Consolidated Report on Operations *2012*

Gruppo Banco Desio

PREAMBLE

The data and indexes reported in this Report on operations refer to, if applicable, to the Balance Sheet of the Financial Statements layouts, as well as to the reclassified Income Statement, as per the appropriate paragraph, which has in turn been prepared based on the Financial Statements layout.

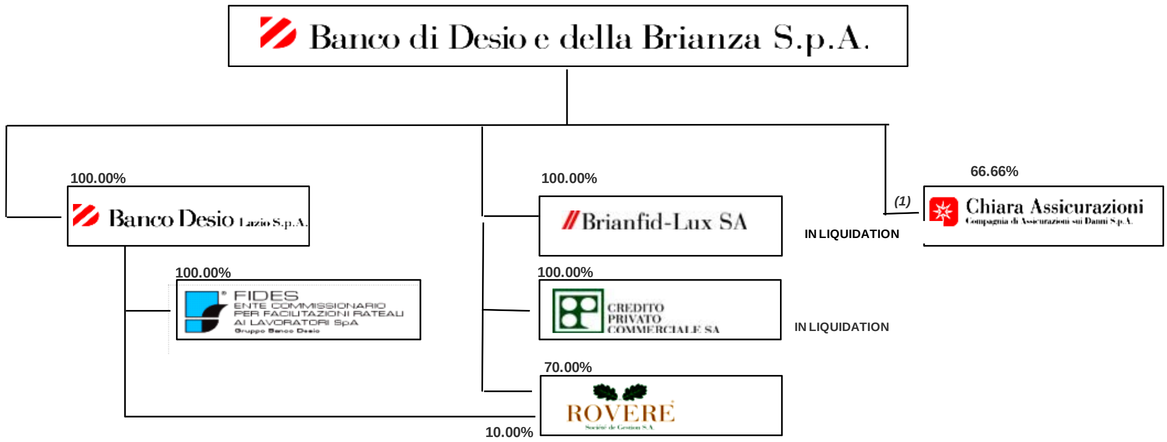
After the signing of the preliminary agreements on 19 November 2012 for the transfer by the Parent Company Banco di Desio e della Brianza S.p.A. of the controlling share of Chiara Assicurazioni S.p.A., which is expected to be completed during the first half-year of the current year (as illustrated in the paragraph “Major corporate events during the financial year” of this Report on Operations), in compliance with what is provided by IFRS 5, the book values referring to the Company as at 31 December 2012 were classified in the Balance-sheet items “Non-current assets held for sale and discontinued operations” and “Liabilities associated with discontinued operations” as well as in the Income Statement item “Gains/losses on groups of assets being disposed of”.

Considering that the asset being disposed of, consisting of the business of the Company matter of the sale, represents a major line of business (the so-called “discontinuing operations”), it was necessary to restate, in compliance with what is provided by IFRS 5, the corresponding comparative figures of the income statement under the item “Gains/losses on groups of assets being disposed of” also with reference to the period of comparison, i.e. as at 31 December 2011.

Moreover, as a result of the letter of the Bank of Italy of 16 January 2013 - index no. 0051159/13, the “quick loan application commissions” as at 31 December 2012 were reclassified from the “Fee and commission income” item to the "Other operating expenses/(income)" item, this reclassification was also carried out, for the same purposes of homogeneous comparison, also with reference to 31 December 2011.

THE BANCO DESIO GROUP

As at 31 December 2012, this consolidated report on operations relates to the following corporate structure of the Banco Desio Group:



(1) Company excluded from the perimeter of the Banking Group

1 - FINANCIAL HIGHLIGHTS AND RATIOS

BALANCE SHEET DATA

Amounts in thousands of Euros	31.12.2012	31.12.2011	Change Absolute	%
Total assets	8,862,993	8,359,795	503,198	6.0%
Financial assets	1,165,593	1,066,594	98,999	9.3%
Amounts due from banks	250,480	288,525	-38,045	-13.2%
Amounts due from customers	6,949,145	6,580,450	368,695	5.6%
Tangible assets	150,890	154,481	-3,591	-2.3%
Intangible assets	25,903	46,496	-20,593	-44.3%
Amounts due to banks	441,677	267,998	173,679	64.8%
Amounts due to customers	5,041,168	4,347,706	693,462	16.0%
Securities issued and financial liabilities at fair value through profit or loss	2,255,413	2,696,584	-441,171	-16.4%
Shareholders' equity (including net profit for the period) (1)	821,177	770,926	50,251	6.5%
Indirect deposits	10,777,507	10,821,717	-44,210	-0.4%

INCOME STATEMENT DATA [(2)]

Amounts in thousands of Euros	31.12.2012	31.12.2011	Change Absolute	%
Operating income	351,078	344,097	6,981	2.0%
of which Net Interest income	*200,326*	*205,620*	*-5,294*	*-2.6%*
Operating costs	223,651	230,725	-7,074	-3.1%
Operating margin	127,427	113,372	14,055	12.4%
Profits/(losses) after taxes from continuing operations	14,902	36,303	-21,401	-59.0%
Non-recurring profit after taxes	1,622	4,702	-3,080	-65.5%
Net profit for the period [(1)]	20,201	44,942	-24,741	-55.1%

[(1)] *pertaining to the Parent Company;*

[(2)] *from reclassified Income Statement.*

FINANCIAL RATIOS

	31.12.2012	31.12.2011	Absolute changes
Shareholders' equity / Total assets	9,3%	9,2%	0,1%
Shareholders' equity / Amounts due from customers	11,8%	11,7%	0,1%
Shareholders' equity / Amounts due to customers	16,3%	17,7%	-1,4%
Shareholders' equity / Securities issued and Financial liabilities at fair value through profit or loss	36,4%	28,6%	7,8%
Tier 1 capital / Weighted assets (*Tier1*)	12,1%	10,7%	1,4%
Overall assets / Weighted assets *(Total capital ratio)*	13,4%	11,8%	1,6%
Financial assets / Total assets	13,2%	12,8%	0,4%
Amounts due from banks / Total assets	2,8%	3,5%	-0,7%
Amounts due from customers / Total assets	78,4%	78,7%	-0,3%
Amounts due from customers / Direct deposits from customers	95,2%	93,4%	1,8%
Amounts due to banks / Total assets	5,0%	3,2%	1,8%
Amounts due to customers / Total assets	56,9%	52,0%	4,9%
Securities issued and Financial liabilities at fair value through profit or loss / Total assets	25,4%	32,3%	-6,9%
Direct deposits from customers / Total assets	82,3%	84,3%	-2,0%
Operating costs / Operating income (Cost/Income ratio)	63,7%	67,1%	-3,4%
Net interest income / Operating income	57,1%	59,8%	-2,7%
Operating margin / Operating income	36,3%	32,9%	3,4%
Operating profit net of taxes / Shareholders' equity	1,9%	5,0%	-3,1%
Net profit for the period / Shareholders' equity (R.O.E.)	2,5%	6,2%	-3,7%

STRUCTURE AND PRODUCTIVITY DATA

	31.12.2012	31.12.2011	Change	
			Absolute	%
Number of employees	1,838	1,875	-37	-2.0%
Number of bank branches	185	185	0	0.0%
Amounts in thousands of Euros				
Amounts due from customers by employee [(3)]	3,743	3,537	206	5.8%
Direct deposits from customer by employee [(3)]	3,930	3,786	144	3.8%
Operating income by employee [(3)]	189	185	4	2.2%

[(3)] *on the basis of the number of employees determined as arithmetic mean*

2 - THE BASELINE SCENARIO

2.1 - THE MACROECONOMIC FRAMEWORK

Coming out from a financial recession is much longer and more difficult than coming out from a cyclical downturn. The current economic phase is not an exception; in fact, after five years from the outbreak of the big crisis, the international economy has not found yet the pace of the past, and new risks of slowdown are foreshadowed.

The 2013 scenario will maintain continuity with 2012: moderate growth rates, restrictive tax policies and strong expansive orientation of monetary policies, generally negligible inflationary pressures. Basically, there are three unknown factors around the macroeconomic scenario: the developments of the European crisis, the solidity of the Asian economies in a context of weak global growth and the possibility for the “fiscal cliff” to materialise in the USA.

Emerging Economies

In the third quarter of 2012, the GDP of Russia recorded a 0.8% economic growth, accelerating compared to the second quarter (+0.4%). Consumption increased at constant rates of around 1% and investments accelerated from 1.2% to 1.7%: the solidity of these domestic demand items resulted in a strong growth in imports and exports after two setbacks; during the last available quarter they increased again. The high oil price keeps the trade surplus considerably high and despite the political problems and the economic outlook that do not make the investments particularly attractive for foreign operators, the rouble has however slightly increased.

In the fourth quarter of 2012, there was a recovery in Chinese growth for an overall increase in annual GDP by 7.8%, thanks to good performance in agriculture and services. However, this growth is still the worst, even compared to the one achieved during the global crisis. The figures of the third quarter should represent the lowest point of the Chinese economy, since all the figures from September to November indicate that the economy has passed its lowest point, although the recovery is still weak.

The climate surveys in the third quarter of 2012 still show an economic slowdown and a decline in business confidence, although expectations for the fourth quarter of the year are improving. Despite the economic slowdown, inflation remains high; inflation risks are rising and they limit the space of interest-rate slackening by the Central Bank.

In Brazil, the economic policy was more defensive and less clear in communicating to the internal and external operators the ultimate goal. Barriers were introduced on capital movements, some prices were administered to control inflation and the incentives to the industrial sector were subjected to interventions in the labour market.

United States

In the third quarter, the GDP of the United States increased by 2.6%, rising compared to the two previous quarters. The increase in inventories and in public expenditure were the drivers of the US economic growth. The contribution of consumption was equal to +1% while net exports and investments contributed by 0.1%. The labour market remains weak despite the decline in the unemployment rate for four subsequent quarters. However, the decline is mostly due to the reduction of the participation in the workforce: the employment rate continues to gravitate around 59%, a figure well below the pre-crisis average. The industrial production was substantially stable, while the degree of utilisation of industrial production capacity decreased. The sentiment indicators of businesses and consumers, after reaching their lowest point at the end of the first half of 2012, started to increase reflecting the recovery of economic growth. Inflation was down. The real estate market remained fragile. With reference to the public finance, the provisional figures of 2012 indicate an 8.5% growth in net indebtedness, lower than 10.1% of 2011. However, the debt-to-GDP ratio increased (107.1%) from 102.9%.

Japan

The Japanese economy is in recession: the figures of the third quarter showed a sharp contraction in GDP whose major points of weakness were the reduction in productive investments and especially the fall in exports. The loss of competitiveness due to the appreciation of the Yen coincided with a moment of weakness in worldwide demand in addition to the disputes with China over the Senkaku/Diaoyu islands that greatly decreased exports of consumer goods, electronics and cars, in particular. At the end of 2012, all the indicators worsened, from industrial production to the business and family confidence indexes, and a further sharp contraction in GDP is expected in this framework.

Euro Zone

Starting from the last quarter, the economic growth of the Eurozone gradually slowed down. In the third quarter of 2012, GDP decreased by 0.2%. A positive contribution came from exports, whereas the contribution of private consumption, inventories and investments was negative. The positive growth of GDP was highlighted only for Germany and for France.

Unemployment remains a major concern. From the beginning of the crisis, the unemployment rate gradually increased, reaching 11.7% in October, about 1.5% higher than the average of 2011. Industrial production slowed down over the last twelve months (-2.9% y-o-y).

In the first ten months of the year, inflation decreased by a tenth of a percentage point. The core component followed a similar trend decreasing from 2% to 1.7%. Producer's prices after touching the lowest point in April have edged up progressively. From the beginning of 2012, business confidence started to deteriorate gradually as a result of the sovereign debt crisis of some countries of the area, Greece and Spain in particular, and the consumer confidence indexes worsened gradually as well.

Italy

The Italian economy continued to slow down, albeit at a slower pace than in previous months. In the third quarter of 2012, GDP decreased by 0.7% on an annual basis, reporting a decreasing drop compared to the trend figures. All components of domestic demand were decreasing. Private consumption decreased by 1%, while gross fixed investment fell by 1.4%. Only contributions from net exports and inventories were positive for the determination of the GDP.

The labour market continues to be one of the main factors of weakness: the latest available figures show a sharp increase in levels of unemployment (10.5%); a figure that is even more worrying if we consider that the youth unemployment rate rose to 36.5%.

The trend of industrial production continues to be a major concern. The slowdown that began in April 2012 continued throughout 2012: at the end of October, production fell by 5.9% on an annual basis. The drop in intermediate goods and consumer goods was significant. The harmonised inflation rate gradually decreased in 2012 reaching +2.8%. Both the business confidence index and the mood of the consumers resulted in a sharp decline.

2.2 - THE CAPITAL MARKET AND THE BANKING SYSTEM IN ITALY

In December, international share prices had favourable trends: Standard & Poors increased on an annual basis by 14.3%, Dow Jones Euro Stoxx by 16% and Nikkei 225 by 15.9%. The main European stock indexes showed the following changes: Ftse Mib increased on an annual basis by 6.6%, Dax30 by 29.3%, Ftse100 by 8.1% and Cac by 17.5%. With regard to the main markets of the new economy, the following trends were reported: Nasdaq recorded an annual change of 15.4%, whereas Tec Dax of 23%. At the same time, major banking indexes recorded the following annual trends: S&P 500 Banks: +23.5%, Ftse Italian banks: -4.7% and Dow Jones

EuroStxx Banks: +12.1%. In December 2012, the capitalisation of the Eurozone stock market also showed a positive performance, on a cyclical basis (+4.2%) and on an annual basis (+17.4%). Within the Eurozone, capitalisation was equal to 9.2% of the total in Italy, 31.3% in France and 27% in Germany. With specific reference to Italy, the overall capitalisation of the stock market came to Euro 373 billion at the end of November (Euro -29 billion compared to December 2011). The impact of bank capitalisation on the total came to 17.1% compared to the value posted at the beginning of the financial crisis, 28.3%.

With reference to the banking system, the growth rate of domestic borrowing appeared to have settled at the end of 2012, while the trend in foreign borrowing showed a decrease. The tendential growth rate of deposits in Euro of the Italian banks came to +1.2%. Specifically, deposits from customers recorded a tendential growth rate of 5.7%, while the annual change in bonds was negative and equal to -7%. The average yield of bank borrowing increased slightly; The average rate of bank deposits from customers came to 2.08% in December 2012, from 2% in December 2011.

At the end of 2012, the drop in bank loans decreased; based on initial estimates, total loans to residents in Italy reported a -1.7% on an annual basis. Loans to households and non-financial businesses recorded an annual decrease of 1.9% compared to the European average of -1%. On the basis of a breakdown by term, the short-term segment showed a 0.8% decrease, while the medium/long-term segment showed a 2.3% decrease on an annual basis. At the end of October, loans to businesses decreased by 3.9%, whereas loans to households increased on an annual basis by 5.3%. The trend of loans was affected by the decline in investments. Rates on loans settled down, but always at moderate levels; the weighted average rate on the total of household and non-financial business loans was 3.78%, below 45 basis points from the value of December 2011.

3 - LOCAL EXPANSION AND ISSUES OF CORPORATE INTEREST

3.1 - THE DISTRIBUTION NETWORK

In the context of the financial crisis and the downturn in the reference scenario, in 2012 the Group kept unchanged the breakdown of its distribution network consisting of 185 branches.

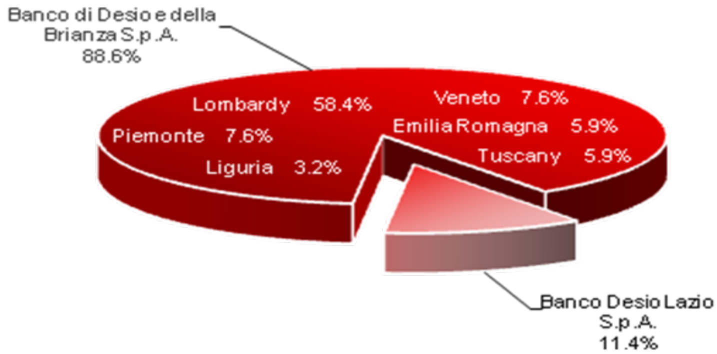
The distribution network continues to be marked by the increasing central role given to the relations with customers. The expansion achieved in the last few years was aimed at putting roots down in the territory with which the Bank is historically associated and in adjacent and complementary areas and taking up other local opportunities. This expansion led to specifically intensify the presence of the Group in Lombardy and extend it to Emilia, Piedmont, Liguria, Veneto, Tuscany and Lazio.

The breakdown of the branch network by Group company is shown in the table below, while the chart that follows it also gives the percentage distribution by region as at the end of the year.

Table no. 1 - **THE GROUP DISTRIBUTION NETWORK: BREAKDOWN BY BANK**

No. of branches	31.12.2012	Percentage breakdown	31.12.2011	Percentage breakdown	Change Value	Change %
Banco di Desio e della Brianza S.p.A.	164	88.6%	164	88.6%	0	0.0%
Banco Desio Lazio S.p.A.	21	11.4%	21	11.4%	0	0.0%
Group distribution network	**185**	**100.0%**	**185**	**100.0%**	**0**	**0.0%**

Chart no. 1 - **THE GROUP DISTRIBUTION NETWORK: PERCENTAGE BREAKDOWN BY BANK AND BY REGION 2012**



The chart below shows the dimensional growth of the Group in the last few years, corresponding to a development rate equal to the compound annual growth rate of 3.1% in the 2010-2012 three year period.

Chart no. 2 - **THE GROUP DISTRIBUTION NETWORK: GROWTH IN SIZE IN THE LAST FEW YEARS**

3.2 - MAJOR CORPORATE EVENTS DURING THE FINANCIAL YEAR

Appointment of a new member of the Parent Company's Board of Directors

On 26 April 2012, the Ordinary Shareholders' Meeting of the Parent Company appointed Marina Brogi as a new director of Banco di Desio e della Brianza S.p.A, replacing the outgoing Luigi Guatri, who resigned.

Appointment of new Managing Director of the Parent Company

The Parent Company's Board of Directors, which met on 19 June 2012, having acknowledged and, therefore, accepted Nereo Dacci's resignation as Director with the office of Managing Director of Banco di Desio e della Brianza S.p.A. and additional roles held in the Group, resolved, on the proposal of the Chairman and with the prior favourable opinion of the Appointments and Remuneration Committee, to co-opt Tommaso Cartone as Director and, therefore, appoint him to the position of Managing Director.

Appointment of Independent Auditors

The Ordinary Shareholders' Meeting of the Parent Company of 26 April 2012 appointed the company Deloitte & Touche S.p.A. to carry out the audit of the accounts for the financial years 2012-2020.

Credito Privato Commerciale SA in liquidation

In line with the strategy of discontinuing the Group's presence and operations on Swiss territory, following the unsuccessful transfer undertaken, the Board of Directors of the Parent Company decided to place the indirect subsidiary Credito Privato Commerciale (hereinafter also "CPC") into voluntary liquidation on 31 May 2012. The resolution of the Extraordinary Shareholders' Meeting of the subsidiary was passed on 8 June 2012.

On 19 July 2012, the Board of Directors acknowledged the winding up procedure and the results of an initial balance sheet estimate relating to the opening of said proceedings presented by liquidator Ernst & Young SA, which highlighted forecasts of future expenses, relating mainly to technical and administrative costs, and contingent liabilities, which presumably will be incurred gradually over a period of 5-7 years, as such to require the Parent Company to make a specific payment of around Euro 41.7 million in order to ensure CPC's continuation of the proceedings in compliance with the equity requirements set forth by Swiss regulatory legislation. At the same time, the Parent Company's Board of Directors resolved, consistent with the timescales set forth by the legal systems, to reallocate the equity investment in CPC in liquidation, bringing it under the direct control of the Parent Company.

On 26 July 2012, the Parent Company paid around Euro 41.7 million (Swiss francs 50 million) to cover the recapitalisation of the subsidiary CPC in liquidation in accordance with the instructions and methods indicated by FINMA (Swiss Financial Market Supervisory Authority), and was transformed into a share capital increase following the transfer of the equity investment in CPC in liquidation from Brianfid-Lux S.A. to the Parent Company. This last transaction was completed on 4 October 2012.

The liquidation is continuing regularly enough to assume that the substantial closing can take place well before the supposed 5 / 7 years; to date, the liquidator has not changed the initially prepared liquidation plan.

The application of the international accounting standards (IAS/IFRS) adopted by the Banco Desio Group to draft the consolidated financial statements had a negative impact on the consolidated income statement as at 31 December 2012 of around Euro 15.5 million (item “Value adjustments of goodwill”), corresponding to the elimination of the value of goodwill in CPC. It is also pointed out that, always in pursuance of the international accounting standards (IAS/IFRS) adopted by the Banco Desio Group, the financial statements of Banco di Desio e della Brianza S.p.A. shows the negative impact of around Euro 31.1 million (item “Profits (losses) on equity investments”), corresponding to the assessment of the impairment of the investment in CPC that was fully recognised in the financial statements as at 31 December 2012.

The table in paragraph 6.4 below - “Shareholders’ equity and capital adequacy”, which reconciles the shareholders’ equity and the result for the period pertaining to the Parent Company with the consolidated figures as at 31 December 2012, also highlights the equity and economic effects of the liquidation of the Swiss subsidiary on the figures at individual Parent Company level, and the equity and economic effects of the consolidation of said subsidiary on Group data.

Brianfid-Lux SA in liquidation

During October, the Extraordinary Shareholders' Meeting of the financial subsidiary Brianfid-Lux SA, following the write-down of the entire equity investment of CPC SA due to the placing in liquidation of the latter, resolved to cover the relating loss totalling Euro 26.9 million by reducing the share capital from Euro 27.9 million to Euro 4 million and for the remaining part through the use of reserves.

On 25 October 2012, as part of the strategic decision of refocusing its activity on the domestic core business and resizing the Group's presence in Luxembourg, the Parent Company resolved to start the procedures for the voluntary liquidation of the Luxembourgian subsidiary. The related resolution was passed by the Extraordinary Shareholders' Meeting of Brianfid–Lux on 14 December 2012.

The liquidation is continuing regularly and could be completed by the end of the year.

Note that a work lawsuit brought against Brianfid-Lux SA by a former manager - who was dismissed in October 2012 - is in progress.

The management activity of Open-end Inv. by the Luxembourgian Rovere Société de Gestion SA remains operational: its majority stake (70%) was transferred from Brianfid-Lux SA to the Parent company on 14 December 2012.

The table in paragraph 6.4 below - “Shareholders’ equity and capital adequacy”, which reconciles shareholders’ equity and the result for the period pertaining to the Parent Company with the consolidated figures as at 31 December 2012, also highlights the equity and economic effects of the liquidation of the Luxembourgian subsidiary on the figures at individual Parent Company level, and the equity and economic effects of the consolidation of said subsidiary on Group data.

Bancassurance

During December, the Bank signed with the Helvetia Insurance Group long-term trade partnership agreements that, as a result of a positive testing in the Life segment were extended to the Non-life segment.

Chiara Vita S.p.A.

As part of the “bancassurance” agreements on 21 December 2012, the Bank completed the sale to the Helvetia Insurance Group of the remaining 30% equity investment held in Chiara Vita S.p.A.

Chiara Assicurazioni S.p.A.

The Extraordinary shareholders' meeting of the subsidiary Chiara Assicurazioni S.p.A. resolved on 22 October 2012 the share capital increase of Euro 3 million of which Euro 2 million paid by the Parent company according to its share. Euro 2.75 million of this capitalisation issue originates from shareholders' payments on account of capital, non-interest bearing and with no maturity, carried out in March 2012 with capital strengthening purposes of the Company.

As part of the "bancassurance" agreements mentioned above, the Bank signed, together with the other banking partners, the commitment to transfer to the Helvetia Insurance Group the controlling share of Chiara Assicurazioni S.p.A., which is expected to be completed during the first half-year of the current year once the purchaser has obtained the authorisation of IVASS.

Legal investigations

- *Parent company: dismissal by the Public Prosecutor's Office of Monza of the enquiry file with regard to the President and ex manager of the Parent Company*

  With regard to criminal proceedings no. 10490/11 with the Public Prosecutor's Office of Monza, the examining magistrate, during last September, upheld the request formulated by the Crown Prosecutor for the dismissal of the legal investigation opened in the past for criminal conspiracy (Article 416 of the Italian Criminal Code) and laundering (Article 648-bis of the Italian Criminal Code) against the President, former Managing Director and former General Manager.

  It should be noted that the investigations in question were subsequent to a complaint filed by a former employee, whose dismissal in 2008 resulted in a work lawsuit that during January 2012 was successful in first instance for the Parent Company. The former employee filed an appeal and the proceedings of second instance are still in progress.

- *Banco Desio Lazio S.p.A. and Credito Privato Commerciale S.A.*
  On 3 January 2012, former employees of the Group received notification of a request for committal for trial submitted by the Public Prosecutor's Office of the Court of Rome, within the context of judicial proceedings concerning, among others, a number of parties who at the time of the alleged events, which date back to 2009, were representatives of the subsidiaries Banco Desio Lazio S.p.A. and Credito Privato Commerciale S.A., as well as third parties with respect to the Companies themselves.

  As the alleged events included offences that entail the administrative liability of legal persons, pursuant to Legislative Decree 231/2001, Banco Desio Lazio S.p.A. is involved in the abovementioned proceedings, in relation to the unlawful administrative act contested envisaged under articles 5 of Legislative Decree 231/2001 and 10, paragraph 2, of Law 146/2006, for the cases provided for by articles 416 and 648-bis of the Italian Criminal Code alleged against the then Managing Director of the Company itself, as a result of the administration relationship existing at that time.

  Credito Privato Commerciale S.A. is involved in relation to the unlawful administrative act contested envisaged under articles 5 and 25-octies of Legislative Decree 231/2001 and 10, paragraph 2, of Law 146/2006, for the cases provided for by articles 416 and 648-bis of the Italian Criminal Code alleged against the then General Manager of the Company itself, as a result of the management relationship existing at that time.

  In light of the above, the Boards of Directors of each of the two subsidiaries has approved, already in the 2011 financial statements, in order to be prudent, the setting aside of a specific provision amounting to the average of the minimum and maximum penalties envisaged by law. On the basis of the activities carried out and the checks performed so far in relation to the conditions for a plea bargain, the defence lawyer for the subsidiaries Banco Desio Lazio S.p.A. and Credito Privato Commerciale S.A. confirmed the exclusion of any risk of any other nature: in particular, we highlight that the banks have taken steps to adopt and implement an appropriate organisational model, and before the next hearing (finally postponed to 19 April 2013), they will also take steps to implement the remaining conditions that are required in order to rule out the application of disqualifying sanctions on the performance of banking activities under article 17 of Legislative Decree 231/01.

Moreover, Credito Privato Commerciale S.A. was in the meantime put into liquidation as already reported under the specific point.

Conclusion of the inspection of the Bank of Italy at the Parent Company

The supervisory inspection launched on 21 November 2011 at the premises of the Parent Company Banco di Desio S.p.A. e della Brianza S.p.A. was concluded on 6 April 2012.

On 21 June 2012, the findings and objections raised regarding the outcome of the inspection visits were delivered to the Board of Directors and the Board of Statutory Auditors: they were summarised in a “partially unfavourable” opinion.

On 26 July 2012, the Board of Directors approved the resulting communications and counter-claims regarding the irregularities highlighted in the inspection report that formed the launch pad for starting, or rather speeding up, the processes of modernisation of the Parent Company’s structure in terms of Group governance aspects and of the technical-organisational structure for an effective risk governance. This resulted in an action plan with gradual releases and in any case ultimating by the end of March. Bank of Italy was constantly updated on the progress made on the projects.

4 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Approval of the 2013-2015 three-year Business Plan

On 20 March 2013, the Board of Directors of the Parent Company approved the 2013 - 2015 three-year Business Plan of the Group whose main guidelines are set below:

- ✓ further focus on the retail business;
- ✓ relaunch of the business base;
- ✓ territorial restructuring;
- ✓ careful management of credit risk;
- ✓ strong focus on costs.

and which provides the following targets for 2015:

- ✓ amounts due from customers and direct deposits more than 5% (Cagr 2013-2015);
- ✓ indirect deposits more than 3% (Cagr 2013-2015);

At the end of 2015, these increases are expected to produce:

- ✓ Net interest and other banking income (intermediation margin) +5% (Cagr 2013-2015);
- ✓ net profit around Euro 40 million:
- ✓ cost/income at 58%:
- ✓ core tier 1 more than 11% and total capital ratio more than 12.5% for all the years of the plan.

5 - LEGISLATIVE DECREE 231/2001

In the framework of measures taken connected to the issue of administrative liability of companies for offences committed by their members and/or employees, in 2004 the Board of Directors of the Parent Company resolved to adopt an Organisational and Management Model to prevent the commission of the offences contemplated in Legislative Decree 231/2001 (hereinafter referred to as "Model 231”).

During 2012, an organised project was carried out aiming at a comprehensive review of Model 231 and its customisation at each Company of the Group. As part of this project, the list of offences was updated and the “protocols” of behaviour were implemented to provide for the offences in respect of which an Administrative liability of the Company may arise.

Note that, on 27 September 2012, the Board of Statutory Auditors took on the Supervisory Body functions of the Parent Company pursuant to the mentioned Legislative Decree 231 (previously carried out by the Internal Control Committee), taking into account the provision of paragraph 4 bis of Article 6 of the mentioned Legislative Decree 231/2001, introduced by Article 14, paragraph 12, Law no. 183 of 12 November 2011 (the so-called “2012 Stability Law”), as well as a specific indication of the Code of Conduct for Listed Companies. The subsidiaries Banco Desio Lazio S.p.A. and Fides S.p.A. adopted a similar solution.

The Model 231, together with the Code of Ethics, is published on the Group's website.

6 - HUMAN RESOURCES

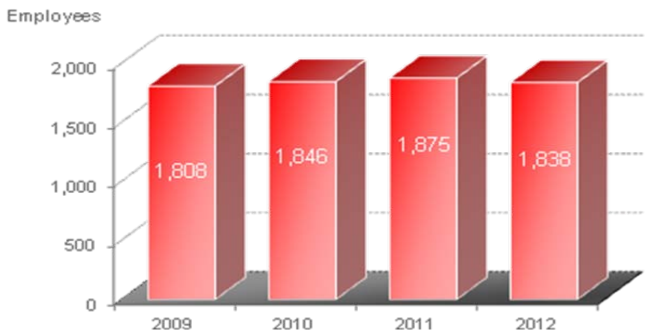
6.1 - MANAGEMENT AND BREAKDOWN OF THE RESOURCES

While respecting the characteristics of the companies, human resource management aims for a unitary and synergetic approach, bolstering expectations and fostering professional growth as well as ensuring the sharing of values within the Group. This approach, in line with the geographic expansion policy, accompanies the dissemination of information and development in areas with which the Bank has historic associations and in interregional offices.

