive income of 245 thousand Euro, of which gains on Italian Government securities for 431 thousand Euro and losses on other securities issued by banks in the amount of -186 thousand Euro.
The gain deriving from the repurchase of Outstanding securities, point 3 of financial liabilities, in the amount of 4,462 thousand Euro, originated from the following transactions:
1. the repurchase of the Bank's bonds on which the "premiums" from the sale of the relative hedges were capitalized (IAS 39, paragraph 92) in the amount of 3,420 thousand Euro;
2. the repurchase of the Bank's bonds - Other in the amount of 1,042 thousand Euro.

### *Section 8 - Net adjustment/write-backs of value due to impairment - Line item 130*

## *8.1 Net adjustments of value due to impairment of receivables: breakdown*

| Operations/Income components | Adjustments to value | | | Write-backs of value | | | | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|---|---|---|---|
| | Specification | | From portfolio | Specification | | From portfolio | | | |
| | Derecognition | Other | | From interest | Other write-backs | From interest | Other write-backs | | |
| A. Receivables from banks | | | | | | | | | |
| - loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - debt securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Receivables from customers | | | | | | | | | |
| - loans | 0 | -13,409 | -778 | 277 | 3,897 | 0 | 0 | -10,013 | -8,184 |
| - debt securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Total | 0 | -13,409 | -778 | 277 | 3,897 | 0 | 0 | -10,013 | -8,184 |

The table summarizes adjustments to value and write-backs of value recorded due to the impairment of receivables from customers.
In particular, the column "Other" includes specific write-downs of impaired receivables subject to "analytical" measurement, while the column "From portfolio" includes adjustments quantified exclusively on receivables in bonis.

**Section 9 - Administrative costs - Line item 150**

## 9.1 Personnel costs: breakdown

| Type of expenses/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1) Employees | -18,066 | -17,073 |
| a) salaries and wages | -12,695 | -11,906 |
| b) social security contributions | -2,902 | -2,745 |
| c) severance pay | 0 | 0 |
| d) social security | 0 | 0 |
| e) allocation to employee severance pay | -551 | -326 |
| f) allocation to pension fund and similar obligations: | 0 | 0 |
| - to a defined contribution plan | 0 | 0 |
| - to a defined services plan | 0 | 0 |
| g) payments to external complementary pension funds | -1,220 | -1,264 |
| - to a defined contribution plan | -1,220 | -1,264 |
| - to a defined services plan | 0 | 0 |
| h) costs deriving from payment agreements based on its own equity instruments | 0 | 0 |
| i) other employee benefits | -698 | -832 |
| 2) Other personnel | -769 | -646 |
| 3) Directors and Statutory Auditors | -317 | -339 |
| 4) Retired personnel | 0 | 0 |
| 5) Recovery of expenses for personnel temporarily transferred to other companies | 0 | 0 |
| 6) Recovery of expenses for third party personnel temporarily transferred to the company | 0 | 0 |
| Total | -19,151 | -18,058 |

The table indicates an increase of the aggregate in the amount of 1,093 thousand Euro (+6.05%).

## 9.2 Average number of employees by category

| Description | Values 31/12/2011 | Values 31/12/2010 |
|---|---|---|
| Employees | 252 | 242 |
| a) Managers | 3 | 3 |
| b) Middle management employees | 40 | 34 |
| c) Remaining employees | 209 | 205 |
| Other personnel | 16 | 12 |
| Total | 268 | 254 |

## Precise number of employees by category

| Description | Values 31/12/2011 | Values 31/12/2010 |
|---|---|---|
| Employees | 258 | 252 |
| a) Managers | 3 | 3 |
| b) Middle management employees | 40 | 34 |
| c) Remaining employees | 215 | 215 |
| Other personnel | 24 | 16 |
| Total | 282 | 268 |

## 9.5 Other administrative costs: breakdown

| Line items/Values | Total | Total | Variatio | Variatio |
|---|---|---|---|---|

| | 31/12/2011 | 31/12/2010 | n | n % |
|---|---|---|---|---|
| 1. Insurers and security | -1,028 | -1,069 | 41 | -3.84% |
| 2. Advertising and entertainment | -1,544 | -1,741 | 198 | -11.36% |
| 3. Rent for real property | -1,102 | -1,019 | -83 | 8.11% |
| 4. Maintenance, repairs, transformation of real and personal property | -2,918 | -2,461 | -457 | 18.55% |
| 5. Electricity, heating and cleaning services | -1,000 | -840 | -160 | 19.00% |
| 6. Telex, telephone and postage | -1,115 | -1,423 | 308 | -21.64% |
| 7. Costs for data processing | -1,621 | -1,424 | -198 | 13.88% |
| 8. Stamped paper and stationary | -426 | -416 | -10 | 2.52% |
| 9. Fees to outside professionals | -574 | -615 | 41 | -6.69% |
| 10. Expenses for write-backs of receivables | -18 | -23 | 5 | -20.18% |
| 11. Technical assistance and maintenance of software products | -472 | -453 | -19 | 4.22% |
| 12. Information and registry searches | -1,418 | -1,613 | 195 | -12.07% |
| 13. Charitable contributions allocated to the income statement | -19 | -15 | -4 | 24.92% |
| 14. Expenses for treasury assets | -88 | -93 | 6 | -6.02% |
| 15. Travel and transportation costs | -363 | -330 | -34 | 10.19% |
| 16. Indirect taxes | -3,255 | -2,796 | -459 | 16.41% |
| 17. Other costs | -911 | -706 | -205 | 29.01% |
| Total | -17,873 | -17,039 | -834 | 4.90% |

***Section 11 - Net adjustments/write-backs of value for Property, plant and equipment - Line item 170***

## 11.1 Net adjustments of value for Property, plant and equipment: breakdown

| Assets/Income component | Depreciation (a) | Adjustments to value due to impairment (b) | Write-backs of value (c) | Net income (a+b-c) |
|---|---|---|---|---|
| A. Property, plant and equipment | | | | |
| A.1 Owned | -2,502 | 0 | 0 | -2,502 |
| - For functional use | -2,502 | 0 | 0 | -2.502 |
| - For investment | 0 | 0 | 0 | 0 |
| A. 2 Acquired in financial leasing | 0 | 0 | 0 | 0 |
| - For functional use | 0 | 0 | 0 | 0 |
| - For investment | 0 | 0 | 0 | 0 |
| Total | -2,502 | 0 | 0 | -2,502 |

***Section 12 - Net adjustments/write-backs of value to Intangible assets - Line item 180***

## 12.1 Net adjustments to value for intangible assets: breakdown

| Assets/Income component | Amortization (a) | Adjustments to value due to impairment (b) | Write-backs of value (c) | Net income (a+b-c) |
|---|---|---|---|---|
| A. Intangible assets | | | | |
| A.1 Owned | -47 | 0 | 0 | -47 |
| - Generated internally by the company | 0 | 0 | 0 | 0 |
| - Other | -47 | 0 | 0 | -47 |
| A.2 Acquired in financial leasing | 0 | 0 | 0 | 0 |
| Total | -47 | 0 | 0 | -47 |

### Section 13 - Other management income and expenses - Line item 190

## 13.1 Other management expenses: breakdown

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Contingent liabilities and non-existent assets | -114 | -22 |
| 2. Use of the Guarantee Fund for BCC's depositors | -431 | -38 |
| 3. Depreciation of third party assets | -58 | -45 |
| Total | -603 | -105 |

### Section 13 – Other management income and expenses - Line item 190

## 13.2 Other management income: breakdown

| Line items/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Recovery of expenses | 2,222 | 2,490 |
| 4. Contingent assets and non-existent liabilities | 72 | 192 |
| 5. Other income | 20 | 0 |
| Total | 2,314 | 2,682 |

### Section 14 – Gains (losses) from equity investments - Line item 210

## 14.1 Gains (losses) from equity investments: breakdown

| Income component/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Income | | |
| 1. Revaluations | 641 | 228 |
| 2. Gains from disposals | 11 | 0 |
| 3. Write-backs of value | 0 | 0 |
| 4. Other income | 25 | 0 |
| B. Expenses | | |
| 1. Write-downs | 0 | 0 |
| 2. Adjustments to value from impairment | 0 | 0 |
| 3. Losses from disposals | 0 | 0 |
| 4. Other expenses | 0 | 0 |
| Net income | 677 | 228 |

Line A.1 "Revaluation" includes the following transactions:
- Revaluation of Cabel Leasing s.p.a. in the amount of 115 thousand Euro for the fiscal year profit achieved by the subsidiary;
- Revaluation of Cabel Holding s.p.a. in the amount of 462 thousand Euro for the fiscal year profit achieved by the subsidiary;
- Revaluation of Cabel Industry s.p.a. in the amount of 64 thousand Euro for the fiscal year profit achieved by the subsidiary

### Section 17 - Gains (losses) from the disposal of investments - Line item 240

## 17.1 Gains (losses) from the disposal of investments: breakdown

| Income component/ Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Property, plant and equipment | | |
| - Gains from disposal | 0 | 0 |
| - Losses from disposal | 0 | -25 |

| | | |
|---|---|---|
| B. Other assets | | |
| - Gains from disposal | 10 | 9 |
| - Losses from disposal | 0 | 0 |
| Net income | 10 | -16 |

***Section 18 - Fiscal year income taxes on current operations - Line item 260***

## *18.1 Fiscal year income taxes on current operations: breakdown*

| Income components/Values | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| 1. Current taxes (-) | -4,734 | -3,122 |
| 2. Variation of current taxes of previous fiscal years (+/-) | 0 | 0 |
| 3. Reduction of current taxes for fiscal year (+) | 0 | 0 |
| 4. Variation of pre-paid taxes (+/-) | 1,222 | 865 |
| 5. Variation of deferred taxes (+/-) | 132 | 132 |
| 6. Fiscal year income taxes(-) (1+/-2+3+/-4+/-5) | -3,380 | -2,125 |

Current taxes are measured in accordance with outstanding tax legislation.
For purposes of Ires, current taxes were calculated considering provisions regarding mutual aid cooperatives, introduced by Law 311/2004.

## *Summary of fiscal year income taxes by type of tax*

| Income components/Values | Total 31/12/2011 |
|---|---|
| - Ires | -1,285 |
| - Irap | -2,095 |
| - Other taxes | 0 |
| Total | -3,380 |

## *18.2 Reconciliation between theoretical tax burden and effective tax burden in the balance sheets*

| Line items/Values | Ires | Tax rate | Irap | Tax rate |
|---|---|---|---|---|
| (A) Gain (Loss) from current operations before taxes | 10,680 | | 10,680 | |
| (B) Income taxes – Theoretical burden | 2,937 | 27.50% | 595 | 5.57% |
| Reductions of tax base | 13,335 | 27.50% | 6,815 | 5.57% |
| Additions to tax base | 12,523 | 27.50% | 32,410 | 5.57% |
| Tax base | 9,868 | | 36,276 | |
| Income taxes – Effective tax burden | 2,714 | 27.50% | 2,021 | 5.57% |
| Pre-paid/deferred taxes | -1,429 | 27.50% | 75 | 5.57% |
| Total taxes | 1,285 | | 2,095 | |
| Overall tax | 3,380 | | | |
| Effective tax rate | 31.65% | | | |

***Section 20 - Other information***

## *Mutual aid*

It is certified that the conditions for being a cooperative bank exist and remain.
For such purpose, in accordance with what is provided by Article 2512 of the Italian Civil Code and by Article 35 of Legislative Decree 385/1993 and the related Supervisory Regulations, during the course of fiscal year 2011 the Bank satisfied the pre-requisites on prevalent operations with shareholders.

It is certified that “risk assets” for shareholders and zero weighted assets exceeded 50% of the total during the course of fiscal year 2011. Specifically, as of the reporting date of the 2011 Financial Statements, the above ratio was 53.842%.

# PART D - OVERALL PROFITABILITY

***Analytical schedule of overall profitability – 2010***

| Line items | Gross amount | Income tax | Net amount |
|---|---|---|---|
| 10. Fiscal year Profit (Loss) | X | X | 8,400 |
| Other income components | | | |
| 20. Financial assets available for sale: | -11,581 | -3,743 | -7,838 |
| a) variations of fair value | -12,763 | -4,125 | |
| b) reversal to the income statement | 1,182 | 382 | |
| - adjustments due to impairment | 0 | 0 | |
| - gains/losses from use | 1,182 | 382 | |
| c) other variations | 0 | 0 | |
| 30. Property, plant and equipment | 0 | 0 | 0 |
| 40. Intangible assets | 0 | 0 | 0 |
| 50. Hedging foreign investments: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 60. Hedging cash flows: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 70. Exchange rate differences: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 80. Noncurrent assets in the course of divestment: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 90. Actuary profit (loss) on defined benefit plans | 0 | 0 | 0 |
| 100. Share of the valuation reserves from measurement of equity investments: | 799 | 11 | 788 |
| a) variations of fair value | 799 | 11 | |
| b) reversal to the income statement | 0 | 0 | |
| - adjustment due to impairment | 0 | 0 | |
| - gains/losses from use | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 110. Total other income components | -10,782 | -3,732 | -7,050 |
| 120. Overall profitability (10+110) | | | 1,350 |

***Analytical schedule of overall profitability – 2011***

| Line items | Gross amount | Income tax | Net amount |
|---|---|---|---|
| 10. Fiscal year Profit (Loss) | X | X | 7,300 |
| Other income components | | | |
| 20. Financial assets available for sale: | -36,785 | -12,258 | -24,526 |
| a) variations of fair value | -36,184 | -12,060 | |
| b) reversal to the income statement | -600 | -199 | |
| - adjustment due to impairment | 0 | 0 | |
| - gains/losses from use | -600 | -199 | |
| c) other variations | 0 | 0 | |

| | | | |
|---|---|---|---|
| 30. Property, plant and equipment | 0 | 0 | 0 |
| 40. Intangible assets | 0 | 0 | 0 |
| 50. Hedges of foreign investments: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 60. Hedges of cash flows: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 70. Exchange rate differences: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 80. Noncurrent assets in the course of divestment: | 0 | 0 | 0 |
| a) variations of fair value | 0 | 0 | |
| b) reversal to the income statement | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 90. Actuary gains (losses) on defined benefit plans | 0 | 0 | 0 |
| 100. Share of the valuation reserves from measurement of equity investments: | 327 | 4 | 322 |
| a) variations of fair value | 327 | 4 | |
| b) reversal to the income statement | 0 | 0 | |
| - adjustment due to impairment | 0 | 0 | |
| - gains/losses from use | 0 | 0 | |
| c) other variations | 0 | 0 | |
| 110. **Total other income components** | -36,458 | -12,254 | -24,204 |
| 120. **Overall profitability** (10+110) | | | -16,904 |

International accounting standards allow allocating financial instruments to different portfolios to which accounting standards are applied that result in the allocation of costs or income directly to special reserves of shareholders' equity without going through the income statement.
The chart shows the overall result, considering income items matured and realized in the fiscal year that were recognized directly in shareholders' equity, sterilizing the components that already matured and thus which had been recognized in shareholders' equity in previous fiscal years, but which are the object of a second and definitive allocation to the income statement (reversal) at the time effectively realized.