As at 31 December 2012, the subordinate staff of the Group amounted to 1,838 employees, with a decrease of 37 resources compared to the previous year, corresponding to 2%.

The increase in the number of staff in the last 2010-2012 three-year period corresponded to an average compound annual growth rate equal to 0.6%, lower than that registered in the distribution network, which was equal to 3.1%.

Chart no. 3 - **INCREASE IN THE GROUP STAFF NUMBERS IN THE LAST FEW YEARS**



The table below shows the breakdown of staff by grade and the variation on the previous year.

Table no. 2 - **GROUP STAFF: BREAKDOWN BY GRADE**

No. Employees	31.12.2012	Percentage breakdown	31.12.2011	Percentage breakdown	Changes	
					Value	%
Executives	34	1.8%	38	2.0%	-4	-10.5%
3rd and 4th level managers	430	23.4%	444	23.7%	-14	-3.2%
1st and 2nd level managers	493	26.8%	500	26.7%	-7	-1.4%
Other personnel	881	48.0%	893	47.6%	-12	-1.3%
Group Staff	**1,838**	**100.0%**	**1,875**	**100.0%**	**-37**	**-2.0%**

6.2 - TRAINING ACTIVITIES

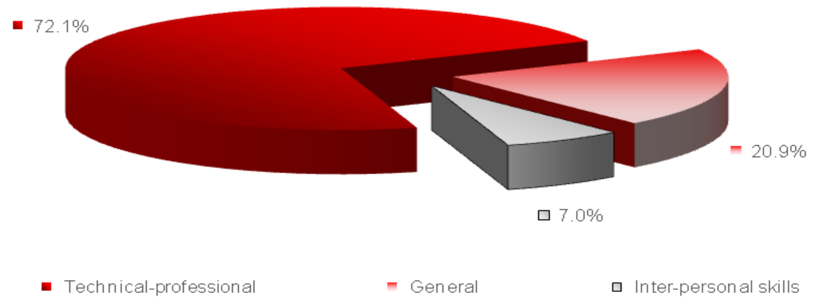
With reference to training activities, which is a distinctly effective partner in growth processes and in developing resources, in accordance with the directives and procedures envisaged at Group level, the financial year saw the implementation of an overall number of 8,844 man/days of training meetings, counting in-house courses, conferences, external seminars and online training activities, which correspond to 4.8 average training days for each employee, increasing by 8.9% compared to the total of the previous year.

The provision of training in 2012 is broken down according to the types outlined below:

- "General": offers courses targeted at all professional families and with the objective of developing cross sector skills;
- "Technical-professional": includes courses aiming at developing the technical skills of staff who are starting out in the performance of specific tasks or those interested in consolidating or further improving skills that are relevant to the position held;
- "Inter-personal skills": aims to develop behavioural skills and facilitate the spreading of the business culture as well as the internalisation of the company values.

The chart below reports the percentage breakdown of the days of training meetings for the three types specified.

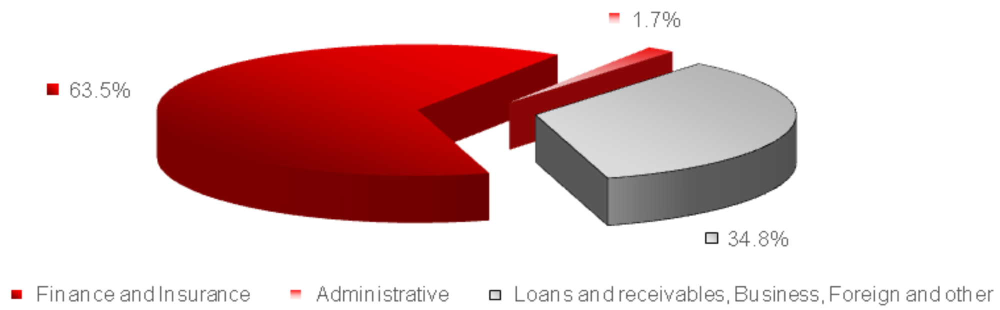
Chart no. 4 - **DAYS IN THE YEAR 2012: BREAKDOWN BY TYPE OF TRAINING OFFER**



Within the scope of "General" training activities, note the importance applied to the actions for compliance with the regulations in force; specifically, attention was paid to the issues concerning "Money Laundering", "Legislative Decree 231/2001", "Transparency" and "Safety at Work”.

Regarding the "Technical professional" training, the percentage breakdown of the meetings held based on the classification of the issues dealt with by sectors concerned is represented in the following chart.

Chart no. 5 - **“TECHNICAL PROFESSIONAL” TRAINING IN THE YEAR 2012: BREAKDOWN BY SUBJECT**



The activity carried out, which particularly affects the "Loans" area, is composed of courses aiming at the further growth of professionals with a significant commitment to the planning of specific activities for the support and consolidation of skills, given the complexity and the changing needs of the market caused by the difficult and fragile macroeconomic situation.

In the "Finance and Insurance" segment, we note the delivery of the classroom training programme relating to "Succession planning" in addition to an on-line session extended to all resources authorised to carry out insurance brokerage activities. In the Private Banker world, we note the training activity “Business coaching” aimed at developing and improving interpersonal skills.

As regards the "Interpersonal Skill" initiatives, we highlight the intensification of the training programme to develop "commercial" skills launched in 2011, which pursues the objectives of improving interpersonal performance during the commercial offer phase as well as of increasing knowledge of clients, on which the Group has always focused.

In general, the organisation of the training provision has led to the use of channels that supplement the traditional classroom; regarding this we highlight the use of distance learning modules (FAD), manuals to support working activity and periods of working alongside subject experts.

The focus placed by the Group on the growth and development of professional skills was recognised and supported also in 2012 by the Fondo Banche Assicurazioni (FBA) (Banks and Insurance Companies Fund), through a finance programme for the activities provided in the year.

6.3 - LABOUR RELATIONS

In the context of trade union relations, which have always been characterised by a cordial and constructive relationship, the procedures of comparison with the Trade Unions provided by the current National Collective Labour Agreement for the sector were activated during 2012.

The Bank defined the trade-union agreement of renewal on the “social-security fund” and examined the requests submitted by the company trade unions for the renewal of the Supplementary Company Agreement that will be negotiated exclusively as regards the subjects expressly referred to by the National Collective Labour Agreement (CCNL, *Contratto Collettivo Nazionale di Lavoro*) for the sector. During this procedure, the 2nd-level supplementary bargaining was confirmed.

7 - CONTROL ACTIVITIES

7.1 - LEVELS OF CONTROL IN THE FUNCTION OF DIRECTION AND CO-ORDINATION

In the exercise of its function of direction and co-ordination, the Parent Company Banco di Desio e della Brianza S.p.A., carried out three levels of control on subsidiaries in order to implement the specific "co-ordination model" selected, taking account of the nature and size of the activities carried out by the individual companies, together with their specific location and identifying within its structure the competent functions for the specific control mechanisms.

The first level is of a strategic nature and is designed to maintain a constant check that the indications given by the Parent Company are kept to. Implementation is achieved for the most part by the presence of its own representatives on the Boards of Directors of each subsidiary company, normally in sufficient numbers to represent a majority.

The second level is more concerned with management and relates to the activities of analysis, systemising and evaluation of the periodical information flows from subsidiary companies in order to confirm the pursuit of strategic goals in compliance with supervisory rules, the preparation of sufficient reports on performance and profitability, the analysis of development/research/investment plans and of strategic opportunities, forecast flows and all other information necessary for the preparation of the Group Budget.

The third level can be described as being technical/operational in nature and in practice is conducted through the supervision of internal control systems.

Additional information on direction and coordination activities is contained in paragraph 2.3 of the Annual Report on Corporate Governance made available, pursuant to article 123-bis of the Consolidated Law on Finance, reported on the Group's website as well at the same time as this Report, to which reference is made.

7.2 - INTERNAL CONTROL SYSTEM

The internal control system is made up of the collection of standards of conduct, rules and organisational procedures which, in observance of law instructions from the Supervisory Body and business strategies, make it possible to manage all Group activities properly, involving the top Bodies and management and, in general, all staff.

Detailed information on the internal control system, as well as on the Manager responsible for the preparing of the Company's financial reports, and then also on risk management systems and on systems of internal control over the financial reporting process, is contained in paragraphs 1 and 7 of the Annual Report on Corporate Governance made available, pursuant to article 123-bis of the Consolidated Law on Finance, on the Group's website as well at the same time as this Report, to which reference is made.

7.3 - RISK MEASUREMENT AND MANAGEMENT

With regard to the specific activities carried out by the Risk Management Function of the Parent Company, designed to ensure that checks are maintained on the various risk types through the adoption of integrated processes, please refer to Part E of the Notes to the Financial Statements - Information on Risks and the Related Hedging Policies.

8 - MANAGEMENT PERFORMANCE

8.1 - SAVINGS DEPOSITS: ADMINISTERED CUSTOMER ASSETS

At the end of the financial year, the total administered customer assets came to about Euro 18.1 billion, with an overall increase of 1.2% compared to the total of the previous year; direct deposits increased by 3.6% whereas indirect deposits decreased slightly by 0.4%, within the context of the international economic and financial crisis that significantly affected stock prices.

The breakdown and balances of the items of the aggregate are shown in the table below.

Table no. 3 - **DEPOSITS FROM CUSTOMERS**

Amounts in thousands of Euros	31.12.2012	Percentage breakdown	31.12.2011	Percentage breakdown	Change	
					Value	%
Amounts due to customers	5,041,168	27.9%	4,347,706	24.3%	693,462	16.0%
Securities issued and financial liabilities at fair value through profit or loss	2,255,413	12.5%	2,696,584	15.1%	-441,171	-16.4%
Direct deposits	**7,296,581**	**40.4%**	**7,044,290**	**39.4%**	**252,291**	**3.6%**
Deposits from ordinary customers	7,424,007	41.1%	7,717,007	44.8%	-293,000	-3.8%
Deposits from institutional customers	3,353,500	18.5%	3,104,710	17.4%	248,790	8.0%
Indirect deposits	**10,777,507**	**59.6%**	**10,821,717**	**60.6%**	**-44,210**	**-0.4%**
Total deposits from customers	**18,074,088**	**100.0%**	**17,866,007**	**100.0%**	**208,081**	**1.2%**

Direct deposits

At the end of 2012, the balance of direct deposits increased to about Euro 7.3 billion (+ Euro 0.3 billion, +3.6%) as a result of the increase in amounts due to customers, partially adjusted by the decline in securities issued and financial liabilities at fair value.

Amounts due to customers, which represent 69.1% of the overall balance, can be referred to "sight" deposits of about Euro 4.2 billion, i.e. current accounts and savings deposits, while a residual part refers to time deposits, reverse repurchase agreements and other payables.

Securities issued and financial liabilities at fair value refer to bonds issued and placed by the Group of about Euro 2 billion (including Euro 0.1 billion of subordinated debt) and to deposit certificates of about Euro 0.2 billion.

It should be pointed out that, during 2012, the total nominal value of the bond loans issued and placed by the Group was around Euro 0.5 billion, while that of the loans repaid upon expiry amounted to about Euro 0.8 billion.

Indirect deposits

In the twelve months, indirect deposits of about Euro 10.8 billion decreased by less than Euro 0.1 billion (-0.4%).

Deposits from ordinary customers came to about Euro 7.4 billion, with an annual decrease of about Euro 0.3 billion, equal to 3.8%, which concerned both administered and managed assets, the latter showing an increase in the "bank-insurance" assets.

Deposits from institutional customers reported an increase of about Euro 0.2 billion compared to the balance of the previous financial year, equal to 8%.

The table below gives the details of the items in question, showing the changes that occurred during the financial year.

Table no. 4 - **INDIRECT DEPOSITS**

Amounts in thousands of Euros	31.12.2012	Percentage breakdown	31.12.2011	Percentage breakdown	Change Value	Change %
Asset administration	**4,082,638**	**37.9%**	**4,335,692**	**40.1%**	**-253,054**	**-5.8%**
Asset management	**3,341,369**	**31.0%**	**3,381,315**	**31.2%**	**-39,946**	**-1.2%**
of which: Mut. Fund and Open-end Inv.	*772,911*	*7.2%*	*815,585*	*7.5%*	*-42,674*	*-5.2%*
Portfolio management	*272,126*	*2.5%*	*459,571*	*4.2%*	*-187,445*	*-40.8%*
Bancassurance	*2,296,332*	*21.3%*	*2,106,159*	*19.5%*	*190,173*	*9.0%*
Deposits from ordinary customers	**7,424,007**	**68.9%**	**7,717,007**	**71.3%**	**-293,000**	**-3.8%**
Deposits from institutional customers	**3,353,500**	**31.1%**	**3,104,710**	**28.7%**	**248,790**	**8.0%**
Indirect deposits	**10,777,507**	**100.0%**	**10,821,717**	**100.0%**	**-44,210**	**-0.4%**

The charts below represent the breakdown by segment of the indirect deposits from ordinary customers as at 31 December 2012, as well as that of the components of the managed assets.

Chart no. 5 - **INDIRECT DEPOSITS FROM ORDINARY CUSTOMERS BY SECTOR AS AT 31.12.2012**

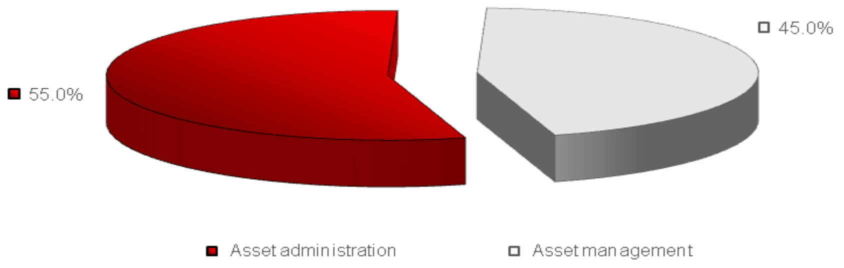
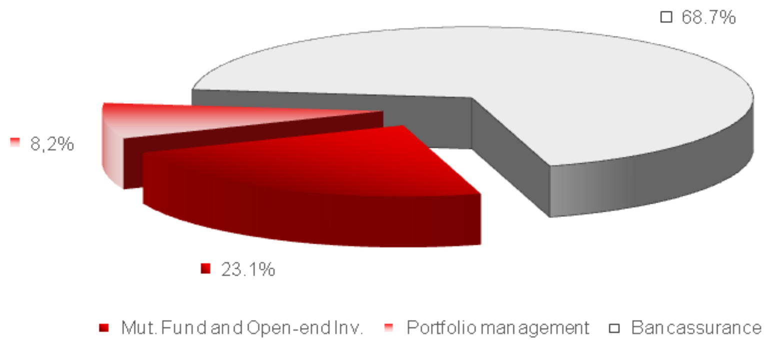


Chart no. 6 - **INDIRECT DEPOSITS: BREAKDOWN BY ASSET MANAGEMENT AT 31.12.2012**

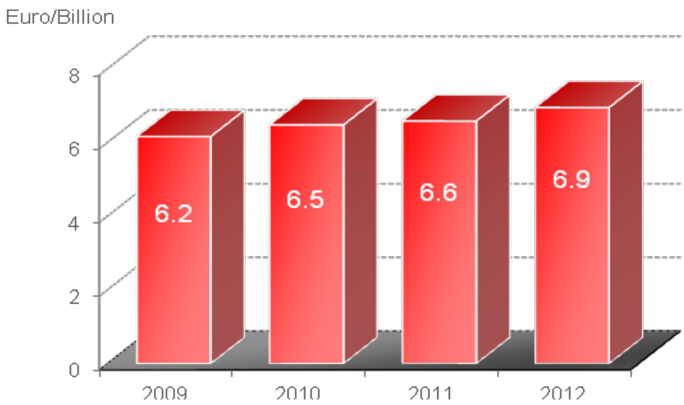


With regard to Mutual Fund and Open-end Inv. and Portfolio management, bond portfolios maintained an interest rate risk (duration) lower than the benchmark, with a wide diversification towards corporate and emerging country issues. Starting from summer, exposure towards Italian and Spanish government bonds increased. With regard to the share component, during the first part of the year, the exposure was kept lower than the benchmark, to counter the strong market volatility. Investments, characterised by a high level of diversification, favoured large cap companies with interesting dividends and operating in all the main global markets. Towards the end of the year, on profit-taking following the outcome of the American election, the Bank increased the level of investment, bringing it in line with the benchmark.

8.2 - CREDIT MANAGEMENT: LOANS TO CUSTOMERS

Albeit the difficult macroeconomic scenario, the Group's lending activity to customers continued its growth trend. At 31 December 2012 the total amount of lending to customers increased up to about Euro 6.9 billion and includes Euro 0.3 billion of repurchase agreements with institutional counterpart, with an annual increase of about Euro 0.4 billion, equal to 5.6%; the graph below represents the development trend of loans in the 2010-2012 three-year period that corresponds to an average annual growth rate equal to 4.1%.

Chart no. 7 - **LOANS TO CUSTOMERS: THE TREND OVER THE LAST FEW YEARS**



The differences in the balances of the items making up lending by technical form are summarised in the following table.

Table no. 5 - **AMOUNTS DUE FROM CUSTOMERS**

Amounts in thousands of Euros	**31.12.2012**	**Percentage breakdown**	**31.12.2011**	**Percentage breakdown**	**Change Value**	**%**
Current accounts	1,612,211	23.2%	1,536,661	23.3%	75,550	4.9%
Repurchase agreements	337,712	4.9%	3,583	0.1%	334,129	9325.4%
Mortgages and other medium/long term loans	4,249,912	61.1%	4,285,266	65.1%	-35,354	-0.8%
Other	749,310	10.8%	754,940	11.5%	-5,630	-0.7%
Amounts due from customers	**6,949,145**	**100.0%**	**6,580,450**	**100.0%**	**368,695**	**5.6%**

As regards the distribution of gross loans, including endorsement loans, the percentage impact of uptakes by the largest clients at the end of 2012 compared to the final figure at the end of the previous year, is reported in the table below, reflecting the high and even greater degree of risk spreading.

Table no. 6 - **AMOUNTS DUE FROM LARGEST CUSTOMERS: CONCENTRATION INDEX**

No. of customers [(1) (2)]	**31.12.2012**	**31.12.2011**
10 largest customers	1.5%	2.2%
20 largest customers	2.4%	3.3%
30 largest customers	3.1%	4.2%
50 largest customers	4.4%	5.6%

(1) based on figures of the Parent Companyand of the subsidiary Banco Desio Lazio S.p.A.

(2) net of repurchase agreements with institutional counterparty of Euro 337.7 million as at 31 December 2012

It should be noted that, according to the supervisory regulations in force, at the end of 2012 only one position that can be classified as "Significant Risks" was recorded, for a total nominal amount (which also includes the guarantees given and any commitment) of about Euro 0.9 billion, which has no corresponding total weighted amount, because it reflects investments in Italian government bonds at Group level.

At the end of the period, the total amount of net impaired loans, represented by non-performing loans and problem loans in addition to expired loans, i.e. persistent breach in relation to continuing failure to comply with credit limits, as well as restructured exposures, amounted to Euro 392.5 million, net of value adjustments of Euro 154 million. Specifically, net non-performing loans amounted to Euro 177.1 million, net problem loans to Euro 163.3 million, expired loans to Euro 47 million and restructured exposures to Euro 5.1 million.

The table below summarises the gross and net ratios relating to loan riskiness, highlighting a general increase in values with respect to those recorded at the end of the previous year, as a natural repercussion of the economic crisis, as a result of the direct correlation with the current prolonged economic downturn.

Table no. 7 - **AMOUNTS DUE FROM CUSTOMERS: RISK CREDIT INDICATORS**

% Indexes for gross loans	**31.12.2012**	**31.12.2011**
Gross impaired loans to customers	7.65%	5.62%
of which:		
- gross non-performing loans	3.80%	3.01%
- gross problem loans	3.08%	2.01%
- gross expired loans	0.69%	0.54%
- gross restructured loans	0.08%	0.06%

% Indexes for net loans	**31.12.2012**	**31.12.2011**
Net impaired loans to customers	5.65%	4.07%
of which:		
- net non-performing loans	2.55%	1.89%
- net problems loans	2.35%	1.59%
- net expired loans	0.68%	0.53%
- net restructured loans	0.07%	0.06%

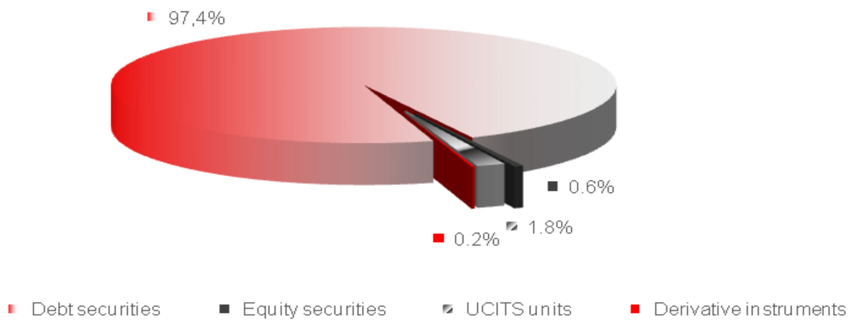
8.3 - THE SECURITIES PORTFOLIO AND INTER-BANK POSITION

The securities portfolio

At 31 December 2012, the Group's total financial assets were equal to about Euro 1.2 billion, compared to Euro 1.1 billion that was the figure of the previous year.

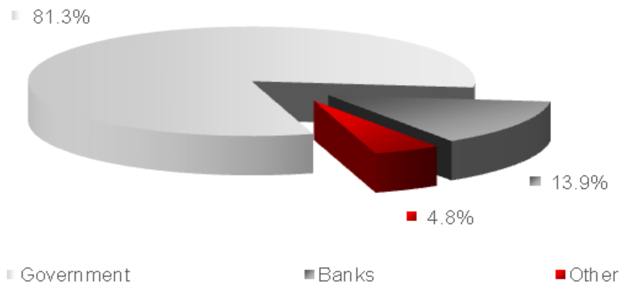
The chart below presents the percentage breakdown of the portfolio based on the types of securities, showing that debt securities, mainly comprised of Government securities and of primary bank issuers, accounts for the most significant portion.

Chart no. 8 - **FINANCIAL ASSETS AT 31.12.2012: PERCENTAGE BREAKDOWN BY TYPE OF SECURITY**



With reference to the issuers of securities, the aggregate Portfolio at the end of the financial year is comprised of Government securities (81.3%, almost entirely Italian), securities of primary bank issuers (13.9%) and of other issuers for the remaining share, as evidenced in the graph below.

Chart no. 9 - **FINANCIAL ASSETS AT 31.12.2012: PERCENTAGE BREAKDOWN BY TYPE OF ISSUER**



The Group's strategy was characterised by a very high trading on Italian Government securities that was concentrated particularly in the first quarter and in the last four months of the year, with excellent results. Compared to 2011, amounts in portfolios increased by 15% and annual average return increased by 35bp (from 2.75% to 3.10%), with a duration always around 2 years.

Exposures held in sovereign debt

With reference to document no. 2011/266 published on 28 July 2011 by the European Securities and Markets Authority (ESMA) concerning the information on sovereign risk to be included in the annual and half-yearly reports prepared by the listed companies that adopt the IAS/IFRS international accounting standards, the positions referring to 31 December 2012 are detailed below, considering that, according to the indications of the aforesaid European Supervisory Authority, “sovereign debt” must be considered as referring to bonds issued by Central and local Governments and government entities, as well as loans granted to them.

Table no. 8 - **SOVEREIGN DEBT SECURITIES: BREAKDOWN BY PORTFOLIO AND ISSUER**

Amounts in thousands of Euros		Italy	Spain	31.12.2012
Financial assets held for trading	Nominal Value	1.712		1.712
	Book value	1.834		1.834
Available-for-sale financial assets	Nominal Value	759.500	40.000	799.500
	Book value	764.264	40.791	805.055
Held-to-maturity financial assets	Nominal Value	140.000		140.000
	Book value	140.485		140.485
Sovereign debt securities	**Nominal Value**	**901.212**	**40.000**	**941.212**
	Book value	**906.583**	**40.791**	**947.375**

Table no. 9 - **SOVEREIGN DEBT SECURITIES: BREAKDOWN BY PORTFOLIO, ISSUER AND RESIDUAL TERM**

Amounts in thousands of Euros		Italy	Spain	31.12.2012 Nominal Value	31.12.2012 Book value
Financial assets held for trading	up to 1 year	138		138	141
	1 to 3 years	354		354	354
	3 to 5 years	1,220		1,220	1,339
	beyond 5 years				
	Total	1,712		1,712	1,834
Available-for-sale financial assets	up to 1 year	90,000		90,000	92,534
	1 to 3 years	202,500		202,500	202,585
	3 to 5 years	325,000	40,000	365,000	365,777
	beyond 5 years	142,000		142,000	144,159
	Total	759,500	40,000	799,500	805,055
Held-to-maturity financial assets	up to 1 year				
	1 to 3 years				
	3 to 5 years				
	beyond 5 years	140,000		140,000	140,485
	Total	140,000		140,000	140,485
Sovereign debt securities	**up to 1 year**	**90,138**		**90,138**	**92,675**
	1 to 3 years	**202,854**		**202,854**	**202,939**
	3 to 5 years	**326,220**	**40,000**	**366,220**	**367,116**
	beyond 5 years	**282,000**		**282,000**	**284,644**
	Total	**901,212**	**40,000**	**941,212**	**947,375**

The interbank position

The net interbank position at the end of the financial year was debited for about Euro 0.2 billion compared to the almost balanced position (+Euro 20 million) at the end of the previous year.

With reference to the treasury activity, the exceptional liquidity that characterised the whole 2012 as a whole, thanks to the Long Term Refinancing Operation with ECB (the Bank participated for Euro 400 million), has in fact almost cancelled the activity on the regulated interbank markets. As a result, the Bank's constant surpluses of liquidity were mainly allocated on the MMF market, the only liquid market, which made it possible to carry out also a profitable trading activity.

8.4 - SHAREHOLDERS' EQUITY AND ECONOMIC STABILITY

Shareholders' equity as at 31 December 2012, including the Parent Company's profit, amounted to a total of Euro 821.2 million compared to Euro 770.9 million of the figure recorded for 2011.

The statement of reconciliation between shareholders' equity and profit for the period pertaining to the Parent Company and the corresponding consolidated figures as at 31 December 2012 is shown below, also outlining the equity and economic effects relating to the liquidation of the Swiss subsidiary Credito Privato Commerciale SA and of the Luxembourgian subsidiary Brianfid-Lux SA, referred to in a specific paragraph of previous chapter 3.2 “Major corporate events”, on the Parent Company’s individual data, as well as the equity and economic effects of the consolidation of said subsidiary on the Group’s figures.

The different negative impact of the placement of the two foreign companies into liquidation in the separate financial statements of the Parent Company with respect to the consolidated financial statements, is the legitimate result of the application also to the two subsidiaries of the international accounting standards (IAS/IFRS) adopted by the Banco Desio Group, consistent with the going concern assumption, for the preparation of consolidated financial reporting (reference is made to the section “PART A - ACCOUNTING POLICIES", A.1 GENERAL” of the notes to financial statements); in other words, the negative effects of the two liquidations are reflected in the separate financial statements of the Parent Company as at 31 December 2012, amounting to around Euro 31.1 million (item “Profits/(losses) on equity investments”), corresponding to the sustaining of the subsidiaries' losses that are currently foreseeable over the course of the liquidations, while these will gradually be reflected in the consolidated financial reporting during the period in which said proceedings take place.

Table no. 10 - **RECONCILIATION BETWEEN PARENT COMPANY'S EQUITY AND NET PROFIT AND CONSOLIDATED DATA AT 31.12.2012**

Amounts in thousands of Euros	**Shareholder's equity**	***of which Net profit for the period***
Balance of Parent Company's accounts ofas at 31 December 2012 before effect of liquidation Credito Privato Commerciale SA and Brianfid-Lux SA	**808,347**	***41,083***
Effect of liquidation Credito Privato Commerciale SA	*-31,051*	*-31,051*
Effect of liquidation Brianfid-Lux SA	*-827*	*-827*
Balances of Parent Company's accounts at 31 December 2012	**776,469**	***9,205***
Effect of consolidation of subsidiaries	46,059	*15,012*
- *of which referable to the consolidation of Credito Privato Commerciale SA*	*7,070*	*15,554*
- *of which riferibile al consolidamento di Brianfid-Lux SA*	*3,419*	*818*
Effect of valuation of associates at equity	129	*58*
Dividends collected in the period	0	*-2,623*
Other changes	-1,480	*-1,451*
Balances of consolidated accounts at 31 December 2012	**821,177**	**20,201**

Shareholders' equity calculated in accordance with the supervisory regulations in force increased to Euro 827.7 million compared to Euro 728.9 million at the end of the previous year. The figure is made up of Tier 1 capital of Euro 748.6 million (compared to Euro 663.7 million at the end of 2011) and with Tier 2 capital of Euro 79.1 million (compared to Euro 75.6 million at the end of 2011) for valuation reserves and subordinated liabilities. The total of the items to be deducted amount to Euro 14.4 million and these refer to equity investments in financial and insurance bodies.

The Tier 1 capital ratio, representing the ratio of primary capital to risk-weighted assets, increased to 12.1% compared to 10.7% at the end of 2011 and actually coincides with the Tier 1 Core. The Total capital ratio, representing the ratio between regulatory capital and risk-weighted assets, increased up to 13.4% compared to 11.8% in 2011.

8.5 - RECLASSIFIED INCOME STATEMENT

A reclassified Income Statement has been prepared (as compared with the layout in the Financial Statements) in order to provide a view of the Bank's affairs that is more consistent with operational performance, and this is the basis on which the following comments are made.

The following is a summary of the criteria adopted in the preparation of this statement:

- two accounting item totals were stated, defined as "Operating income" and "Operating costs", the algebraic balance of which constitutes the "Operating margin";
- profit/(loss) for the period was divided into "Profits/(losses) after taxes from continuing operations" and "Non-recurring profits/(losses) after taxes";
- "Operating income" also includes the balance of item 220, "Other operating income and expenses", also net of tax recoveries for stamp duty on customers' statements of account and securities deposit accounts and substitute tax on medium- and long-term financing, in addition to the amortisation of leasehold improvements, reclassified as a reduction of item 180 (b), "Other administrative expenses" and as an increase of item 210, "Net adjustments to the value of /write-backs to intangible assets" in the "Operating costs" total, respectively;
- shares of profits in the period relating to equity investments in associates were reclassified from item 240 "Profits/(losses) on equity investments" to the item Profits on equity investments in associates;
- the balance of item 100 (a), "Profit/(loss) on disposal/purchase of receivables" in "Operating income" was reclassified in special item "Profit/(loss) on disposal/purchase of receivables" after "Operating margin";
- provisions for claw-back actions in debt litigation were reclassified from item 190, "Net provisions for risks and charges", to item 130 (a), "Net impairment losses on loans", both items following "Operating margin";
- provisions for extraordinary transactions are reclassified from item 190, "Net provisions for risks and charges", to item "Provisions for risks and charges on extraordinary transactions";
- the tax effect on Profits/(losses) from non-recurring operations is reclassified from item 290, "Taxes for the period on income from continuing operations" to the item "Taxes for the period on income from non-recurring operations".