# PART E - INFORMATION ON RISKS AND THE RELATIVE HEDGING POLICIES

## Section 1 - Credit risk

### *Qualitative information*

### *1. General Information*

The Bank's credit policy, as implementation of its cooperative mission, is aimed at providing financial support to local economies in the territory by means of the supply of financial resources to parties who satisfy adequate criteria of creditworthiness.
The size and breakdown of the credit portfolio reflects the financial needs of two specific segments of customers: sound small and mid-sized companies and households.
The Bank favors loans to mid-size companies and to small economic operators because they are entities which, being extraneous to larger financial circuits, require an intermediary of reference, able to understand their needs, satisfy them with recognized qualities of competence, efficiency and executive speed, and that follows their development over time.
In such context lending activity is based on prudence and the initiation of a relationship with borrowers based on reciprocal trust and transparency and which is aimed, even in new regulatory and market contexts, at enhancing the Bank's distinctive aptitude in maintaining personalized and long-term relationships with the economic operators in the territory by means of efficient internal procedures.
The distribution of resources is traditionally based on broad diversification in order to minimize risks.
Exposures of significant amounts with respect to individual counterparties, or counterparties who are legally and/or economically related, are constantly monitored and maintained within extremely prudent thresholds in relation to the Bank's capital and economic equilibrium.
The credit portfolio is also broadly diversified with respect to economic sectors and/or geographic areas, in such a way as to contain any negative impacts due to reduced performance.
The strategic and management guidelines discussed herein were not modified during the year in course with respect to previous fiscal years.

### *2. Credit risk management policies*

#### 2.1. Organizational aspects

The factors that generate credit risk originate from the possibility that an unexpected variation of a counterparty's creditworthiness, with respect to whom there is exposure, generates a corresponding unexpected variation of the market value of the credit position.
Therefore, a manifestation of credit risk must be considered to be not only the possibility of a counterparty's insolvency, but also the simple impairment of its creditworthiness.
Management of the credit process is aimed at maximum efficiency, oriented towards personalization with respect to the customer, and provides a series of controls intended to mitigate risks in its individual phases and sub-phases.
The procedures and organizational structure provided for this purpose have been formalized, clearly specifying activities, roles and responsibilities. Said procedures have been formalized in "Credit Rules".
In order to avoid conflicts of interest, the necessary separation is ensured between operative functions and control functions, with the determination of levels of responsibility.
The system of delegations of lending authority, approved by the Board of Directors in compliance with the principle of «cascade» delegations of authority, provides for fairly prudent lending limits to be delegated to the branch structures.
The bodies and principal corporate departments that supervise the lending process are indicted below, as well as their primary responsibilities.
– The *Board of Directors.* Supervises and oversees the proper allocation of resources, and specifically:

- determines strategic lines and credit policies;
- determines the criteria for the recognition, management and measurement of risks;

- approves the structure of the system of delegations of authority and controls that they are properly exercised;
- verifies that the organization of control functions is determined consistently with strategic guidelines, and that they have appropriate autonomy of judgment and qualitatively and quantitatively adequate resources.

- The *Executive Committee* deliberates within the scope of powers delegated by the Board of Directors.

– *General Management.* Implements the strategies and policies determined by the Board of Directors, and specifically:

- prepares adequate rules, activities, procedures and organizational structures to ensure the adoption and maintenance of an efficient credit process and a solid risk control system associated with it;
- verifies the adequacy and functioning of the above components, including in view of internal and external changes that affect the Bank;
- takes the necessary measures to eliminate any shortcomings or dysfunctions that might eventually be disclosed. Further, it deliberates within the scope of its delegated powers.

– The *Branches.* They are assigned the primary task of managing the relationship with borrowers/customers in the process of becoming borrowers. They acquire the documentation, make an initial selection of applications, decide directly on the applications for which they are competent and transmit those beyond their scope of competence to higher Bodies, accompanied by their opinion.

– The *Coordination structures (Area Manager).* They ensure fundamental support to the branches in managing the more complex credit positions and/or which present factors of a critical nature. They review credit applications, deliberate with respect to those for which they are competent and express an opinion of merit on those transmitted to higher Bodies.

– *The Central Risk Area*. Supports, by means of the Secretariat risk office, the central deliberating bodies by receiving the credit applications from the branches, verifies formal accuracy and completeness, completes the credit application process. It deliberates with respect to those for which it is competent, and expresses an opinion of merit on those transmitted to higher Bodies.

– *The Credit Control Office*. Monitors the accounts entrusted to it, identifies those that appear to be anomalous and, based on their gravity, places them under observation or proposes to restructure them, assign them to the watchlist, or classify them as non performing.

– *The Legal and Claims Department.* Provides the system with consulting services and legal assistance. Specifically, it takes the necessary legal action to recover receivables for «non performing» accounts and, together with the Credit Control Office, performs extrajudicial activity.

– *The Inspector's Office.* Verifies the functioning of controls and compliance with rules and procedures. In particular, it verifies compliance with the criteria for the proper classification of receivables.

– *Risk Committee – Credit Risk Department.* Composed of the managers of the Central Risk Area's Secretariat, Credit Control Office, Legal-Claims Department, Inspector's Office and Organizational Office, performs consulting activity and assistance to the General Management in determining the means, activities, and procedures aimed at ensuring the adoption and maintenance of an efficient credit process and a solid system of risk control associated with it. Specifically, the Committee in staff to the Managing Director acts as a point of synthesis with respect to the supervision of the internal control system. In accordance with various kinds of analysis, it analyzes the risk level of the portfolio of receivables, produces the relative informational flows, and makes them available to the competent bodies and operative functions.

### 2.2 Management, measurement and control systems

The individual articulations of the structure involved in the various phases of the credit process perform the controls commonly defined as «frontline or first level», aimed at guaranteeing the propriety of the procedures followed. The Inspector's Office works on "second level" controls and the Internal Audit department acts transversally with respect to the entire system..

The borrowing positions are subject to periodic review aimed at determining, in relation to the situations discovered at the time of the credit application process, the continuation of the conditions of the borrower's solvency as well as that of any eventual guarantors, credit quality, validity and level of protection of the relative security, and profitability of the conditions applied in relationship to the risk profile.

The fiduciary positions are subject to supervision and monitoring in order to timely ascertain the occurrence or continuation of eventual anomalies by means of early warning instruments and procedures.

In such context, an important role is granted to the Bank's offices that hold the loan accounts in that, by maintaining relationships with customers, they are able to immediately perceive eventual signals of impairment; their activity is integrated by that of the Credit Control Office.

As support to the governance activities of the credit processes, the Bank has implemented specific procedures, both for the phases of the credit application/deliberative process as well as for the phases of the measurement/control of credit risk.

Specifically, the application process and decision are regulated by a decision-making bureaucratic procedure in which the diverse competent bodies, belonging both to the central structures as well as that of the network, intervene on the basis of the levels of the delegations of authority granted.

Such phases are supported by the "Electronic Line of Credit Procedure", which allows verification (at any time and by all of the departments entrusted with credit management) of the status of each borrower or in the phase of becoming a borrower. Such procedure also allows the process that has led to the valuation of creditworthiness of the borrower to be reconstructed at any time, monitoring the various steps leading to the decision and the kinds of analysis made.

The measurement, control and monitoring of the credit risk trend is based on a procedure that indicates the risk factors, actual or potential for each account, and thus the relative risk profile.

The constant monitoring of the indications provided by the procedure, made by the network's staff (responsible for the first level controls), but also by the central units entrusted with the same, allows timely intervention as soon as anomalous positions arise and the opportune measures to be taken in cases of problematic receivables.

A model has currently been determined for the attribution of an internal rating to the Bank's "business" customers. Such rating consists of a synthetic final score determined on the basis of a series of qualitative considerations, and its insertion in the credit management process (from issue to the monitoring and control of the relative risk level) has been implemented, attributing the network of branch offices graduated authority with regard to amounts and the applicable economic conditions in relation to the business customer's rating class. The objective is that of increasingly utilizing it for management purposes as a synthetic index of the counterpart's creditworthiness. With respect to the new regulations on Share Capital (the so-called Basel II regulations), it is noted that the Bank, in order to calculate the equity ratio relative to the credit risk, has for the time being opted to use the "standard" method.

During the credit application process, as well as during the issue and monitoring phases, controls are made of the concentration of risks with reference to significant exposure with regard to individual counterparts or groups of counterparts that are legally or economically related.

For such purpose, individual limits are used as references for major loans which, according to the outstanding supervisory system, constitute a «large risk».

### 2.3 Techniques for mitigating credit risk

In line with the Bank's objectives and strategies, the principal form of mitigation of the credit risk related to lending activity is represented by the technical form of a guarantee. The Bank acquires the typical guarantee found in banking activity: primarily collateral consisting of real property and financial instruments, as well as personal security.

The latter, represented above all by generic limited bank guarantees, are issued in almost all cases by individuals and manufacturers whose creditworthiness, object of a specific rating, is deemed adequate.

Whether or not security has been offered is considered when weighing the overall credit that can be granted to a customer or to the legal and/or economic group to which it might belong.

Prudential «discounts» are applied to the estimated value of the collateral offered by the counterpart, in proportion to the type of hedge provided (mortgages on real property, pledges on cash or other financial instruments).

Structural configurations and procedures are used during the acquisition, appraisal/valuation, control and realization phases of the guarantee aimed at ensuring, over time, enforceability against third parties and general enforceability.
The controls in object are performed by centralized structures that are separate from those that disburse and review the loan; the Inspector's Office ensures that the assets are managed properly and prudently by means of periodic controls.
No significant changes were registered with respect to the information provided above during the course of the fiscal year.

**2.4 Impaired financial assets**

Risk profiles are supervised during all of the administrative phases that characterize the fiduciary relationship and, specifically, by means of an efficient supervisory and monitoring activity aimed at formulating timely assessments of eventual anomalies as soon as they arise.
Receivables that give signals of particularly serious impairment are classified as «impaired» and, depending on the type and gravity of the anomaly, are divided into the following categories:
– *Non performing*, total of the existing exposure with parties in states of insolvency or in substantially comparable situations, regardless of the security guaranteeing them and/or eventual loss forecasts;
– *Watchlist*, total of the existing exposure with respect to borrowers who are in temporary situations of objective difficulty, which it is expected can be eliminated within a suitable period of time;
– *Restructured*, exposure for which, due to the deterioration of the borrower's economic-financial conditions, modifications are agreed to the original contractual conditions that result in a loss;
– *Overdue/overdrawn*, exposure that remains unpaid and/or overdue/overdrawn in a continuous manner according to parameters of amounts and duration determined by outstanding supervisory measures.
Receivables that do not fall within the above categories are considered to be performing (*in bonis)*.
The management of «impaired» receivables requires suitable initiatives with respect to the gravity of the situation, in order to bring them back within normal limits or, in the event this is not possible, implementation of adequate credit recovery procedures.
More specifically, with regard to accounts that are:
– *non performing,* the opportune credit recovery procedures are implemented; in the event circumstances allow it, repayment plans are prepared and/or settlement proposals are evaluated aimed at the definitive closure of the relationship extra-judicially when required by criteria of economic considerations;
– *watchlist,* they are restored when the original conditions of creditworthiness and the economic conditions of the relationship are restored within a suitable period of time, or when, after determining that such solution is impossible, the necessary measures are taken to transfer these accounts to non performing accounts;
– *restructured,* precise compliance with the conditions that had been agreed upon is verified over time. The qualification as a restructured account remains, except that after a suitable period of time has elapsed from the date of stipulation of the restructuring agreement and upon verifying the restoration of conditions of full solvency as well as the lack of unpaid items on all existing credit lines, the return of the customer to «*in bonis*» status is provided. Upon verification of the first breach by the borrower, whatever steps are required to transfer the account to watchlist or non performing are taken;
– *overdue/overdrawn*, their development is monitored and timely attempts are made to bring the account back to a normal situation; upon verifying the effective state of the borrower's financial difficulty and when the necessary conditions exist, whatever steps are required to transfer the account to watchlist or non performing are taken.
Adjustments of value are made in strict compliance with laws and regulations and in accordance with principles of absolute prudence. The ratings, due to the use of reliable and rigorous measurement methodology and the frequent updating of their underlying factors, are adequate with respect to the portfolio's effective risk level.

***Quantitative information***

### *A. Credit quality*

## *A.1 Exposure to impaired and in bonis receivables: amount, adjustments to value , dynamics, economic and territorial distribution*

### A.1.1 Distribution of exposure to financial receivables by the portfolio to which they belong and by credit quality (balance sheet value)

| Portfolio/type | Non performing | Watchlist | Restructured accounts | Overdue/overdrawn accounts | Other assets | Total 31/12/2011 |
|---|---|---|---|---|---|---|
| 1. Financial assets held for trading | 0 | 0 | 0 | 0 | 13,062 | 13,062 |
| 2. Financial assets available for sale | 0 | 0 | 0 | 0 | 640,871 | 640,871 |
| 3. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Receivables from banks | 0 | 0 | 0 | 0 | 62,996 | 62,996 |
| 5. Receivables from customers | 56,412 | 95,944 | 16,866 | 16,457 | 1,532,519 | 1,718,199 |
| 6. Financial assets measured at fair value | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Financial assets in the course of divestment | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Hedges | 0 | 0 | 0 | 0 | 7,738 | 7,738 |
| Total 31/12/2011 | 56,412 | 95,944 | 16,866 | 16,457 | 2,257,185 | 2,442,865 |
| Total 31/12/2010 | 40,879 | 107,944 | 18,590 | 14,688 | 2,075,098 | 2,257,198 |

The table indicates classification by type of receivables of the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds amounting to 1,264 thousand Euro.
The values indicated are those of the balance sheet, net therefore, of the relative write-downs.