As indicated in the following table that shows the reclassified Income statement in comparison with that of the previous period, the 2012 financial year closed with a net profit of the Parent Company of Euro 20.2 million, considering the negative impact of Euro 15.5 million at the consolidated level due to the write-down of the equity investment in the Swiss subsidiary Credito Privato Commerciale SA in liquidation, as shown above in the specific point under paragraph 3.2 “Major corporate events during the financial year”, and with the positive contribution of Euro 4.5 million deriving from capital gains from the sale of the remaining 30% share in Chiara Vita S.p.A., as well as Euro 7.1 million for lower taxes related to the deductibility for IRES purposes of the IRAP due in relation to expenses for employees.

Table no. 11 - **RECLASSIFIED INCOME STATEMENT**

Captions				Change	
Amounts in thousands of Euros		**31.12.2012**	**31.12.2011**	**Value**	**%**
10+20	Net interest income	200,326	205,620	-5,294	-2.6%
70	Dividends and similar income	38	29	9	31.0%
	Profits on equity investments in associates	58	2,763	-2,705	-97.9%
40+50	Net fees and commissions	105,845	116,276	-10,431	-9.0%
80+90+100+ 110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase activities and financial assets/liabilities at fair value through profit or loss	31,000	7,049	23,951	339.8%
220	Other operating income and expenses	13,811	12,360	1,451	11.7%
	Operating income	**351,078**	**344,097**	**6,981**	**2.0%**
180 a	Personnel expenses	-142,921	-153,777	10,856	-7.1%
180 b	Other administrative expenses	-69,895	-65,954	-3,941	6.0%
200+210	Net adjustments to tangible/intangible assets	-10,834	-10,994	160	-1.5%
	Operating costs	**-223,651**	**-230,725**	**7,074**	**-3.1%**
	Operating margin	**127,427**	**113,372**	**14,055**	**12.4%**
	Net profits/(losses) on disposal/repurchase of receivables	-1,870	-556	-1,314	236.3%
130 a	Net impairment losses on loans	-89,503	-38,959	-50,544	129.7%
130 b	Net impairment losses on available-for-sale financial assets	-277	0	-277	
130 d	Net impairment losses on other financial transactions	-713	-87	-626	719.5%
190	Net provisions for risks and charges	-3,503	-3,056	-447	14.6%
	Profits/(losses) after taxes from continuing operations	**31,560**	**70,714**	**-39,154**	**-55.4%**
290	Taxes for the period on income from continuing operations	-16,658	-34,411	17,753	-51.6%
	Profits/(losses) after taxes from continuing operations	**14,902**	**36,303**	**-21,401**	**-58.9%**
240+270+ 260	Profits/(losses) on equity investments and on disposal of investments / Goodwill impairment	-10,878	-2,998	-7,880	262.8%
	Net provisions for risks and charges on extraordinary transactions	11,855	7,700	4,155	54.0%
	Profits/(losses) before taxes from non-recurring operations	**977**	**4,702**	**-3,725**	**-79.2%**
	Taxes for the period on income from non-recurring operations	645	0	645	
	Profits/(losses) after taxes from non-recurring operations	**1,622**	**4,702**	**-3,080**	**-65.5%**
310	Profits/(losses) after taxes from non-current assets held for sale and discontinued operations	4,532	4,886	-354	-7.2%
320	**Net profit (loss) for the period**	**21,056**	**45,891**	**-24,835**	**-54.1%**
330	(Profit)/loss for the period attributable to minority interests	-855	-949	94	-9.9%
340	**Parent Bank net profit/ (loss)**	**20,201**	**44,942**	**-24,741**	**-55.1%**

In order to make it easier to compare the reclassified Income Statement with the items as shown in the Financial Statements layout, a reconciliation statement is given for each year, showing the figures corresponding to the total in the layouts and the reclassification balances.

Table no. 12 - **RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2012**

Captions		**From the financial statement**	Riclassifiche						**Reclassified statement**
Amounts in thousands of Euros		**31.12.2012**	Tax recoveries	Profits on equity investments in associates	Amortisation of leasehold improvements	Net profits/(losses) on disposal/repurc	Uses/ provisions for risks and charges	Income taxes	**31.12.2012**
10+20	Net interest income	200,326							200,326
70	Dividends and similar income	38							38
	Profits on equity investments in associates			58					58
40+50	Net fees and commissions	105,845							105,845
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase activities and financial assets/liabilities at fair value through profit or loss	29,130				1,870			31,000
220	Other operating income and expenses	25,347	-14,213		2,676				13,811
	Operating income	**360,686**	**-14,213**	**58**	**2,676**	**1,870**	**0**	**0**	**351,078**
180 a	Personnel expenses	-142,921							-142,921
180 b	Other administrative expenses	-84,108	14,213						-69,895
200+210	Net adjustments to tangible/intangible assets	-8,158			-2,676				-10,834
	Operating costs	**-235,187**	**14,213**	**0**	**-2,676**	**0**	**0**	**0**	**-223,651**
	Operating margin	**125,499**	**0**	**58**	**0**	**1,870**	**0**	**0**	**127,427**
	Net profits/(losses) on disposal/repurchase of receivables					-1,870			-1,870
130 a	Net impairment losses on loans	-89,701					198		-89,503
130 b	Net impairment losses on available-for-sale financial assets	-277							-277
130 d	Net impairment losses on other financial transactions	-713							-713
190	Net provisions for risks and charges	8,549					-12,052		-3,503
	Profits/(losses) after taxes from continuing operations	**43,357**	**0**	**58**	**0**	**0**	**-11,855**	**0**	**31,560**
290	Taxes for the period on income from continuing operations	-16,013						-645	-16,658
	Profits/(losses) after taxes from continuing operations	**27,344**	**0**	**58**	**0**	**0**	**-11,855**	**-645**	**14,902**
240+270+260	Profits/(losses) on equity investments and on disposal of investments / Goodwill impairment	-10,820		-58					-10,878
	Net provisions for risks and charges on extraordinary transactions						11,855		11,855
	Profits/(losses) before taxes from non-recurring operations	**-10,820**	**0**	**-58**	**0**	**0**	**11,855**	**0**	**977**
	Taxes for the period on income from non-recurring operations							645	645
	Profits/(losses) after taxes from non-recurring operations	**-10,820**	**0**	**-58**	**0**	**0**	**11,855**	**645**	**1,622**
310	Profits/(losses) after taxes from non-current assets held for sale and discontinued operations	4,532							4,532
320	**Net profit (loss) for the period**	**21,056**	**0**	**0**	**0**	**0**	**0**	**0**	**21,056**
330	(Profit)/loss for the period attributable to minority interests	-855							-855
340	**Parent Bank net profit/ (loss)**	**20,201**	**0**	**0**	**0**	**0**	**0**	**0**	**20,201**

Table no. 13 - **RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AS AT 31.12.2011**

Captions		From the financial statement	Riclassifiche						Reclassified statement
Amounts in thousands of Euros		31.12.2011	Tax recoveries	Profits on equity investments in associates	Amortisation of leasehold improvements	Net profits/(losses) on disposal/repurch	Uses/ provisions for risks and charges	Income taxes	31.12.2011
10+20	Net interest income	205,620							205,620
70	Dividends and similar income	29							29
	Profits on equity investments in associates			2,763					2,763
40+50	Net fees and commissions	116,276							116,276
80+90+100+110	Net profits/(losses) on trading activities, hedging activities and disposal/repurchase activities and financial assets/liabilities at fair value through profit or loss	6,493				556			7,049
220	Other operating income/expenses	21,851	-12,679		3,188				12,360
	Operating income	**350,269**	**-12,679**	**2,763**	**3,188**	**556**	**0**	**0**	**344,097**
180 a	Personnel expenses	-153,777							-153,777
180 b	Other administrative expenses	-78,633	12,679						-65,954
200+210	Net adjustments to tangible/intangible assets	-7,806			-3,188				-10,994
	Operating costs	**-240,216**	**12,679**	**0**	**-3,188**	**0**	**0**	**0**	**-230,725**
	Operating margin	**110,053**	**0**	**2,763**	**0**	**556**	**0**	**0**	**113,372**
	Net profits/(losses) on disposal/repurchase of receivables					-556			-556
130 a	Net impairment losses on loans	-38,370					-589		-38,959
130 b	Net impairment losses on available-for-sale financial assets	0							0
130 d	Net impairment losses on other financial transactions	-87							-87
190	Net provisions for risks and charges	4,055					-7,111		-3,056
	Profits/(losses) after taxes from continuing operations	**75,651**	**0**	**2,763**	**0**	**0**	**-7,700**	**0**	**70,714**
290	Taxes for the period on income from continuing operations	-34,411						0	-34,411
	Profits/(losses) after taxes from continuing operations	**41,240**	**0**	**2,763**	**0**	**0**	**-7,700**	**0**	**36,303**
240+270+260	Profits/(losses) on equity investments and on disposal of investments / Goodwill impairment	-235		-2,763					-2,998
	Net provisions for risks and charges on extraordinary transactions						7,700		7,700
	Profits/(losses) before taxes from non-recurring operations	**-235**	**0**	**-2,763**	**0**	**0**	**7,700**	**0**	**4,702**
	Taxes for the period on income from non-recurring operations							0	0
	Profits/(losses) after taxes from non-recurring operations	**-235**	**0**	**-2,763**	**0**	**0**	**7,700**	**0**	**4,702**
310	Profits/(losses) after taxes from non-current assets held for sale and discontinued operations	4,886							4,886
320	**Net profit (loss) for the period**	**45,891**	**0**	**0**	**0**	**0**	**0**	**0**	**45,891**
330	(Profit)/loss for the period attributable to minority interests	-949							-949
340	**Parent Bank net profit/ (loss)**	**44,942**	**0**	**0**	**0**	**0**	**0**	**0**	**44,942**

The breakdown and performance of the main reclassified Income Statement items are summarised as follows, on the basis of the above tables.

Operating income

The revenue items related to operations recorded an increase of 2% compared with the previous period used for comparison, rising up to Euro 351.1 million, up by Euro 7 million. The positive trend is attributable for about Euro 24 million to the greater contribution of *Net profits/(losses) on trading activities, hedging activities and disposal/repurchase of receivables and financial assets/liabilities at fair value through profit or loss* and for Euro 1.5 million to the increase in the item *other operating income and expenses*; vice versa, a decrease was recorded by the *net interest income* of Euro 5.3 million (-2.6%), *net fees and commissions* of Euro 10.4 million (-9%) and *profits (losses) on equity investments in associates* of about Euro 2.7 million, attributable to the absence of the share of profit for the period related to the former associate Chiara Vita S.p.A.

The table below, which shows the breakdown of *net fees and commissions* by type, highlights that the decrease is mainly attributable to commissions for keeping and managing current accounts.

Table no. 14 - **BREAKDOWN OF NET COMMISSIONS BY TYPE OF SERVICE**

Amounts in thousands of Euros	31.12.2012	Percentage breakdown	31.12.2011	Percentage breakdown	Change Value	Change %
Collection and payment services	18,243	17.2%	18,362	15.8%	-119	-0.6%
Securities placement	4,954	4.7%	4,745	4.1%	209	4.4%
Port. Mgmt. and Receipt/Transmission of orders	11,753	11.1%	12,452	10.7%	-699	-5.6%
Distribution of insurance products	5,457	5.2%	6,448	5.5%	-991	-15.4%
Holding and managing current accounts	51,420	48.6%	58,290	50.1%	-6,870	-11.8%
Other services	14,018	13.2%	15,979	13.8%	-1,961	-12.3%
Net commissions	**105,845**	**100.0%**	**116,276**	**100.0%**	**-10,431**	**-9.0%**

Operating costs

Total *operating costs*, which include *personnel expenses*, *other administrative expenses* and net adjustments to tangible/intangible assets, show an overall balance of about Euro 223.7 million, with a decrease of about Euro 7.1 million compared to 2011, equal to 3.1%.

Operating margin

The *Operating margin* at the end of the year, is consequently about Euro 127.4 million that, compared to Euro 113.4 million of last year, increased by 12.4%.

Profits/(losses) after taxes from continuing operations

The weight of *net impairment losses on loans*, amounting to Euro 89.5 million, with higher adjustments of Euro 50.5 million compared to 2011, *net profits/(losses) on disposal/repurchase of receivables* of Euro 1.9 million, *net impairment losses of available-for-sale financial assets* that, together with those *of other financial transactions*, amount to Euro 1 million, *net provisions for risks and charges* of Euro 3.5 million, as well as *taxes for the period on income from continuing operations* of Euro 16.6 million with the positive effect of Euro 7.1 million for lower taxes related to IRAP deductibility of previous financial years, led to *profit after taxes from continuing operations* of Euro 14.9 million, down 58.9% compared to the final figure of the previous year.

Profits/(losses) after taxes from non-recurring operations

Profits/(losses) after taxes from non-recurring operations, amounts to Euro 1.6 million, and relates to (i) the overall negative impact of Euro 15.5 million at the consolidated level due to the write-down of the equity investment in the subsidiary Credito Privato Commerciale SA in liquidation, as shown above in the paragraph 3.2 “Major corporate events during the financial year”, (ii) the release of the remaining Euro 11.9 million of the provision set aside at the end of 2008, against the risks of partial review of the price collected for the transfer of 70% of Chiara Vita S.p.A. by the Parent Company, envisaged for the end of the business plan of the Company (2012), (iii) the net capital gains at the consolidated level of Euro 4.5 million from the sale of the remaining 30% share in Chiara Vita S.p.A. and finally (iv) the positive impact of Euro 0.7 million deriving from the tax redemption, pursuant to art. 15, paragraph 10 of Decree Law 185/2008, of the goodwill recorded by the Parent Company under Balance sheet assets in respect of the merger by incorporation of Banco Desio Toscana S.p.A.

The balance of the previous financial year of Euro 4.7 million referred to the partial release of the provision set aside at the end of 2008 mentioned above of Euro 7.7 million and to the value adjustment of Euro 3 million made by the subsidiary Brianfid-Lux S.A. to the equity investment held in Credito Privato Commerciale S.A.

Parent Bank net profit (loss)

Adding together profit after taxes from continuing operations, profit after taxes from non-recurring operations, the net profit of groups of assets being disposed of Euro 4.5 million (referring to Chiara Assicurazioni S.p.A.) and the loss attributable to minority interests of Euro 0.9 million, the *Parent Bank's profit* for the 2012 financial year was then Euro 20.2 million, down by about 55.1% compared to Euro 44.9 million of the previous financial year.

9 Other information

9.1 - TREASURY SHARES

As at 31 December 2012, as in the previous year, the Parent Company Banco di Desio e della Brianza S.p.A did not hold any treasury share nor any share in the parent company Brianza Unione di Luigi Gavazzi & C. S.a.p.A. and no movements were registered during the year.

9.2 - RATING

On 28 August 2012, international ratings agency Fitch Ratings, as part of the rating of several banks, revised downward the rating of Parent Company Banco di Desio e della Brianza S.p.A., as shown below:

- Long Term Issuer Default Rating: from “A-” to “BBB+”
- Short Term Issuer Default Rating”: confirmed at “F2”
- Viability rating: from “a-” to “bbb+”
- Support Rating: confirmed at “4”
- Support Rating Floor: confirmed at “B+”

The outlook remains negative due to the persistently weak expectations of the banking sector.

Despite this revision, the agency continues to consider the bank healthy, with a high degree of capitalisation, solid deposits and good asset quality.

9.3 - CODE FOR THE PROTECTION OF PERSONAL DATA (Legislative Decree no. 196/2003)

The obligation to adopt the Security Policy Statement (*Documento Programmatico della Sicurezza*) was abolished by Decree Law no. 5 of 9 February 2012 "Urgent measures for simplification and development"; however, the obligations laid down with regard to minimum security measures remain fully applicable and the data controller must therefore continue to fulfil all the relevant requirements on the subject.

In spite of the fact that the abovementioned decree allows specific relevant requirements to be postponed, and pending further instructions from the Authority, we highlight that the annual update of such Document - which became in 2012 the Security Measure Policy Statement - was carried out nonetheless, in accordance with the provisions, in place at the time, of Article 34 paragraph g) of Legislative Decree no. 196 of 30 June 2003 – Code for the Protection of Personal Data.

This Document sets out a description of aspects laid down by the Code pursuant to Rule 19 of the Technical Regulations – Annex B to the Code itself.

9.4 - TRANSACTIONS WITH RELATED PARTIES AND/OR RELATED SUBJECTS

For a more detailed description of the procedures governing the transactions with Related Parties (pursuant to Article 2391-bis of the Italian Civil Code) and/or with Related Subjects (pursuant to Article 53 of the Consolidated Banking Act), reference is made to paragraph 5 of the Annual Report on Corporate Governance, made available, pursuant to article 123-bis of the Consolidated Law on Finance, on the website of the Group at the same time as this Report.

The breakdown of transactions with Related Parties approved by the Board of Directors in 2012 is reported in Part H of the Notes to the Financial Statements.

9.5 - INFORMATION ON STOCK OPTION PLANS

The stock option plan in place at the end of the year refers to the one launched in 2008, regarding the shares of indirect subsidiary FIDES S.p.A. (shares already in the possession of Banco Desio Lazio S.p.A.). Part I of the Notes to these Group's consolidated financial statements should be referred to for information regarding this Plan.

9.6 - THE ANNUAL REPORT ON THE ADOPTION OF THE CODE OF CONDUCT FOR LISTED COMPANIES

The information on the adoption of the Code of Conduct for listed companies is reported in the Annual Report on Corporate Governance required by article 123-bis of the Consolidated Law on Finance, made available also on the Group's website at the same time as this Report, to which reference is made.

9.7 - RESEARCH AND DEVELOPMENT ACTIVITIES

Banco di Desio e della Brianza S.p.A., within its function as Parent Company, as described in the previous paragraph 5.1 "Levels of control in the function of direction and co-ordination", places itself in a development context aimed at supporting and coordinating the companies belonging to the Group, as well as at the research into/investment in operating solutions specifically aimed at the continuous improvement of the Group's relations with its own customers.

9.8 - RIGHT TO DEPART FROM THE OBLIGATION TO DRAW UP INFORMATION DOCUMENTS TO BE PREPARED ON THE OCCASION OF EXTRAORDINARY TRANSACTIONS PURSUANT TO THE CONSOB REGULATIONS

Pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, the Parent Company decided to comply with the opt-out system set forth in Articles 70, paragraph 8 and 71, paragraph 1-bis, of Consob Resolution no. 11971/99, by making use of the right to depart from the obligation to publish information documents required by Annex 3B of the Consob Regulation above on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and sales.

10 - BUSINESS OUTLOOK AND MAIN RISKS AND UNCERTAINTIES

With reference to the main risks and uncertainties, it should be noted that this Report and, more generally, the Financial Statements as at 31 December 2012 were drawn up on a going concern basis, due to there being no reasons to consider anything otherwise to be likely in the foreseeable future. The equity and financial structure, as well as the operating performance of the Group, constitute absolute confirmations to this end.

All the structures of the Bank will undertake the extremely important commitment to pursue the objectives outlined in the 2013-2015 Business Plan of the Group approved on 20 March 2013. With a special emphasis, the focus will be set on laying down the structural bases for an upturn in trade, the containment of the cost of credit and of all the administrative costs in the three-year period.

In the business segment, a series of initiatives for renewing/enriching products and services aimed at obtaining a progressive significant enlargement of the customer base was already started.

In the credit segment, the management of the entire credit risk taking and management sector is becoming more methodical.

Finally, in the cost segment, structural interventions will be carried out with the formation of a “purchase centre” for administrative cost containment and negotiations will start with the Trade Unions for the activation of the procedure set forth in Articles 20 and 21 of the current National Collective Labour Agreement, with the aim of obtaining a significant reduction in costs for personnel during the three-year period.

The chapter about the relevant macroeconomic scenario contains a description of the performance of the global economy and the financial markets from which the related risks can be inferred, whereas the controls on the company's operations of the various types of risk are shown in details in Part E of the Notes to the Financial Statements – Information on Risks and the Related Hedging Policies.

Moreover, explanatory notes about the levels of control in the management and coordination function, as well as about internal controls, are reported in the related paragraphs of this Report, making reference, for detailed information, to the Annual report on Corporate Governance made available, pursuant to article 123-bis of the Consolidated Law on Finance, on the Group's website at the same time as this Report.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

Assets	31/12/2012	31/12/2011	change absolute	%
10. Cash and cash equivalents	81 248	31 983	49 265	154,0%
20. Financial assets held for trading	4 320	17 585	(13 265)	-75,4%
40. Available-for-sale financial assets	1 009 410	924 383	85 027	9,2%
50. Held-to-maturity financial assets	151 863	124 626	27 237	21,9%
60. Amounts due from banks	250 480	288 525	(38 045)	-13,2%
70. Amounts due from customers	6 949 145	6 580 450	368 695	5,6%
80. Hedging derivatives	9 005	5 631	3 374	59,9%
100. Equity investments	1 227	13 838	(12 611)	-91,1%
110. Technical reserves carried by reinsurers		6 931	(6 931)	-100,0%
120. Tangible assets	150 890	154 481	(3 591)	-2,3%
130. Intangible assets	25 903	46 496	(20 593)	-44,3%
of w hich:				
- Goodw ill	23 533	41 345	(17 812)	-43,1%
140. Tax assets	51 715	56 134	(4 419)	-7,9%
a) current	1 684	3 897	(2 213)	-56,8%
b) deferred	50 031	52 237	(2 206)	-4,2%
- other than Italian law 214/2011	*8 796*	*26 942*	*(18 146)*	*-67,4%*
- of which in Italian law 214/2011	*41 235*	*25 295*	*15 940*	*63,0%*
150. Non-current assets held for sale and discontinued operations	72 420		72 420	100,0%
160. Other assets	105 367	108 732	(3 365)	-3,1%
Total Assets	**8 862 993**	**8 359 795**	**510 129**	**6,02%**

LIABILITIES

Liabilities and shareholders' equity	31/12/2012	31/12/2011	change absolute	%
10. Amounts due to banks	441.677	267.998	173.679	64,8%
20. Amounts due to customers	5.041.168	4.347.706	693.462	16,0%
30. Securities issued	2.217.881	2.607.446	-389.565	-14,9%
40. Financial liabilities held for trading	517	4.342	-3.825	-88,1%
50. Financial liabilities at fair value through profit or loss	37.532	89.138	-51.606	-57,9%
60. Hedging derivatives	6.696	2.684	4.012	149,5%
80. Tax liabilities	14.320	17.358	-3.038	-17,5%
a) current	*772*	*6.854*	*-6.082*	*-88,7%*
b) deferred	*13.548*	*10.504*	*3.044*	*29,0%*
90. Liabilities associated w ith discontinued operations	51.399		51.399	100,0%
100. Other liabilities	178.269	143.516	34.753	24,2%
110. Reserve for employee termination indemnities	24.392	23.720	672	2,8%
120. Provisions for risks and charges:	20.951	41.982	-21.031	-50,1%
a) pension and similar commitments	*170*	*185*	*-15*	*-8,1%*
b) other reserves	*20.781*	*41.797*	*-21.016*	*-50,3%*
130. Technical Reserves	0	38.539	-38.539	-100,0%
140. Valuation reserves	28.173	-14.576	42.749	293,3%
170. Reserves	688.953	656.710	32.243	4,9%
180. Share premium reserve	16.145	16.145		
190. Share capital	67.705	67.705		
210. Minority interests (+/-)	7.014	4.440	2.574	58,0%
220. Net profit/(loss) for the period	20.201	44.942	-24.741	-55,1%
Total Liabilities and shareholders' equity	**8.862.993**	**8.359.795**	**541.737**	**6,02%**

CONSOLIDATED INCOME STATEMENT

Items	31/12/2012	31/12/2011	change absolute	change %
10. Interest income and similar revenues	326 299	306 064	20 235	6,6%
20. Interest expense and similar charges	(125 973)	(100 444)	(25 529)	25,4%
30. Net interest income	**200 326**	**205 620**	**(5 294)**	-2,6%
40. Fee and commission income	120 876	135 696	(14 820)	-10,9%
50. Fee and commission expense	(15 031)	(19 420)	4 389	-22,6%
60. Net fees and commissions	**105 845**	**116 276**	**(10 431)**	-9,0%
70. Dividends and similar income	38	29	9	31,0%
80. Net profits/(losses) on trading activities	3 418	425	2 993	704,2%
90. Net profits/(losses) on hedging activities	(1 377)	(23)	(1 354)	5887,0%
100. Profit/(loss) from disposal or repurchase of:	29 236	3 345	25 891	774,0%
a) loans and receivables	*(1 870)*	*(556)*	*(1 314)*	*236,3%*
b) available-for-sale financial assets	*30 357*	*2 624*	*27 733*	*1056,9%*
d) financial liabilities	*749*	*1 277*	*(528)*	*-41,3%*
110. Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(2 147)	2 746	(4 893)	-178,2%
120. Intermediation margin	**335 339**	**328 418**	**6 921**	**2,1%**
130. Net value adjustments/write-backs for impairment of:	(90 691)	(38 457)	(52 234)	135,8%
a) loans and receivables	*(89 701)*	*(38 370)*	*(51 331)*	*133,8%*
b) available-for-sale financial assets	*(277)*		*(277)*	*100,0%*
d) other financial assets	*(713)*	*(87)*	*(626)*	*719,5%*
140. Net income from banking activities	**244 648**	**289 961**	**(45 313)**	**-15,6%**
170. Net income from banking and insurance activities	**244 648**	**289 961**	**(45 313)**	**-15,6%**
180. Administrative expenses:	(227 029)	(232 410)	5 381	-2,3%
a) personnel expenses	*(142 921)*	*(153 777)*	*10 856*	*-7,1%*
b) other administrative expenses	*(84 108)*	*(78 633)*	*(5 475)*	*7,0%*
190. Net provisions for risks and charges	8 549	4 055	4 494	110,8%
200. Net value adjustments to/write-backs of tangible assets	(6 836)	(6 784)	(52)	0,8%
210. Net value adjustments to/write-backs of intangible assets	(1 322)	(1 022)	(300)	29,4%
220. Other operating expenses / income	25 347	21 851	3 496	16,0%
230. Operating expenses	**(201 291)**	**(214 310)**	**13 019**	**-6,1%**
240. Profits/(losses) on equity investments	4 686	2 763	1 923	69,6%
260. Value adjustments on goodwill	(15 506)	(3 000)	(12 506)	416,9%
270. Profits (losses) on disposal of investments		2	(2)	-100,0%
280. Profits/(losses) before taxes from continuing operations	**32 537**	**75 416**	**(42 879)**	**-56,9%**
290. Taxes for the period on income from continuing operations	(16 013)	(34 411)	18 398	-53,5%
300. Net profits/(losses) after taxes from continuing operations	**16 524**	**41 005**	**(24 481)**	**-59,7%**
310. Profits/(losses) after taxes from non-current assets held for sale and discontinued operations	4 532	4 886	(354)	-7,2%
320. Net profit/(loss) for the period	**21 056**	**45 891**	**(24 835)**	**-54,1%**
330. Profit/(loss) for the period attributable to minority interests	(855)	(949)	94	-9,9%
340. Parent Bank net profit/ (loss)	**20 201**	**44 942**	**(24 741)**	**-55,1%**

N.B. The “quick loan application commissions” recognised last year for a total of Euro 3,867 thousand, under item 40 “Fee and commission income” were reclassified under item 190 “Other operating (expenses)/income”. (Letter of Bank of Italy of 16 January 2013 index no. 0051159/13)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items		31.12.2012	31.12.2011
10.	**Net Profit (loss) for the year**	**21.056**	**45.891**
	Other income components, net of taxes		
20.	Available-for-sale financial assets	40.106	(28.611)
30.	Tangible assets		
40.	Intangible assets		
50.	Hedging of foreign investments		
60.	Cash flow hedge		
70.	Foreign exchange differences	(138)	485
80.	Non-current assets held for sale and discontinued operations		
90.	Actuarial gains (losses) on defined benefits plans	(1.236)	10
100.	Portion of valuation reserves of equity investments carried at equity	5.014	(4.748)
110.	**Total other income components, net of taxes**	**43.746**	**(32.864)**
120.	**Total comprehensive income for the period (Item 10 + 110)**	**64.802**	**13.027**
130.	Total Consolidated comprehensive income pertaining to minority interests	(1.852)	(197)
140.	**Total Consolidated comprehensive income pertaining to the Parent Company**	**62.950**	**12.830**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31.12.2012

	Equity as of 31.12.2011	Change in opening balances	Equity as of 01.01.2012	Allocation of result from previous period		Changes over the period								Equity attributable to the Group as of 31.12.2012	Minority interests as of 31.12.2012
							Transactions in shareholders' equity								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for the period 31.12.2012		
Shareholders' equity:															
a) ordinary shares	64.077		64.077				1.001							60.840	4.238
b) other shares	6.865		6.865											6.865	
Share premium reserve	16.355		16.355											16.145	210
Reserves:															
a) retained earnings	648.361		648.361	31.654	-	911								679.313	1.613
b) others	9.292		9.292									348		9.640	
Revaluation reserves:	(15.475)		(15.475)										43.746	28.173	98
Equity instruments															
Treasury shares															
Net Profit (loss) for the year	45.891		45.891	(31.654)	(14.237)								21.056	20.201	855
Equity attributable to the Group	**770.926**		**770.926**		**(13.949)**	**(11)**	**913**					**348**	**62.950**	**821.177**	
Minority interests	**4.440**		**4.440**		**(288)**	**922**	**88**						**1.852**		**7.014**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31.12.2011

	Equity as of 31.12.2010	Change in opening balances	Equity as of 01.01.2011	Allocation of result from previous period		Changes over the period								Equity attributable to the Group as of 31.12.2011	Minority interests as of 31.12.2011
							Transactions in shareholders' equity								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for the period as of 31.12.2011		
Shareholders' equity:															
a) ordinary shares	64.278		64.278				(201)							60.840	3.237
b) other shares	6.865		6.865											6.865	
Share premium reserve	16.303		16.303					52						16.145	210
Reserves:	-														
a) retained earnings	620.461		620.461	39.070		(11.170)								647.418	943
b) others	9.261		9.261									31		9.292	
Revaluation reserves:	17.389		17.389										(32.864)	(14.576)	(899)
Equity instruments															
Treasury shares															
Net Profit (loss) for the year	53.460		53.460	(39.070)	(14.390)								45.891	44.942	949
Equity attributable to the Group	**783.022**		**783.022**		**(13.949)**	**(11.008)**						**31**	**12.830**	**770.926**	
Minority interests	**4.995**		**4.995**		**(441)**	**(162)**	**(201)**	**52**					**197**		**4.440**

CONSOLIDATED CASH FLOW STATEMENT

A. OPERATIONS	31.12.2012	31.12.2011
1. Management activities	**132.885**	**97.875**
- interest income earned (+)	327.289	305.387
- interest expenses paid (-)	(124.775)	(99.754)
- dividends and similar revenues	38	29
- net commissions (+/-)	106.472	120.771
- personnel costs (-)	(142.921)	(153.777)
- net premiums earned (+)		
- other insurance income/charges (+/-)		
- other costs (-)	(78.293)	(72.918)
- other revenues (+)	56.556	27.662
- taxes and duties (-)	(16.013)	(34.411)
- costs/revenues relating to non current assets held for sale and discontinued operations, net	4.532	4.886
2. Liquid assets generated (absorbed) by financial assets	**(507.944)**	**(281.665)**
- financial assets held for trading	15.953	21.463
- financial assets at fair value through profit and loss		
- available-for-sale financial assets	(89.515)	(130.411)
- amounts due from customers	(463.384)	(152.019)
- amounts due from banks: at sight	36.072	(28.206)
- amounts due from banks: others	(3.811)	42.544
- other assets	(3.259)	(35.036)
3. Liquid assets generated (absorbed) by financial liabilities	**448.833**	**214.969**
- amounts due to banks: at sight	8.231	(2.104)
- amounts due to banks: others	165.448	98.184
- amounts due to customers	693.462	(111.893)
- securities issued	(393.084)	489.064
- financial liabilities held for trading	(3.061)	(5.562)
- financial liabilities at fair value	(54.456)	(245.188)
- other liabilities	32.293	(7.532)
Net liquid assets generated (absorbed) by operations (A)	**73.774**	**31.179**
B. INVESTMENTS		
1. Liquid assets generated by	**24.503**	**111**
- sale of equity investments	22.305	
- dividends received from investments		
- sale/redemption of financial assets held to maturity	2.098	
- sale of tangible assets	100	111
- sale of intangible assets		
- sale of subsidiaries and business divisions		
2. Liquid assets absorbed by	**(34.114)**	**(13.973)**
- purchase of investments	-	(2.700)
- purchase of held-to-maturity financial assets	(29.335)	(146)
- purchase of tangible assets	(3.862)	(10.623)
- purchase of intangible assets	(917)	(504)
- purchase of subsidiaries and business divisions		
Net liquid assets generated (absorbed) by investments (B)	**(9.611)**	**(13.862)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares		
- issues/purchases of equity instruments		
- distribution of dividends and other purposes	(14.898)	(13.949)
Net liquid assets generated (absorbed) by funding activities (C)	**(14.898)**	**(13.949)**
NET LIQUID ASSETS GENERATED(ABSORBED) DURING THE YEAR (A+B+C)	49.265	3.368

RECONCILIATION

Financial statement items	2012	2011
Cash and cash equivalents at beginning of year	31,983	28,615
Total liquid assets generated (absorbed) during the year	49,265	3,368
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at end of year	81,248	31,983

Notes to the Consolidated Financial Statements

Part A - ACCOUNTING POLICIES

A. 1 GENERAL

Section 1 – Declaration of conformity with international accounting standards

In application of Legislative Decree no. 38 of 28 February 2005, which incorporated EC Regulation no. 1606 of 19 July 2002, these consolidated financial statements of the Banco Desio Group were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and the related Interpretations of the International Reporting Interpretations Committee (IFRC), in force as at 31 December 2012.