### A.1.2 Distribution of exposure to financial receivables by the portfolio to which they belong and by credit quality (gross and net values)

| Portfolio/type | Impaired assets | | | In bonis | | | Total (net exposure) |
|---|---|---|---|---|---|---|---|
| | Gross exposure | Special adjustments | Net exposure | Gross exposure | Adjustment di portfolio | Net exposure | |
| 1. Financial assets held for trading | 0 | 0 | 0 | 13,062 | 0 | 13,062 | 13,062 |
| 2. Financial assets available for sale | 0 | 0 | 0 | 640,871 | 0 | 640,871 | 640,871 |
| 3. Financial assets held through maturity | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Receivables from banks | 0 | 0 | 0 | 62,996 | 0 | 62,996 | 62,996 |
| 5. Receivables from customers | 219,786 | 34,106 | 185,680 | 1,536,413 | 3,894 | 1,532,519 | 1,718,199 |
| 6. Financial assets measured at fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Financial assets in the course of divestment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Hedges | 0 | 0 | 0 | 7,738 | 0 | 7,738 | 7,738 |
| Total 31/12/2011 | 219,786 | 34,106 | 185,680 | 2,261,079 | 3,894 | 2,257,185 | 2,442,865 |
| Total 31/12/2010 | 205,507 | 26,308 | 179,199 | 2,081,117 | 3,117 | 2,077,999 | 2,257,198 |

The table indicates classification by type of receivable of the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds amounting to 1,264 thousand Euro.
The values indicated are those of the balance sheet, net, therefore, of the relative write-downs.

### A.1.2.1. Detailed information on portfolio receivables from customers in bonis object of renegotiation in the context of collective bargaining agreements and other exposure

| Portfolio | Exposure in bonis (gross) - Total | Exposure not overdue | Rate overdue up to 3 months | Rate overdue beyond 3 up to 6 months | Rate overdue beyond 6 months up to 1 year | Rate overdue beyond 1 year |
|---|---|---|---|---|---|---|
| 5. Receivables from customers | 1,536,413 | 1,535,365 | 712 | 286 | 50 | |
| of which: object of renegotiation in the context of collective bargaining agreements (for ex. Framework Agreement ABI-MEF) | 52,814 | 52,802 | 12 | | | |

### A.1.3 Cash and off balance sheet exposure to banks: gross and net values

| Type of exposure/values | Gross exposure | Special adjustments to value | Adjustments to portfolio value | Net exposure |
|---|---|---|---|---|
| A. CASH EXPOSURE | | | | |
| a) Non performing | 0 | 0 | 0 | 0 |
| b) Watchlist | 0 | 0 | 0 | 0 |
| c) Restructured accounts | 0 | 0 | 0 | 0 |
| d) Overdue/overdrawn accounts | 0 | 0 | 0 | 0 |
| e) Other assets | 143,537 | 0 | 0 | 143,537 |
| TOTAL A | 143,537 | 0 | 0 | 143,537 |
| B. OFF BALANCE SHEET EXPOSURE | | | | |
| a) Impaired | 0 | 0 | 0 | 0 |
| b) Other | 19,225 | 0 | 0 | 19,225 |
| TOTAL B | 19,225 | 0 | 0 | 19,225 |
| TOTAL A+B | 162,762 | 0 | 0 | 162,762 |

The cash values indicated are taken from the balance sheet, net of relative impaired receivables. In addition to Asset line item 60, parts of asset line items 20 and 40 were included, amounting to 80,542 thousand Euro.

### A.1.6 Cash and off balance sheet exposure to customers: gross and net values

| Type of exposure/values | Gross exposure | Special adjustments to value | Adjustments to portfolio value | Net exposure |
|---|---|---|---|---|
| A. CASH EXPOSURE | | | | |
| a) Non performing loans | 79,463 | 23,051 | 0 | 56,412 |
| b) Watchlist | 103,493 | 7,548 | 0 | 95,944 |
| c) Restructured accounts | 19,603 | 2,737 | 0 | 16,866 |
| d) Overdue/overdrawn accounts | 17,227 | 770 | 0 | 16,457 |
| e) Other assets | 2,109,796 | 0 | 3,894 | 2,105,902 |
| TOTAL A | 2,329,582 | 34,106 | 3,894 | 2,291,582 |
| B. OFF BALANCE SHEET EXPOSURE | | | | |
| a) Impaired | 11,139 | 0 | 0 | 11,139 |
| b) Other | 123,551 | 0 | 0 | 123,551 |
| TOTAL B | 134,691 | 0 | 0 | 134,691 |

The table indicates the breakdown of accounts receivable from customers by type of receivable. Specifically, all financial assets regarding customers are reported, taken from balance sheet line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds amounting to 1,264 thousand Euro, were excluded, as well as securities issued by banks in the amount of 80,549 thousand Euro.

### A.1.7 Cash exposure to customers: dynamics of gross impaired accounts

| Variables/Categories | Non performing | Watchlist | Restructured accounts | Overdue/overdrawn accounts |
|---|---|---|---|---|
| A. Initial gross exposure | 61,436 | 112,289 | 19,332 | 15,351 |
| - of which: accounts disposed of but not derecognized | 0 | 0 | 0 | 0 |
| B. Additions | | | | |
| B.1 entries from receivables in bonis | 2,262 | 45,498 | 8,571 | 37,218 |
| B.2 transfers from other categories of impaired accounts | 20,267 | 5,502 | 428 | 0 |
| B.3 Other additions | 2,944 | 5,324 | 414 | 895 |
| C. Reductions | | | | |
| C.1 transfers to receivables in bonis | 0 | 28,334 | 0 | 16,183 |
| C.2 derecognition | 2,922 | 0 | 0 | 0 |
| C.3 collections | 4,523 | 15,912 | 9,143 | 14,346 |
| C.4 income from disposals | 0 | 0 | 0 | 0 |
| C.5 transfers to other categories of impaired accounts | 0 | 20,875 | 0 | 5,708 |
| C.6 other reductions | 0 | 0 | 0 | 0 |
| D. Final gross exposure | 79,463 | 103,493 | 19,603 | 17,227 |
| - of which: accounts disposed of but not derecognized | 0 | 0 | 0 | 0 |

### A.1.8 Cash exposure to customers: dynamics of adjustments to overall value

| Variables/Categories | Non performing | Watchlist | Restructured accounts | Overdue/overdrawn accounts |
|---|---|---|---|---|
| A. Initial overall adjustments | 20,557 | 4,345 | 743 | 663 |
| - of which: exposure disposed of but not derecognized | 0 | 0 | 0 | 0 |
| B. Additions | | | | |
| B.1 adjustments to value | 4,568 | 1,614 | 0 | 0 |
| B.2 transfers from other categories of impaired accounts | 3,486 | 215 | 4 | 16 |
| B.3 Other additions | 1,010 | 6,446 | 2,444 | 1,164 |
| C. Reductions | 0 | 0 | 0 | 0 |
| C.1 write-backs of value from measurement | 391 | 77 | 0 | 63 |
| C.2 write-backs of value from collections | 1,271 | 1,513 | 453 | 772 |
| C.3 derecognition | 2,751 | 0 | 0 | 0 |
| C.4 transfers to other categories of impaired accounts | 0 | 3,482 | 0 | 239 |
| C.5 Other reductions | 2,157 | 0 | 0 | 0 |
| D. Final overall adjustments | 23,051 | 7,548 | 2,737 | 770 |
| - of which: exposure disposed of but not derecognized | 0 | 0 | 0 | 0 |

## *A.2 Classification of exposure based on external and internal ratings*

### A.2.1 Distribution of cash and off balance sheet exposure by class of external rating

| Exposure | Classes of external ratings | | | | | | Without a rating | Total 31/12/2011 |
|---|---|---|---|---|---|---|---|---|
| | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Class 6 | | |
| A. Cash exposure | 0 | 602,515 | 20,733 | 4,309 | 0 | 0 | 1,807,562 | 2,435,119 |
| B. Derivatives | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| B.1 Financial derivatives | 0 | 3,590 | 3,873 | 0 | 0 | 0 | 275 | 7,738 |
| B.2 Credit derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Security given | 0 | 0 | 0 | 0 | 0 | 0 | 132,114 | 132,114 |
| D. Commitments to issue funds | 0 | 0 | 0 | 0 | 0 | 0 | 17,858 | 17,858 |
| Total | 0 | 606,105 | 24,606 | 4,309 | 0 | 0 | 1,957,808 | 2,592,829 |

Class 1 = AAA/AA-
Class 2 = A+/A-
Class 3 = BBB+/BBB-
Class 4 = BB+/BB-
Class 5 = B+/B-
Class 6 = Lower than B-
The exposure considered was taken from the balance sheets present in the previous tables A.1.3 (exposure to banks) and A.1.6 (exposure to customers), as well as hedges.

## A.3 Distribution of secured exposure by type of guarantee

### A.3.2 Secured credit exposure to customers - part 1

| | Net exposure value | Collateral (1) | | |
|---|---|---|---|---|
| | | Real property | Securities | Other collateral |
| 1. Secured cash credit exposure: | | | | |
| 1.1 totally secured | 1,316,273 | 1,074,954 | 28,271 | 2,521 |
| - of which impaired | 178,369 | 156,851 | 236 | 117 |
| 1.2 partially secured | 69,243 | 0 | 27,574 | 2,957 |
| - of which impaired | 583 | 0 | 151 | 0 |
| 2 Secured off balance sheet credit exposure: | | | | |
| 2.1 totally secured | 53,708 | 1,149 | 3,984 | 548 |
| - of which impaired | 6,564 | 485 | 699 | 0 |
| 2.2 partially secured | 17,313 | 0 | 2,060 | 5,054 |
| - of which impaired | 504 | 0 | 60 | 44 |

### A.3.2 Secured credit exposure to customers - part 2

| | Personal security (2) | | | | | | | | | Total (1)+(2) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Credit derivatives | | | | | Endorsement receivables | | | | |
| | CLN | Other derivatives | | | | Governments and central banks | Other public entities | Banks | Other parties | |
| | | Governments and central banks | Other public entities | Banks | Other parties | | | | | |
| 1 Secured cash credit exposure: | | | | | | | | | | |
| 1.1 totally secured | 0 | 0 | 0 | 0 | 0 | 0 | 413 | 0 | 203,949 | 1,310,107 |
| - of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,787 | 175,991 |
| 1.2 partially secured | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 250 | 17,076 | 47,870 |
| - of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 267 | 418 |
| 2 Secured off balance sheet credit exposure | | | | | | | | | | |
| 2.1 totally secured | 0 | 0 | 0 | 0 | 0 | 0 | 105 | 0 | 46,815 | 52,600 |
| - of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,379 | 6,562 |
| 2.2 partially secured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,647 | 9,761 |
| - of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 104 |

### B. Distribution and concentration of credit exposure

## B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) by sector - part 1

| Exposure/Counterparty | Governments | | | Other public entities | | |
|---|---|---|---|---|---|---|
| | Net exposure | Special adjustments to value | Adjustment portfolio value | Net exposure | Special adjustments to value | Adjustment portfolio value |
| A. Cash exposure | | | | | | |
| A.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| A.5 Other exposure | 563,176 | 0 | 0 | 9,425 | 0 | 1 |
| TOTAL A | 563,176 | 0 | 0 | 9,425 | 0 | 1 |
| B. "Off balance sheet" exposure | | | | | | |
| B.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 0 | 0 | 0 | 206 | 0 | 0 |
| TOTAL B | 0 | 0 | 0 | 206 | 0 | 0 |
| TOTAL (A+B) 31/12/2011 | 563,176 | 0 | 0 | 9,630 | 0 | 1 |
| TOTAL (A+B) 31/12/2010 | 357,796 | 0 | 0 | 7,216 | 0 | 0 |

## B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) by sector – part 2

| Exposure/Counterparty | Finance companies | | | Insurers | | |
|---|---|---|---|---|---|---|
| | Net exposure | Special adjustments to value | Adjustment portfolio value | Net exposure | Special adjustments to value | Adjustment portfolio value |
| A. Cash exposure | | | | | | |
| A.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Watchlist | 82 | 4 | 0 | 0 | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| A.5 Other exposure | 83,816 | 0 | 3 | 10,207 | 0 | 0 |
| TOTAL A | 83,898 | 4 | 3 | 10,207 | 0 | 0 |
| B. Off balance sheet exposure | | | | | | |
| B.1 Non performing loans | 0 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 3 | 0 | 0 | 0 | 0 | 0 |
| TOTAL B | 3 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (A+B) 31/12/2011 | 83,901 | 4 | 3 | 10,207 | 0 | 0 |
| TOTAL (A+B) 31/12/2010 | 93,867 | 0 | 1 | 9,916 | 0 | 0 |

### B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) by sector - part 3

| Exposure/Counterparty | Non finance companies | | | Other parties | | |
|---|---|---|---|---|---|---|
| | Net exposure | Special adjustments to value | Adjustment portfolio value | Net exposure | Special adjustments to value | Adjustment portfolio value |
| A. Cash exposure | | | | | | |
| A.1 Non performing | 40,188 | 17,408 | 0 | 16,224 | 5,643 | 0 |
| A.2 Watchlist | 70,723 | 5,796 | 0 | 25,140 | 1,749 | 0 |
| A.3 Restructured accounts | 15,833 | 2,580 | 0 | 1,033 | 157 | 0 |
| A.4 Overdue/overdrawn accounts | 8,004 | 374 | 0 | 8,454 | 395 | 0 |
| A.5 Other exposure | 747,978 | 0 | 2,018 | 691,301 | 0 | 1,872 |
| TOTAL A | 882,725 | 26,158 | 2,018 | 742,151 | 7,944 | 1,872 |
| B. Off balance sheet exposure | | | | | | |
| B.1 Non performing | 5,423 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 5,525 | 0 | 0 | 17 | 0 | 0 |
| B.3 Other impaired assets | 174 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 107,530 | 0 | 0 | 15,813 | 0 | 0 |
| TOTAL B | 118,652 | 0 | 0 | 15,830 | 0 | 0 |
| TOTAL (A+B) 31/12/2011 | 1,001,377 | 26,158 | 2,018 | 757,981 | 7,944 | 1,872 |
| TOTAL (A+B) 31/12/2010 | 960,474 | 19,245 | 1,700 | 734,603 | 6,882 | 1,597 |

| Exposure/Counterparty | Total net exposure | Total special adjustments of value | Total adjustment of portfolio value |
|---|---|---|---|
| A. Cash exposure | | | |
| A.1 Non performing | 56,412 | 23,051 | 0 |
| A.2 Watchlist | 95,944 | 7,548 | 0 |
| A.3 Restructured accounts | 16,866 | 2,737 | 0 |
| A.4 Overdue/overdrawn accounts | 16,457 | 770 | 0 |
| A.5 Other exposure | 2,105,902 | 0 | 3,894 |
| TOTAL A | 2,291,582 | 34,106 | 3,894 |
| B. Off balance sheet exposure | | | |
| B.1 Non performing | 5,423 | 0 | 0 |
| B.2 Watchlist | 5,542 | 0 | 0 |
| B.3 Other impaired assets | 174 | 0 | 0 |
| B.4 Other exposure | 123,551 | 0 | 0 |
| TOTAL B | 134,691 | 0 | 0 |
| TOTAL (A+B) 31/12/2011 | 2,426,272 | 34,106 | 3,894 |
| TOTAL (A+B) 31/12/2010 | 2,163,872 | 26,127 | 3,299 |

The cash exposure for receivables indicated in the table (2,291,582 thousand Euro) is measured in the financial statements net of impaired receivables, and with an indication of special adjustments to value and to the portfolio.
Specifically, it indicates all financial assets regarding customers taken from balance sheet line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 1,264 thousand Euro, and securities issued by banks in the amount of 80,549 thousand Euro, are excluded.