Section 2 – General accounting policies

The consolidated financial statements are made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements; they are also accompanied by the Directors' Report on management performance.

For the preparation of the formats in the financial statements and the contents of the notes to the financial statements, the provisions of the Bank of Italy in its Circular Letter no. 262 of 22 December 2005 as updated on 18 November 2009 were applied. Further requests and clarifications transmitted by the Supervisory Body were also considered.

The consolidated financial statements have been drawn up with clarity and represent a true and fair view of the equity and financial situation and the economic results of the financial year of Banco di Desio e della Brianza and of the subsidiaries.

The financial statements have been drawn up on a going concern basis of the Group, in compliance with the matching concept and favouring, in the accounting and reporting of the management events, the principle of economic substance over form.

The accounting policies adopted do not deviate from those used in preparing the consolidated financial statements of the previous financial year, given that, despite the presence of the voluntary liquidation proceedings of two foreign subsidiaries (an event that did not determine the loss of control of the same), for the Banco Desio Group as a whole, the assumption of the company as a going concern certainly continues to apply, therefore, the Group accounting standards must be applied (consistent with the going concern assumption) also for the companies in voluntary liquidation in order to prepare the consolidated financial disclosure.

The financial statements used to prepare the consolidated financial statements are those prepared by the subsidiaries as at 31 December 2012, adjusted, if necessary, to comply with the IAS/IFRS standards adopted by the Parent Company.

The amounts of the financial statements and the figures of the Notes to the financial statements are expressed – unless otherwise specified – in thousands of Euro.

Section 3 – Scope and methods of consolidation

1. Investments in wholly-owned subsidiary companies and companies subject to joint control (consolidated proportionately)

Company name	Registered offices	Type of relationship (1)	Ownership relationship	
			Investing company	% share
A. Companies				
A.1 Consolidated on a line by line basis				
Banco Desio Lazio S.p.A.	Rome	1	Banco Desio	100.000
Fides S.p.A.	Rome	1	Banco Desio Lazio	100.000
Rovere S.A.	Luxembourg	1	Banco Desio	70.000
		1	Banco Desio Lazio	10.000
Brianfid-Lux S.A. in liquidation	Luxembourg	1	Banco Desio	100.000
Credito Privato Commerciale S.A. in liquidation	Lugano	1	Banco Desio	100.000
Chiara Assicurazioni S.p.A. (*)	Desio	1	Banco Desio	66.662

(*) classified under item "150 Non-current assets held for sale and discontinued operations and 90 Liabilities associated with discontinued operations"

Legend
(1) Type of relationship: 1 = majority of voting rights in ordinary shareholders' meetings

Changes during the 2012 financial year concerned exclusively a different reallocation within the Group, without changing the percentage of ownership.
In particular, Credito Privato Commerciale S.A. in liquidation and Rovere S.A., previously held by Brianfid-Lux S.A., passed under the direct control of Banco Desio.

With reference to equity investments subject to significant influence, the sale of Chiara Vita S.p.A. (former 30% share) should be noted.

2. Other information

The consolidation criteria are regulated as follows:
- *subsidiaries on an exclusive basis:* the assets, liabilities, shareholders' equity, "off-balance-sheet transactions", costs and revenues are integrated into the relevant items of the consolidated financial statements, using the line-by-line method as required under IAS 27.
  Any positive difference arising from the comparison between the book value of each equity investment and the relevant residual portion of the shareholders' equity of the subsidiary company after allocation to the specific items is recognised as goodwill and is subject to the impairment test procedure;
- *associates:* equity investments in associated companies are consolidated using the equity method as required by IAS 28.

Moreover, it should be noted that the placement into voluntary liquidation of the Swiss subsidiary, Credito Privato Commerciale S.A., and of the Luxembourgian subsidiary, Brianfid-Lux S.A., did not lead, for the Banco Desio Group, the loss of control over said companies, which, therefore, continue to be consolidated on a line-by-line basis.

Section 4 – Events subsequent to the reporting date

Reference is made to the consolidated financial Report.

Section 5 – Other aspects

Use of estimates and assumptions when drawing up the consolidated financial statements.

The drafting of the consolidated financial statements calls for the use of estimates and assumptions that may have a significant effect on the values entered in the balance sheet and the income statement as well as on the notes to the financial statements.

The use of such estimates involves the use of available information and the adoption of subjective valuations, also founded on past experience, for the purposes of the formulation of reasonable assumptions for the identification of management elements. By their nature, the estimates and assumptions used may vary from accounting period to accounting period and it cannot therefore be excluded that in subsequent accounting periods the values currently recognised may change precisely because of changes in the subjective valuations used.

The main cases where the use of subjective estimations and valuations are called for are the following:

- in the valuation models used for carrying out the impairment tests related to equity investments and intangible assets with indefinite life (goodwill);
- the quantification of losses by reason of the reduction in the value of loans and receivables and, in general, of financial assets;
- the calculation of the fair value of financial instruments to be used for the purposes of disclosures;
- the use of valuation models for the identification of the fair value of financial instruments not listed on active markets (Level 2 and 3);
- the quantification of staff reserves and the reserves for risks and charges;
- the estimates and assumptions made in relation to the ability to recover deferred tax assets.

The description of the accounting policies applied to the main aggregate headings in the financial statements provides more details and information on the subjective assumptions and valuations used in the drawing up of the consolidated financial statements.

Option for national tax consolidation regime

Banco di Desio e della Brianza and the Italian companies of the Group have adopted the so-called "national tax consolidation" regime regulated by articles 117-129 of the TUIR [*Testo Unico delle imposte sui redditi*, Consolidated Act on Income Tax], introduced into the tax legislation by Legislative Decree no. 344/2003. This regulation provides for an optional regime, by virtue of which the total income or loss of each subsidiary company participating in the tax consolidation regime – together with withholding tax incurred, tax allowances and tax credits – are transferred to the controlling company, for which a single taxable income, or a single loss that can be carried forward, is then determined and, consequently, a single tax debit/credit.

Auditing

These consolidated financial statements are subject to an audit by Deloitte & Touche S.p.A., in execution of the resolution of the shareholders' meeting on 26 April 2012.

A.2 MAIN FINANCIAL STATEMENT ITEMS

The measurement criteria described below, used in the preparation of the consolidated financial statements as at 31 December 2012, are in compliance with the European Commission ratified International Accounting Standards (IAS/IFRS) and in force at the reporting date and have been applied on a going concern basis.

For transactions involving the trading of standardised financial assets, namely contracts whereby delivery takes place in a period of time laid down by regulations or by market conventions, the reference date is that of settlement.

Financial assets held for trading

Classification criteria

Financial assets held for trading" (at Fair Value Through Profit or Loss) comprise debt securities, equity securities, non-hedging derivative instruments with a positive value and the other assets that, based on their initial designation, are classified as financial instruments intended to be traded in the near term. Since classification derives from the initial designation, subsequent transfers to other categories are not generally permitted for this category of financial assets, except as permitted by IAS 39 in specific and exceptional circumstances.

Recognition criteria

Initial recognition is at fair value at the settlement date, which corresponds to the consideration paid without considering transaction costs, which are charged directly to the income statement.

Criteria for the measurement and recognition of income statement components

After initial recognition, subsequent measurement is at fair value, with recognition of the gain or loss in the income statement.

For shares, government bonds – both Italian and foreign – and derivatives that are traded on an active market, measurement is at the closing price at the date of measurement (Level 1 fair value).

Italian and foreign bonds traded on an active market are measured at the BID price (Level 1 fair value).

Shares and bonds that are not traded on an active market are measured at fair value by using valuation techniques and considering objective elements that can be observed in the market (Level 2 fair value).

Derivative instruments that are not traded on active markets are measured by using valuation techniques (Level 2 or 3 fair value).

Derecognition criteria

Assets held for trading are derecognised when they are sold or upon expiry of the assets.

Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets" comprise those financial assets – excluding derivatives – not classified as loans and receivables, held-to-maturity financial assets, financial assets held for trading or financial assets at fair value through profit or loss.

They include minority investments, bonds held for investment (not short-term) and mutual investment fund units.

Financial assets may be transferred from the "Available-for-sale" category to the "Held-to-maturity" category only in the following circumstances:

- a change in intention or ability to hold,
- in the rare circumstances that a reliable measure of fair value is not available.

The transfer to the category "Loans and Receivables" is permitted only in particular circumstances.

Recognition criteria

Initial recognition is at fair value, including transaction costs directly attributable to the acquisition, at the settlement date.

Measurement criteria

After initial recognition, subsequent measurement is at fair value for the price component, while the interest component is calculated with reference to the Effective Rate of Return.

Fair value is determined using the criteria already set out for assets held for trading.

Unlisted financial assets whose fair value cannot be reliably measured are measured at cost.

For minority interests, measurement at fair value is made by using valuation techniques (Level 3). For UCITS units, measurement occurs at the N.A.V. at the measurement date, or at the latest available date (Level 1).

At every balance sheet date, an assessment is made of any existing impairment that has a measurable impact on estimated future cash flows, considering possible financial difficulties of the issuer, or any other similar element. As required by paragraph 61 of IAS 39, "significant" (exceeding 50%) or "extended" (beyond 24 months) decreases in value are considered as objective evidence of impairment of equity securities.

The amount of the loss of value is represented by the difference between the asset's accounting value and its recoverable value.

Criteria for the recognition of income statement components

Gains or losses are recorded as at equity in the valuation reserve, net of tax effects, until derecognition of the asset, while the component deriving from amortised cost is instead charged to the income statement.

At the time of expiry, sale or transfer to another category, or for *impairment* recognition, the amount accrued to the valuation reserve is recognised in the income statement.

When impairment losses, which have been recognised in the income statement, are balanced as a result of subsequent revaluations, the value write-back, up to the amount of these losses, is recognised in the income statement for debt securities and in an equity reserve for equity securities.

Derecognition criteria

Available-for sale financial assets are derecognised when sold, upon expiry of the assets or upon transfer to another category.

Held-to-maturity financial assets

Classification criteria

"Held-to-maturity financial assets" comprise non-derivative (including implicit) financial assets listed on an active market (Level 1), with fixed or determinable contractual payments and fixed maturities for which there is the positive intention and ability to hold them until maturity.

The constitution of the held-to-maturity financial assets category, and any subsequent movement, was made against specific resolutions adopted by the corporate bodies, in accordance with the provisions of IAS 39.

Transfers are permitted limited to the category AFS in some cases only. The recording of financial assets in this category is no longer permitted for the current year and for the two following years in the event that sales or transfers are made for a not insignificant amount, except in the case of investments close to maturity and isolated events that are beyond the Bank's control. If the conditions requiring that this category not be used exist, the remaining assets are reclassified as available-for-sale financial assets (tainting provision).

Recognition criteria

Initial recognition is at fair value, including transaction costs directly attributable to the acquisition, on the settlement date.

Criteria for the measurement and recognition of income statement components

After initial recognition, subsequent measurement is at amortised cost against profit and loss, by using the actual interest rate method.

At every balance sheet date, an assessment is made of any evident impairment that has a measurable impact on the estimated future cash flows. If such impairment exists, losses are recognised in profit and loss.

Since they are securities listed on active markets, the fair value reported in the notes to the financial statements is equal to their counter values at market prices (Level 1).

Derecognition criteria

Held-to-maturity financial investments are derecognised when sold, upon expiry of the assets or upon transfer to another category.

Loans and receivables

Classification criteria

"*Loans and Receivables*" comprise non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

Normally, they include loans and advances to customers, amounts due from banks and debt securities not listed on an active market that have characteristics similar to receivables, excluding assets held for trading and available-for-sale assets.

They also include finance lease receivables.

Transfers from the categories of "Financial assets available for sale" and "Financial assets held for trading" are permitted only in particular circumstances specified by IAS 39.

Recognition criteria

Loans and receivables are recorded on the trade date at fair value, including transaction costs and commissions directly attributable to the acquisition, normally equal to the value paid out.

Measurement criteria

Measurements after initial recognition are carried out at amortised cost using the effective interest rate.

The amortised cost is equal to the initial value minus principal repayments, plus or minus adjustments and write-backs and for the amortisation of the difference between the amount disbursed and the amount repayable at maturity.

The effective interest rate is the rate that equalises the present value of future cash flows to the amount of loan granted adjusted by directly attributable costs or revenues.

Loans and receivables are periodically subject to analysis, and are classified as "performing" and "non performing" based on the state of impairment of the loan or receivable.

Non-performing loans include the different classes of impaired loans provided for under the regulations of Bank of Italy: non-performing; problem, restructured exposures and expired loans.

Where objective evidence of impairment exists, loans pass from performing to non-performing.

The loans and receivables portfolio is subject to reassessment at least at the close of every set of annual or interim financial statements, for the purpose of identifying and determining any objective impairment. This is carried out considering both the specific solvency situation of debtors and the local or national economic conditions relative to the debtor's sector of activity.

"Performing" loans and receivables are subject to collective assessment whereby they are subdivided into groups with the same risk characteristics. Expected Loss is determined by applying the Probability of Default (PD) produced by the Credit Rating System model and Loss Given Default (LGD) is determined from a historic statistical analysis of the performance of non-performing and problem loans. The expected loss takes account of the deterioration of the receivables at the reference date although the precise entity of such deterioration is not yet known at the time of measurement, in order to move the valuation model from expected loss to latent loss.

Specific analyses are conducted for exposures of a significant amount.

This method was adopted to advance a convergence with the valuation criteria provided by the Basel Agreement on capital requirements (Basel 2).

All loans and receivables for which there exists objective evidence of impairment, measured by the difference between the carrying value and the present value of expected future cash flows discounted applying the original agreed effective interest rate, were classified in the "non-performing" category. The assessment is analytical and takes into consideration the presumed possibility of recovery, expected recovery time and existing guarantees.

Receivables for default interest accrued on impaired assets are reported in the accounts only at the time of their actual collection.

The value of loans to non-resident persons is written down on a general basis in relation to the difficulty in servicing the debt by their countries of residence.

As regards "performing " loans beyond the short term, the fair value of the loans is calculated only for the purposes of their inclusion in the notes to the financial statements. "Non-performing" loans previously valued analytically, and the short term positions, are recognised at book value, which represents a reasonable estimate of their fair value.

The fair value is determined through the contractual development of future cash flows, applying a risk free discount rate, and taking also into account the credit risk in term of PD and LGD, reported in the CRS model (Level 3).

Derecognition criteria

Loans and receivables that are assigned are only derecognised from the assets of the financial statements if the assignment has entailed the material transfer of all of the risks and awards connected to the actual loans and receivables. However, if a substantial part of the risks and awards relating to the assigned loans and receivables has been retained, they continue to be recorded in the assets of the financial statements, even though legally the ownership of the loan or receivable has actually been transferred.

In the event that it is not possible to ascertain whether the material transfer of the risks and awards has taken place, the loans and receivables are derecognised from the financial statements if no type of control over them has been retained. On the other hand, if such control is retained, even partially, the loans and receivables are retained in the financial statements, to the extent of the residual involvement, which is measured by the exposure to changes in value of the assigned loans and receivables and to variations in cash flows of the same.

Finally, the assigned loans and receivables are derecognised from the financial statements in the event that the contractual rights to receive the related cash flows are retained, with the concurrent assumption of an obligation to pay these cash flows, and only these, to other parties.

Criteria for the recognition of income statement components

Measurement at amortised cost generates a transfer of the transaction costs and additional revenues in the income statement, over the life of the financial asset rather than being fully recognised in the income statement in the period of initial recognition.

Accrued default interest is charged to the income statement only at the time of their actual collection.

Interest accruing over time as a result of the discounting-back of impaired loans is recognised in the income statement under write-backs.

The adjustments arising from the analytical and collective assessments are recognised in profit and loss.

The original value of loans and receivables is reinstated if the reasons for the adjustment recorded cease to exist, and the reversal is recognised in profit and loss.

Hedging transactions

Classification criteria

Hedging transactions have the objective of neutralising certain potential risks of loss on financial assets or liabilities through specific financial instruments, whose use is directed at lessening the effects of the hedged financial instruments on the income statement.

The type of hedge used is the Fair Value Hedge: the objective is to hedge the risk of changes in the fair value of the hedged instrument.

Recognition criteria

Recognition of hedging transactions in the financial statements entails:

- involvement of external parties;
- specific designation and identification of the hedging and hedged financial instruments used for the transaction;
- definition of the risk management objective pursued, specifying the nature of the risk hedged;
- passing the test of effectiveness at the inception of the hedge relationship, and subsequently, with specific measurement methods and timing;
- preparation of complete formal documents of the hedging relationship.

Criteria for the measurement and recognition of income statement components

The fair value of hedging financial instruments, which are not listed on active markets, is calculated by using valuation models for the estimate and discounting back of future cash flows (Level 3).
The changes in the fair value of the hedging derivatives and hedged financial instruments (for the parts attributable to the hedged risk) are recorded separately against profit and loss.
This offsetting is recognised by reporting, under item 90 "Net profits (losses) on hedging activities" in the income statement, the changes in value pertaining both to the item hedged (as regards the variations produced by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore its net economic effect.
A hedging transaction is considered effective when changes in the fair value (or in cash flows) of the hedging financial instrument offset the changes of the hedged financial instrument within a range of 80%-125%, as set by IAS 39.
Tests of effectiveness are performed at the close of each set of annual or interim financial statements, both retrospectively, to measure actual results to date, and prospectively, to demonstrate the expected effectiveness in future periods.
If the tests do not confirm the effectiveness of the hedge and taking account of internal policy, from that moment accounting for hedging transactions, as set out above, is suspended, the derivative hedging contract is reclassified as an instrument held for trading and the hedged financial instrument reacquires the valuation criterion that corresponds to its classification in the financial statements.

Derecognition criteria

Recognition of hedging transactions in the financial statements is discontinued when the effectiveness criteria are no longer met, when the transactions are revoked, or when the hedging instrument or the hedged instrument expires, is terminated or is sold.

If the hedged instrument is measured at amortised cost, the difference between the fair value, determined at the date of discontinuance of the hedging relationship, and the amortised cost is recognised over its residual life.

Equity investments

Classification criteria

This item comprises investments in associates, as defined by IAS 28. Other investments are accounted for in accordance with IAS 39, and are classified as available-for-sale financial assets and measured in accordance with the measurement criteria for that class of financial asset.

Recognition criteria

Investments are entered at the settlement date. Initial recognition is at cost including any directly attributable additional charge.

Measurement criteria

The equity method is applied in measuring after first recognition: according to this method, the initial carrying amount is adjusted to recognise the Parent Company's portion in the associate's balance sheet.
At the close of each set of annual or interim financial statements, any objective evidence that the equity investment has suffered an impairment is ascertained.
The impairment occurs when the asset's accounting value is greater than its recoverable value, equal to the net sales price (i.e. the amount that can be obtained from the sale of assets in a hypothetical transaction between third parties, net of the disposal costs) and the value in use (equal to the present value of expected cash flows that could arise from permanent use and from the disposal of the asset at the end of its useful life), whichever is higher.
If the recoverable value is lower than the carrying amount, the difference is recognised in profit and loss.

Criteria for the recognition of income statement components

Item 240, profit/loss on equity investments, includes the associates' portion of the result for the year.

Derecognition criteria

Investments are derecognised when the contractual rights to the cash flows from the assets expire or when they are transferred together with the substantial transfer of all the related risks and rewards.

Tangible assets

Classification criteria

Tangible assets comprise buildings, land, plant, furniture and fittings and other office equipment. They are goods that are instrumental to the supply of services.

Tangible assets whose cost can be reliably measured and from which it is probable that future economic benefits will flow are recognised in the financial statements.

Recognition criteria

Tangible assets are initially recognised at the purchase price, including additional costs sustained for the purchase and to put the asset into operation.
For the first-time adoption of IAS/IFRS, the exemption provided by IFRS 1, art. 16, was taken advantage of by opting for the measurement of buildings at fair value, as a substitute for cost, as at 1 January 2004. The cost model was adopted for the measurement of buildings subsequent to that date.
Extraordinary maintenance costs that increase the value of assets are allocated to the assets to which they refer.
Ordinary maintenance costs are recognised directly in the income statement.
In application of IAS 17, finance lease transactions are recognised in the financial statements in accordance with the finance method. Accordingly, assets leased out under finance leases are recognised as receivables.

Measurement criteria

Tangible assets are recognised in the financial statements at purchase cost, including additional costs sustained, less any accumulated depreciation and any accumulated impairment losses.
Depreciation is calculated systematically, on a straight-line basis, using technical-economic rates that are

representative of the residual useful life of the assets. Land and works of art are exceptions - they are not subject to depreciation given that their useful lives are unlimited, and in consideration of the fact that the related value is not normally destined to reduce in relation to the passage of time. Extraordinary maintenance costs that increase the value of assets are depreciated in relation to the residual useful life of the related assets.
Each year, an assessment will be made of whether there are indications of impairment. Should it be determined that the carrying amount of an asset is greater than the recoverable amount, the carrying amount is adjusted to the recoverable amount and the loss charged to the income statement.

Criteria for the recognition of income statement components

Depreciation and impairment (if any) are recognised in the income statement under net value adjustments to tangible assets.

Derecognition criteria

Tangible assets are derecognised on disposal.

Intangible assets

Classification criteria

Intangible assets include goodwill, the indemnity costs for the abandonment of leasehold premises and the costs for the purchase of applications software.
Restructuring costs related to leasehold properties are entered under other assets.

Recognition criteria

Goodwill represents the positive difference between the acquisition cost and the fair value of net assets acquired in business combinations. It is recognised in the financial statements as an intangible asset when it is effectively representative of the future economic benefits of the assets acquired.
Other intangible assets are recognised at cost only if they comply with the requirements that they be independently identifiable and distinct from goodwill, that it is probable for future economic benefits to be realised, and that the cost itself can be measured reliably.

Measurement criteria

Intangible assets are recognised in the financial statements at purchase cost, including additional costs sustained, less any accumulated amortisation and any accumulated impairment loss.
Amortisation is calculated systematically, on a straight-line basis, using technical-economic rates that are representative of the residual useful life.

Goodwill is not amortised in view of its indefinite useful life, and the adequacy of the carrying amount is assessed annually (impairment test). To this end, the cash-generating unit to which the goodwill is allocated is identified. The amount of any impairment is determined based on the difference between the book value of the goodwill and its recoverable amount, if lower.
The recoverable amount is equal to the higher between the fair value of the cash-generating unit, less costs to sell, and its value in use.
Any value adjustment due to impairment must be recognised in the income statement, without the possibility of subsequent write-backs.

Indemnity costs for the abandonment of leasehold properties are amortised at rates determined in proportion to the duration of the corresponding rental contract (including renewal).

Criteria for the recognition of income statement components

Amortisation and impairment losses (if any) are recognised in the income statement under net adjustments to the value of intangible assets.
Value adjustments relating to costs for restructuring of leasehold properties are recognised in the income statement under other operating expenses.

Derecognition criteria

Intangible assets are derecognised from assets on disposal or when future economic benefits are no longer expected.

Non-current assets held for sale and discontinued operations

Classification criteria

These items comprise non-current assets held for sale and discontinued operations when the book value will be recovered mainly through a sale transaction considered to be highly probable rather than through its continuous use.

Recognition criteria

Non-current assets held for sale and discontinued operations are measured, upon initial recognition at their book value or their fair value, whichever lower, less sale costs.

Criteria for the measurement and recognition of income statement components

After initial recognition, non-current assets held for sale and discontinued operations are measured at their book value or their fair value, whichever lower, less sale costs. The related income and charges (net of the tax effect) are recognised in the income statement in a separate item when they refer to discontinued operations.
When classifying a non-current asset among non-current assets held for sale and discontinued operations, any amortisation/depreciation process is interrupted.

Derecognition criteria

Non-current assets held for sale and discontinued operations are cancelled from the balance sheet on disposal.

Current and deferred taxes

Income taxes for the period are calculated by estimating the tax charges on an accruals basis. In addition to current taxes, determined in relation to the tax regulations in force, deferred taxes are also recognised, originating as a result of the temporary differences that emerge between the balance sheet amounts recorded for financial reporting purposes and those for taxation purposes. Therefore, taxes represent the current and deferred tax balances related to the taxable income for the period.
Tax assets and liabilities include the fiscal positions of every single company within the Group. Deferred tax assets are recognised when their recovery is probable, that is when it is expected that sufficient taxable income can be made available in the future to recover the asset. They are recognised as assets in the balance sheet under item 140 “Deferred tax assets”.
Conversely, deferred tax liabilities are recognised as liabilities in the balance sheet under item 80 “Deferred tax liabilities”.
Current taxes that have not yet been paid are separately recognised under item "Current tax liabilities" in the Balance Sheet. In the event of excess payments on account for current taxes, the receivable to be recovered is recognised under item "Current tax assets" in the Balance Sheet.
Tax assets and liabilities are recognised in equity if connected to transactions recognised directly in equity.

Reserves for risks and charges

Reserve for employee termination indemnities

Measurement criteria

The reserve for employee termination indemnities is measured in the financial statements employing actuarial calculation techniques.
Measurement is entrusted to independent external actuaries, employing the accrued benefit method using the Projected Unit Credit Method). The amount thus determined represents the present value, calculated using demographic-financial assumptions, of the benefits due to the employee (settlement of Employee Termination

Indemnity (TFR)) for the service accrued to date, obtained by re-proportioning the total present value of the obligation to the period of service already rendered at the date of measurement, taking into account the likelihood of resignations and advance requests.

Criteria for the recognition of income statement components

The provisions to the Employee Termination Indemnity (TFR), resulting from the actuarial valuation, in accordance with the provisions of IAS 19, are registered against the valuation reserves as regards the actuarial gain (loss) element, and against the profit and loss account under provisions as regards other elements such as interest accrued in time (time-discounting) and the adjustment to the figures as at 31 December 2006 in light of the reform introduced with the 2007 Financial Act.

Other provisions

Classification criteria

Reserves for risks and charges include the provisions made against present obligations that are the result of past events, and it is probable that the settlement of these obligations will require the employment of economic resources that can be reliably estimated.
The provisions reflect the best estimate of the future cash flows required to settle the present obligations at the balance sheet date.

Measurement criteria

In cases in which the effect of time is a relevant aspect, the amounts provided are subject to discounting taking into account the estimate of the maturity of the obligation. The discount rate reflects current assessments of the time value of money, taking into account risks specific to the liability.
The valuation of seniority bonuses paid to staff is the responsibility of independent external actuaries and follows the same calculation logic already described for the provision for Employee Termination Indemnities.

Criteria for the recognition of income statement components

Provisions are generally recognised in the income statement. Exceptions are the amounts set aside for employee seniority bonuses, recorded as balancing entries to valuation reserves.
The effects deriving from the elapsing of time for discounting of future cash flows are recognised in the income statement under provisions.

Liabilities and securities issued

Classification criteria

This item includes the various types of deposits received by the Bank: amounts due to banks, amounts due to customers, certified bond securities held on deposit or issued by the Group itself.

Recognition criteria

These financial liabilities are recognised upon receipt of the amounts deposited or upon issue of the debt securities. Recognition is at fair value, equal to the amount collected, or at the issue price, adjusted by any initial cost or income directly attributable to the individual issue.

Criteria for the measurement and recognition of income statement components

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with the contra-entry to the income statement.
Financial liabilities without amortisation plans are measured at cost.
Financial liabilities subject to fair value hedges are subject to the same measurement criteria as the hedging

instrument, limited to the changes in fair value, from the time of designation of the hedge, recognised in profit and loss. The fair value of hedged financial instruments is calculated through valuation techniques by using elements present in the market (*Level 2*).
In the case of discontinuance of the hedging relationship, the difference between the fair value determined as at the date of *discontinuance* and the amortised cost is charged to the income statement, spreading it over the residual life of the financial instrument.
Securities issued by the Group are shown net of any repurchase.