### B.2 Cash and "off balance sheet" exposure to customers (balance sheet value) by territory - part 1

| Exposure/Geographic area | ITALY | | OTHER EUROPEAN COUNTRIES | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustment value | Net exposure | Overall adjustment value | Net exposure | Overall adjustment value | Net exposure | Overall adjustment value | Net exposure | Overall adjustment value |
| A. Cash exposure | | | | | | | | | | |
| A.1 Non performing | 56,412 | 23,051 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Watchlist | 95,944 | 7,548 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.3 Restructured accounts | 16,866 | 2,737 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 16,457 | 770 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.5 Other exposure | 2,104,034 | 3,889 | 1,868 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (A) | 2,289,714 | 37,995 | 1,868 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Off balance sheet exposure | | | | | | | | | | |
| B.1 Non performing | 5,423 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 5,542 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Other impaired assets | 174 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 123,545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (B) | 134,684 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (A + B) 31/12/2011 | 2,424,399 | 37,995 | 1,868 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (A + B) 31/12/2010 | 2,163,547 | 29,425 | 325 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |

| Exposure/Geographic area | TOTAL | |
|---|---|---|
| | Net exposure | Overall adjustment value |
| A. Cash exposure | | |
| A.1 Non performing | 56,412 | 23,051 |
| A.2 Watchlist | 95,944 | 7,548 |
| A.3 Restructured accounts | 16,866 | 2,737 |
| A.4 Overdue/overdrawn accounts | 16,457 | 770 |
| A.5 Other exposure | 2,105,902 | 3,894 |
| TOTAL (A) | 2,291,582 | 38,000 |
| B. Off balance sheet exposure | | |
| B.1 Non performing | 5,423 | 0 |
| B.2 Watchlist | 5,542 | 0 |
| B.3 Other impaired assets | 174 | 0 |
| B.4 Other exposure | 123,545 | 0 |
| TOTAL (B) | 134,684 | 0 |
| TOTAL (A + B) 31/12/2011 | 2,426,266 | 38,000 |
| TOTAL (A + B) 31/12/2010 | 2,163,872 | 29,426 |

Cash exposure for receivables indicated in the table (2,291,582 thousand Euro) are those measured in the financial statements net of impaired receivables, distributed territorially according to the area of the counterparty's residence.

Specifically, it indicates all financial assets regarding customers taken from line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 1,264 thousand Euro, and securities issued by banks in the amount of 80,549 thousand Euro, are excluded.

## B.2 Cash and "off balance sheet" to customers (balance sheet value) - part 2

| Exposure/geographic area | NORTH WEST ITALY | | NORTH EAST ITALY | | CENTRAL ITALY | | SOUTHERN ITALY AND ISLANDS | |
|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value |
| A. Cash exposure | | | | | | | | |
| A.1 Non performing | 0 | 0 | 1,582 | 235 | 54,828 | 22,781 | 3 | 34 |
| A.2 Watchlist | 257 | 12 | 0 | 0 | 95,488 | 7,527 | 199 | 9 |
| A.3 Restructured accounts | 619 | 150 | 0 | 0 | 16,247 | 2,587 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 | 0 | 0 | 16,315 | 763 | 142 | 7 |
| A.5 Other exposure | 7,094 | 19 | 10,079 | 27 | 2,079,019 | 3,821 | 7,842 | 21 |
| TOTAL (A) | 7,970 | 181 | 11,661 | 263 | 2,261,897 | 37,480 | 8,186 | 72 |
| B. Off balance sheet exposure | | | | | | | | |
| B.1 Non performing | 0 | 0 | 0 | 0 | 5,423 | 0 | 0 | 0 |
| B.2 Watchlist | 0 | 0 | 0 | 0 | 5,542 | 0 | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 | 0 | 0 | 174 | 0 | 0 | 0 |
| B.4 Other exposure | 545 | 0 | 16 | 0 | 122,487 | 0 | 504 | 0 |
| TOTAL (B) | 545 | 0 | 16 | 0 | 133,626 | 0 | 504 | 0 |
| TOTAL (A + B) 31/12/2011 | 8,515 | 181 | 11,677 | 263 | 2,395,523 | 37,480 | 8,690 | 72 |
| TOTAL (A + B) 31/12/2010 | 5,260 | 37 | 6,802 | 168 | 2,149,914 | 28,917 | 1,896 | 302 |

| Exposure/geographic areas | TOTAL ITALY | |
|---|---|---|
| | Net exposure | Overall adjustment of value |
| A. Cash exposure | | |
| A.1 Non performing | 56,412 | 23,051 |
| A.2 Watchlist | 95,944 | 7,548 |
| A.3 Restructured accounts | 16,866 | 2,737 |
| A.4 Overdue/overdrawn accounts | 16,457 | 770 |
| A.5 Other exposure | 2,104,034 | 3,889 |
| TOTAL (A) | 2,289,714 | 37,995 |
| B. Off balance sheet exposure | | |
| B.1 Non performing | 5,423 | 0 |
| B.2 Watchlist | 5,542 | 0 |
| B.3 Other impaired assets | 174 | 0 |
| B.4 Other exposure | 123,551 | 0 |
| TOTAL (B) | 134,691 | 0 |
| TOTAL (A + B) 31/12/2011 | 2,424,405 | 37,995 |
| TOTAL (A + B) 31/12/2010 | 2,163,872 | 29,426 |

Cash exposure for receivables indicated in the table (2,289,714 thousand Euro) are those measured in the financial statements net of impaired receivables, distributed territorially according to the area of the counterparty’s residence.
Specifically, it indicates all financial assets regarding customers taken from line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 1,264 thousand Euro, securities issued by banks in the amount of 80,549 thousand Euro, and non “Italian” customers in the amount of 1,868 thousand Euro are excluded.

## B.3 Cash and "off balance sheet" exposure to banks (balance sheet value) by territory - part 1

| Exposure/Geographical areas | ITALY | | OTHER EUROPEAN COUNTRIES | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value |
| A. Cash exposure | | | | | | | | | | |
| A.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.5 Other exposure | 132,279 | 0 | 2,284 | 0 | 8,841 | 0 | 16 | 0 | 117 | 0 |
| TOTAL (A) | 132,279 | 0 | 2,284 | 0 | 8,841 | 0 | 16 | 0 | 117 | 0 |
| B. Off balance sheet exposure | | | | | | | | | | |
| B.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 10,916 | 0 | 555 | 0 | 0 | 0 | 14 | 0 | 0 | 0 |
| TOTAL (B) | 10,916 | 0 | 555 | 0 | 0 | 0 | 14 | 0 | 0 | 0 |
| TOTAL (A + B) 31/12/2011 | 143,195 | 0 | 2,840 | 0 | 8,841 | 0 | 31 | 0 | 117 | 0 |
| TOTAL (A + B) 31/12/2010 | 247,686 | 0 | 2,813 | 0 | 606 | 0 | 17 | 0 | 112 | 0 |

| Exposure/Geographic areas | TOTAL | |
|---|---|---|
| | Net exposure | Overall adjustment of value |
| A. Cash exposure | | |
| A.1 Non performing | 0 | 0 |
| A.2 Watchlist | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 |
| A.5 Other exposure | 143,537 | 0 |
| TOTAL (A) | 143,537 | 0 |
| B. Off balance sheet exposure | | |
| B.1 Non performing | 0 | 0 |
| B.2 Watchlist | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 |
| B.4 Other exposure | 11,485 | 0 |
| TOTAL (B) | 11,485 | 0 |
| TOTAL (A + B) 31/12/2011 | 155,023 | 0 |
| TOTAL (A + B) 31/12/2010 | 251,233 | 0 |

The values of cash exposure to banks (143,537 thousand Euro) are taken from the balance sheet, net of impaired receivables. In addition to Asset line item 60, parts of Asset line items 20 and 40 were included in the amount of 80,542 thousand Euro.
The data is distributed territorially according to the country of the counterparty's residence.

## B.3 Cash and "off balance sheet" credit exposure to banks (balance sheet value) by territory - part 2

| Exposure/Geographic area | NORTH WEST ITALY | | NORTH EAST ITALY | | CENTRAL ITALY | | SOUTHERN ITALY AND ISLANDS | |
|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value | Net exposure | Overall adjustment of value |
| A. Cash exposure | | | | | | | | |
| A.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.5 Other exposure | 12,687 | 0 | 5,006 | 0 | 114,587 | 0 | 0 | 0 |
| TOTAL (A) | 12,687 | 0 | 5,006 | 0 | 114,587 | 0 | 0 | 0 |
| B. Exposure “off balance sheet” | | | | | | | | |
| B.1 Non performing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.2 Watchlist | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B.4 Other exposure | 3,561 | 0 | 0 | 0 | 7,354 | 0 | 0 | 0 |
| TOTAL (B) | 3,561 | 0 | 0 | 0 | 7,354 | 0 | 0 | 0 |
| TOTAL (A + B) 31/12/2011 | 16,248 | 0 | 5,006 | 0 | 121,941 | 0 | 0 | 0 |
| TOTAL (A + B) 31/12/2010 | 23,630 | 0 | 0 | 0 | 226,789 | 0 | 0 | 0 |

| Exposure/Geographic area | TOTAL | |
|---|---|---|
| | Net exposure | Overall adjustment of value |
| A. Cash exposure | | |
| A.1 Non performing | 0 | 0 |
| A.2 Watchlist | 0 | 0 |
| A.3 Restructured accounts | 0 | 0 |
| A.4 Overdue/overdrawn accounts | 0 | 0 |
| A.5 Other exposure | 132,279 | 0 |
| TOTAL (A) | 132,279 | 0 |
| B. Off balance sheet exposure | | |
| B.1 Non performing | 0 | 0 |
| B.2 Watchlist | 0 | 0 |
| B.3 Other impaired assets | 0 | 0 |
| B.4 Other exposure | 10,916 | 0 |
| TOTAL (B) | 10,916 | 0 |
| TOTAL (A + B) 31/12/2011 | 143,195 | 0 |
| TOTAL (A + B) 31/12/2010 | 250,419 | 0 |

The values of cash exposure to banks (132,279 thousand Euro) are taken from the balance sheet, net of impaired receivables. In addition to Asset line item 60, parts of Asset line items 20 and 40 were included in the amount of 80,542 thousand Euro, and net non “Italian” exposure in the amount of 11,258 thousand Euro was excluded.

The data is distributed territorially according to the country of the counterparty’s residence.

## B.5 Large risks (according to regulatory legislation)

| Line items/Values | 31/12/2011 | | | 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Number | Nominal Value | Weighted value | Number | Nominal Value | Weighted Value |
| a. Large Risks | 5 | 728,930 | 123,756 | 5 | 530,415 | 139,329 |
| b. Zero weighted risks | 1 | 563,176 | 0 | 1 | 357,796 | 0 |
| Total Large Risks (A-B) | 4 | 165,754 | 123,756 | 4 | 172,619 | 139,329 |

### *C. Securitizations and the sale of assets*

## C.1 Securitizations

**Qualitative information**

This section provides information on the characteristics of the securitization done by the Bank in accordance with Law 130/1999. Such law regulates the assignment “in block” of receivables by an “originator” bank to a vehicle company created especially for this purpose, known as a “Special Purpose Vehicle – SPV”, which issues securities that can be placed in the market “Asset Backed Securities – ABS”, in order to finance the purchase of the receivables assigned by the originator.

**General information regarding the Pontormo Funding s.r.l. securitization**

On 08/10/2007, the Bank set up a securitization with SPV Pontormo Funding s.r.l., assigning a portfolio of receivables based on residential and commercial mortgage loans granted to performing customers residing in Italy. The securitization, which was a traditional kind of revolving transaction, was done together with other credit cooperative banks, creating a “multioriginators” transaction. The original structure provided for a “revolving” period from 07/10/2007 through 15/10/2010, during which the “Originators” could assign their receivables to Pontormo Funding s.r.l., complying with specific eligibility criteria, according to the following maximum amounts.

| | |
|---|---|
| Banca di Credito Cooperativo di Cambiano s.c.p.a. | 70,000,000.00 |
| Banca di Credito Cooperativo di Fornacette s.c.p.a. | 140,000,000.00 |
| Banca di Credito Cooperativo di Castagneto Carducci s.c.p.a. | 140,000,000.00 |
| Banca di Viterbo Credito Cooperativo s.c.r.l. | 50,000,000.00 |
| Total | 400,000,000.00 |

Consequently, the vehicle company Pontormo Funding s.r.l. should have financed the operations, requesting the necessary payments from the “Noteholder” (Natexis) on the basis of the document already issued and signed by it. In October 2008 Natexis, subsequent to the financial turbulence and market liquidity crisis, exercised its contractual right not to renew the credit lines it had deliberated to sustain the securitization, which prevented the “Originators” from proceeding with new assignments up to the maximum amount allowed. By operating in this manner, the “Noteholder” de facto froze the securitization, and once the “revolving” period ended (15/10/2010), the securitization was treated as a regular “amortization”.
For prudential purposes, the provisions of Circular no. 263/06 of the Bank of Italy subordinate recognition of the securitization to the condition that there is an actual transfer of the credit risk by the transferor. The cited provisions also specify that the accounting treatment of the securitization has no significance with respect to its prudent recognition.
The securitization realized by the Bank lacked the substantive transfer of the credit risk. The securitization was therefore not recognized for prudent purposes. The prudent prerequisite is, therefore, 8% of the weighted value of the securitized assets, the latter obviously measured on the basis of the approach used by the Bank to assess capital requirements for credit risk (standardized methodology).

It is represented in the financial statements as follows:

- the residual amount of securitized loans, at amortized cost, in the amount of 1,021,116.85 Euro, was allocated to Asset line item 70;
- interest payable was calculated on liabilities associated with the assets assigned but not derecognized, in the amount of 28,785.01 Euro, and allocated to line item 20 of the income statement;
- liabilities for assets assigned but not derecognized, amounting to 567,012.14 Euro, were allocated to Liability line item 20;
- interest earned on assets assigned but not derecognized, in the amount of 34,914.53 Euro, was allocated to line item 10 of the income statement;
- the amount of the Junior note, in the amount of 524,294.08 Euro, was annulled;
- the “cash reserve” of 70,065.93 Euro was allocated to Asset line item 150.