Derecognition criteria

Liabilities and securities issued are derecognised from the financial statements upon maturity, settlement or sale.
For securities issued, the part subject to repurchase is, in essence, settled. The re-placement of own securities that have previously been repurchased is considered as a new issue at sale value.

Financial liabilities held for trading

Classification criteria

This item comprises derivative instruments that are held for trading with negative fair values.

Recognition criteria

Liabilities held for trading are recognised at fair value.

Criteria for the measurement and recognition of income statement components

Financial liabilities held for trading are measured at fair value and the effects are recognised in the income statement.
Derivative instruments traded on active markets are valued at the closing price on the day of valuation (Level 1).
For derivative instruments, not traded on active markets, the pricing is made by employing valuation techniques (Level 3).

Derecognition criteria

Financial liabilities are derecognised upon sale, maturity or settlement.

Financial liabilities at fair value through profit or loss

Classification criteria

This item includes financial liabilities at fair value through profit or loss.
Specifically, the item refers to the application of the so-called fair value option for "naturally hedged" financial liabilities, aimed at improving the balance of the profit and loss effects of the measurement of financial assets and liabilities.
Liabilities at fair value may be recognised through profit or loss in the following cases:
- the elimination or the reduction of measurement inconsistencies
- the measurement of instruments containing embedded derivatives
- the measurement of groups of financial assets or liabilities on the basis of documented risk management or investment strategy.

Bond issues including an embedded derivative or that are financially hedged have been classified under this category.

Recognition criteria

These are recognised at fair value, which corresponds to the consideration collected or the issue price, as adjusted by initial income or charges (if any) directly attributable to the individual issue.

Criteria for the measurement and recognition of income statement components

These are measured at fair value through profit or loss.
Fair value is determined through valuation techniques which use parameters that can be observed in active markets (Level 2). The pricing method is that of the discounted cash flows. The inputs used in the discounting rates calculation consist of a zero coupon curve (a market observable parameter) and a credit spread calculated using the euro swaps curve and the curve of the yields of the securities issued by European banks with a rating equal to that of the Bank (Level 2). For subordinate bonds, a specific adjustment factor is also considered.

Derecognition criteria

Financial liabilities at fair value are derecognised upon sale, maturity or settlement.
Repurchases of own issues substantially entail the extinction of the part subject to repurchase. The re-placement of own securities that have previously been repurchased is considered as a new issue at sale value.

Transactions in foreign currency

Recognition criteria

Foreign currency transactions are recorded in the accounts on their date of settlement, converting them into Euros at the exchange rate in force on the operation date.

Measurement criteria

At the end of the accounting period, the headings in the financial statements in foreign currency have been valued as follows:
- monetary: conversion at the exchange rate in force at the date of the closure;
- non-monetary, valued at cost: conversion at the exchange rate in force at the date of the transaction;
- non-monetary valued at fair value: conversion at the exchange rate in force at the date of closure.

Criteria for the recognition of income statement components

For monetary elements, the effect of the valuation carried out is recognised in profit and loss.
For non-monetary elements whose profits and losses are recognised in the income statement, even exchange rate differences will be recorded in the income statement. If profits and losses are recognised in equity, exchange rate differences will be recognised in equity.

Insurance assets and liabilities

The insurance assets and liabilities entered in the Group's consolidated financial statements arise solely from the consolidation of Chiara Assicurazioni S.p.A. on a line-by-line basis, and represent the contracts that are classified as insurance contracts as prescribed by IFRS 4, as well as the investment contracts classified as DPF (Discretionary Participation Feature).

The technical reserves are the contractual obligations under the insurance contracts that have been entered into. They are recognised on the basis of the taking out and continuation of the policies and are sufficient to allow the prudentially estimated commitments to be met as far as can reasonably be foreseen.

They comprise:
Assets:
- actuarial reserves arising from reinsurance: they are the portion of the technical liabilities that are sold under reinsurance agreements. They are measured on the basis of the same parameters as those used to make provision for the risks assumed by the Company (the so-called “direct labour”).

Liabilities:
- actuarial reserves: they are calculated on the basis of suitable actuarial mortality assumptions that are able to discount possible subsequent unfavourable discrepancies, include contractual revaluations and are in

any event not lower than the surrender value;
- reserves for sums to pay: they represent the amount necessary to pay out, during the subsequent six months, on the surrenders and claims already notified in the first half-year;
- technical reserves with the risk assumed by the insured: they are proportionate to the value of the units of the internal funds to which the performance of some products are partially linked, such as the Supplementary Pension Fund (FIP);
- other technical reserves: these are made up of reserves for future operating expenses, as estimated pursuant to Article 25, paragraph 8, of Legislative Decree No. 174/1995.

Other information

Revaluation reserves

This item comprises the revaluation reserves on financial assets available for sale, derivative contracts hedging financial flows, the revaluation reserves constituted in application of special laws in previous years and the reserves from actuarial valuation of the reserve for employee termination indemnities according to IAS 19. Additionally, the effects deriving from the application of fair value, as deemed cost, to tangible assets upon the first-time adoption of IAS/IFRS are also included.

Costs and revenues recognition

Revenues are recognised in the financial statements when they are earned or, in any case, when it is probable that future benefits will be received and that these benefits can be quantified reliably. In particular:
- interest payments are recognised on a pro rata basis according to the contractual rate of interest or the actual rate in the case of the application of amortised cost. The item interest receivable (or interest payable) also includes the differentials or the positive (or negative) margins accrued from the reporting date of the financial statements in relation to financial derivative contracts:
  a) to hedge assets or liabilities generating interest;
  b) classified in the Balance Sheet in the trading portfolio, but connected from an operational point of view to financial assets and/or liabilities measured at fair value (fair value option);
  c) connected operationally to assets and liabilities classified in the trading portfolio and which provide for the settlement of differentials or margins with several expiry dates;
- default interest, which may be provided for contractually, is accounted for in the Income Statement only when it is actually collected;
- dividends are charged to the Income Statement when a resolution is taken for their distribution;
- commissions on revenues from services are recognised, on the basis of contractual agreements, in the period in which the actual services are provided;
- income deriving from the brokering of financial trading instruments, which is determined by the difference between the transaction price and the fair value of the instrument, is charged to the Income Statement when the transaction is recognised if the fair value can be determined from parameters or recent transactions that can be observed on the same market in which the instrument is traded. if these values are not easily identifiable or they present reduced liquidity, the financial instrument is recorded for an amount equal to the transaction price, less the sales margin; the difference with respect to the fair value flows to the Income Statement over the duration of the transaction through a gradual reduction, in the valuation model, of the correction factor related to the reduced liquidity of the instrument;
- profits/losses deriving from the trading of financial instruments are charged to the Income Statement when the sale is completed, on the basis of the difference between the value paid or collected and their carrying value;
- income deriving from the sale of non-financial assets is recognised when the sale is completed, unless the majority of the risks and benefits connected to the asset have been retained

Costs are charged to the Income Statement in the period in which the relative income is accounted for.
If the association between costs and income is generic and indirect, costs are recognised over several periods using rational procedures and on a systematic basis.
Costs that cannot be linked to income are immediately charged to the Income Statement.

Finance leases

Assets under finance leases are shown as receivables at an amount corresponding to the net leasing investment. Financial income is then recognised on the basis of methods that reflect a constant periodical rate of return.

Share-based payments

Share-based payments to Group employees can be:

- cash-settled, and then accounted for in the income statement on the basis of the quota that has accrued at the period-end, also considering the probability that the cost will arise on the date on which the options are exercised;
- equity-settled, and then valued with the Black and Scholes model and recorded in the Income Statement on the basis of the accrued amount at the end of the accounting period and recorded in a specific reserve under equity.

A.3 - INFORMATION ON FAIR VALUE

A.3.1 Transfers between portfolios

The amendments to IAS 39 and IFRS 7 "Reclassification of financial assets" which were approved by the IASB in 2008, allow certain financial assets to be transferred from the "held for trading" and "available for sale" portfolios after their initial recognition.
In particular, the following can be reclassified:

- those financial assets held for trading or available for sale that would have fulfilled the definition laid down by international accounting standards for the loans portfolio (if these assets had not been classified as held for trading or available for sale respectively when they were initially recognised) if the business has the intention and capacity to hold them for the foreseeable future or until their expiry;
- “only in rare circumstances" those financial assets held for trading that at the time of their being recognised did not fulfil the definition of loans.

No Group company has reclassified any item between portfolios.

A.3.2 Fair value hierarchy

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

	31.12.2012			31.12.2011		
Financial assets/liabilities at fair value through profit or loss	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	1,877	2,443		13,379	18	4,188
2. Financial assets valued at fair value						
3. Available-for-sale financial assets	876,162	126,621	6,627	672,827	244,913	6,643
4. Hedging derivatives		9,005				5,631
Total	**878,039**	**138,069**	**6,627**	**686,206**	**244,931**	**16,462**
1. Financial liabilities held for trading	34	483		15	13	4,314
2. Financial liabilities at fair value through profit or loss		37,532			89,138	
3. Hedging derivatives		6,696				2,684
Total	**34**	**44,711**		**15**	**89,151**	**6,998**

Investments measured on the basis of parameters that cannot be observed (level 3) form a particularly limited share of Financial assets measured at fair value (0.65% compared to 1.73% of last year).
The said investments, classified exclusively among Available-for-sale financial assets are represented almost entirely by minority investments.

A.3.2.2 Financial assets at fair value (level 3): annual changes

	Financial assets			
	held for trading	at fair value	available for sale	hedging
1. Opening balance	**4,188**		**6,643**	**5,631**
2. Increases	**693**		**107**	**1,476**
2.1. Purchases				
2.2. Profits charged to:				
2.2.1. Income statement			107	
- of which Capital Gains			107	
2.2.2. Shareholder's equity				
2.3. Transfers from other levels				
2.4. Other increases	693			1,476
3. Decreases	**4,881**		**123**	**7,107**
3.1. Sales			16	
3.2. Redemptions	1,789		107	
3.3. Losses charged to:				
3.3.1. Income statement	1,020			
- of which Capital Losses	1,020			
3.3.2. Shareholder's equity				
3.4. Transfers to other levels	534			5,263
3.5. Other decreases	1,538			1,844
4. Closing balance			**6,627**	

With reference to “Financial assets held for trading”, changes are broken down as follows:
- items 2.4 “Other increases” and 3.5 “Other decreases” represent the amount of accrued liabilities and accrued income, respectively, at the end of the previous financial year;
- item 3.4 “Transfers to other levels” is related to the transfer to Level 2, as justified below.

During the year, the extrapolation techniques of the input data that can be directly observed and promptly available, commonly used by market operators, are improved; these activities allow to reclassify the fair value from Level 3 to Level 2.

Also with reference to “Hedging financial assets”, the changes in items 2.4 and 3.5 refer to accrued liabilities and accrued income, respectively, at the end of 2011.

A.3.2.3 Financial liabilities at fair value (level 3): annual changes

	Financial liabilities		
	held for trading	at fair value	hedging
1. Opening balance	**4,314**		**2,684**
2. Increases	**1**		**142**
2.1. Issues			
2.2. Losses charged to:			
2.2.1. Income statement			
- of which Capital Losses			
2.2.2. Shareholder's equity			
2.3. Transfers from other levels			
2.4. Other increases	1		142
3. Decreases	**4,315**		**2,826**
3.1. Redemptions	1,773		
3.2. Repurchases			
3.3. Profits charged to:			
3.3.1. Income statement	634		
- of which Capital Gains	634		
3.3.2. Shareholder's equity			
3.4. Transfers to other levels	1,907		2,722
3.5. Other decreases	1		104
4. Closing balance			

Changes in items 2.4 “Other increases” and 3.5 “Other decreases” related both to Liabilities held for trading and to Hedging financial liabilities refer to accrued income and accrued liabilities at the end of 2011, respectively.

Item 3.4 “Transfers to other levels” is related to the transfer to Level 2, as already justified in point *A.3.2.2*.

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

In relation to the Group's operations and on the basis of the internal valuation methods that are currently in use, no differences have been recognized between the price of the transactions and the initial measurement of financial assets and liabilities entered in the accounts (the so-called "day one profit/loss”).

Part B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS (caption 10)

1.1 Cash and cash equivalents: breakdown

	31.12.2012	31.12.2011
a) Cash	38,374	29,228
b) Sight deposits at Central Banks	42,874	2,755
Total	**81,248**	**31,983**

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING (caption 20)

2.1 Financial assets held for trading: breakdown by type

Captions/Amounts	31.12.2012			31.12.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	1,834			13,190		
1.1. Structured securities						
1.2 Other debt securities	1,834			13,190		
2. Equity instruments				166		
3. UCITS units						
4. Financing						
4.1 Repurchase agreements (assets)						
4.2 Other						
Total A	1,834			13,356		
B. Derivative instruments						
1. Financial derivatives:	43	2,443		23	18	4,188
1.1 Trading	43	317		23	18	2,619
1.2 Connected with the fair value option		2,126				1,569
1.3 Other						
2. Credit derivatives:						
2.1 Trading						
2.2 Connected with the fair value option						
2.3 Other						
Total B	43	2,443		23	18	4,188
Total (A + B)	**1,877**	**2,443**		**13,379**	**18**	**4,188**

Derivative instruments under fair value option are represented by derivatives that are operationally linked to issues of bonds where the Group implemented the fair value option.

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

Captions/Amounts	31/12/2012	31/12/2011
A. CASH EQUIVALENTS		
1. Debt securities	**1,834**	**13,190**
a) Governments and central banks	1,834	8,594
b) Other public entities		3,734
c) Banks		862
d) Other issuers		
2. Equity instruments		**166**
a) Banks		166
b) Other issuers:		
- *insurance companies*		
- *financial companies*		
- *non-financial companies*		
- *other*		
3. UCITS units		
4. Financing		
a) Governments and central banks		
b) Other public entities		
c) Banks		
d) Other entities		
Total A	**1,834**	**13,356**
B. DERIVATIVE INSTRUMENTS		
a) Banks		
- *fair value*	*2,317*	*1,954*
b) Customers:		
- *fair value*	*169*	*2,275*
Total B	**2,486**	**4,229**
Total (A+B)	**4,320**	**17,585**

2.3 Cash financial assets held for trading: annual changes

	Debt securities	Equity instruments	UCITS units	Financing	2012
A. Opening balance	**13.190**	**166**			**13.356**
B. Increases	**316.947**	**1.495**			**318.442**
B.1 Purchases	316.233	1.448			317.681
B.2 Increases in fair value	163				163
B.3 Other increases	551	47			598
C. Decreases	**328.303**	**1.661**			**329.964**
C.1. Sales	322.772	1.490			324.262
C.2 Redemptions	5.492				5.492
C.3 Decreases in fair value					
C.4 Transfers to other portfolios					
C.5 Other decreases	39	171			210
D. Closing balance	**1.834**				**1.834**

Item "B.3 Other increases" includes profits from trading activities and from redemptions for a total of Euro 547 thousand, of which Euro 500 thousand on debt securities and Euro 47 thousand on equity instruments, as well as interest accrued, inclusive of the positive issue spreads, for an aggregate of Euro 20 thousand and foreign exchange differences of Euro 31 thousand.

On the contrary, item "C.5 Other decreases" includes losses from trading activities or from redemptions for a total of Euro 198 thousand, of which Euro 27 thousand on debt securities and Euro 171 thousand on equity instruments; the item also includes the de-recognition of interest accrued at the end of the previous year amounting to Euro 12 thousand.

The results of the fair value changes of the trading portfolio, as reported under item "B.2 increases in fair value" are recognised in the income statement under item 80 "Net profits/(losses) on trading activities", together with profits/losses from trading or redemptions.

SECTION 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (caption 30)

This item has a balance of nil in the periods of reference

SECTION 4 - AVAILABLE-FOR-SALE FINANCIAL ASSETS (caption 40)

4.1 Available-for-sale financial assets: breakdown by type

Captions/Amounts	31.12.2012			31.12.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	854,643	126,621	99	630,841	244,913	110
1.1. Structured securities		*1,910*		*561*	*3,500*	
1.2 Other debt securities	*854,643*	*124,711*	*99*	*630,280*	*241,413*	*110*
2. Equity instruments	410		6,528	1,121		6,533
2.1 Measured at fair value	*410*		*4,951*	*1,121*		*4,952*
2.2 Measured at cost			*1,577*			*1,581*
3. UCITS units	21,109			40,865		
4. Financing						
Total	876,162	126,621	6,627	672,827	244,913	6,643

The balance for the period does not include the component pertaining to the insurance company of Euro 46,339 thousand, reclassified under item "150 Non-current assets held for sale and discontinued operations".
In the previous financial year, the insurance component, included in item 40, amounted to Euro 34,994 thousand.

UCITS units at year-end are broken down in the following categories: bond funds of Euro 13.7 million, equity funds of Euro 5.2 million, flexible funds of Euro 2.1 million and hedge funds of Euro 0.1 million.

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

Captions/Amounts	31.12.2012	31.12.2011
1. Debt securities	**981,363**	**875,864**
a) Governments and central banks	805,054	615,232
b) Other public entities		
c) Banks	149,693	226,390
d) Other issuers	26,616	34,242
2. Equity instruments	**6,938**	**7,654**
a) Banks		612
b) Other issuers:	6,938	7,042
- insurance companies		
- financial companies	1,534	1,535
- non-financial companies	5,404	5,507
- other	-	-
3. UCITS units	**21,109**	**40,865**
4. Financing		
a) Governments and central banks		
b) Other public entities		
c) Banks		
d) Other entities		
Total	**1,009,410**	**924,383**

4.3 Available-for-sale financial assets: assets subject to specific hedging

Captions/components	31.12.2012	31.12.2011
1. Financial assets subject to specific hedging of fair value	73,121	14,246
a) interest rate risk	73,121	14,246
b) price risk		
c) exchange risk		
d) credit risk		
2. Financial assets subject to specific hedging of cash flows		
a) interest rate risk		
b) exchange rate risk		
c) other		
Total	**73,121**	**14,246**

4.4 Available-for-sale financial assets: annual changes

	Debt securities	Equity instruments	UCITS units	Loans	2012
A. Opening balance	**875,864**	**7,654**	**40,865**		**924,383**
B. Increases	**2,160,028**	**11**	**13,958**		**2,173,997**
B.1 Purchases	2,064,751		12,000		2,076,751
B.2 Increases in fair value	40,807		1,583		42,390
B.3 Write-backs					
- charged to income statement					
- charged to shareholders' equity					
B.4 Transfers from other portfolios					
B.5 Other increases	54,470	11	375		54,856
C. Decreases	**2,054,529**	**727**	**33,714**		**2,088,970**
C.1. Sales	1,800,884	16	31,791		1,832,691
C.2 Redemptions	212,912				212,912
C.3 Decreases in fair value	210		9		219
C.4 Impairment write-downs		99			99
- charged to income statement		99			99
- charged to shareholders' equity					
C.5 Transfers to other portfolios					
C.6 Other decreases	40,523	612	1,914		43,049
D. Closing balance	**981,363**	**6,938**	**21,109**		**1,009,410**

Items "B.2 Increases in fair value" and "C.3 Decreases in fair value" represent capital gains and capital losses, respectively, inclusive of the relevant tax effect, recognised under Shareholders' equity under item 130 "Valuation reserves".

In relation to the section "Debt securities", item "B.5 Other increases" includes:

- interest accrued, including the positive issue spreads and the increase in the amortised cost, for an aggregate of Euro 9.4 million, charged to the income statement under item 10 "Interest income on securities",
- income of Euro 0.7 million related to a valuation adjustment under hedge accounting, charged to the income statement under item "90 Net profits (losses) on hedging activities";
- profits from trading and redemption activities for an aggregate of Euro 44.3 million, charged to the income statement under item "100 Profit/(loss) on disposal or repurchase of financial assets available for sale";

on the contrary, item "C.6 Other decreases" includes:

- interest accrued in the previous year and the negative change of the amortised cost for an aggregate of Euro 7.0 million, charged under item 10 in the income statement;
- losses from trading or redemption activities for an aggregate of Euro 0.1 million, charged under item 100 in the income statement.
- the transfer to item “150 Non-current assets held for sale and discontinued operations” of the insurance component of Euro 33.4 million.

In relation to the section "Equity securities", item "B.5 Other increases" represents the profit deriving from the sale of the equity investment Si.Te.Ba, whereas item "C.4 Impairment write-downs" includes the effect of the impairment on the subsidiary First Capital S.p.A. and item “C.6 Other decreases” the transfer to item 150 of the insurance component.

Finally, for what concerns the section "UCITS units”, the amount under item "B.5 Other increases" represents the profit on trading whereas item "C.6 Other decreases" represents losses on trading of Euro 0.9 million and the transfer to item 150 of the insurance component of Euro 1.0 million.”

Impairment test on financial assets available for sale

As required by the IFRS accounting standards, the financial assets available for sale were subject to an impairment test at the end of the period in order to check whether there was any negative event that could lead one to consider that the value of these assets in the financial statements was not fully recoverable.
The criteria for carrying out the impairment test on financial assets available for sale are described in the specific section of "Part A – Accounting policies" of these Notes to the Financial Statements.

SECTION 5 - HELD-TO-MATURITY FINANCIAL ASSETS (caption 50)

5.1 Held-to-maturity financial assets: breakdown by type

	31.12.2012				31.12.2011			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	151,863	153,539			124,626	90,389	9,715	
- structured								
- other	151,863	153,539			124,626	90,389	9,715	
2. Loans								

5.2 Held-to-maturity financial assets: breakdown by debtor/issuer

Transaction type / Amount	31.12.2012	31.12.2011
1. Debt securities	**151,863**	**124,626**
a) Governments and central banks	140,485	110,774
b) Other public entities		
c) Banks	10,119	10,115
d) Other issuers	1,259	3,737
2. Financing		
a) Governments and central banks		
b) Other public entities		
c) Banks		
d) Other entities		
Total	**151,863**	**124,626**
Total fair value	**153,539**	**100,104**

5.3 Held-to-maturity financial assets: subject to specific hedging

At the balance sheet date, there was a balance of nil for held-to-maturity financial assets subject to specific hedging

5.4 Held-to-maturity financial assets: annual changes

	Debt securities	Financing	Total
A. Opening balance	**124,626**		**124,626**
B. Increases	**31,315**		**31,315**
B.1 Purchases	29,335		29,335
B.2 Write-backs			
B.3 Transfer from other portfolios			
B.4 Other increases	1,980		1,980
C. Decreases	**4,078**		**4,078**
C.1. Sales			
C.2 Redemptions	2,484		2,484
C.3 Impairment losses			
C.4 Transfers to other portfolios			
C.5 Other decreases	1,594		1,594
D. Closing balance	**151,863**		**151,863**

Item B.4 "Other increases" is mainly made up of Euro 1.9 million for accruals accumulated at the end of the period and Euro 0.07 million for the portion of positive amortised cost accrued in the year, all of which was accounted for in the income statement under item "10 Interest income".

Item "C.5. Other decreases" is made up of Euro 1.58 million for accruals accumulated last year and Euro 0.01 million for the negative change in the amortised cost accrued in the period; the entry in the accounts of the two elements entails a reduction in item 10 of the income statement.

SECTION 6 - AMOUNTS DUE FROM BANKS (caption 60)

6.1 Amounts due from banks: breakdown by type

Transaction type / Amount	31/12/2012	31/12/2011
A. Amounts due from Central banks	**11,766**	**29,371**
1. Restricted deposits		
2. Compulsory reserve	11,766	29,371
3. Repurchase agreements		
4. Other		
B. Amounts due from banks	**238,714**	**259,154**
1. Current accounts and demand deposits	117,033	158,889
2. Restricted deposits	96,151	74,729
3. Other financing	73	104
3.1 repurchase agreements (assets)		
3.2 finance leases		
3.3 other	*73*	*104*
4. Debt securities	25,457	25,432
4.1 Structured securities	*25,457*	*25,432*
4.2 Other debt securities		
Total (book value)	**250,480**	**288,525**
Total (fair value)	**250,480**	**288,089**

The insurance component for the period reclassified under item 150 totals Euro 5,784 thousand. In the previous financial year, the insurance component, included in item 60, totalled Euro 6,150 thousand.

6.2 Amounts due from banks: assets subject to specific hedging

At the reference date, there were no amounts due from banks subject to specific hedging.

6.3 Amounts due from banks: finance lease

At the reference date, there were no amounts due from banks in connection with finance lease transactions.

SECTION 7 - AMOUNTS DUE FROM CUSTOMERS (caption 70)

7.1 Amounts due from customers: breakdown by type

Transaction type / Amount	31/12/2012			31/12/2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Current accounts	1,491,262		120,949	1,451,585		85,076
2. Repurchase agreements	337,712			3,583		
3. Mortgage loans	3,118,075		230,154	3,229,191		148,056
4. Credit cards, personal loans and loans on salary	351,287		6,714	302,172		8,220
5. Financial leases	514,553		29,129	576,355		21,272
6. Factoring	14,207		316	11,180		104
7. Other loans	707,243		5,144	716,538		5,371
8. Debt securities	22,400			21,747		
8.1 Structured securities						
8.2 Other debt securities	*22,400*			*21,747*		
Total (book value)	**6,556,739**		**392,406**	**6,312,351**		**268,099**
Total (fair value)	**6,957,410**		**392,407**	**6,659,007**		**268,099**

The item “repurchase agreements” includes exclusively loans with institutional counterpart.

The amount of item "8.2 Other debt securities" represents the counter-value of capitalisation policies.

Section E of these Notes should be referred to for information regarding "Impaired assets", additional to that provided in the Report on Operations.

The insurance component reclassified under item 150 totals Euro 20 thousand; amount unchanged compared to the previous financial year.

7.2 Amounts due from customers: breakdown by debtor/issuer

Transaction type / Amount	31.12.2012			31.12.2011		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Debt securities	**22,400**			**21,747**		
a) Governments						
b) Other public entities						
c) Other issuers	22,400			21,747		
- non-financial companies						
- financial companies						
- insurance companies	*22,400*			*21,747*		
- other	-					
2. Loans to:	**6,534,339**		**392,406**	**6,290,604**		**268,099**
a) Governments						
b) Other public entities						
c) Other entities	6,534,339		392,406	6,290,604		268,099
- non-financial companies	*4,101,343*		*280,555*	*3,958,774*		*164,488*
- financial companies	*435,475*		*404*	*101,884*		*209*
- insurance companies	*2,779*			*2,624*		
- other	*1,994,742*		*111,447*	*2,227,322*		*103,402*
Total	**6,556,739**		**392,406**	**6,312,351**		**268,099**

7.3 Amounts due from customers: assets subject to specific hedging

At the reference date, there were no amounts due from customers subject to specific hedging.

7.4 Finance leases

Reconciliation between the gross leasing investment and the present value of the minimum payments due for leasing and unsecured residual values due to the lessor.

Transaction type	Gross investment	Deferred profit	Net investment	Unsecured residual values (redemption)
Finance lease	652,785	124,716	528,069	77,890
– of which leaseback agreements	*40,032*	*7,726*	*32,306*	*(5,815)*
Total	**652,785**	**124,716**	**528,069**	**77,890**

Relevant period	Gross investment	Deferred profit	Net investment
- Within one year	15,598	321	15,277
- Betw een 1 and 5 years	200,947	15,182	185,765
- Beyond five years	436,240	109,213	327,027
Total	**652,785**	**124,716**	**528,069**

SECTION 8 - HEDGING DERIVATIVES (caption 80)

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

	31.12.2012				31.12.2011			
	F V			NV	F V			NV
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. 1 Financial derivatives		9,005		216,637			5,631	216,637
1) Fair value		9,005		216,637			5,631	216,637
2) Cash flow								
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
Total		**9,005**		**216,637**			**5,631**	**216,637**

Legend
NV = notional value

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

Transactions/Hedging type	Fair value						Cash flow		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest-rate risk	exchange risk	credit risk	price risk	other risks				
1. Available-for-sale financial assets									
2. Loans and receivables									
3. Held-to-maturity financial assets									
4. Portfolio									
5. Other transactions									
Total assets									
1. Financial liabilities	9,005								
2. Portfolio									
Total liabilities	**9,005**								
1. 1. Expected settlements									
2. Financial assets and liabilities portfolio									

SECTION 9 - ADJUSTMENT TO VALUES OF FINANCIAL ASSETS SUBJECT TO SPECIFIC HEDGING (caption 90)

At the reference date, there were no financial assets subject to general hedging.

SECTION 10 - EQUITY INVESTMENTS (caption 100)

10.1 Equity investments in companies subject to joint control (carried at equity) and companies subject to significant influence: information on ownership relationships

Company name	Registered office	Type of relationship	Ownership relationship	
			Investing company	% ownership share
Istifid S.p.A.	*Milan*	Significant influence	Banco Desio Brianza	28.961

10.2 Equity investments in companies subject to joint control and companies subject to significant influence: accounting data

Company name	Total assets	Total revenues	Profit (loss)	Shareholders' equity	Book value
A. Companies valued at equity					
A.2. Companies subject to significant influence					
Istifid S.p.A.	6,035	5,267	29	3,663	1,227
Total	**6,035**	**5,267**	**29**	**3,663**	**1,227**

data relating to 31 December 2011, the last approved financial statements

10.3 Equity investments: annual changes

	2012	2011
A. Opening balance	**13,838**	**16,720**
B. Increases	**13,471**	**5,463**
B.1 Purchases		2,700
B.2 Write-backs		
B.3 Revaluations	58	2,763
B.4 Other increases	13,413	
C. Decreases	**26,082**	**8,345**
C.1. Sales	22,547	
C.2 Impairment losses		
C.3 Other decreases	3,535	8,345
D. Closing balance	**1,227**	**13,838**
E. Total revaluations	**327**	**5,616**
F. Total adjustments		

Item B.3 "Revaluations" is the share of profit for the 2012 financial year for the company subject to significant influence.

Item B.4 “Other increases”, all changes referring to Chiara Vita S.p.A., include:

- Euro 4.9 million, the gross consolidated capital gain on the transfer carried out during the financial year,
- Euro 3.5 million, the price adjustment on the transfer carried out in 2008,
- Euro 5.0 million, valuation reserves of the 2011 financial year.

Item C.1 “Sales” represents the sale price of Chiara Vita S.p.A.

Item C.3 “Other decreases” represents the charge in connection with the price adjustment on the sale of the 70% share of Chiara Vita S.p.A. carried out in 2008.

Impairment tests on equity investments

In accordance with the provisions of IAS 36 and taking account of the directions mentioned in the joint Bank of Italy, Consob and Isvap document of 3 March 2010, the information concerning the impairment test carried out on equity investments held as at 31 December 2012 is shown below.

The aim of the impairment process is to check that the carrying amount of the equity investments is not higher than the related recoverable amount, intended as the value that can be derived from continued use (value in use) or the possible sale price on the market (fair value less sale costs or exchange value) of the equity investment, whichever lower.

a) Criterion to estimate recoverable values (Impairment)

For the criterion to estimate the recoverable value of the Equity Investment, reference was made to the possible sale price of the shares taken from transactions in progress.

b) Sensitivity analysis

The table below summarises the deviations in percentage or in percentage points of the basic assumptions needed to make the recoverable amount equal to the carrying amount in the financial statements.