### Characteristics of the transaction

**Breakdown of the receivables portfolio assigned by the originator" banks to the vehicle company Pontormo Funding S.r.l. – Classification of "originators" (at nominal value) – Reference to 31/12/2011:**

| Originators | Amounts | % |
|---|---|---|
| B.C.C. Cambiano | 1,019,663.00 | 0.94 |
| B.C.C. Fornacette | 47,642,878.00 | 43.87 |
| B.C.C. Castagneto Carducci | 46,749,189.00 | 43.04 |
| B.C.C. Viterbo | 13,196,456.00 | 12.15 |
| Total receivables assigned | 108,608,186.00 | 100.00 |

**The vehicle company issued the following notes (absolute values) as of 31/12/2011:**

| Originators | "Senior" Notes | "Junior" Notes | Total notes issued |
|---|---|---|---|
| B.C.C. Cambiano | 606,019.00 | 451,000.00 | 1,057,019.00 |
| B.C.C. Fornacette | 42,823,513.00 | 7,606,000.00 | 50,429,513.00 |
| B.C.C. Castagneto Carducci | 40,253,654.00 | 7,395,000.00 | 47,648,654.00 |
| B.C.C. Viterbo | 12,216,814.00 | 1,430,000.00 | 13,646,814.00 |
| Total | 95,900,000.00 | 16,882,000.00 | 112,782,000.00 |

**During the course of 2011 the following “Senior” notes were repaid by the vehicle company (absolute values):**

| Originators | "Senior" Notes |
|---|---|
| B.C.C. Cambiano | 894,364.00 |
| B.C.C. Fornacette | 11,882,205.00 |
| B.C.C. Castagneto Carducci | 12,672,414.00 |
| B.C.C. Viterbo | 1,351,017.00 |
| Total | 26,800,000.00 |

**Characteristics of the notes issued by Pontormo Funding s.r.l.:**

| Description | Senior Note | Junior Note |
|---|---|---|
| Isin | IT0004286099 | IT0004286107 |
| Amount | 362,000,000.00 | 38,000,000.00 |
| Issue price | 100 | 100 + premium (1.5 of cash reserve) |
| Issue date | 15/10/2007 | 15/10/2007 |
| Maturity | 01/04/2048 | 01/04/2048 |
| Annual rate | Euribor 3 months + 100 b.p. | Euribor 3 months + 105 b.p. |
| Frequency of coupon | Quarterly | Quarterly |
| Payment date | 21/01 - 21/04 - 21-07 - 21-10 of each solar year | 21/01 - 21/04 - 21-07 - 21-10 of each solar year |
| Revolving maturity | 15/10/2010 | 15/10/2010 |
| Repayment of principal | Starting from 15/10/2010 to the extent of available funds | Starting from 15/10/2010 to the extent of available funds |

| | | |
|---|---|---|
| Rating | Rating opinion available to the Senior Noteholder | No |

**Characteristics of the assets sold by B.C.C. Cambiano:**

| Description | 31/12/2011 |
|---|---|
| Residual principal | 1,019,662.32 |
| Number of loans | 60 |
| Average weighted amount of the loans | 16,994.37 |

**Servicing activity**

The "originator" Banks also act as Servicer, each for their own accumulation of assigned receivables; the Banca di Credito Cooperativo di Cambiano therefore used its own Servicing Office dedicated to collection management, as required by the instructions of the Supervisory Authority. The Servicing Office is entrusted with the following responsibilities:

- Oversee collection of the assigned receivables for the vehicle company, transferring such amounts to the Bank of New York - London, and simultaneously guarantee the strict separation of said assigned portfolio with respect to other assignments made and all of the Bank's other receivables, and must specifically:
- Avoid the creation of situations of conflict of interest and of confusion in general in order to protect the holders of the notes issued by the vehicle company;
- Guarantee the separate indication of the information flows related to the collection process of the securitized loans;
- Allow the above procedures and flows to be reconstructed at any time;
- Maintain adequate documentation of the transactions performed, including for purposes of potential controls by interested parties such as the "Rating Agency", "Vehicle Company", "Noteholders' Representative", "Bank of Italy" etc.;
- Ensure adequate information reporting to the Bank's Bodies, General Management, and operators involved in the supervisory process.

The servicing commissions amounted to 365.00 Euro and are allocated to line item 40 del the income statement.

**Detail of collections recorded during the year 2011:**

| | |
|---|---|
| Collection of principal on assigned loans | 726,002.95 |
| Collection of interest on assigned loans | 35,405.27 |
| Total collections | 761,408.22 |

As of 31/12/2011 there were no suspended rates of securitized mortgage loans and there were no defaults of assigned loans.

**Quantitative information**

**C.1.1 Exposure from securitizations divided by type of underlying asset - part 1**

| Type of underlying asset/Exposure | Cash exposure | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Gross exposure | Net exposure | Gross exposure | Net exposure | Gross exposure | Net exposure |
| A. With own underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 453 | 453 |
| B. With third party underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.1 Exposure from securitizations divided by type of underlying asset - part 2

| Type of underlying asset/Exposure | Guarantees issued | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Gross exposure | Net exposure | Gross exposure | Net exposure | Gross exposure | Net exposure |
| A. With own underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 0 | 0 |
| B. With third party underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.1 Exposure from securitizations divided by type of underlying asset - part 3

| Type of underlying asset/Exposure | Credit lines | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Gross exposure | Net exposure | Gross exposure | Net exposure | Gross exposure | Net exposure |
| A. With own underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 0 | 0 |
| B. With third party underlying assets | | | | | | |
| a) Impaired | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.2 Exposure from principal "own" securitizations divided by type of securitized assets and by type of exposure - part 1

| Type of securitized assets/Exposure | Cash exposure | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Balance sheet value | Adj./write-backs of value | Balance sheet value | Adj./write-backs of value | Balance sheet value | Adj./write-backs of value |
| C. Not derecognized from the balance sheet | | | | | | |
| C.1 Pontormo Funding s.r.l. | 0 | 0 | 0 | 0 | 453 | 0 |

### C.1.2 Exposure from principal "own" securitizations divided by type of securitized assets and by type of exposure - part 2

| Type of securitized asset/Exposure | Guarantees issued | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Net exposure | Adj./write-backs of value | Net exposure | Adj./write-backs of value | Net exposure | Adj./write-backs of value |
| C. Not derecognized in the balance sheets | | | | | | |
| C.1 Pontormo Funding s.r.l. | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.2 Exposure from principal "own" securitizations divided by type of securitized asset and by type of exposure - part 3

| Type of securitized asset/Exposure | Credit lines | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Net exposure | Adj./write-backs of value | Net exposure | Adj./write-backs of value | Net exposure | Adj./write-backs of value |
| C. Not derecognized in the balance sheet | | | | | | |
| C.1 Pontormo Funding s.r.l. | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.4 Exposure from securitizations divided by portfolio and type

| Exposure/portfolio | Financial assets held for trading | Financial assets fair value option | Financial assets available for sale | Financial assets held to maturity | Receivables | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|---|---|
| 1. Cash exposure | | | | | | | |
| Senior | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mezzanine | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| junior | 0 | 0 | 0 | 0 | 453 | 453 | 453 |
| 2. Off balance sheet exposure | | | | | | | |
| Senior | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mezzanine | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| junior | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

### C.1.5 Total amount of securitized assets underlying junior notes or other forms of credit support

| Assets/Values | Traditional securitizations | Synthetic securitizations |
|---|---|---|
| A. Own underlying assets: | | |
| A.1 Totally derecognized | | |
| 1. Non performing loans | 0 | 0 |
| 2. Watchlist | 0 | 0 |
| 3. Restructured accounts | 0 | 0 |
| 4. Overdue/overdrawn accounts | 0 | 0 |
| 5. Other assets | 0 | 0 |
| A.2 Partially derecognized | | |
| 1. Non performing loans | 0 | 0 |
| 2. Watchlist | 0 | 0 |
| 3. Restructured accounts | 0 | 0 |
| 4. Overdue/overdrawn accounts | 0 | 0 |
| 5. Other assets | 0 | 0 |
| A.3 Not derecognized | | |
| 1. Non performing | 0 | 0 |
| 2. Watchlist | 0 | 0 |
| 3. Restructured accounts | 0 | 0 |
| 4. Overdue/overdrawn accounts | 0 | 0 |
| 5. Other assets | 27 | 0 |
| B. Third party underlying assets: | | |
| B.1 Non performing | 18 | 0 |
| B.2 Watchlist | 2 | 0 |
| B.3 Restructured accounts | 0 | 0 |
| B.4 Overdue/overdrawn accounts | 27 | 0 |
| B.5 Other assets | 2.827 | 0 |

### C.1.7 The servicer's assets – Collections of securitized receivables and repayment of the notes issued by the vehicle company

| Vehicle company | Securitized assets (at the end of the reporting period) | | Collections of receivables during the year | | Percentage of notes repaid (at the end of the reporting period) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Senior | | Mezzanine | | Junior | |
| | Impaired | In bonis | Impaired | In bonis | Impaired assets | Assets in bonis | Impaired assets | Assets in bonis | Impaired assets | Assets in bonis |
| Pontormo Funding s.r.l. | 0 | 1,020 | 0 | 726 | 0 | 0 | 0 | 0 | 0 | 0 |

Note:
- The amount of securitized assets is indicated at the nominal value of the assigned receivables.
- The amount of collected receivables during the year only refers to principal.

## *C.2 Sales*

### C.2.1 Financial assets sold but not derecognized - part 1

| Technical forms/Portfolio | Financial assets held for trading | | | Financial assets measured at fair value | | | Financial assets available for sale | | |
|---|---|---|---|---|---|---|---|---|---|
| | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) |
| A. Cash assets | | | | | | | | | |
| 1. Debt securities | 0 | 0 | 0 | 0 | 0 | 0 | 15,087 | 0 | 0 |
| 2. Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Mutual funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Derivative instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 31/12/2011 | 0 | 0 | 0 | 0 | 0 | 0 | 15,087 | 0 | 0 |
| of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 31/12/2010 | 8,308 | 0 | 0 | 0 | 0 | 0 | 32,184 | 0 | 0 |
| of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

### C.2.1 Financial assets sold but not derecognized - part 2

| Technical forms/Portfolio | Financial assets held through maturity | | | Receivables from banks | | | Receivables from customers | | | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) | recognized in full (balance sheet value) | partially recognized (balance sheet value) | partially recognized (entire value) | | |
| A. Cash assets | | | | | | | | | | | |
| 1. Debt securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,087 | 40,491 |
| 2. Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3. Mutual funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Loans | 0 | 0 | 0 | 0 | 0 | 0 | 1,.021 | 0 | 0 | 1,021 | 1,748 |
| B. Derivative instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 31/12/2011 | 0 | 0 | 0 | 0 | 0 | 0 | 1,021 | 0 | 0 | 16,108 | 0 |
| of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 31/12/2010 | 0 | 0 | 0 | 0 | 0 | 0 | 1,748 | 0 | 0 | 0 | 42,239 |
| of which impaired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

### C.2.2 Financial liabilities for financial assets sold but not derecognized

| Liabilities/Portfolio assets | Financial assets held for trading | Financial assets measured at fair value | Financial assets available for sale | Financial assets held through maturity | Receivables from banks | Receivables from customers | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|---|---|---|---|---|---|
| 1. Payables to customers | | | | | | | | |
| a) for assets recognized in full | 0 | 0 | 17,177 | 0 | 0 | 567 | 17,744 | 43,109 |
| b) for partially recognized assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Payables to banks | | | | | | | | |
| a) for assets recognized in full | 14,549 | 0 | 0 | 0 | 0 | 0 | 14,549 | 0 |
| b) for partially recognized assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 31/12/2011 | 14,549 | 0 | 17,177 | 0 | 0 | 567 | 32,293 | 0 |
| Total 31/12/2010 | 8,312 | 0 | 33,503 | 0 | 0 | 1,295 | 0 | 43,109 |

### *D. Models to measure credit risk*

The Bank uses standardized methodology to measure credit risk.

## ■ Section 2 - Market risks

### *2.1 Interest rate risk and price risk – regulatory trading portfolio*

## *Qualitative information*

### A. General Information

The Bank, as a primary activity, trades financial instruments exposed to the interest rate risk.
The strategy underlying its trading activity corresponds both to treasury needs, as well as to the objective of enhancing the risk/yield profile of portfolio investments in terms of the interest rate risk and the counterparty's credit risk.
The Bank does not assume speculative positions in derivative instruments, in accordance with the Bank of Italy's Supervisory Regulations and the Bank's By-laws.
Trading exclusively regards operations involving bonds.

### B. Management procedures and measurement methods of the interest rate risk and price risk.

The Finance Area Regulations establish both operating limits (both in terms of portfolio value as well as the breakdown by type of security), as well as limits for exposure to interest rate risk (in terms of financial duration).

## *Quantitative information*

### 2.1.1 Regulatory trading portfolio: distribution by residual duration (re-pricing date) of cash financial assets and liabilities and financial derivatives – All currencies

| Type/Residual duration | On demand | Up to 3 months | Beyond 3 months through 6 months | Beyond 6 months through 1 year | Beyond 1 year through 5 years | Beyond 5 years through 10 years | Beyond 10 years | Indefinite duration |
|---|---|---|---|---|---|---|---|---|
| 1. Cash assets | | | | | | | | |
| 1.1 Debt securities | | | | | | | | |
| - with an early repayment option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other | 7 | 2,258 | 2,730 | 32 | 8,034 | 0 | 0 | 0 |
| 1.2 Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Cash liabilities | | | | | | | | |
| 2.1 Repurchase agreements on debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 Other liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Financial derivatives | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other derivatives | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other derivatives | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## *2.2 Interest rate and price risk – bank portfolio*

## *Qualitative information*

### A. General Information, management procedures and measurement methods of interest rate risk and price risk

The principal sources of interest rate risk consist of fixed rate items. Assets are principally represented by securities in the AFS sector (BTP) and mortgage loans; while liabilities are represented by fixed rate bonds whose risk is hedged by fixed interest rate (IRS) operations for issues with more prolonged maturities.
The interest rate risk inherent in the bank portfolio is monitored by the Bank on a quarterly basis by an analysis of maturities, which consists of separating the accounts (assets, liabilities, derivatives, etc.) in different time periods according to the residual life of the term within which the interest rate can be renegotiated, in accordance with supervisory regulations.

## *Quantitative information*

### 2.2.1 Bank portfolio: distribution by residual duration (by re-pricing date) of financial assets and liabilities – All currencies

| Type/Residual duration | On demand | Up to 3 months | Beyond 3 months through 6 months | Beyond 6 months through 1 year | Beyond 1 year through 5 years | Beyond 5 years through 10 years | Beyond 10 years | Indefinite duration |
|---|---|---|---|---|---|---|---|---|

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Cash assets | | | | | | | | |
| 1.1 Debt securities | | | | | | | | |
| - with an early repayment option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other | 40,251 | 107,512 | 151,438 | 94,297 | 199,910 | 19,592 | 29,134 | 0 |
| 1.2 Loans to banks | 36,327 | 26,668 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.3 Loans to customers | | | | | | | | |
| - bank accounts | 446,154 | 2,017 | 1,312 | 2,235 | 20,733 | 0 | 0 | 0 |
| - other loans | | | | | | | | |
| - with an early repayment option | 601 | 23,784 | 2,334 | 0 | 0 | 0 | 0 | 0 |
| - other | 861,946 | 118,693 | 55,029 | 35,476 | 132,257 | 8,291 | 7,334 | 0 |
| 2. Cash liabilities | | | | | | | | |
| 2.1 Payables to customers | | | | | | | | |
| - bank accounts | 766,726 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other liabilities | | | | | | | | |
| - with an early repayment option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other | 64,450 | 17,449 | 295 | 0 | 0 | 0 | 0 | 0 |
| 2.2 Payables to banks | | | | | | | | |
| - bank accounts | 5,448 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other liabilities | 375,495 | 13,158 | 14,549 | 0 | 0 | 0 | 0 | 0 |
| 2.3 Debt securities | | | | | | | | |
| - with an early repayment option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other | 2,319 | 213,844 | 195,580 | 149,966 | 476,849 | 0 | 0 | 0 |
| 2.4 Other liabilities | | | | | | | | |
| - with an early repayment option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Financial derivatives | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other derivatives | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other derivatives | | | | | | | | |
| + long-term positions | 0 | 0 | 3,000 | 40,000 | 185,600 | 0 | 0 | 0 |
| + short-term positions | 0 | 123,000 | 105,600 | 0 | 0 | 0 | 0 | 0 |

Note:
Long and short-term accounts in “Other derivatives”, point 3.2, are expressed in notional values.

### *2.3. Exchange rate risk*

## *Qualitative information*

### A. General Information, management procedures and methods to measure the exchange rate risk

The exchange rate risk represents the risk of suffering losses on operations in foreign currency, due to the effect of negative variations to foreign currencies. During the fiscal year, the Bank’s assets in foreign currency did not have speculative positions. In any case, the Bank limits its net

position in foreign currency to not more than 2% of regulatory capital, as provided by the regulations of the Bank of Italy for credit cooperative banks.
The Bank is marginally exposed to the exchange rate risk due to assets used to serve customers.
Exposure to exchange rate risk is measured using a methodology that faithfully follows what is provided by the Supervisory Regulations.
Measurement is based on the calculation of the “net position in foreign exchanges”, i.e. the balance of all assets and liabilities (in financial statements and “off balance sheet”) related to each foreign currency, including operations in Euro indexed to the exchange rate trend of foreign currency.
The organizational structure provides that the management of the exchange rate risk is delegated to the Foreign Office for assets used to service customers and to the Securities Treasury Office for financial instruments, whereas the measurement of exposure is attributed to the Risk Management Office based on the data provided by the Management Control Office.
The “net position in foreign exchanges” as of the reference date amounted to 2,620,685 Euro, equivalent to 1.067% of the regulatory capital. It is within the threshold of 2.00% established by the Supervisory Instructions of the Bank of Italy that can be held by credit cooperative banks. There are no forward exchange transactions.

## *Quantitative information*

### 2.3.1 Distribution by denominated currency of assets, liabilities and derivatives

| Line items | Foreign currency | | | | | |
|---|---|---|---|---|---|---|
| | US dollars | British pound sterling | Yen | Canadian dollars | Swiss francs | Other foreign currencies |
| A. Financial assets | | | | | | |
| A.1 Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| A.2 Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| A.3 Loans to banks | 8,994 | 139 | 184 | 159 | 140 | 177 |
| A.4 Loans to customers | 9,933 | 115 | 0 | 0 | 0 | 0 |
| A.5 Other financial assets | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Other assets | 55 | 19 | 14 | 5 | 13 | 113 |
| C. Financial liabilities | | | | | | |
| C.1 Payables to banks | 7,433 | 0 | 202 | 170 | 158 | 239 |
| C.2 Payables to customers | 11,570 | 14 | 0 | 0 | 0 | 61 |
| C.3 Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| C.4 Other financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| D. Other liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| E. Financial derivatives | | | | | | |
| - Options | | | | | | |
| + Long-term positions | 0 | 0 | 0 | 0 | 0 | 0 |
| + Short-term positions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other derivatives | | | | | | |
| + Long-term positions | 7,350 | 4,205 | 0 | 0 | 0 | 0 |
| + Short-term positions | 7,825 | 5,008 | 0 | 0 | 8 | 1,550 |
| Total assets | 26,332 | 4,479 | 198 | 164 | 154 | 290 |
| Total liabilities | 26,828 | 5,022 | 202 | 170 | 166 | 1,850 |
| Imbalance (+/-) | -496 | -543 | -4 | -6 | -12 | -1,560 |

### 2.4 Derivative instruments

## A. Financial derivatives

### A.2 Bank portfolio: notional values at end and mid-period

#### A.2.1 Hedges

| Underlying asset/Type of derivative | Total 31/12/2011 | | Total 31/12/2010 | |
|---|---|---|---|---|
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| 1. Debt securities and interest rates | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Swap | 228,600 | 0 | 176,200 | 0 |
| c) Forward | 0 | 0 | 0 | 0 |
| d) Futures | 0 | 0 | 0 | 0 |
| e) Other | 0 | 0 | 0 | 0 |
| 2. Equity instruments and equity indexes | 0 | 0 | 0 | 0 |
| a) Options | 0 | 0 | 0 | 0 |
| b) Swap | 0 | 0 | 0 | 0 |
| c) Forward | 0 | 0 | 0 | 0 |
| d) Futures | 0 | 0 | 0 | 0 |
| e) Other | 0 | 0 | 0 | 0 |
| 3. Foreign currency and gold | 0 | 0 | 0 | 0 |
| a) Options | 0 | 0 | 0 | 0 |
| b) Swap | 0 | 0 | 0 | 0 |
| c) Forward | 0 | 0 | 0 | 0 |
| d) Futures | 0 | 0 | 0 | 0 |
| e) Other | 0 | 0 | 0 | 0 |
| 4. Goods | 0 | 0 | 0 | 0 |
| 5. Other underlying assets | 0 | 0 | 0 | 0 |
| Total | 228,600 | 0 | 176,200 | 0 |
| Average values | 240,538 | 0 | 227,392 | 0 |

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

| Portfolio/Type of derivatives | Positive fair value | | | |
|---|---|---|---|---|
| | Total 31/12/2011 | | Total 31/12/2010 | |
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| A. Regulatory trading portfolio | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 0 | 0 | 0 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 7 | 0 | 0 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |
| g) Other | 0 | 0 | 0 | 0 |
| B. Bank portfolio – hedges | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 7,463 | 0 | 5,016 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 275 | 0 | 285 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| g) Other | 0 | 0 | 0 | 0 |
| C. Bank portfolio - other derivatives | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 0 | 0 | 0 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 0 | 0 | 0 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |
| g) Other | 0 | 0 | 0 | 0 |
| Total | 7,746 | 0 | 5,301 | 0 |

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

| Underlying asset/Type of derivative | Negative fair value | | | |
|---|---|---|---|---|
| | Total 31/12/2011 | | Total 31/12/2010 | |
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| A. Regulatory trading portfolio | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 0 | 0 | 0 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 34 | 0 | 0 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |
| g) Other | 0 | 0 | 0 | 0 |
| B. Bank portfolio – hedges | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 257 | 0 | 0 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 275 | 0 | 281 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |
| g) Other | 0 | 0 | 0 | 0 |
| C. Bank portfolio - other derivatives | | | | |
| a) Options | 0 | 0 | 0 | 0 |
| b) Interest rate swap | 0 | 0 | 0 | 0 |
| c) Cross currency swap | 0 | 0 | 0 | 0 |
| d) Equity swap | 0 | 0 | 0 | 0 |
| e) Forward | 0 | 0 | 0 | 0 |
| f) Futures | 0 | 0 | 0 | 0 |
| g) Other | 0 | 0 | 0 | 0 |
| Total | 566 | 0 | 281 | 0 |

**A.5 Over the counter financial derivatives – trading portfolio: notional values, positive and negative gross fair value of counterparties - contracts that are not part of netting agreements**

| Contracts that are not part of a netting agreement | Governments and central banks | Other public entities | Banks | Finance companies | Insurers | Non finance companies | Other parties |
|---|---|---|---|---|---|---|---|
| 1) Debt securities and interest rates | | | | | | | |
| - notional value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - positive fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2) Equity instruments and equity indexes | | | | | | | |
| - notional value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - positive fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3) Foreign currency and gold | | | | | | | |
| - notional value | 0 | 0 | 11,265 | 0 | 0 | 10 | 16 |
| - positive fair value | 0 | 0 | 7 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 34 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4) Other values | | | | | | | |
| - notional value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - positive fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**A.7 Over the counter financial derivatives – bank portfolio: notional values, positive and negative gross fair value of counterparties – contracts that are not part of netting agreements**

| Contracts that are not part of netting agreements | Governments and central banks | Other public entities | Banks | Finance companies | Insurers | Non finance companies | Other parties |
|---|---|---|---|---|---|---|---|
| 1) Debt securities and interest rates | | | | | | | |
| - notional value | 0 | 0 | 228,600 | 0 | 0 | 0 | 0 |
| - positive fair value | 0 | 0 | 7,463 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 257 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 813 | 0 | 0 | 0 | 0 |
| 2) Equity instruments and equity indexes | | | | | | | |
| - notional value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - positive fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3) Foreign currency and gold | | | | | | | |
| - notional value | 0 | 0 | 7,335 | 0 | 0 | 6,242 | 1,060 |
| - positive fair value | 0 | 0 | 269 | 0 | 0 | 6 | 0 |
| - negative fair value | 0 | 0 | 6 | 0 | 0 | 236 | 33 |
| - future exposure | 0 | 0 | 71 | 0 | 0 | 60 | 10 |
| 4) Other values | | | | | | | |
| - notional value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - positive fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - negative fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - future exposure | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**A.9 Residual life of over the counter financial derivatives: notional values**

| Underlying assets/Residual life | Up to 1 year | Beyond 1 year and up to 5 years | Beyond 5 years | Total 31/12/2011 |
|---|---|---|---|---|
| A. Regulatory trading portfolio | | | | |
| A.1 Financial derivatives on debt securities e interest rates | 0 | 0 | 0 | 0 |
| A.2 Financial derivatives on equity instruments and equity indexes | 0 | 0 | 0 | 0 |
| A.3 Financial derivatives on exchange rates and gold | 11,290 | 0 | 0 | 11,290 |
| A.4 Financial derivatives on other values | 0 | 0 | 0 | 0 |
| B. Bank portfolio | | | | |
| B.1 Financial derivatives on debt securities and interest rates | 43,000 | 185,600 | 0 | 228,600 |
| B.2 Financial derivatives on equity instruments and equity indexes | 0 | 0 | 0 | 0 |
| B.3 Financial derivatives on exchange rates and gold | 14,637 | 0 | 0 | 14,637 |
| B.4 Financial derivatives on other values | 0 | 0 | 0 | 0 |
| Total 31/12/2011 | 68,927 | 185,600 | 0 | 254,527 |
| Total 31/12/2010 | 40,717 | 126,200 | 35,000 | 201,917 |

## ■ Section 3 - Liquidity risk

### *Qualitative information*

### *A. General information, management procedures and methods to measure liquidity risk*

The principal sources of liquidity risk refer to the Bank's activities carried out in the securities sector, in loans and lending services on behalf of institutional entities.
The position of both short as well as mid and long-term liquidity is managed by means of policies aimed at maintaining a situation of substantial equilibrium.
Management of the liquidity risk rests with the Bank's Treasury Service, while the measurement of the risk is done by Risk Management which, on a quarterly basis in the context of the analysis contained in the document prepared for ICAAP purposes, makes and reports to the General Management and the Board of Directors an analysis of the trend of corporate liquidity, delineating the components that have most influenced or which might influence its future trend.
The liquidity risk is measured principally by means of an integrated model (maturity ladder), which allows assessing the balance of forecast cash flows, and, by means of building accumulated imbalances, the net balance of the financial need (or surplus) in the time period considered, and the allocation of definite and forecast flows to the various time periods in order to calculate the cumulative GAP for each maturity period.
Further, the Bank analyzes and monitors its cash balances on a daily basis.
The Bank has initiated a broader revision of the management of the liquidity risk, consisting of the formalization of the entire process in two regulatory documents that are about to be issued:

- Handbook of liquidity risk management: this defines the phases of the liquidity risk management process, roles and responsibilities for the personnel involved with respect to "ordinary" management. A measurement framework is determined (made up of a system of short term and structural limits, monitoring indicators and stress tests) and vertical and horizontal reporting as support;
- Emergency Plan (Contingency Liquidity Plan): the objective is to define the phases of the management process of states of pre-crisis and crisis of liquidity, specific or systematic, starting from identification up to mitigating actions.

Traditionally the Bank has always shown a high availability of liquidity, both due to the breakdown of its assets as well as corporate policies aimed at favoring direct deposits.
The structure of the Bank's financial assets, the Bank's direct adherence to the Interbank Deposit Market (intended to facilitate finding funding in the market, when necessary), and the

Collateralized Interbank Market, as well as the techniques and instruments used to manage and measure the liquidity risk represent the principal factors to mitigate the risk.
In view of the best management of liquidity, the Bank adheres to the Electronic Interbank Market (e-Mid) and the New Collateralized Interbank Market (New MIC).
New MIC is the sector of the e-MID market to be used for deposits in Euro with maturities ranging from one day through one year, which uses the collateral system managed by the Cash Clearing and Guarantee Fund (CC&G).
Trading, whose settlement takes place in Target2, is done in an entirely anonymous manner, with protection from counterparty risk. Collateral is provided by means of the following:
- collateral granted by each participant;
- a mutual aid share, equivalent to 10% of the collateral granted by each participant;
- the interposition between CC&G's counterparties for each executed contract.