Equity investments	Deviation of transaction price of MKT
Istifid Spa	40%

SECTION 11 - TECHNICAL INSURANCE RESERVES CARRIED BY REINSURERS (caption 110)

11.1 Technical insurance reserves carried by reinsurers: breakdown

	31.12.2012	31.12.2011
A. Non-Life branch		**6,931**
A1. premiums reserves		5,684
A2. claims reserves		1,247
A3. other reserves		
B. Life branch		
B1. mathematical reserves		
B2. reserves for amounts to be disbursed		
B3. other reserves		
C. Technical reserves for investment risks to be borne by the insured		
C.1 Reserves for contracts with disbursements connected with investment funds and market indices		
C.2 Reserves from pension fund management		
D. Total technical reserves carried by reinsurers		**6,931**

Due to the reclassification of Chiara Assicurazioni S.p.A. among “Non-current assets held for sale and discontinued operations”, the item contains no balances at the end of 2012.

SECTION 12 - TANGIBLE ASSETS (caption 120)

12.1 Tangible assets: breakdown of assets valued at cost

Asset / Value	31.12.2012	31.12.2011
A. Functional assets		
1.1 owned	**150,884**	**154,475**
a) land	42,932	42,778
b) buildings	90,299	91,002
c) fixtures and fittings	7,392	9,034
d) electrical equipment	2,307	2,678
e) other	7,954	8,983
1.2 acquired under finance lease		
a) land		
b) buildings		
c) fixtures and fittings		
d) electrical equipment		
e) other		
Total A	**150,884**	**154,475**
B. Assets held for investment		
2.1 owned	**6**	**6**
a) land	6	6
b) buildings		
2.2 acquired under finance lease		
a) land		
b) buildings		
Total B	**6**	**6**
Total (A+B)	**150,890**	**154,481**

Land and buildings have been valued based on the revalued amount as at 1 January 2004 upon first time application of IAS. Once in operation, they have been valued at cost.

Furniture, electronic systems and other tangible assets have been valued at cost.

The tangible assets of the insurance component, reclassified under item 150, amount to Euro 190 thousand. The previous financial year, item 120 included an insurance amount of Euro 225 thousand.

12.2 Tangible assets: breakdown of tangible assets at fair value or revalued

There were no tangible assets measured at fair value or revalued at the end of the period.

12.3 Tangible assets for business use: annual changes

	Land	Buildings	Fixtures and fittings	Electrical equipment	Others	Total
A. Gross opening balance	**42.778**	**104.437**	**33.227**	**20.287**	**39.554**	**240.283**
A.1. Total net decreases in value		13.435	24.193	17.609	30.571	85.808
A.2. Net opening balance	**42.778**	**91.002**	**9.034**	**2.678**	**8.983**	**154.475**
B. Increases	**154**	**1.492**	**511**	**857**	**1.830**	**4.844**
B.1 Purchases	146	1.477	196	553	1.228	3.600
B.2. Capitalised improvement expenses						
B.3 Write-backs						
B.4 Increases in fair value charged to:						
a) shareholder's equity						
b) income statement						
B.5 Positive exchange differences	8	15	2			25
B.6 Transfers from properties held for investment						
B.7 Other increases			313	304	602	1.219
C. Decreases		**2.195**	**2.174**	**1.228**	**2.859**	**8.435**
C.1. Sales			347	304	689	1.340
C.2 Amortisation/depreciation		2.195	1.806	924	1.909	6.834
C.3 Value adjustments due to deterioration charged to:						
a) shareholder's equity						
b) income statement						
C.4 Decreases in fair value charged to:						
a) shareholder's equity						
b) income statement						
C.5 Negative exchange differences						
C.6 Transfers to:						
a) tangible assets held for investment						
b) assets being disposed of						
C.7 Other decreases					261	261
D. Net closing balance	**42.932**	**90.299**	**7.392**	**2.307**	**7.954**	**150.884**
D.1. Total net impairment		15.633	25.711	18.229	31.641	91.214
D.2. Gross closing balance	**42.932**	**105.932**	**33.103**	**20.536**	**39.595**	**242.098**
E. Valuation at cost						-

The sale of tangible assets, of which item "C.1 Sales", led to the recognition of profits on sales of Euro 36 thousand and losses on sales of Euro 77 thousand, recognised in the income statement under item 190 “Other operating expenses/income”.

With reference to item “B.7 Other increases”, changes refer for:

. Euro 1,184 thousand to the restoration of the depreciation fund on assets sold, the amount of which is shown in item “C.1 Sales” gross of the depreciation fund”,

. Euro 35 thousand to the reclassification of assets under the item “Fixtures and fittings” classified the previous financial year under the item “Others”.

With reference to item “C.7 Other decreases”, the reported changes refer for:

. Euro 35 thousand to the reclassification under another item, as specified in the previous point;

. Euro 1 thousand to the reclassification under item “160 Other assets” of costs on third-party properties;

. Euro 225 thousand to the reclassification of the insurance component under item 150 Non-current assets held for sale and discontinued operations.

12.4 Tangible assets held for investment: annual changes

No changes were recorded during the period in tangible assets held for investment.

12.5 Tangible assets: commitments for purchase of tangible assets

The commitments for purchase of tangible assets amount at the end of the financial year to Euro 7,700 thousand and refer to an option for the purchase of properties.

SECTION 13 - INTANGIBLE ASSETS (caption 130)

13.1 Intangible assets: breakdown by type of assets

Asset / Value	31.12.2012		31.12.2011	
	Definite duration	Indefinite duration	Definite duration	Indefinite duration
A.1 Goodwill		**23,533**		**41,345**
A.2 Other intangible assets	**2,370**		**5,151**	
A.2.1 Assets valued at cost:	2,370		5,151	
a) Intangible assets generated internally				
b) Other assets	2,370		5,151	
A.2.2 Assets at fair value through profit or loss:				
a) Intangible assets generated internally				
b) Other assets				
Total	**2,370**	**23,533**	**5,151**	**41,345**

Intangible assets with an indefinite useful life are subject to an impairment test at least once a year and, in particular, in order to draw up the financial statements or in any case when certain circumstances arise that would imply a reduction in value.

Other intangible assets have been amortised on a straight-line basis according to their useful life that for indemnities for abandonment of premises is estimated to be equal to the lease term, being equal to 4 years for software associated with machines and to 5 years for application software.

The insurance component reclassified under item 150 totals Euro 4,683 thousand. The previous financial year, the item included an insurance amount of Euro 2,206 thousand.

13.1.1 Impairment test

In accordance with the provisions of IAS 36 and taking account of the directions mentioned in the joint Bank of Italy, Consob and Isvap document of 3 March 2010, the information concerning the impairment test carried out on the Cash Generating Unit (CGU) as at 31 December 2012 is shown below.

The aim of the impairment process is to check that the carrying amount of the CGU is not higher than the related recoverable amount, intended as the value that can be derived from continued use (value in use) or the possible sale price on the market (fair value less sale costs or exchange value) of the CGU, whichever lower.

The recoverable amount of the CGU was determined by referring to the value in use. In order to calculate the value in use, IAS 36 envisages the possibility of using the financial method known as Discounted Cash Flow (DCF). This method identifies the value in use of a CGU, or of an enterprise, by means of the estimate of future (operating) cash flows generated by it, discounted according to the explicit time frame in which it is assumed they will be achieved.

During the usual procedure, in the case of banks we use the Free Cash Flow to Equity (FCFE), also known as Dividend Discount Model (DDM) in the Excess Capital version, which determines the value of an enterprise on the basis of future cash flows that it could be able to distribute to its shareholders, without affecting the assets required to support the expected growth and in compliance with the regulations on capital imposed by the Supervisory Authority, discounted at a rate that reflects the specific risk of the capital. Furthermore, it is noted that, albeit the expression Dividend Discount Model alludes to the word dividend, the cash flows considered by the model are not the dividends that are expected to be actually distributed to the shareholders, but rather the whole cash flows that the firm will be able to generate after taxes and interest payments to the debt holders and while being compliant with both regulatory and statutory capital requirements.

In the past, the CGUs were identified with the "branch network" consisting of the group of branches transferred or purchased by the Bank. Such a change must not be considered as a reorganisation of the CGUs compared to the previous financial year, resulting in the reallocation of the goodwill, whereas it is related to the circumstance that the Banking Group is able to recognise the results autonomously by means of management reporting systems for which the CGU concept corresponds to the Legal entity to which it belongs.

On the other hand, the organisation of the Banking group contemplates a joint strategic direction and coordination by the Parent Company aimed at achieving the objectives of development and profitability at the level of each legal entity of the Group, that is to say, it does not contemplate the breakdown of the development and profitability targets by business unit that take into account, for example, specific business trends: retail, private, corporate finance, asset management, or specific territorial combinations: grouping of branches by geographical areas or product areas.

Consequently, all the management reporting, as well as the budgeting activity, analyses, monitors and carries out financial and income estimates at the level of legal entity.

Therefore, the impairment test was carried out directly on the legal entities: Banco Desio Lazio Spa, Fides Spa and Banco di Desio e della Brianza Spa according to the criteria and assumptions shown below.

a) Criterion to estimate recoverable values (Impairment)

For the criterion to estimate the recoverable value of the goodwill belonging to the specific legal entity, reference is made to the so-called value in use: equity value for banks and financial intermediaries, enterprise value for non-financial companies.

Time horizon for the determination of future cash flows:

The time horizon considered is that attributable to the last 2013-2015 business plan approved by the Directors, as well as the further development of that plan, by the Management, with projections of future results extended to encompass an explicit forecast period of 5-7 years, in order to reduce the distortions that can be associated with using the restricted time horizon of the industrial plan that, in certain historical moments – such as the current one – can be strongly affected by the economic effects of the financial and economic crisis or by extraordinary events with respect to which it is appropriate to bring the results back to normal in order to be able to focus more precisely on the real potentials of the entity being tested in the medium to long term period.

Cash flows:

When evaluating the banks and financial intermediaries, the "equity side" approach is used, as part of the DDM method, in order to calculate the equity value in that, owing to the typical banking activities of the fund (deposit/loans), it is particularly difficult to make a distinction between financial and operating debts; Moreover, in the Excess Capital version, the cash flows available for the shareholders are cash flows from which a shareholder could potentially benefit in compliance with the limits of the financial resources required by the business operation, therefore, they duly consider the absorption of the regulatory capital.

When evaluating non-financial companies, the "asset side" approach is used, as part of the DCF method, in order to calculate the enterprise value, as a result, future net cash flows (CF) are calculated on the basis of the prospective (unlevered) financial statements, or net of financial expenses, therefore the net financial position of the company on the evaluation date is considered.

Discount rate:

When evaluating banks and financial intermediaries, reference is made to the so-called cost of capital Ke (cost of equity).

When evaluating non-financial companies, reference is made to the so-called WACC (weighted average cost of capital) which, as is known, expresses the cost of the financing sources of the business under consideration, weighing the debt ratio and the equity ratio according to the degree of indebtedness.

Growth rate of the flows after the period covered by the business plan or budget:

A long-term growth rate is considered in line with the expectations of the inflation rate in the long term.

Terminal Value:

it is determined by applying the formula that is associated to the traditional formula of "perpetual annuity" at the Ke rate or at the WACC rate.

The equity value or the enterprise value of the legal entity, as determined on the basis of the above procedure on the date when observations are made, is then compared to the value at which the specific goodwill is entered in the financial statements, with the sole objective of verifying impairment losses (if any).

b) Evaluation parameters used and test analysis

The main assumptions used for the impairment tests are shown below.

CGU	Model	Database	CAGR RWA	Ke/Wacc	g	Flows of the Plan	Capital ratio
Banco Desio Lazio Spa	DDM	2013-2015 Plan extended to 2017	4.3%	9.83%	2%	Net Results	8% (Tier 1)
Fides Spa	DDM	2013-2015 Plan extended to 2017	10%	11.83%	2%	Net Results	8% (Tier 1)
Banco di Desio e della Brianza SpA	DDM	2013-2015 Plan extended to 2017	4.3%	9.83%	2%	Net Results	8% (Tier 1)

According to the impairment test carried out, there is no need of any impairment of goodwill concerning the CGUs mentioned above.

It is noted that the parameters and the information considered in the development of the impairment test are affected by the economic situation and by the financial markets and may undergo changes/variations, currently unforeseeable, with the resulting effects on the main assumption considered and therefore, potentially, also on the results that in future financial years may be different from those shown in these financial statements.

c) Sensitivity analysis

Since the impairment test is particularly complex due to the current macroeconomic and market context and due to the resulting difficulty in making forecasts on long-term future profitability, a “stress test” is carried out to further the impairment test assuming the change in the main parameters used within the impairment test.

The table below summarises the deviations in percentage or in percentage points of the basic assumptions adopted for the CGU needed to make the recoverable amount equal to the carrying amount of the goodwill in the financial statements.

CGU	Increase in p.p. of the discount rate of future cash flows (FCFE)	Flat profitability
Banco Desio Lazio Spa	Above 1,000	2012 Net Result for all the years of the Plan
Fides Spa	875	2012 Net Result for all the years of the Plan
Banco di Desio e della Brianza SpA	Above 1,000	2012 Net Result for all the years of the Plan

LEVEL II IMPAIRMENT TEST

In view of the fact that in 2012 the market capitalisation of the (Stock Exchange) of the Banco Desio security (ordinary shares plus savings shares) was less than the value of Consolidated shareholders' equity, the impairment test of the Banco Desio Group (II level impairment test) was carried out as a whole that, in order to provide greater understanding of the result, indicates the recoverable amount of the Consolidated shareholders' equity in value per share.

The impairment test was carried out according to the criteria and assumptions shown below.

a) <u>Criterion to estimate recoverable values (Impairment)</u>

For the criterion used to estimate the recoverable value of the Equity Investment, reference is made to the so-called value in use: equity value for banks and financial intermediaries, enterprise value for non-financial companies.

<u>Time horizon for the determination of future cash flows:</u>

The time horizon considered is that attributable to the last 2013-2015 business plan approved by the Directors, as well as the further development of that plan, by the Management, with projections of future results extended to encompass an explicit forecast period of 5-7 years, in order to reduce the distortions that can be associated with the only use of the time horizon of the industrial plan that, in certain historical moments – such as the current one – can be strongly affected by the economic effects of the financial and economic crisis or by extraordinary events with respect to which it is appropriate to bring the results back to normal in order to be able to focus more precisely on the real potentials of the entity being tested in the medium to long term period.

<u>Cash flows:</u>

When evaluating the banks and financial intermediaries, the “equity side” approach is used, as part of the DDM method, in order to calculate the equity value in that, owing to the typical banking activities of the fund (deposit/loans), it is particularly difficult to make a distinction between financial and operating debts; Moreover, in the Excess Capital version, the cash flows available for the shareholders are cash flows from which a shareholder could potentially benefit in compliance with the limits of the financial resources required by the business operation, therefore, they duly consider the absorption of the regulatory capital.

When evaluating non-financial companies, the “asset side” approach is used, as part of the DCF method, in order to calculate the enterprise value, as a result, future net cash flows (CF) are calculated on the basis of the prospective (unlevered) financial statements, or net of financial expenses, therefore the net financial position of the company on the evaluation date is considered.

<u>Discount rate:</u>

When evaluating banks and financial intermediaries, reference is made to the so-called cost of capital Ke (cost of equity).

When evaluating non-financial companies, reference is made to the so-called WACC (weighted average cost of capital) which, as is known, expresses the cost of the financing sources of the business under consideration, weighing the debt ratio and the equity ratio according to the degree of indebtedness.

Growth rate of the flows after the period covered by the business plan or budget:

A long-term growth rate is considered in line with the expectations of the inflation rate in the long term.

Terminal Value:

it is determined by applying the formula that is associated to the traditional formula of "perpetual annuity" at the Ke rate or at the WACC rate.

The equity value determined on the basis of the above procedure on the date when observations are made is then compared to the value at which the Consolidated shareholders' equity is entered in the accounts, with the sole objective of verifying impairment losses (if any).

b) Evaluation parameters used and test analysis

The main assumptions used for the impairment tests are shown below.

	Model	Database	CAGR RWA	Ke/Wacc	g	Flows of the Plan	Capital ratio
Banco Desio Group	DDM	2013-2015 Plan extended to 2017	3.9%	9.83%	2%	Net Results	8% (Tier 1)

The impairment test carried out showed a value higher than the average 2012 capitalisation of the Banco Desio security (ordinary shares plus savings shares) in that higher than the book value of the Consolidated shareholders' equity, on the date when observations were made, therefore there was no need for any write-down of the assets of the group.

It is noted that the parameters and the information considered in the development of the impairment test are affected by the economic situation and by the financial markets, and may undergo changes/variations - currently unforeseeable - with the resulting effects on the main assumption considered and therefore, potentially, also on the results that in future financial years may be different from those shown in these financial statements.

c) Sensitivity analysis

Since the impairment test is particularly complex due to the current macroeconomic and market context and due to the resulting difficulty in making forecasts on long-term future profitability, a “stress test” is carried out to further the impairment test assuming the change in the main parameters used within the impairment test.

The table below summarises the deviations in percentage or in percentage points of the basic assumptions adopted, needed to make the recoverable amount equal to the carrying amount of the Consolidated Shareholders' equity on the date the recognitions are made.

	Increase in p.p. of the discount rate of future cash flows (FCFE)	Decrease in p.p. of the growth rate beyond the plan for the calculation of the terminal value
Banco Desio Group	65	200

13.2 Intangible assets: annual changes

	Goodwill	Other intangible assets generated		Other intangible assets:		2012
		Definite duration	Indefinite duration	Definite duration	Indefinite duration	
A. Opening balance	**46,489**			**12,350**		**58,839**
A.1. Total net decreases in value	5,144			7,199		12,343
A.2. Net opening balance	**41,345**			**5,151**		**46,496**
B. Increases				**748**		**748**
B.1 Purchases				745		745
B.2. Increases in internal intangible assets						
B.3 Write-backs						
B.4 Increases in fair value						
- to shareholder's equity						
- to income statement						
B.5 Positive exchange differences				3		3
B.6 Other increases						
C. Decreases	**17,812**			**3,529**		**21,341**
C.1. Sales						
C.2 Adjustments	15,507			1,323		16,830
- Amortisation/depreciation				1,323		1,323
- Write-downs	15,507					15,507
+ shareholders' equity						
+ income statement	15,507					15,507
C.3 Decreases in fair value						
- to shareholder's equity						
- to income statement						
C.4 Transfers to non-current assets held for sale and discontinued operations	2,305			2,206		4,511
C.5 Negative exchange differences						
C.6 Other decreases						
D. Net closing balance	**23,533**			**2,370**		**25,903**
D.1 Total net adjustments	20,641			6,702		27,343
E. Gross closing balance	**44,174**			**9,072**		**53,246**
F. Valuation at cost						

Write-downs in the income statement, set forth in item “C.2 Impairment losses” refer to the subsidiary Credito Privato Commerciale in liquidation.

SECTION 14 - TAX ASSETS AND LIABILITIES (caption 140 under assets and caption 80 under liabilities)

14.1 Deferred tax assets: breakdown

temporary differences	IRES	IRAP	31.12.2012	31.12.2011
a) against Profit and Loss				
tax losses				
goodwill deductible for tax purposes	1,174	238	1,412	
write-downs of loans to customers deductible on a straight-line basis	39,825		39,825	25,295
provisions for risks from implicit loan losses	305		305	305
write-down of loans to customers outstanding as at 31.12.1994	9		9	9
allocation to the provision for risks on implicit receivables				
write-down of shares classified as FVPL securities				
statutory depreciation of properties				
statutory depreciation of tangible assets	148		148	189
provisions for guarantees and commitments/country risk	470		470	364
provisions for personnel charges	1,488		1,488	2,928
provision for legal disputes	1,498		1,498	1,581
provisions for revocatory actions	617		617	924
provision for sundry charges	136		136	137
tax provision for employee termination indemnities	304		304	304
entertainment expenses, according to a limit of one third deductible over four subsequent years				
other general expenses deductible in the next year	113		113	35
other	1		1	13
Total a)	**46,088**	**238**	**46,326**	**32,084**
b) against Equity				
tax provision for employee termination indemnities	597		597	564
write-down of securities classified AFS	2,565	543	3,108	19,579
write-down of equity investments				10
Total b)	**3,162**	**543**	**3,705**	**20,153**
Total	**49,250**	**781**	**50,031**	**52,237**

There were no "Deferred tax assets" of the insurance component at the end of the period.
Whereas last year the item included the insurance component of Euro 1,496 thousand.

14.2 Deferred tax liabilities: breakdown

Temporary differences	IRES	IRAP	31.12.2012	31.12.2011
a) against Profit and Loss				
gains on disposal of tangible assets				20
tax amortisation of properties	7,060	1,023	8,083	8,168
tax amortisation of tangible assets		22	22	24
tax amortisation of goodwill	789	160	949	808
tax amortisation of long-term expenses (software)	2	6	8	9
tax amortisation - art. 106, paragraph 3	279		279	340
tax provision to TFR (Employee Termination Indemnities)	1		1	28
other				14
Total a)	**8,131**	**1,211**	**9,342**	**9,411**
b) against Equity				
revaluation of AFS securities	3,323	673	3,996	883
revaluation of equity investments	2	9	11	11
tax provision for employee termination indemnities	199		199	199
Total b)	**3,524**	**682**	**4,206**	**1,093**
Total	**11,655**	**1,893**	**13,548**	**10,504**

There were no “Deferred tax liabilities” pertaining to insurance. For the previous financial year, the insurance component amounted to Euro 247 thousand.

14.3 Change in deferred tax assets (against profit and loss)

	2012	2011
1. Initial amount	**32.084**	**30.137**
2. Increases	**19.521**	**6.742**
2.1. Deferred tax assets recognised during the year	19.068	6.742
a) from previous years		
b) due to adoption of different accounting standards		
c) write-backs		
d) other	19.068	6.742
2.2 New taxes or increases in tax rates		
2.3 Other increases	453	
3. Decreases	**5.279**	**4.795**
3.1. Deferred tax assets cancelled during the year	5.278	4.073
a) reversals	5.278	4.073
b) write-downs due to irrecoverability		
c) due to adoption of different accounting standards		
d) other		
3.2 Reductions in tax rates		
3.3 Other decreases	1	722
a) transformation in tax credits set forth in Italian law 214/2011		
b) others	1	722
4. Final amount	**46.326**	**32.084**

Item "2.1 Deferred tax assets recognised during the financial year" includes the allocation by the Parent Company of deferred tax credits totalling Euro 1,412 thousand, recognised as a result of the redemption set forth in Article 15, paragraph 10 of Italian Law Decree no. 185/2008, of the goodwill recognised as Balance Sheet Assets against the merger of Banco Desio Toscana S.p.A.

Item "2.3 Other increases" concerns the allocation of deferred tax credits due to the effect of recalculating the deferred tax assets as at 31 December 2011 determined while preparing the tax return, mainly of entries related to the write-down of loans and receivables

Item "3.3 Other decreases" includes deferred taxes as at 31 December 2011 pertaining to Chiara Assicurazioni S.p.A. reclassified among disposal groups.

14.3.1 Changes in deferred tax assets set forth in Italian Law 214/2011(against profit and loss)

	2012	2011
1. Initial amount	**25.295**	**23.146**
2. Increases	**17.592**	**3.621**
3. Decreases	**1.652**	**1.472**
3.1 Reversals	1.652	1.472
3.2 Transformation in tax credits		
a) from losses for the year		
b) from tax losses		
3.3 Other decreases		
4. Final amount	**41.235**	**25.295**

14.4 Changes in deferred tax liabilities (against profit and loss)

	2012	2011
1. Initial amount	**9,411**	**9,316**
2. Increases	**141**	**308**
2.1. Deferred tax liabilities recognised during the year	141	141
a) from previous years		
b) due to adoption of different accounting standards		
c) other	141	141
2.2 New taxes or increases in tax rates		167
2.3 Other increases		
3. Decreases	**210**	**213**
3.1. Deferred tax liabilities cancelled during the year	169	213
a) reversals	169	213
b) due to adoption of different accounting standards		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases	41	
4. Final amount	**9,342**	**9,411**

Item "3.3 Other decreases" includes deferred taxes as at 31 December 2011 pertaining to Chiara Assicurazioni S.p.A. reclassified among liabilities being disposed of.

14.5 Changes in deferred tax assets (against equity)

	2012	2011
1. Initial amount	**20,153**	**5,396**
2. Increases	**121**	**15,804**
2.1. Deferred tax assets recognised during the year	121	15,721
a) from previous years		
standards		
c) other	121	15,721
2.2 New taxes or increases in tax rates		83
2.3 Other increases		
3. Decreases	**16,569**	**1,047**
3.1. Deferred tax assets cancelled during the year	15,074	1,047
a) reversals	15,074	1,047
b) write-downs due to irrecoverability		
c) due to change of accounting standards		
d) other		
3.2 Reductions in tax rates		
3.3 Other decreases	1,495	
4. Final amount	**3,705**	**20,153**

Item “3.3 Other decreases” includes deferred taxes as at 31 December 2011 pertaining to Chiara Assicurazioni S.p.A. reclassified among disposal groups.

14.6 Change in deferred tax liabilities (against equity)

	2012	2011
1. Initial amount	**1.093**	**585**
2. Increases	**3.993**	**687**
2.1. Deferred tax liabilities recognised during the year	3.993	685
a) from previous years		
b) due to change of accounting standards		
c) other	3.993	685
2.2 New taxes or increases in tax rates		2
2.3 Other increases		
3. Decreases	**880**	**179**
3.1. Deferred tax liabilities cancelled during the year	674	179
a) reversals	674	179
b) due to change of accounting standards		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases	206	
4. Final amount	**4.206**	**1.093**

Item “3.3 Other decreases” includes deferred taxes as at 31 December 2011 pertaining to Chiara Assicurazioni S.p.A. reclassified among liabilities being disposed of.

SECTION 15 - NON-CURRENT ASSETS AND DISCONTINUED OPERATIONS AND ASSOCIATED LIABILITIES (caption 150 under assets and caption 90 under liabilities)

	31/12/2012	31/12/2011
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Tangible assets		
A.4 Intangible assets		
A.4 Other non-current assets		
Total A		
B. Asset groups (discontinued operations)		
B.1 Financial assets held for trading		
B.2 Financial assets at fair value through profit or loss		
B.3 Available-for-sale financial assets	46,339	
B.4 Held-to-maturity financial assets		
B.5 Amounts due from banks	5,784	
B.6 Amounts due from customers	20	
B.7 Equity investments		
B.8 Tangible assets	190	
B.9 Intangible assets	4,683	
B.10 Other assets	15,404	
Total B	**72,420**	
C. Liabilities associate with individual assets being disposed of		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total C		
D. Liabilities associated with discontinued operations		
D.1 Amounts due to banks		
D.2 Amounts due to customers		
D.3 Securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities at fair value through profit or loss		
D.6 Provisions	172	
D.7 Other liabilities	51,227	
Total D	**51,399**	

As a result of the agreements reached with the Helvetia Group that will lead to the loss of control of the equity investment in Chiara Assicurazioni S.p.A. expected during the first half-year of 2013, after obtaining the authorisation by IVASS, in compliance with what is provided by IFRS 5, this was considered as a disposal group, and therefore the figures relating to the 2012 balance sheet were shown in items 150 and 90 of the balance sheet, "Non-current assets held for sale and discontinued operations" and " Liabilities associated with discontinued operations"
Sub-item "B.9 Intangible assets" also includes the goodwill of Euro 2.3 million.
Sub-item "B.10 Other assets" includes: technical reserves arising from reinsurance of Euro 7.5 million, tax assets of Euro 6.0 million and other assets of Euro 1.9 million.
Sub-item "D.7 Other liabilities" includes: technical reserves of Euro 43.2 million, tax liabilities of Euro 3.9 million, other liabilities of Euro 4.9 million, valuation reserves of Euro 0.2 million, negative consolidation reserves of Euro 1.0 million.

The measurement of discontinued operations at the cost or sale price, whichever lower, did not entail any write-down.

SECTION 16 - OTHER ASSETS (caption 160)

16.1 Other assets: breakdown

Description	31.12.2012	31.12.2011
Tax credits		
- Capital quota	7.715	429
- interest quota		
Amounts due from tax authorities for paid advances	7.649	10.233
Taxes withheld	5	44
Traded cheques to be settled	26.352	26.124
Guarantee deposits	2	2
Invoices issued to be collected	399	792
Accounts receivable for third-party securities and coupons to be collected	106	49
Stocks of printing materials and stationery		
Items in progress and transit accounts with branches	28.009	26.398
Currency spreads on portfolio transactions	294	282
Investments in supplementary termination indemnities for personnel	610	674
Leasehold improvements	21.735	23.639
Accrued income and prepaid expenses	813	1.815
Other items	11.678	18.251
Total	**105.367**	**108.732**

The year-end balance does not include the component pertaining to the insurance company of Euro 1,846 thousand, reclassified under item “150 Non-current assets held for sale and discontinued operations”. In the previous financial year, the insurance component, included in the balance of the item, amounted to Euro 3,355 thousand.

The increase in the item "Tax credits – principal" mainly concerns - around Euro 7.1 million - the credit deriving from the deductibility for IRES purposes of the IRAP due in relation to expenses for employees and similar.

The change in the item “Amounts due from tax authorities for paid advances” almost exclusively refers to the overall decrease of Euro 2.7 million of the amount due for pre-paid stamp duty.

The expenses referred to leasehold improvements are subject to annual amortisation as regards the residual term of the lease agreement.

The most significant posting among “Other entries” is Loans and Receivables to be collected, pertaining to the banking component, totalling Euro 7,556 thousand.

LIABILITIES

SECTION 1 - AMOUNTS DUE TO BANKS (caption 10)

1.1 Amounts due to banks: breakdown by type

Transaction type / Amount	31.12.2012	31.12.2011
1. Amounts due to central banks	**403,298**	**200,051**
2. Amounts due to banks	**38,379**	**67,947**
2.1 Current accounts and unrestricted deposits	19,458	11,227
2.2 Restricted deposits	18,546	26,349
2.3. Financing		29,271
2.3.1 Reverse repos		29,271
2.3.2 Other		
2.4 Commitments for repurchases of own equity instruments		
2.5 Other amounts due	375	1,100
Total	**441,677**	**267,998**
Fair value	**441,677**	**267,998**

1.2 Breakdown of caption 10 "Amounts due to banks": subordinated debts

There were no subordinated debts due to banks at the reference date

1.3 Breakdown of caption 10 "Amounts due to banks": structured debts

There were no structured debts due to banks at the reference date

1.4 Amounts due to banks subject to specific hedging

There were no amounts due to banks subject to specific hedging at the reference date

1.5 Amounts due for finance leases

There were no finance lease contracts in place with banks at the reference date.