## *Quantitative information*

### A.1 Time period distribution by residual contractual duration of financial assets and liabilities - All currencies

| Line items/Time periods | On demand | Beyond 1 day through 7 days | Beyond 7 days through 15 days | Beyond 15 days through 1 month | Beyond 1 month through 3 months | Beyond 3 months through 6 months | Beyond 6 months through 1 year | Beyond 1 year through 5 years | Beyond 5 years | Indefinite duration |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | | | | | | | | | | |
| A.1 Government Bonds | 0 | 0 | 0 | 0 | 52,982 | 9,572 | 80,507 | 347,360 | 72,755 | 0 |
| A.2 Other debt securities | 1,272 | 0 | 0 | 0 | 1,995 | 9,770 | 24,181 | 51,292 | 3,511 | 0 |
| A.3 Shares of mutual funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A.4 Loans | 450,967 | 7,626 | 17,315 | 81,686 | 65,874 | 61,433 | 103,108 | 433,119 | 560,065 | 0 |
| - Banks | 19,804 | 5,007 | 11,516 | 26,668 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Customers | 431,163 | 2,619 | 5,799 | 55,017 | 65,874 | 61,433 | 103,108 | 433,119 | 560,065 | 0 |
| Cash liabilities | | | | | | | | | | |
| B.1 Deposits and bank accounts | 827,448 | 9,445 | 10,931 | 6,110 | 160,897 | 2,044 | 76,964 | 163,163 | 567 | 0 |
| - Banks | 19,997 | 5,041 | 6,413 | 1,703 | 155,204 | 0 | 70,092 | 150,198 | 0 | 0 |
| - Customers | 807,451 | 4,404 | 4,518 | 4,406 | 5,692 | 2,044 | 6,871 | 12,965 | 567 | 0 |
| B.2 Debt securities | 2,319 | 6,515 | 822 | 20,485 | 87,666 | 41,445 | 168,455 | 687,035 | 23,815 | 0 |
| B.3 Other liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| "Off balance sheet" transactions | | | | | | | | | | |
| C.1 Financial derivatives with an exchange of principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C.2 Financial derivatives without an exchange of principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C.3 Deposits and | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| loans to be received | | | | | | | | | | |
| - Long-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Short-term positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C.4 Irrevocable commitments to issue funds | -15,341 | 0 | 158 | 1 | 0 | 728 | 1,856 | 1,009 | 11,589 | 0 |
| - Long-term positions | 2,517 | 0 | 158 | 1 | 0 | 728 | 1,856 | 1,009 | 11,589 | 0 |
| - Short-term positions | 17,858 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C.5 Financial guarantees issued | 119,278 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 50 | 0 |

## ■ Section 4 – Operational risks

### *Qualitative information*

### *A. General information, management procedures and methods to measure operational risk*

Operational risk is identified as the possibility of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems, or from external factors. Operational risk includes legal risk, whereas strategic risks and reputation risks are excluded.

The Bank, aware that emergence of the risks in review can generate losses capable, in a worst case scenario, of actually jeopardizing stability, initiated a project during the course of fiscal year 2006 to identify, manage, measure and control risks.

The guidelines for such project refer to the standards in this area established by the New Agreement on Share Capital (Basel II), which were substantially adopted by the Bank of Italy by means of the «New regulations for the prudential supervision of Banks».

In the context of this project, a recognition and measurement method was delineated and subsequently developed, based on an integrated qualitative as well as quantitative approach, which in practice permits risk to be measured both in terms of potential losses as well as to weigh any losses actually suffered.

In the specific case at hand, the «qualitative» analysis consists of a self-diagnostic assessment process that measures the level of risk exposure by also directly involving the area managers of the principal departments.

For such purpose, corporate processes are broken down into phases, sub-phases and activities following a tree-like structure: activities are associated with one or more risks and the controls to be applied are determined for each of them. A rating is attributed to the risk based on a review of the information thus obtained; such rating is an evaluation of potential risk and enhances the focus of monitoring and control activity.

Potential losses the Bank might incur are estimated for each risk, which have been preventively determined by the Bank's analytical processes, bearing in mind the significance of its impact (average unitary amount of the loss) and frequency (periodic nature of the event over the course of the year), estimating the potential losses the Bank might incur.

The quantitative approach involves data collection related to the losses suffered and evaluates both the allocations for expected losses as well as the use of economic capital to face unexpected losses, taking adequate historical series into consideration and applying suitable statistical methodologies.

The criteria for assessing any operating losses that the Bank suffers, in conformity with what is required by the new prudential regulations, in addition naturally to measuring the amount of the loss and recovery, require detailed qualitative and descriptive information to be disclosed such as the causes of the loss, identification of the type of loss that occurred and the line of business of the context in which it arose.

Internal qualitative and quantitative data, as well as external data, is gathered using a specific electronic procedure prepared for the acquisition and codification of this information in accordance with the rules of the new regulations.

Historical data regarding the most significant losses and the relative write-backs is processed and saved in a special electronic archive: the persons entrusted with data collection, i.e. the heads of the central offices and outlying areas, are required to register information relating to the amounts, times and manner in which the loss occurred, as well as monitor the development of the situation and eventual write-backs.

Periodic audits and control procedures of the processed data guarantee the homogeneity, completeness and reliability of said data.

The comments and evaluations made in analyzing the company processes, the estimates of potential losses and indicators that reflect the trend of the most significant risk phenomenon complete the overall data that is processed and maintained.

The confidentiality of the gathered data is guaranteed by dedicated control procedures that limit and register access to the information.

The review of available data allows identifying the situations in which the mitigation and control activities are adequate and conforming, and those with respect to which, given the high risk associated, it is necessary to act on a priority basis.

The above described organic mapping activities for the operational risks department and to control the monitoring process were initiated during the course of 2006, flanked by the constant management and monitoring activity performed to date.

The Bank uses the Base Method (BIA - Basic Indicator Approach) to calculate regulatory capital, on the basis of which the capital to hedge such type of risk is 15% of the average operating income of the last three fiscal years.

Capital absorption for such type of risk as of 31 December 2011 was 7,964,750 Euro.

### *Quantitative information*

The amount of losses actually verified during the past two fiscal years is set forth below, classified according to the categories provided by regulatory provisions. Their amount, consequent also to the risk assessments conducted on the specific type of risk in review, are not material; in any event there is specific documentation regarding events that resulted in losses.

Data in Euro

| **Type of event resulting in losses** | | | |
|---|---|---|---|
| **Categories of the event (Level 1)** | **Definition** | **2011** | **2010** |
| 1. Internal fraud | Losses due to unauthorized activities, fraud, embezzlement or violation of laws, regulations or company policy that involve at least one of the Bank's internal resources. | | |
| 2. External fraud | Losses due to fraud, embezzlement or the violation of laws by parties not employed by the Bank. | 48,830 | 250 |
| 3. Employment and workplace safety | Losses deriving from acts that violate laws or agreements with respect to employment or workplace health or safety, from the payment of damages for personal injuries or episodes of discrimination or the failure to apply equal treatment. | | 929 |
| 4. Customers, products and professional practice | Losses due to breaches of professional obligations to customers or from the nature or characteristics of the product or service supplied. | 18,747 | 6,763 |
| 5. Damages from external events | Losses deriving from external events, such as natural catastrophes, terrorism, or acts of vandalism. | | |
| 6. Interruptions of operations and system malfunctions | Losses due to interruptions of operations, to malfunctions or the unavailability of systems. | | |
| 7. Performance, delivery and management procedures | Losses due to the failure to complete operations or manage procedures, as well as losses due to relations with commercial counterparties, sellers or suppliers. | 10,461 | 5,913 |
| **Total** | | **78,038** | **13,855** |

## ■ Information to the public

The information on capital adequacy, risk exposure and the characteristics of the systems responsible for identifying, measuring and managing such risks required by the New Prudential

Regulatory Provisions for Banks (Circular no. 263 of 27 December 2006), Title IV “Information to the public”, “Pillar 3”, is published on the Bank’s website at the address: www.bancacambiano.it.

# PART F - INFORMATION ON CAPITAL

## Section 1 – Shareholders' equity

### A. Qualitative information

One of the Bank's consolidated objective strategies is represented by the ongoing consolidation of its capital. Its capital, together with its personnel and organization, represents the indispensable resource for the Bank's sound, prudent and efficient management.
Capital, in fact, constitutes "the first defense against risks connected to the Bank's overall activities".
The growth of capital has rigorously accompanied the development of the Bank's size.
The Bank's objective is to maintain an adequate level of coverage exceeding the mandatory parameters determined by the Supervisory Regulations. Its capital dynamics are constantly monitored by the Administrative and Control Bodies and by General Management. Multiple aspects are controlled: among the most important are the ratios with respect to the Bank's financial structure (uses, impaired receivables, total assets, fixed assets), the level of hedged risks, and the level of free capital. The analyses are also performed in prospective, both short-term (connected to the Budget) as well as mid-term (connected to the Corporate Plan).
The proper capital dynamic is determined above all by self-financing, i.e. by the reinforcement of reserves by means of the substantial allocation of fiscal year net profits to capital funds.
Capital also plays a role as a guarantee for depositors and creditors, as required by the Supervisory Authority, in that it is a financial resource capable of absorbing possible losses generated by the risks to which the Bank is exposed.
In such sense, starting from fiscal year 2008 the new rules have required the adoption of a structured procedure known as ICAAP (Internal Capital Adequacy Assessment Process), so that the Bank can perform an autonomous assessment of its own capital adequacy, both current and prospective, in relation to the risks assumed by means of determining the capital deemed to be adequate – by amount and breakdown, for the permanent hedge of all risks.
Such regulations entrusts the Supervisory Body with verifying the reliability and coherency of the relative results and adopting the opportune corrective measures (Supervisory Review and Evaluation Process – SREP).
ICAAP is an internal control process aimed at verifying adequacy to sustain the Bank's strategies.
The Bank has articulated the ICAAP's process in the following six phases:
1) *Risk identification:* the Risk Management department identifies the risks to be assessed– with the eventual collaboration of other departments (General Management, General Accounting, Organization, Compliance, Data Processing Center);
2) *Risk assessment (measurement, assessment and stress testing):* the Risk Management department, with the eventual collaboration of other departments, assesses risk (measurement, assessment and stress testing). It determines the internal capital required for individual and overall risks;
3) *Determination of overall capital/reconciliation with regulatory capital:* the Risk Management department, together with the Accounting department, determines overall capital and indicates its reconciliation with regulatory capital;
4) *Final risk assessment review:* the Risk Management department, together with General Management, review the results of Phases 1-3 and propose eventual actions to the Board of Directors;
*5) Corrective measures/ mitigation:* the Board of Directors approves eventual corrective and/or mitigating measures proposed by the Risk Management department and/or General Management and entrusts the competent departments to implement them.
6) *Internal audit – Conformity of the procedure to the regulations*: the Internal Audit department reviews the procedure and expresses an opinion on its conformity with outstanding regulations.
The performance of the inherent activities occurs in a framework involving different organizational levels. The Bank decided which departments were responsible for the development and preparation of the various phases and/or activities of the ICAAP procedure in consideration of its size and operations.

## B. Quantitative information

### B.1 Shareholders' equity: breakdown

| Line items\Values | Amount 31/12/2011 | Amount 31/12/2010 |
|---|---|---|
| 1. Share capital | 2,847 | 2,879 |
| 2. Premiums on issue of new shares | 242 | 242 |
| 3. Reserves | 224,029 | 216,626 |
| - retained earnings | 224,029 | 216,626 |
| a) legal | 179,651 | 173,703 |
| b) statutory | 44,378 | 42,923 |
| c) treasury shares | 0 | 0 |
| d) other | 0 | 0 |
| - other | 0 | 0 |
| 4. Equity instruments | 0 | 0 |
| 5. (Treasury shares) | 0 | 0 |
| 6. Valuation reserves | -14,582 | 9,622 |
| - Financial assets available for sale | -32,576 | -8,046 |
| - Property, plant and equipment | 0 | 0 |
| - Intangible assets | 0 | 0 |
| - Hedging of foreign investments | 0 | 0 |
| - Cash flow hedges | 0 | 0 |
| - Exchange rate differences | 0 | 0 |
| - Noncurrent assets in the course of divestment | 0 | 0 |
| - Actuarial profits (losses) related to defined benefit plans | 0 | 0 |
| - Shares of valuation reserves related to subsidiaries measured at shareholders' equity | 7,159 | 6,832 |
| - Special revaluation laws | 10,836 | 10,836 |
| 7. Fiscal year profit (loss) | 7,300 | 8,400 |
| Total | 219,836 | 237,769 |

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

| Assets/Values | Total 31/12/2011 | | Total 31/12/2010 | |
|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | 291 | 32,867 | 23 | 8,069 |
| 2. Equity instruments | 0 | 0 | 0 | 0 |
| 3. Shares of mutual funds | 0 | 0 | 0 | 0 |
| 4. Loans | 0 | 0 | 0 | 0 |
| Total | 291 | 32,867 | 23 | 8,069 |

### B.3 Valuation reserves of financial assets available for sale: annual variations

| | Debt securities | Equity instruments | Shares of mutual funds | Loans |
|---|---|---|---|---|
| 1. Initial values | -8,046 | 0 | 0 | 0 |
| 2. Additions | 392 | 0 | 0 | 0 |
| 2.1 Increases of fair value | 392 | 0 | 0 | 0 |
| 2.2 Reversal to the income statement of negative reserves: | 0 | 0 | 0 | 0 |
| - from impairment | 0 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| - from use | 0 | 0 | 0 | 0 |
| 2.3 Other additions | 0 | 0 | 0 | 0 |
| 3. Reductions | 24,923 | 0 | 0 | 0 |
| 3.1 Reduction of fair value | 24,322 | 0 | 0 | 0 |
| 3.2 Adjustment from impairment | 0 | 0 | 0 | 0 |
| 3.3 Reversal to the income statement from positive reserves: from use | 600 | 0 | 0 | 0 |
| 3.4 Other reductions | 0 | 0 | 0 | 0 |
| 4. Final value | -32,576 | 0 | 0 | 0 |

## Section 2 - Regulatory capital and ratios

### 2.1 Regulatory capital

### *A. Qualitative information*

The regulatory capital and capital ratios are calculated on the basis of the capital value and economic result, calculated by applying the regulations on financial statements provided by the IAS/IFRS International Accounting Standards and considering the regime of the Bank of Italy on regulatory capital and prudent ratios.
Regulatory capital is calculated as the total of the positive and negative components, on the basis of their type of capital; the positive components must be fully available to the Bank, so that they can be used in calculating asset absorption.
This constitutes the reference factor for the provisions of prudent regulatory requirements, and consists of base capital and additional capital, net of some deductions, in particular:

**1. Base capital (Tier 1)**

Share capital, premiums on issue of new shares, retained earnings and capital reserves are the primary type of capital elements. Base capital consists of the total of such elements, after deducting treasury shares or quotas, intangible assets, as well as eventual losses recorded in prior fiscal years and the one in course.

**2. Additional capital (Tier 2)**

Additional capital consists of valuation reserves for property, plant and equipment (special revaluation laws), positive reserves for securities available for sale (aggregating "equity instruments and shares of mutual funds" and "debt securities"), net of the relative prudential filters, as well as the calculated share of any subordinate loans that may have been issued.
The Bank has not issued hybrid capitalization instruments or subordinate liabilities.