SECTION 2 - AMOUNTS DUE TO CUSTOMERS (caption 20)

2.1 Amounts due to customers: breakdown

Transaction type / Amount	31.12.2012	31.12.2011
1. Current accounts and unrestricted deposits	4,187,598	4,147,184
2. Restricted deposits	685,402	135,685
3. Financing	146,050	35,374
3.1 Reverse repos	132,087	11,514
3.2 other	13,963	23,860
4. Commitments for repurchases of own equity instruments	-	-
5. Other amounts due	22,118	29,463
Total	**5,041,168**	**4,347,706**
Fair value	**5,041,168**	**4,347,706**

The sub-item "3.1 reverse repurchase agreements" includes operations carried out with institutional counterpart totalling Euro 125.3 million.
All repurchase agreements are against securities classified under assets.

Item "5. Other amounts due" mainly comprises bank drafts of Euro 18.5 million.

2.2 Breakdown of caption 20 "Amounts due to customers: subordinated debts

There were no subordinated debts due to customers at the reference date

2.3 Breakdown of caption 20 "Amounts due to customers: structured debts"

There were no structured debts due to customers at the reference date.

2.4 Amounts due to customers subject to specific hedging

There were no amounts due to customers in connection with finance leases at the reference date

2.5 Amounts due for finance leases

There were no amounts due to customers in connection with finance lease transactions at the reference date

SECTION 3 - SECURITIES ISSUED (caption 30)

3.1 Securities issued: breakdown by type

Security type / Amount	31.12.2012				31.12.2011			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	1,965,860		1,940,018		2,219,510		2,123,755	
1.1 structured	51,976		51,006		47,071		42,371	
1.2 other	1,913,884		1,889,012		2,172,439		2,081,384	
2. Other securities	252,021		252,021		387,936		387,936	
2.1 Structured								
2.2 Other	252,021		252,021		387,936		387,936	
Total	**2,217,881**		**2,192,039**		**2,607,446**		**2,511,691**	

The item "2.2 Other Securities – Other" is made up exclusively of deposit certificates and related amounts accrued, Euro 243.4 million of which was issued on a short-term basis and Euro 8.6 million on a longer-term basis.

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

Bonds	31.12.2012	31.12.2011
due 01.06.2012		12,967
due 03.06.2013	12,994	12,811
due 04.05.2014	29,991	29,890
due 15.12.2014	29,970	29,982
due 01.12.2015	12,991	13,008
due 29.12.2016	13,001	13,002
due 15.06.2017	13,015	
Total	**111,962**	**111,660**

All subordinated securities issued have similar characteristics
- duration: 5 years;
- rate: variable rate with coupons payable every six months on a deferred basis;
- redemption: in one single solution upon maturity;
- early redemption clause: not provided
- possession: the issuer cannot hold more than 10% of its own subordinated loans; repurchase for higher amounts is subject to the prior approval of the Bank of Italy;
- subordination: the subordination clauses provide that, in the event that the issuer is wound-up, the bonds shall be redeemed only after all other creditors, not equally subordinated, have been paid off.

3.3 Breakdown of caption 30 "Securities issued": securities subject to specific hedging

Transaction type / Amount	31.12.2012	31.12.2011
1. Debt securities subject to fair value hedging	224,858	222,675
a) interest rate risk	224,858	222,675
b) exchange rate risk		
c) other risks		
2. Debt securities subject to cash flow hedging		
a) interest rate risk		
b) exchange rate risk		
c) other risks		

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING (caption 40)

4.1 Financial liabilities held for trading: breakdown by type

Transaction type / Amount	31.12.2012					31.12.2011				
	N.V.	Fair value			FV*	N.V.	Fair value			FV*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities										
1. Amounts due to banks										
2. Amounts due to customers										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured										
3.1.2 Other bonds										
3.2 Other securities										
3.2.1 Structured										
3.2.2 Other										
Total A										
B. Derivative instruments										
1. Financial derivatives		34	307				15	13	2,409	
1.1 Trading		34	307				15	13	2,409	
1.2 Connected with the fair value option										
1.3 Other										
2. Credit derivatives			176						1,905	
2.1 Trading			176						1,905	
2.2 Connected with the fair value option										
2.3 Other										
Total B		**34**	**483**				**15**	**13**	**4,314**	
Total (A + B)		**34**	**483**				**15**	**13**	**4,314**	

Legend

NV = nominal or notional value

FV* = fair value calculated by excluding changes in value due to the changed credit rating of the issuer with respect to the issue date

4.2 Breakdown of caption 40 "Financial liabilities held for trading": subordinated debts

There were no subordinated financial debts held for trading at the reference date.

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

The financial liabilities held for trading did not include any structured debt at the reference date.

4.4 Cash financial liabilities held for trading (*excluding "uncovered short positions"*): annual changes

There were no changes in cash financial liabilities held for trading during the period

SECTION 5 - FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (caption 50)

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

Transaction type / Amount	31.12.2012					31.12.2011				
	NV	fair value			FV*	NV	fair value			FV*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Amounts due to banks										
1.1 Structured										
1.2 Other										
2. Amounts due to customers										
2.1 Structured										
2.2 Other										
3. Debt securities	37,800		37,532		40,403	92,095		89,138		94,630
3.1 Structured	37,800		37,532			37,850		34,306		
3.2 other						54,245		54,832		
Total	**37,800**		**37,532**		**40,403**	**92,095**		**89,138**		**94,630**

Legend

FV* - fair value calculated by excluding changes in value due to the changed credit rating of the issuer with respect to the issue date.

5.2 Breakdown of caption 50 "Financial liabilities at fair value through profit or loss": subordinated debts

There was no subordinated debenture stock at the reference date that could be classified in financial liabilities at fair value through profit or loss.

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

	Amounts due to banks	Amounts due to customers	Securities issued	2012
A. Opening balance			**89,138**	**89,138**
B. Increases			**6,895**	**6,895**
B.1. Issues				
B.2. Sales			3,063	3,063
B.3. Increases in fair value			2,850	2,850
B.4. Other increases			982	982
C. Decreases			**58,501**	**58,501**
C.1. Purchases			3,624	3,624
C.2. Redemptions			53,691	53,691
C.3 Decreases in fair value				
C.4. Other decreases			1,186	1,186
D. Closing balance			**37,532**	**37,532**

The item B.2 "Sales" is the equivalent value for reissuing debentures previously repurchased.

Items B.3 "Increases in fair value" and C.3 "Decreases in fair value" reflect charges and income, respectively, deriving from changes in the valuations at fair value, recognised in the income statement account under item "110 Net gain/(loss) on financial assets and liabilities at fair value through profit or loss"

Item "B.4 Other increases" includes interest accrued at the end of the year and the positive issue spreads for a total amount of Euro 887 thousand and losses on trading of Euro 96 thousand.

Item "C.4 Other decreases" is made up of the de-recognition of interest accrued at the end of the previous year, for a total amount of Euro 1,151 thousand and profits on redemption of Euro 35 thousand.

SECTION 6 - HEDGING DERIVATIVES (caption 60)

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

	31/12/2012				31/12/2011			
	Fair value			NV	Fair value			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives		**6,696**		**65,000**			**2,684**	**15,000**
1) Fair value		6,696		65,000			2,684	15,000
2) Cash flows								
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Cash flows								
Total		**6,696**		**65,000**			**2,684**	**15,000**

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

Transactions/Hedging type	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest-rate risk	Exchange risk	Credit risk	Price risk	Other risks				
1. Available-for-sale financial assets	6,696								
2. Loans and Receivables									
3. Held-to-maturity financial assets									
4. Portfolio									
5. Other transactions									
Total assets	**6,696**								
1. Financial liabilities									
2. Portfolio									
Total liabilities									
1. Expected settlements									
2. Financial assets and liabilities portfolio									

SECTION 7 - ADJUSTMENT TO VALUES OF FINANCIAL LIABILITIES SUBJECT TO GENERAL HEDGING (caption 70)

There were no financial liabilities subject to general hedging at the reference date.

SECTION 8 - TAX LIABILITIES (caption 80)

The composition and breakdown of tax liabilities are provided under section 14 of Assets, together with information on deferred tax assets.

SECTION 9 - LIABILITIES ASSOCIATED WITH ASSETS BEING DISPOSED OF (caption 90)

This item is broken down in Section 15 of the Assets.

SECTION 10 - OTHER LIABILITIES (caption 100)

10.1 Other liabilities: breakdown

Description	31/12/2012	31/12/2011
Due to Tax Authorities	765	1,736
Amounts due to Tax Authorities on account of third parties	13,028	18,576
Social security contributions to be reversed	5,132	5,116
Due to shareholders on account of dividends	13	15
Suppliers	12,632	14,636
Amounts available for customers	12,906	10,353
Interest and fees to be credited	543	206
Payments against disposals on bills	858	756
Advance payments on expiring loans	260	281
Unprocessed transactions and amounts in transit w ith branches	14,380	11,337
Currency spreads on portfolio transactions	53,049	6,934
Amounts due to personnel	2,664	2,948
Other accounts payable	56,091	66,890
Provisions for guarantees and commitments	1,712	1,325
Accrued liabilities and deferred income	2,045	2,407
Total	**178,269**	**143,516**

The insurance component for the period reclassified under item "90 Liabilities associated with discontinued operations" totals Euro 5,336 thousand. Last year, the insurance component, included in the item, amounted to Euro 7,255 thousand.

Amounts due to personnel are related to the value assigned to untaken annual leaves and holidays at the end of the year.

The main entries forming the item “Other accounts payable” concern: bank transfers sent to be settled of Euro 26,773 thousand, other accounts payable for currency trading of Euro 9,864 thousand, accounts payable for withdrawn bills of Euro 8,325 thousand, debt for price adjustment for the transfer of Chiara Vita of Euro 3,529 thousand, amounts payable to the staff of Euro 2,252 thousand.

Accrued liabilities and deferred income that are reported in this section relates to positions that are not connected to any specific item in the balance sheet.

SECTION 11 - PROVISIONS FOR EMPLOYEE TERMINATION INDEMNITIES (caption 110)

11.1 Provisions for employee termination indemnities: annual changes

	2012	2011
A. Opening balance	**23,720**	**24,378**
B. Increases	**2,600**	**1,319**
B.1 Provisions during the year	1,014	1,312
B.2 Other increases	1,586	7
C. Decreases	**1,928**	**1,977**
C.1 Amounts paid	1,793	1,786
C.2 Other decreases	135	191
D. Closing balance	**24,392**	**23,720**

The insurance component for the period reclassified under item 90 totals Euro 172 thousand; last year, the item included the insurance component of Euro 135 thousand.

The amount under item “B.2 Other increases” represents the effect of the discounting-back, determined for IAS purposes and recognised as an offsetting item to “Valuation reserves”.

The item “C.2 Other decreases” represents the de-recognition of the opening balance of the insurance component reclassified under item 90.

11.2 Other information

Below are shown the actuarial assumptions utilized by an independent actuary to determine the liabilities at the reporting date:

Demographic assumptions

The following assumptions were made:
- as regards death probabilities, those determined by the General Accounting Office (*Ragioneria Generale dello Stato*) and named RG48, as broken down by gender;
- as regards the time of retirement, for the assets in general, the attainment of the first of the pension requirements valid for the Compulsory General Insurance was assumed;
- as regards the probabilities of leaving employment for reasons other than death, based on internal statistics, an annual frequency of 2.5% was assumed;
- as regards the probabilities of incapacity, those adopted in the INPS model for projections to 2010, broken down by gender;
- as regards the probabilities of advances, a year-by-year value of 4.00 was supposed.

Economic-financial assumptions

Technical valuations have been carried out based on the following assumptions:
- annual technical discount rate 3.25%
- annual rate of inflation 2.00%
- overall annual rate of salary increase 3.00%
- annual rate of increase of TFR 3.00%

As regards the discount rate, such parameter was determined taking in consideration the index IBoxx Eurozone Corporates A with duration 10+ (last year iBoxx Eurozone Corporates AA 7-10).

The effect of the change entailed lower amounts set aside for employee termination indemnities and for seniority bonuses, and as a result, higher Revaluation reserves, for a total of Euro 1,242 thousand.

SECTION 12 - PROVISIONS FOR RISKS AND CHARGES (caption 120)

12.1 Provisions for risks and charges: breakdown

Caption/Value	31/12/2012	31/12/2011
1. Company pension funds	170	185
2. Other provisions for risks and charges	20,781	41,797
2.1 legal disputes	10,626	11,903
2.2 personnel charges	8,197	13,412
2.5 other	1,958	16,482
Total	**20,951**	**41,982**

The item legal disputes includes the provisions for disputes in progress and related expenses both for lawsuits and for revocatory actions.

The item "personnel charges" mainly includes the provisions for company bonuses, seniority bonuses and additional holidays.

The item "other" includes amounts set aside to deal with the tax dispute charges for operating risks, if any.

For more details on disputes in progress, reference is made to Part E - Information on Risks and the Related Hedging Policies.

12.2 Provisions for risks and charges: annual changes

	Pension funds	Other funds	2012
A. Opening balance	**185**	**41,797**	**41,982**
B. Increases	**59**	**7,522**	**7,581**
B.1 Provisions during the year	58	7,303	7,361
B.2 Changes due to the elapsing of time		182	182
B.3 Changes due to discount rate adjustments			
B.4 Other increases	1	37	38
C. Decreases	**74**	**28,538**	**28,612**
C.1 Use during the year	74	27,932	28,006
C.2 Changes due to discount rate adjustments			
C.3 Other decreases		606	606
D. Closing balance	**170**	**20,781**	**20,951**

12.3 Defined benefit company pension funds

The amount entered in the accounts refers to the subsidiary C.P.C. S.A. Lugano.

12.4 Provisions for risks and charges - Other provisions

The breakdown of the item "Other" was already provided in section 12.1.

SECTION 13 - TECHNICAL RESERVES (caption 130)

13.1 Technical reserves: breakdown

	Direct work	Indirect work	31.12.2012	31.12.2011
A. Non-Life branch				**38,539**
A1. Premiums reserves				30,153
A2. Claims reserves				7,910
A3. Other reserves				476
B. Life branch				
B1. Mathematical reserves				
B2. Reserves for amounts to be disbursed				
B3. Other reserves				
C. Technical reserves for investment risks to be borne by the insurers				
C1. Reserves for contracts with disbursements connected with investment funds and market indices				
C2. Reserves from pension fund management				
D. Total technical reserves				**38,539**

13.1 Technical reserves: annual changes

The balance of the item at the end of the current financial year was reclassified under item “90 Liabilities associated with discontinued operations.

SECTION 14 - REDEEMABLE SHARES (caption 150)

The item contains no balances.

SECTION 15 - GROUP'S SHAREHOLDERS' EQUITY (captions 140, 160, 170, 180, 190, 200 and 220)

15.1 "Share capital" and "Treasury shares": breakdown

	31/12/2012	31/12/2011
A. Shareholders' equity	67,705	67,705
B. Treasury shares	-	-
Total	**67,705**	**67,705**

The share capital of the Parent Company Banco Desio, fully subscribed and paid up, is made up of:
- 117,000,000 ordinary shares, with a nominal value of Euro 0.52 each;
- 13,202,000 savings shares, with a nominal value of Euro 0.52.

No Group company holds or has been in possession of its own shares at any time during the accounting period

15.2 Capital – number of Parent Company shares: annual changes

Caption/Type	Ordinary shares	Others
A. Number of shares at the beginning of the year	**117,000,000**	**13,202,000**
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		
A.1 Treasury shares (-)		
A.2 Outstanding shares: opening balance	**117,000,000**	**13,202,000**
B. Increases		
B.1 New issues		
- on a payment basis:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
- on a free basis:		
- in favour of employees		
- in favour of directors		
- other		
B.2 Sale of treasury shares		
B.3 Other increases		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Sale of companies		
C.4 Other decreases		
D. Outstanding shares: closing balance	**117,000,000**	**13,202,000**
D.1 Treasury shares (+)		
D.2 Number of shares at the end of the year	117,000,000	13,202,000
- fully paid-up shares	117,000,000	13,202,000
- shares not fully paid up		

15.3 Capital: other information

There is no other information to report at the reference date.

15.4 Revenue reserves: other information

Items	31.12.2012	31.12.2011
Legal reserve	79,342	75,019
Statutory reserves	460,784	435,821
Profits (losses) carried forward	23,571	23,571
First Time Adoption (F.T.A.) reserves	99,785	99,785
Other reserves	25,471	22,514
Total	**688,953**	**656,710**

SECTION 16 - MINORITY INTERESTS (caption 210)

Minority interests: breakdown

Items/Amount	Banking Group	Insurance company	31.12.2012	31.12.2011
1. Share capital	100	4,138	**4,238**	3,237
2. Share premium reserve		210	**210**	210
3. Reserves	27	1,586	**1,613**	943
4. Treasury shares				
5. Revaluation reserves		98	**98**	(899)
6. Equity instruments				
7. Profit/(loss) for the period attributable minority interests	88	767	855	949
Total	**215**	**6,799**	**7,014**	**4,440**

16.1 Equity instruments: breakdown and annual changes

None.

OTHER INFORMATION

1 Guarantees granted and commitments

Transactions	31.12.2012	31.12.2011
1) Financial guarantees granted	28,301	45,000
a) Banks	23,893	33,934
b) Customers	4,408	11,066
2) Commercial guarantees granted	217,311	209,890
a) Banks	3,962	3,840
b) Customers	213,349	206,050
3) Irrevocable commitments to grant finance	196,948	159,215
a) Banks	82,223	7,818
i) certain to be called on	81,819	7,224
ii) not certain to be called on	404	594
b) Customers	114,725	151,397
i) certain to be called on	11,235	12,719
ii) not certain to be called on	103,490	138,678
4) Underlying commitments to credit derivatives: hedging sales	25,000	25,000
5) Assets lodged to guarantee minority interest	1,541	1,521
6) Other commitments		
Total	**469,101**	**440,626**

2 Assets lodged to guarantee own liabilities and commitments

Portfolios	31.12.2012	31.12.2011
1. Financial assets held for trading		6,049
2. Financial assets valued at fair value		
3. Available-for-sale financial assets	555,355	329,669
4. Held-to-maturity financial assets	85,757	10,115
5. Amounts due from banks		
6. Amounts due from customers		
7. Tangible assets		

3 Information on operating leases

There were no assets or liabilities under operating leases.

4 Breakdown of investments associated with unit-linked and index-linked policies

The Group did not hold any investment associated with unit or index-linked policies.

5 Administration and dealing on behalf of third parties

Type of services	Amount
1. Execution of orders on behalf of customers	**519,419**
a) purchase	206,665
1. settled	201,670
2. not settled	4,995
b) sale	312,754
1. settled	305,980
2. not settled	6,774
2. Portfolio management	**859,527**
a) individual	270,911
b) collective	588,616
3. Securities safekeeping and administration	**10,229,311**
a) third-party securities held on deposit in connection w ith depositary bank's services (excluding portfolio management)	
1. securities issued by companies included in the consolidation	
2. other securities	
b) other third-party securities held on deposit (excluding portfolio management)	9,033,047
1. securities issued by companies included in the consolid	2,196,990
2. other securities	6,836,057
c) third-party securities deposited w ith third parties	8,815,585
d) ow n securities deposited w ith third parties	1,196,264
4. Other transactions	

Part C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

SECTION 1 INTEREST (captions 10 and 20)

1.1 Interest income and similar revenues: breakdown

Caption/Technical forms	Debt securities	Loans	Other transactions	31/12/2012	31/12/2011
1. Financial assets held for trading	520		922	1,442	5,577
2. Financial assets valued at fair value					
3. Available-for-sale financial assets	28,556			28,556	21,359
4. Held-to-maturity financial assets	5,352			5,352	4,789
5. Amounts due from banks	906	1,908		2,814	3,945
6. Amounts due from customers	652	284,161		284,813	268,795
7. Hedging derivatives			3,246	3,246	1,532
8. Other assets			76	76	67
Total	**35,986**	**286,069**	**4,244**	**326,299**	**306,064**

Interest on amounts due from customers is recognised net of any default interest on impaired assets accrued in the financial year but not collected, since such interest is included in the financial statements only after its collection. Interest of this nature amounts to Euro 5.2 million overall.
On the other hand, the item is affected by default interest collected totalling Euro 0.4 million.

1.2 Interest income and similar revenues: differentials on hedging transactions

Captions	31/12/2012	31/12/2011
A. Positive differentials on hedging transactions:	7,517	5,416
B. Negative differentials on hedging transactions:	(4,271)	(3,884)
C. Balance (A-B)	**3,246**	**1,532**

1.3 Interest income and similar revenues: other information

1.3.1 Interest income on foreign currency financial assets

	31/12/2012	31/12/2011
- Amounts due from banks	388	558
- Amounts due from customers	899	638
Total	**1,287**	**1,196**

1.3.2 Interest income on finance lease transactions

The total interest income recognised as revenues for the period and which are entered under "Amounts due from customers - loans", amount to Euro 16.3 million (Euro 20.0 million last year); of which Euro 15.4 million relate to indexed contracts, of which Euro 0.8 million relating to leaseback agreements (in 2011 Euro 18.5 million of interest on indexed contracts, of which Euro 0.9 million relating to leaseback agreements, respectively).

Financial profits pertaining to subsequent financial years amount to Euro 124.7 million, of which Euro 7.7 million on leaseback contracts (Euro 146.5 million and Euro 10.9 million last year, respectively).

1.4 Interest expense and similar charges: breakdown

Caption/Technical forms	Debt	Securities	Other transactions	31/12/2012	31/12/2011
1. Amounts due to central banks	(3,247)			(3,247)	(802)
2. Amounts due to banks	(651)			(651)	(1,830)
3. Amounts due to customers	(60,165)			(60,165)	(37,761)
4. Securities issued		(60,214)		(60,214)	(51,809)
5. Financial liabilities held for trading					
6. Financial liabilities at fair value through profit or loss		(1,696)		(1,696)	(8,218)
7. Other liabilities and reserves					(24)
8. Hedging derivatives					
Total	**(64,063)**	**(61,910)**		**(125,973)**	**(100,444)**

1.5 Interest expense and similar charges: differentials on hedging transactions

In this financial year, differentials on hedging transactions showed a positive balance and therefore they were reported in the table "*1.2 Interest income and similar revenues: differentials on hedging transactions".*

1.6 Interest expense and similar charges: other information

1.6.1 Interest expense on foreign currency financial liabilities

Captions	31.12.2012	31.12.2011
- Amounts due to banks	(159)	(76)
- Amounts due to customers	(146)	(113)
- Securities issued		
Total	**(305)**	**(189)**

1.6.2 Interest expense on finance lease liabilities

No such operations in the Banco Desio Group.

SECTION 2 - NET FEE AND COMMISSION INCOME (captions 40 and 50)

2.1 Fee and commission income: breakdown

Type of service / Amount	31.12.2012	31.12.2011
a) Guarantees given	2,257	2,217
b) Credit derivatives		
c) Management, trading and consultancy services:	27,356	31,568
1. Trading of financial instruments	1,222	3,441
2. Currency trading	1,081	1,123
3. Portfolio management	3,273	4,473
3.1. Individual	2,557	3,765
3.2. Collective	716	708
4. securities safekeeping and administration	2,316	2,858
5. depositary bank		
6. securities placement	4,954	4,745
7. order receipt and transmission	8,480	7,979
8. consultancy services		
8.1 on investments		
8.2 on financial structures		
9. distribution of third party services	6,030	6,949
9.1. portfolio management	463	484
9.1.1. Individual	463	484
9.1.2. Collective		
9.2. insurance products	5,457	6,448
9.3. other products	110	17
d) Collection and payment services	20,963	20,933
e) Servicing for securitisation operations		
f) Factoring transaction services	116	97
g) Tax collection services		
h) Multi-lateral trading systems management		
i) Holding and managing current accounts	51,420	58,289
j) Other services	18,764	22,592
Total	**120,876**	**135,696**

2.2 Fee and commission expense: breakdown

Type of service/Amount	31/12/2012	31/12/2011
a) Guarantees received	(37)	(18)
b) Credit derivatives		
c) Management and dealing services:	(1,469)	(2,259)
1. Trading of financial instruments	(253)	(926)
2. Currency trading		
3. Portfolio management		
3.1 own portfolio		
3.2 delegated by third parties		
4. Securities safekeeping and administration	(1,216)	(1,333)
5. Placement of financial instruments		
6. Door-to-door sale of financial instruments, products and services		
d) Collection and payment services	(2,720)	(2,571)
e) Other services	(10,805)	(14,572)
Total	**(15,031)**	**(19,420)**

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES (caption 70)

3.1 Dividends and similar revenues: breakdown

Caption / Revenues	31/12/2012		31/12/2011	
	Dividends	Income from UCITS units	Dividends	Income from UCITS units
A. Financial assets held for trading			5	
B. Available-for-sale financial assets	38		24	
C. Financial assets valued at fair value				
D. Equity investments				
Total	**38**		**29**	

SECTION 4 - PROFITS (LOSSES) ON TRADING (caption 80)

4.1 Profits/(losses) on trading: breakdown

Transaction / Income component	Capital gains	Profits on trading	Capital losses	Losses on trading	Net income
1. Financial assets held for trading	**165**	**787**	**(39)**	**(255)**	**658**
1.1 Debt securities	165	613	(39)	(84)	655
1.2 Equity securities		47		(171)	(124)
1.3 UCITS units					
1.4 Loans					
1.5 Other		127			127
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Debts					
2.3 Other					
3. Other financial assets and liabilities: foreign exchange differences					**1,037**
4. Derivative instruments	**1,780**	**223**	**(85)**	**(192)**	**1,723**
4.1 Financial derivates:	1,780	223	(85)	(192)	1,723
- on debt securities and interest rates	1,779	223	(85)	(192)	1,725
- on equity securities and stock indexes	1				1
- on currencies and gold					(3)
- other					
4.2 Credit derivatives					
TOTAL	**1,945**	**1,010**	**(124)**	**(447)**	**3,418**

SECTION 5 - NET PROFITS/(LOSSES) ON HEDGING ACTIVITIES (caption 90)

5.1 Net profits/(losses) on hedging activities: breakdown

Income component/Amount	31.12.2012	31.12.2011
A. Income relating to:		
A.1 Fair value hedging derivatives	4,580	6,651
A.2 Hedged financial assets (fair value)	743	1,383
A.3 Hedged financial liabilities (fair value)	61	
A.4 Cash flow hedge financial derivatives		
A.5 Currency assets and liabilities		
Total income from hedging activities (A)	**5,384**	**8,034**
B. Charges relating to:		
B.1 Fair value hedging derivatives	(4,331)	(1,507)
B.2 Hedged financial assets (fair value)	(48)	
B.3 Hedged financial liabilities (fair value)	(2,382)	(6,550)
B.4 Cash flow hedge financial derivatives		
B.5 Currency assets and liabilities		
Total charges from hedging activities (B)	**(6,761)**	**(8,057)**
C. Net profits/(losses) on hedging activities (A-B)	**(1,377)**	**(23)**

The net hedging income is mainly given by the difference between valuation at fair value of the bond issues being hedged and the valuation of the related hedging derivatives.

SECTION 6 - PROFITS (LOSSES) ON DISPOSAL/REPURCHASE (caption 100)

6.1 Profits (losses) on disposal/repurchase: breakdown

Caption/Income component	31.12.2012			31.12.2011		
	Profit	Loss	Net income	Profit	Loss	Net income
Financial assets						
1. Amounts due from banks						
2. Amounts due from customers	47	(1,917)	(1,870)	38	(594)	(556)
3. Available-for-sale financial assets	46,734	(16,377)	30,357	5,431	(2,807)	2,624
3.1 Debt securities	45,413	(15,457)	29,956	5,046	(2,798)	2,248
3.2 Equity securities	11		11	200	(2)	198
3.3 UCITS units	1,310	(920)	390	185	(7)	178
3.4 Loans						
4. Held-to-maturity financial assets						
Total assets	**46,781**	**(18,294)**	**28,487**	**5,469**	**(3,401)**	**2,068**
Financial liabilities						
1. Amounts due to banks						
2. Amounts due to customers						
3. Securities issued	820	(71)	749	1,292	(15)	1,277
Total liabilities	**820**	**(71)**	**749**	**1,292**	**(15)**	**1,277**

Profits/losses from assignment of amounts due from customers arise from the transfer of non-performing loans.

Profits/losses from disposal/repurchase of available-for-sale financial assets represent the impact of the sales for the year on the income statement, including the release of the related valuation reserves, gross of tax effect. Profits related to the transfer of UCITS units also include tax credits.

For financial liabilities, the result is given by profits/losses for the purchase and sale or repayment of debenture loans issued by Banks of the Group.

SECTION 7 - PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (caption 110)

7.1 Profits (losses) on financial assets and liabilities at fair value through profit or loss: breakdown

Transaction / Income component	Capital gains	Profits on disposal	Capital losses	Losses on disposal	Net income
1. Financial assets					
1.1 Debt securities					
1.2 Equity securities					
1.3 UCITS units					
1.4 Loans					
2. Financial liabilities		**36**	**(2,851)**	**(96)**	**(2,911)**
2.1 Debt securities		36	(2,851)	(96)	(2,911)
2.2 Amounts due to banks					
2.3 Amount due to customers					
3. Other financial assets and liabilities: foreign exchange differences					
4. Credit and financial derivatives	**1,362**		**(598)**		**764**
TOTAL	**1,362**	**36**	**(3,449)**	**(96)**	**(2,147)**

Profits (losses) on financial assets at fair value through profit or loss are given by the difference between the measurement at fair value of the bonds issued, subject to "natural" hedging in compliance with the so-called fair value option, and the corresponding financial derivatives.

SECTION 8 - NET LOSSES/RECOVERIES ON IMPAIRMENT (caption 130)

8.1 Net impairment losses on loans: breakdown

Transaction / Income component	Impairment losses			Recoveries				31.12.201	31.12.201
	Specific			Specific		Portfolio			
	Write-offs	Others	Portfolio	Due to interest	Other recoveries	Due to interest	Other recoveries		
A. Amounts due from banks									11
- loans									11
- debt securities									
B. Amounts due from customers	(16,399)	(80,863)	(10,937)	7,096	11,402			(89,701)	(38,381)
Impaired loans purchased									
- loans									
- debt securities									
Other receivables	(16,399)	(80,863)	(10,937)	7,096	11,402			(89,701)	(38,381)
- loans	(16,399)	(80,863)	(10,937)	7,096	11,402			(89,701)	(38,381)
- debt securities									
C. Total	(16,399)	(80,863)	(10,937)	7,096	11,402			(89,701)	(38,370)

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

Transaction / Income component	Impairment losses		Recoveries		31/12/2012	31/12/2011
	Specific		Specific			
	Write-offs	Others	Due to interest	Other recoveries		
A. Debt securities						
B. Equity securities		(277)			(277)	
C. UCITS units						
D. Financing to banks						
E. Financing to customers						
Total		**(277)**			**(277)**	

8.3 Net impairment losses on held-to-maturity financial assets: breakdown

There were no net impairment losses at the reference date on held-to-maturity financial assets.