**3. Third level capital**

At present the Bank does not use instruments included in this type of capital.

**4. The Bank of Italy's Measure of 18 May 2010 - Prudential filters and effects on regulatory capital**

It is noted that, subsequent to the Measure of the Bank of Italy of 18 May 2010, the Bank, for the sole purpose of calculating regulatory capital, exercised the option that allows capital gains and capital losses to be entirely sterilized with respect to securities allocated to the Available for Sale portfolio and issued by Central Administrations of States belonging to the European Union (symmetrical approach).
Complete sterilization applies to securities acquired subsequent to 31.12.2009 and immediately classified in the Available for Sale portfolio; with respect to securities already present in the Available for Sale portfolio as of 31.12.2009, the sterilization only regarded variations of the valuation reserve subsequent to such date.

### *B. Quantitative information*

| | Total 31/12/2011 | Total 31/12/2010 |
|---|---|---|
| A. Base capital prior to application of prudential filters | 232,836 | 227,149 |
| B. Prudential filters of base capital: | -2,966 | -1,704 |
| B.1 IAS/IFRS positive (+) prudential filters | 0 | 0 |
| B.2 IAS/IFRS negative (-) prudential filters | -2,966 | -1,704 |
| C. Base capital prior to application of prudential filters (A + B) | 229,870 | 225,445 |
| D. Items to be deducted from base capital | 1,148 | 0 |
| E. Total base capital (TIER 1) (C - D) | 228,722 | 225,445 |
| F. Additional capital prior to application of prudential filters | 17,995 | 17,668 |
| G. Prudential filters of additional capital : | 0 | 0 |
| G.1 IAS/IFRS positive (+) prudential filters | 0 | 0 |
| G.2 IAS/IFRS negative (-) prudential filters | 0 | 0 |
| H. Additional capital prior to application of prudential filters (F + G) | 17,995 | 17,668 |
| I. Items to be deducted from additional capital | 1,148 | 0 |
| L. Total additional capital (TIER 2) (H - I) | 16,847 | 17,668 |
| M. Items to be deducted from base and additional capital | 0 | 0 |
| N. Regulatory capital (E + L - M) | 245,569 | 243,113 |
| O. Third level capital (TIER 3) | 0 | 0 |
| P. Regulatory capital inclusive of TIER 3 (N + O) | 245,569 | 243,113 |

### 2.2 Capital adequacy

## *A. Qualitative information*

The Bank of Italy, by means of Circular no. 263 of 27 December 2006 (“New regulations for the prudential supervision of banks”) and subsequent updates, has redesigned the prudential regulations for banks and banking groups, implementing Community directives on the capital adequacy of financial intermediaries: New Agreement of Basel on Capital Requirements (”Basel II”).

The new prudential regulatory structure is based on **three Pillars**:

- the **First Pillar** attributes relevance to the measurement of risks and capital, providing capital requirements in order to face some of the principal types of risks of banking and financial activity (credit risk, counterparty risk, market risk and operational risk); for such purpose, some alternative calculation methods are provided for capital requirements characterized by different levels of complexity in measuring risks and by organizational requirements for control;
- the **Second Pillar** requires financial intermediaries to adopt a strategy and control process for capital adequacy, current and prospective, highlighting the importance of governance as a fundamental element, including from the viewpoint of the Supervisory Organism entrusted with verifying the reliability and accuracy of this internal assessment;
- the **Third Pillar** introduces specific public disclosure requirements regarding capital adequacy, risk exposure and the general characteristics of the relative management and control systems.

The prudential ratios as of 31 December 2011 were calculated using the methodology provided by the Agreement on Capital Requirements – Basel II, adopting the Standardized method to calculate capital requirements with respect to credit risk and counterparty risk and the Base method to calculate operational risks.

In accordance with the Supervisory Regulations, banks must always maintain, as a capital requirement in relation to the risk of losses due to the borrower’s default (credit risk), an amount of regulatory capital corresponding to at least 8 percent of weighted exposure for the risk (total capital ratio).

Banks must also remain compliant at all times with capital requirements for risks generated by market operations regarding financial instruments, foreign currencies and goods. With reference to market risks calculated on the entire trading portfolio, the regulations specify and regulate the treatment of the different types of risk: risk position on debt securities and capital, settlement risk, and concentration risk. With reference to the financial statements, it is also necessary to calculate exchange rate risk and credit risk for goods.

In order to measure capital adequacy the Tier 1 capital ratio is extremely important, represented by the ratio between base capital and overall risk weighted assets.
As already indicated in Section 1, the Bank considers capital adequacy to represent one of its principal strategic objectives. Consequently, the maintenance of an adequate capital surplus with respect to the minimum requirements is the object of ongoing analysis and controls, both in final terms as well as with respect to outlook. The results of the analysis allow the most appropriate actions to be determined to protect capitalization levels.
As seen from the breakdown of regulatory capital and the following breakdown of the prudential requirements, the Bank has a ratio between base capital and risk weighted assets (Tier 1 capital ratio) corresponding to 15.859% (16.033% as of 31/12/2010), and a ratio between regulatory capital and risk weighted assets (total capital ratio) corresponding to 17.027% (17.289% as of 31/12/2010), greater than the minimum requirement of 8%.

## *B. Quantitative information*

| Categories/Values | Non weighted amount | | Weighted amounts/pre-requisites | |
|---|---|---|---|---|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| A. RISK ASSETS | | | | |
| A.1 Credit risk and counterparty's credit risk | 3,106,339 | 2,861,133 | 1,327,833 | 1,286,281 |
| 1. Standard methodology | 3,106,339 | 2,861,133 | 1,327,833 | 1,286,281 |
| 2. Methodology based on external ratings | 0 | 0 | 0 | 0 |
| 2.1 Base | 0 | 0 | 0 | 0 |
| 2.2 Advanced | 0 | 0 | 0 | 0 |
| 3. Securitizations | 0 | 0 | 0 | 0 |
| B. REGULATORY CAPITAL REQUIREMENTS | | | | |
| B.1 Credit risk and counterparty risk | | | 106,231 | 102,902 |
| B.2 Market risks | | | 1,185 | 1,911 |
| 1. Standard methodology | | | 1,185 | 1,911 |
| 2. Internal models | | | 0 | 0 |
| 3. Concentration risk | | | 0 | 0 |
| B.3 Operational risk | | | 7,965 | 7,678 |
| 1. Base method | | | 7,965 | 7,678 |
| 2. Standard method | | | 0 | 0 |
| 3. Advanced method | | | 0 | 0 |
| B.4 Other prudential requirements | | | 0 | 0 |
| B.5 Other calculation items | | | 0 | 0 |
| B.6 Total prudential requirements | | | 115,380 | 112,492 |
| C. RISK ASSETS AND REGULATORY RATIOS | | | | |
| C.1 Risk weighted assets | | | 1,442,252 | 1,406,145 |
| C.2 Base capital/Risk weighted assets (Tier 1 capital ratio) | | | 15.859% | 16.033% |
| C.3 Regulatory capital inclusive of TIER 3/Risk weighted assets (Total capital ratio) | | | 17.027% | 17.289% |

# PART G – MERGERS WITH COMPANIES OR BRANCHES OF BUSINESS

## Section 1 - Transactions during the fiscal year

The Bank was not involved with any mergers during the fiscal year.

## Section 2 - Transactions after the close of the fiscal year

The Bank was not involved with any mergers after the close of the fiscal year.

# PART H - TRANSACTIONS WITH RELATED PARTIES

### 1. Information on compensation for executives having strategic responsibilities (gross fees)

The information required by IAS 24 paragraph 16 for executives having strategic responsibilities, understood as those who have power and responsibility for planning, direction and control, as well as information on the fees paid to the Bank's directors is set forth below.
Executive benefits consist of all forms of fees paid, using the accrual accounting method.

| Description | 2011 | 2010 |
|---|---|---|
| Salaries and other short-term benefits, including fees and benefits for directors and statutory auditors | 1,634 | 1,337 |
| Benefits following employment | | |
| Indemnities for the termination of employment | | |
| Other long-term benefits | | |

### 2. Information on transactions with related parties

Other related parties consist of entities subject to the significant control or influence of directors or executives, i.e. by the parties that might have influence or be influenced by them.
The relationships and transactions with related parties have no elements of critical relevance, because they are part of the ordinary credit and servicing activity.
There were no atypical or unusual transactions with related parties during the fiscal year which, due to their significance or amount might have raised doubt with respect to the protection of the Bank's capital.
The preliminary procedure related to requests for financing made by related parties follows the same lending process reserved to other, unrelated counterparties having analogous creditworthiness. With respect to transactions with persons exercising administrative, direction and control functions for the Bank, Article 136 of Legislative Decree 385/1993 and Article 2391 of the Italian Civil Code apply.
Transactions with related parties take place on market conditions, and in any case on the basis of an assessment of economic convenience, as well as always in compliance with outstanding law.
Specifically:
- conditions reserved to all personnel, or provided by employment contracts, are applied to executives having strategic responsibility;
- conditions applied to directors and statutory auditors are the same as those applied to customers having analogous professional profiles and standing.

| | Receivables | | Security given | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Directors, statutory auditors and executives | 1,662 | 1,706 | 450 | 490 |

## PART I – PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

The Bank did not stipulate any payment agreements based on its own equity instruments during the fiscal year nor after its closure (IFRS 2).

## ANNEXES TO THE FINANCIAL STATEMENTS – List of real property with an indication of the appraisals performed as of 31 December 2011 – Law no. 72 of 19/03/1983, Article 10

Value in euro

| Location | Historical cost | Rev. Law 576/75 | Rev. Law 72/83 | Rev. Law 413/91 | Rev. from F.T.A. Ias 01/01/2005 | Total Real Property as of 31/12/2011 | of which value of land as of 31/12/2011 | of which value of building as of 31/12/2011 | Dep. fund as of 31/12/2011 | Balance sheet value as of 31/12/2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Castelfiorentino P.za Giovyears XXIII, 6 Registered office | 4,105,383 | | | 179,686 | 3,749,134 | 8,034,203 | 2,000,000 | 6,034,203 | 3,422,060 | 4,612,143 |
| Gambassi Terme Via Garibaldi, 18 Branch | 26,830 | 1,033 | 23,241 | 3,352 | 153,497 | 207,952 | | 207,952 | 77,475 | 130,477 |
| Castelfiorentino Loc. Cambiano Office | 1,336 | 156 | 12,452 | 4,523 | 182,046 | 200,513 | | 200,513 | 103,089 | 97,425 |
| Castelfiorentino Via Piave, 8 Office | 30,196 | 10,641 | 179,368 | 42,042 | 1,258,394 | 1,520,641 | 480,000 | 1,040,641 | 638,975 | 881,665 |
| Castelfiorentino Via Carducci, 8/9 Office | 1,179,535 | | 480,305 | 63,974 | 2,409,822 | 4,133,635 | 1,800,000 | 2,333,635 | 1,245,171 | 2,888,464 |
| Certaldo Viale Matteotti, 29/33 Branch | 3,487,215 | | | 31,824 | 1,999,995 | 5,519,035 | 1,574,000 | 3,945,035 | 1,985,885 | 3,533,150 |
| Empoli Via Chiarugi, 4 Branch | 4,104,244 | | | | 2,747,576 | 6,851,821 | 2,000,000 | 4,851,821 | 2,224,897 | 4,626,924 |
| Poggibonsi Via S.Gimignano, 24/26 Branch | 2,272,577 | | | | 710,082 | 2,982,659 | 935,000 | 2,047,659 | 976,212 | 2,006,448 |
| Castelfiorentino Via Cerbioni Archive 1 | 530,024 | | | | 227,844 | 757,868 | 185,000 | 572,868 | 240,743 | 517,125 |
| Castelfiorentino Via Dante 2/a Office | 574,926 | | | | 62,634 | 637,561 | | 637,561 | 155,125 | 482,436 |
| Barberino V.E. P.za Capocchini, 21/23 Branch | 74,026 | | | | 475,968 | 549,993 | | 549,993 | 141,092 | 408,902 |
| Gambassi Terme Via Garibaldi, 16 Branch | 37,565 | | | | 182,506 | 220,071 | | 220,071 | 57,267 | 162,804 |
| Empoli Via Cappuccini, 4 Branch | 44,547 | | | | 156,468 | 201,015 | | 201,015 | 53,357 | 147,658 |
| Castelfiorentino Via Cerbioni Archive 2 | 415,530 | | | | 98,101 | 513,631 | 150,000 | 363,631 | 118,714 | 394,916 |
| Castelfiorentino Via Gozzoli, 45 Branch | 1,007,905 | | | | 1,013 | 1,008,917 | 250,000 | 758,917 | 172,970 | 835,947 |
| Cerreto Guidi Via V. Veneto, 59 Branch | 460,623 | | | | 216,286 | 676,909 | | 676,909 | 149,752 | 527,157 |
| Castelfiorentino Via Veneto/Via Piave Non operational office | 1,458,785 | | | | -70,200 | 1,388,585 | 600,000 | 788,585 | | 1,388,585 |
| Gambassi Terme Via Volta, 19/21 Non operatiional Archive 3 | 1,691,075 | | | | | 1,691,075 | 552,655 | 1,138,420 | 93,859 | 1,597,215 |
| Castelfiorentino Via Piave, 10 Non operational office | 233,988 | | | | | 233,988 | | 233,988 | | 233,988 |
| Firenze- Via Varchi, 2/4 Viale Gramsci Non operativo Sede | 8,607,893 | | | | | 8,607,893 | 1,222,000 | 7,385,893 | | 8,607,893 |
| Colle di Val d'Elsa Piazza Arnolfo Non operational office | 774,000 | | | | | 774,000 | 774,000 | 0 | | 774,000 |
| Castelfiorentino Via Piave, 6 (Garage) Non operational office | 138,468 | | | | | 138,468 | | 138,468 | | 138,468 |
| Castelfiorentino Via Piave, 25 | 1,057,707 | | | | | 1,057,707 | | 1,057,707 | | 1,057,707 |

| Location | Historical cost | Rev. Law 576/75 | Rev. Law 72/83 | Rev. Law 413/91 | Rev. from F.T.A. Ias 01/01/2005 | Total Real Property as of 31/12/2011 | of which value of land as of 31/12/2011 | of which value of building as of 31/12/2011 | Dep. fund as of 31/12/2011 | Balance sheet value as of 31/12/2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Non operational office | | | | | | | | | | |
| Total | 32,314,378 | 11,830 | 695,366 | 325,401 | 14,561,164 | 47,908,139 | 12,522,655 | 35,385,484 | 11,856,642 | 36,051,497 |