8.4 Net impairment losses on other financial transactions: breakdown

Transaction / Income component	Impairment losses			Recoveries				31.12.2012	31.12.2011
	Specific		Portfolio	Specific		Portfolio			
	write-offs	other		Due to interest	other	Due to interest	other		
A. Guarantees given	(326)	(132)	(361)		94		12	(713)	(87)
B. Credit derivatives									
C. Commitments to grant finance									
D. Other transactions									
Total	**(326)**	**(132)**	**(361)**		**94**		**12**	**(713)**	**(87)**

SECTION 9 - NET INSURANCE PREMIUMS (caption 150)

SECTION 10 - OTHER NET INSURANCE INCOME/EXPENSES (caption 160)

Due to the reclassification of the insurance component under item “310 Gains (losses) on groups of assets being disposed of, net of taxes”, the balance of items 150 and 160 is nil.

SECTION 11 - ADMINISTRATIVE COSTS (caption 180)

11.1 Personnel costs: breakdown

Type of costs/Amount	31/12/2012	31/12/2011
1) Employees	(135,749)	(145,849)
a) wages and salaries	(94,973)	(97,030)
b) social security charges	(23,548)	(24,713)
c) provision for employee termination indemnities		
d) social security costs		
e) provisions for termination indemnities	(970)	(1,234)
f) accruals to pension funds and similar funds:		
- defined contribution		
- defined benefit		
g) amounts paid to external complementary social security funds:	(9,180)	(10,858)
- defined contribution	(9,180)	(10,858)
- defined benefit		
h) costs arising from payment agreements based on own financial instruments	(161)	(159)
i) other benefits in favor of employees	(6,917)	(11,855)
2) Other personnel in active employment	(1,957)	(2,462)
3) Directors and statutory auditors	(5,215)	(5,466)
4) Staff pensioned off		
5) Recoveries of expenses for employees seconded to other companies		
6) Refunds of expenses for third-party employees seconded to the company		
Total	**(142,921)**	**(153,777)**

11.2 Average number of employees by category: banking group

	31.12.2012	31.12.2011
Employees	**1,806**	**1,834**
a) Executives	32	35
b) Managers	919	932
c) Remaining employees	855	867
Other personnel	**33**	**39**

11.3 Corporate defined-benefit pension funds: total costs

None at the reference date.

11.4 Other employee benefits

	31.12.2012	31.12.2011
provisions for sundry costs	(2,926)	(8,409)
social security contribution	(1,371)	(1,260)
training and education expenses	(199)	(406)
leases on buildings dedicated to the use by employees	(179)	(191)
other	(2,242)	(1,589)
Total	**(6,917)**	**(11,855)**

The main component of the item “others” includes the cost for the canteen service of Euro 1.7 million.

11.5 Other administrative costs: breakdown

	31.12.2012	31.12.2011
indirect taxes and duties		
- stamp duties	(13,118)	(11,131)
- other	(3,941)	(3,684)
Other costs		
- information technology charges	(11,222)	(9,903)
- property/equipment lease	(12,224)	(12,464)
- maintenance of property/furniture and equipment	(3,802)	(3,595)
- postal and telegraphic charges	(2,004)	(2,331)
- telephone, data transmission charges	(4,979)	(5,586)
- electric pow er, heating, w ater	(3,837)	(3,381)
- cleaning services	(1,261)	(1,314)
- printing, stationery and consumables expenses	(1,788)	(1,373)
- transport costs	(935)	(904)
- surveillance and security	(1,534)	(1,950)
- advertising	(1,221)	(1,410)
- information and certificates	(1,463)	(1,680)
- insurance premiums	(1,115)	(1,042)
- legal expenses	(4,664)	(5,427)
- professional consulting expenses	(8,442)	(4,105)
- contributions and donations	(153)	(179)
- other expenses	(6,405)	(7,174)
Total	**(84,108)**	**(78,633)**

Fees to the Independent Auditors and to other companies belonging to its network for the different types of services provided to the Group

Type of services	Service supplier	Beneficiary	Fees
Audit	Deloitte & Touche S.p.A.	Banco Desio e della Brianza S.p.A.	125
	Deloitte & Touche S.p.A.	Banco Desio Lazio S.p.A.	27
	Deloitte & Touche S.p.A.	Fides S.p.A.	15
	Deloitte & Touche S.p.A.	Chiara Assicurazioni S.p.A.	32
	Deloitte Audit Sàrl	Brianfid-Lux S.A.	70
	Deloitte Audit Sàrl	Rovere Societé de Gestion S.A.	18
Certification services			
Tax advisory services			
Other services			
(income tax return submission)	Deloitte Tax & Consulting Sàrl	Brianfid-Lux S.A.	3
	Deloitte Tax & Consulting Sàrl	Rovere Societé de Gestion S.A.	4

SECTION 12 - NET PROVISIONS FOR RISKS AND CHARGES (caption 190)

12.1 Net provisions for risks and charges: breakdown

Captions	31.12.2012	31.12.2011
charges for legal disputes	(2,322)	(3,245)
sundry charges	10,871	7,300
Total	**8,549**	**4,055**

The item "sundry charges" includes income in connection with the release of Euro 11.8 million related to the provision set aside at the end of 2008 to cover the risk of partial revision of the price collected on the sale of 70% of Chiara Vita S.p.A. Charges in connection with operating risks and tax dispute are recognised as well.
For more details on legal disputes and operating risks, reference is made to the special section of “PART E – Information on risks and the related hedging policies”.

SECTION 13 - NET ADJUSTMENTS TO/RECOVERIES ON TANGIBLE ASSETS (caption 200)

13.1 Net adjustments to/recoveries on tangible assets: breakdown

Asset / Income component	Depreciation	Impairment losses	Recoveries	Net income
A. Tangible assets				
A.1 owned by the Bank	(6,836)			(6,836)
- for business use	(6,836)			(6,836)
- for investment				
A.2 leased				
- for business use				
- for investment				
Total	**(6,836)**			**(6,836)**

SECTION 14 - NET ADJUSTMENTS TO RECOVERIES ON INTANGIBLE ASSETS (caption 210)

14.1 Net adjustments to/recoveries on intangible assets: breakdown

Asset/Income component	Amortisation	Impairment losses	Recoveries	Net income 31.12.2012
A. Intangible assets				
A.1 owned by the Bank	(1,322)			(1,322)
- generated internally				
- other	(1,322)			(1,322)
A.2 leased				
Total	**(1,322)**			**(1,322)**

Value adjustments exclusively refer to amortisation calculated on the basis of the useful life of intangible assets.

SECTION 15 - OTHER OPERATING INCOME (EXPENSES) (caption 220)

15.1 Other operating expenses: breakdown

Captions	31/12/2012	31/12/2011
amortisation of costs for leasehold improvements	(2,756)	(3,252)
losses on disposal of tangible assets	(77)	(39)
charges on non-banking services	(964)	(1,153)
Total	**(3,797)**	**(4,444)**

The most significant entries of the item “charges on non-banking services”, for what concerns the banking component of the Group, concern: excesses for robberies and fraudulent withdrawals for a total of Euro 173 thousand, sundry extraordinary expenditure that cannot be classified under other items of Euro 242 thousand, adjustment of revenues from previous financial years of Euro 60 thousand, various transactions of Euro 133 thousand.
Moreover, charges of Euro 285 thousand related to the non-banking component of the Group are included as well.

15.2 Other operating income: breakdown

Type of reserve/Amount	31/12/2012	31/12/2011
recovery of taxes from third parties	14.286	12.759
recovery of expenses	8.314	5.880
rentals receivable	19	21
other recoveries of expenses	5.434	6.095
profits from disposal of tangible assets	36	48
others	1.055	1.492
Total	**29.144**	**26.295**

The item “recovery of expenses” mainly includes quick loan application commissions and recovery of expenses for sundry communications to customers of Euro 8,271 thousand.

The item “other recoveries of expenses” includes in particular recoveries relating to various loan application expenses, recovery of mortgage application assessment expenses, sundry expenses recovery relating to lease applications of Euro 3,085 thousand; moreover, income of Euro 2,271 thousand related to the non-banking component of the Group are included as well.

SECTION 16 - PROFITS (LOSSES) ON EQUITY INVESTMENTS (caption 240)

16.1 Profits (losses) on equity investments: breakdown

Income component / Values	31.12.2012	31.12.2011
1) Companies subject to joint control		
A. Income		
1. Revaluations		
2. Profits on disposal		
3. Write-backs		
4. Other income		
B. Charges		
1. Write-downs		
2. Impairment losses		
3. Losses on disposal		
4. Other charges		
Net income		
2) Companies subject to significant influence		
A. Income		
1. Revaluations	58	2,763
2. Profits on disposal	4,628	
3. Write-backs		
4. Other income		
B. Charges		
1. Write-downs		
2. Impairment losses		
3. Losses on disposal		
4. Other charges		
Net income	**4,686**	**2,763**
Total	**4,686**	**2,763**

With reference to income related to “companies subject to significant influence”, the item “Revaluations” represents the accrued amount of the profit for the period of investments carried at equity; whereas “Profits on disposal” are related to the sale of the remaining 30% share in of Chiara Vita S.p.A.

SECTION 17 - NET PROFITS (LOSSES) FROM TANGIBLE AND INTANGIBLE ASSETS AT FAIR VALUE (caption 250)

There were no tangible or intangible assets measured at fair value at the reference date.

SECTION 18 - IMPAIRMENT OF GOODWILL (caption 260)

18.1 Impairment of goodwill: breakdown

The results of the recoverability tests on goodwill recorded in the financial statements led to impairment losses of Euro 15.5 million related to the subsidiary Credito Privato Commerciale in liquidation.

SECTION 19 - PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS (caption 270)

19.1 Profits (losses) on disposal of investments: breakdown

Income components/Sectors	31.12.2012	31.12.2011
A. Properties		
- Profits on disposal		
- Losses on disposal		
B. Other assets		2
- Profits on disposal		2
- Losses on disposal		
Net income		**2**

SECTION 20 - TAXES ON INCOME FROM CONTINUING OPERATIONS: BREAKDOWN (caption 290)

20.1 Taxes on income from continuing operations

Income component/Amount	31.12.2012	31.12.2011
1. Current taxes (-)	(37,035)	(36,559)
2. Change in current taxes of previous years (+/-)	7,203	296
3. Decrease in current taxes of the year (+)		
3 bis Decrease in current taxes of the year for tax credits set forth in Italian law no. 214/2011 (+)		
4. Changes in deferred tax assets (+/-)	13,790	1,947
5. Changes in deferred tax liabilities (+/-)	29	(95)
6. Taxes for the year	**(16,013)**	**(34,411)**

The tax redemption, pursuant to Article 15, paragraph 10, of Italian law Decree no. 185/2008, carried out by Banco Desio, of the goodwill recognised as an asset in the balance sheet in connection with the merger of Banco Desio Toscana S.p.A., resulted in a positive effect on the profit for the period of Euro 729 thousand, due to the difference between the substitute tax paid of Euro 683 thousand (set forth in item 1) and the change in the deferred tax assets of Euro 1,412 thousand (set forth in item 4).

Item "2. Changes in current taxes of previous periods" recorded the following changes:

. increase of Euro 7,096 thousand due to the recognition of the tax credit deriving from the deductibility for IRES purposes of the IRAP due in relation to expenses for employees and similar.
  Article 4, paragraph 12, of Italian Legislative Decree No. 16/2012 (the so-called Simplification Decree) extended this deductibility also to the financial years before 2012 (for which the terms set forth in Article 36 Italian Presidential Decree No. 602/1973 are still pending);
. increase of Euro 107 thousand for additional current taxes allocated as at 31 December 2011.

20.2 Reconciliation between theoretical and effective tax charges in the financial statements

	IRES		IRAP	
Profit before taxes	30,418		30,418	
Non-deductible costs for IRAP purposes			292,419	
Non-taxable revenues for IRAP purposes			(49,976)	
Sub-Total	30,418		272,861	
Theoretical tax charge 27.5% Ires - 5.57% Irap		**(8,365)**		**(15,199)**
Temporary taxable differences over subsequent years	(426)		(426)	
Temporary deductible differences over subsequent years	64,207			
Reversal of temporary differences from previous financial years	(18,886)		1,527	
Differences not to be reversed in subsequent years	9,089		(41,224)	
Taxable income	84,402		232,738	
Current taxes for the period 27.5% Ires - 5.27% Irap		**(23,211)**		**(12,963)**

Reconciliation is made for the sole consolidated companies that are resident in Italy, since no substantial differences between the theoretical tax charge and the effective charge shown in the accounts are recognised for foreign companies.

SECTION 21 - GAINS (LOSSES) ON GROUPS OF ASSETS BEING DISPOSED OF, NET OF TAXES (caption 310)

21.1 Gains (losses) on groups of assets/liabilities being disposed of, net of taxes: breakdown

Income component/Amount	31.12.2012	31.12.2011
1. Income	27,926	36,094
2. Charges	(21,849)	(29,526)
3. Result of the measurements of group of assets and associated liabilities		
4. Profit (Losses) on disposal		
5. Taxes and duties	(1,545)	(1,682)
Profit (loss)	**4,532**	**4,886**

As a result of the agreements reached with the Helvetia Group that will lead to the loss of control of the equity investment in Chiara Assicurazioni S.p.A. expected during the first half-year of 2013, after obtaining the authorisation by IVASS, in compliance with what is provided by IFRS 5, this was considered as an asset being disposed of, and therefore the figures relating to the 2012 income statement were shown in item 310 of the income statement "Gain on groups of assets being disposed of, net of taxes".
Considering that the asset being disposed of consisting of the business of Chiara Assicurazioni S.p.A., subject matter of the sale, represents a major line of business (the so-called "discontinuing operations"), made it necessary to restate, the corresponding comparative figures of the income statement in compliance with what is provided by IFRS 5.

21.2 Breakdown of income taxes related to groups of assets/liabilities being disposed of

	31/12/2012	31/12/2011
1. Current taxes (-)	(1,545)	
2. Changes in deferred tax assets (+/-)		
3. Changes in deferred tax liabilities (+/-)		
4. Income taxes for the year	**(1,545)**	

SECTION 22 - PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS (caption 330)

22.1 Breakdown of caption 330 "Profit for the period attributable to minority interests"

	31.12.2012	31.12.2011
Chiara Assicurazioni S.p.A.	767	833
Rovere S.A.	88	116
Total	**855**	**949**

SECTION 24 - EARNINGS PER SHARE

24.1 Average number of diluted-capital ordinary shares

During the year, no transaction on the share capital or no issue of financial instruments which could entail the issue of shares was carried out; therefore, the number of shares entitled to profits is equal to 117,000,000 ordinary shares and 13,202,000 savings shares.

24.2 Other information

Basic earnings per share

	2012			2011		
	Categories of shares		Net profit/(loss) for the period	Categories of shares		Net profit/(loss) for the period
	Ordinary shares	Savings shares		Ordinary shares	Savings shares	
Proposed allocation of dividends	4,259	577	4,836	12,285	1,663	13,948
Retained earnings	13,532	1,833	15,365	27,297	3,697	30,994
	17,791	**2,410**	**20,201**	**39,582**	**5,360**	**44,942**
- from continuing operations	*13,800*	*1,869*	*15,669*	*35,279*	*4,777*	*40,056*
- from assets being disposed of	*3,991*	*541*	*4,532*	*4,303*	*583*	*4,886*
Average number of outstanding shares:	117,000,000	13,202,000		117,000,000	13,202,000	
Earnings per share - Basic:	**0.152**	**0.183**		**0.338**	**0.406**	
- from continuing operations	*0.118*	*0.142*		*0.302*	*0.362*	
- from assets being disposed of	*0.034*	*0.041*		*0.037*	*0.044*	

PART D - CONSOLIDATED COMPREHENSIVE INCOME

Analytical statement of consolidated comprehensive income

Items		Gross amount	Income tax	Net amount
10.	**Profit (loss) for the period**	**X**	**X**	**21 056**
	Other income components			
20.	Financial assets available for sale	58 468	(18 362)	40 106
	a) fair value changes	13 278	(4 070)	9 208
	b) reversal to the income statement	13 498	(4 416)	9 082
	- value adjustments due to deterioration	178	(10)	168
	- profits/losses on disposal	13 320	(4 406)	8 914
	c) other changes	31 692	(9 876)	21 816
30.	Tangible assets			
40.	Intangible assets			
50.	Foreign investments hedges			
	a) fair value changes			
	b) reversal to the income statement			
	c) other changes			
60.	Cash flow hedges			
	a) fair value changes			
	b) reversal to the income statement			
	c) other changes			
70.	Foreign exchange differences:	(138)		(138)
	a) fair value changes			
	b) reversal to the income statement			
	c) other changes	(138)		(138)
80.	Non-current assets held for:			
	a) fair value changes			
	b) reversal to the income statement			
	c) other changes			
90.	Actuarial Profit(Loss) on defined benefits plans	(1 705)	469	(1 236)
100.	Share of revaluation reserves relating to equity investments recognised under equity	5 014		5 014
	a) fair value changes			
	b) reversal to the income statement	5 014		5 014
	- value adjustments due to deterioration			
	- profits/losses on disposal	5 014		5 014
	c) other changes			
110.	**Total other comprehensive income (net of tax)**	**61 639**	**(17 893)**	**43 746**
120.	**Total comprehensive income for the period (item 10 + 110)**	**X**	**X**	**64 802**
130.	Total Consolidated comprehensive income pertaining to minority interests	X	X	1 852
140.	**Total Consolidated comprehensive income pertaining to the Parent Company**	**X**	**X**	**62 950**

PART E – INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

SECTION 1 – THE BANKING GROUP RISK

1.1 Credit risk

Qualitative information

1. General aspects

The Group's lending activity has developed in line with the management policies laid down in the Business Plan, directed at local economies and mainly carried out in the retail, small business and small-to-medium enterprise markets. Lending is directed at the corporate market to a lesser extent.
The activities directed at private and small business customers (craftsmen, personal businesses, professionals), medium and large companies and customers with financial company characteristics include products essentially relating to: any form of loan or deposit; financial, banking and payment services; documentary credit; leasing and factoring; financial, insurance and asset management products; debit and credit cards.
Marketing strategy is pursued through the peripheral branch network and in the geographical areas in which the Group has a traditional presence, with a purpose of consolidating its position, and in its new markets, in order to acquire new market shares and to facilitate an increase in turnover.
For some specific products (targeted personal loans, leasing), activities are also conducted by means of authorised operators.

2. Policies for the management of credit risks

2.1 Organisational aspects

The factors that give rise to credit risk are related to the possibility of an unexpected variation in the creditworthiness of a counter-party to which there is exposure generating a corresponding unexpected variation in the market value of the debt. For this reason, a credit risk must be considered as arising not only as a result of the possibility of a counter-party's insolvency, but also as a result of a mere worsening of its creditworthiness.
The Group's organisational structure ensures a satisfactory process for monitoring and managing credit risk, with an approach that involves separating business and control functions.
The Parent Company's Board of Directors retain exclusive rights as regards the assignments and powers concerning the determination of policies that affect the general management of the affairs of the company and of the Group. As regards internal controls, the Board of Directors approves the strategic direction and risk management policies, as well as the organisational structure of the bank.
The Board of Directors of the Parent Company establishes - for each Subsidiary - the concrete procedures to implement the control levels, taking account of the nature and size of the business conducted by the subsidiary, as well of its location; moreover, the Board of Directors identify the competent functions of the Parent Company for the specific control mechanisms, envisaging specific information flows.

2.2 Management, measurement and control systems

The credit risk management, measurement and control systems develop in an organisational framework that involves the entire credit process cycle, from the information-gathering stage to periodical review and the final phase of revocation and recovery.
The organisational structure and the risk management, measurement and control systems of the Italian banks in the Group are the same as those of the Parent Company, in which the outsourcing functions for subsidiaries are concentrated.
The Banco Desio Group adopts, for management purposes in view of the Risk Management, an internal rating model (C.R.S. Credit Rating System), developed within the Group, capable of classifying each counterparty in certain risk classes with similar default probabilities. This system represents an analytical model for measuring the default risk, which uses statistical inference methods based on the subjectivist theory (or on the conditioned probability theory). The application of this model allows a rating to be assigned based on the sources of information used and the segment of the borrower (retail/corporate); in particular, the segmentation criteria of the counterparties are set taking into account the business sector, the legal status and the sales volumes (if

applicable) of the counterparty. There are eight rating classes for performing counterparties (from AAA to CC), while there are three classes representing non-performing loans (expired, problem and non-performing loans).
The Group followed the rules laid down in the legislation regarding the standardised method for the calculation of regulatory capital requirements to meet credit risk.

2.3 Credit risk mitigation techniques

While developing the operational process leading to the disbursement of a loan, even if it is considered that the necessary requirements have been met, whenever possible the Group obtains additional collateral and/or personal securities in order to mitigate risk.
Mortgages have proved to be the prevailing form of collateral, mainly in the technical form of mortgage loans (in particular loans raised on residential properties). Pledges in financial instruments and/or cash are also to be found to a lesser extent, although still at significant levels.
The guarantees received by the Group are drawn up on contractual forms, compliant with the business standards for the sector and based on case law guidelines and approved by the competent corporate departments. Guarantees are subjected to periodic monitoring in accordance with new regulation; particulare care is used to perform eligibility tests.
To date, the Group has not used credit derivatives to hedge or transfer credit risks and has not carried out direct securitisation transactions.

2.4 Impaired financial assets

The transfer to the non-performing loan category takes place when, in the light of the information available to the competent office, a customer becomes unable to meet its commitments and thus enters a state of insolvency, even one that has not been declared by a court.

Loans to customers are classified as problem loans in consideration of the extent of the risk that has arisen, of the objective impossibility of reaching an amicable settlement, of failure to comply with the repayment plans that have been defined and the need to take timely legal action in order to safeguard the credit effectively.
In any case problem loans include exposures with specific characteristics described by the supervisory provisions.

As to the classification under restructured loans, either cash or “off-balance sheet”, the Group complies with the supervisory provisions, analytically assessing the presence of the requirements prescribed by the regulations.

Overdue positions are monitored constantly by the competent company departments with the help of specific computerised procedures.

Value adjustments are made on the basis of measurement criteria and methods that are objective and prudent.
In fact, loss forecasts represent the synthesis of more than one factor deriving from various assessments (both internal and external) of the capital that is available to the main debtor and any guarantor. Loss forecast monitoring is constant and organic and in any event related to how individual positions develop. The time element in the discounting-back of impaired loans is determined based on specific valuations of each sector of activity carried out on the basis of the information relating to the various court districts.

Quantitative information

A. Credit quality

A.1 Performing and impaired loans: amounts, value adjustments, changes, breakdown by type and geographical area

A.1.1 Loans: breakdown by portfolio and credit quality (book values)

Portfolio / Quality	Banking Group					Other companies		Total
	Non-performing loans	Problem loans	Restructured Loans	Expired loans	Other assets	Impaired loans	Others	
1. Financial assets held for trading					4,320			4,320
2. Available-for-sale financial assets	99				981,264			981,363
3. Held-to-maturity financial assets					151,863			151,863
4. Amounts due from banks					250,480			250,480
5. Amounts due from customers	177,028	163,294	5,043	47,042	6,556,738			6,949,145
6. Financial assets valued at fair value								
7. Financial assets held for sale							45,190	45,190
8. Hedging derivatives					9,005			9,005
Total 31/12/2012	177,127	163,294	5,043	47,042	7,953,670		45,190	8,391,366
Total 31/12/2011	124,786	104,553	3,921	34,948	7,584,792		39,515	7,892,515

A.1.2 Loans: breakdown by portfolio and credit quality (gross and net values)

Portfolio / Quality	Impaired loans			Performing loans			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
A. Banking Group							
1. Financial assets held for trading				4,320		4,320	4,320
2. Available-for-sale financial assets	99	-	99	981,264		981,264	981,363
3. Held-to-maturity financial assets				151,863		151,863	151,863
4. Amounts due from banks				250,480		250,480	250,480
5. Amounts due from customers	546,470	(154,063)	392,407	6,598,324	(41,586)	6,556,738	6,949,145
6. Financial assets valued at fair value							
7. Financial assets held for sale							
8. Hedging derivatives				9,005		9,005	9,005
Total A	**546,569**	**(154,063)**	**392,506**	**7,995,256**	**(41,586)**	**7,953,670**	**8,346,176**
B. Other companies included in the consolidation							
1. Financial assets held for trading							
2. Available-for-sale financial assets							
3. Held-to-maturity financial assets							
4. Amounts due from banks							
5. Amounts due from customers							
6. Financial assets valued at fair value							
7. Financial assets held for sale				45,190		45,190	45,190
8. Hedging derivatives							
Total B				**45,190**		**45,190**	**45,190**
Total 31/12/2012	**546,569**	**(154,063)**	**392,506**	**8,040,446**	**(41,586)**	**7,998,860**	**8,391,366**
Total 31/12/2011	**377,889**	**(109,681)**	**268,208**	**7,655,196**	**(30,889)**	**7,624,307**	**7,892,515**

A.1.2.1 Detailed information on performing loans

Portfolio / Quality	Exposures subject to renegotiation					Other exposures					TOTAL net exposure
	Expired					Expired					
	less than 3 months	between 3 months and 6 months	between 6 months and 1 year	beyond 1 year	Unexpired	less than 3 months	between 3 months and 6 months	between 6 months and 1 year	beyond 1 year	Unexpired	
1. Financial assets held for trading										4,320	**4,320**
2. Available-for-sale financial assets										981,264	**981,264**
3. Held-to-maturity financial assets										151,863	**151,863**
4. Amounts due from banks										250,480	**250,480**
5. Amounts due from customers	42,983	1,382			526,847	302,665	17,057	11,018	17,483	5,637,303	**6,556,738**
6. Financial assets valued at fair value											
7. Financial assets held for sale and disposed operations										45,190	**45,190**
8. Hedging derivatives										9,005	**9,005**
TOTAL	**42,983**	**1,382**			**526,847**	**302,665**	**17,057**	**11,018**	**17,483**	**7,079,425**	**7,998,860**

A.1.3 Banking group - Cash and off-balance sheet loans to banks: gross and net values

Type/Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash loans				
a) Non-performing loans				
b) Problem loans				
c) Restructured loans				
d) Expired loans				
e) Other assets	410,292			410,292
Total A	**410,292**			**410,292**
B. Off-balance sheet loans				
a) Impaired assets				
b) Other	24,623			24,623
Total B	**24,623**			**24,623**
Total (A + B)	**434,915**			**434,915**

A.1.4 Banking group – Cash and off-balance sheet loans to banks: changes in impaired loans - gross

None at the reference date.

A.1.5 Banking group – Cash and off-balance sheet loans to banks: changes in overall impairments

None at the reference date.

A.1.6 Banking group - Cash and off-balance sheet loans to customers: gross and net values

Type/Amount	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH LOANS				
a) Non-performing loans	271,432	(94,305)		177,127
b) Problem loans	219,883	(56,589)		163,294
c) Restructured loans	5,616	(573)		5,043
d) Expired loans	49,638	(2,596)		47,042
e) Other assets	7,573,838		(41,586)	7,532,252
Total A	**8,120,407**	**(154,063)**	**(41,586)**	**7,924,758**
B. OFF-BALANCE SHEET LOANS				
a) Impaired assets	6,504	(405)	-	6,099
b) Other	455,386	-	(1,307)	454,079
Total B	**461,890**	**(405)**	**(1,307)**	**460,178**
Total (A + B)	**8,582,297**	**(154,468)**	**(42,893)**	**8,384,936**

A.1.7 Banking group – Cash loans to customers: changes in impaired loans - gross

Causes/Categories	Non-performing loans	Problem loans	Restructured loans	Expired loans
A. Opening gross exposure	**202,459**	**134,936**	**4,361**	**36,133**
- of which: loans sold but not written off	-	-	-	-
B. Increases	**118,144**	**244,753**	**4,846**	**197,538**
B.1 from performing loans	15,093	140,499	487	188,610
B.2 transfer from other categories of impaired loans	95,756	68,203	983	1,639
B.3 other increases	7,295	36,051	3,376	7,289
C. C. Decreases	**49,171**	**159,806**	**3,591**	**184,033**
C.1 to performing loans		17,232	577	90,845
C.2 write-offs	35,577	1,592		7
C.3 collections	13,428	43,159	1,046	26,392
C.4 arising from sales	166			
C.5 transfer to other categories of impaired loans		97,823	1,968	66,789
C.6 Other decreases				
D. Closing gross exposure	**271,432**	**219,883**	**5,616**	**49,638**
- of which: loans sold but not written off	-	-	-	-

A.1.8 Banking group – Cash loans to customers: changes in overall impairments

Causes/Categories	Non-performing loans	Problem loans	Restructured Loans	Expired loans
A. Total opening adjustments	**77,673**	**30,383**	**440**	**1,185**
- of which: loans sold but not written off	-	-	-	-
B. Increases	**63,724**	**47,760**	**236**	**2,700**
B.1 Impairment losses	47,390	47,241	236	2,582
B.1. bis Losses on disposal (+)	1,917	-	-	-
B.2 transfer from other categories of impaired loans	14,417	519	-	118
B.3 other increases	-	-	-	-
C. Decreases	**47,092**	**21,554**	**103**	**1,289**
C.1 write-backs due to valuation	9,443	3,161	71	406
C.2 write-backs due to collection	2,025	2,482	32	140
C.2 bis Profits on disposal (-)	47	-	-	-
C.3 write-offs	33,660	1,592	-	7
C.4 transfer to other categories of impaired loans	-	14,319	-	736
C.5 other decreases	1,917	-	-	-
D. Total closing adjustments	**94,305**	**56,589**	**573**	**2,596**
- of which: loans sold but not written off	-	-	-	-

A.2 Breakdown of exposures based on external ratings

A.2.1 Breakdown of cash and off-balance sheet loans by classes of external ratings (book values)

In accordance with the compilation regulations laid down by the Bank of Italy, this table has not been filled in because the amount of exposure with external ratings is modest.

A.2.2 Breakdown of cash and off-balance sheet loans by classes of internal ratings

The Group does not use internal rating models for the determination of capital requirements.
As outlined in the section dedicated to qualitative information (paragraph 2.2), the Parent Company has developed, for management purposes, a rating model aimed at assessing retail clients (private consumers and micro enterprises) and Corporate clients (enterprises with a turnover of over Euro 1 million).

The following table shows, as regards the performing loans belonging to the above mentioned segments, the weight of each rating class on the aggregate.

Loans at 31.12.2012	Internal rating classes			
	from AAA to A	from BBB to B	from CCC to CC	Total
Cash loans	35.2%	44.1%	20.7%	100%
Off-balance sheet loans	61.2%	29.4%	9.4%	100%

A.3 Breakdown of guaranteed loans by type of guarantee

A.3.1 Banking group – Secured loans to banks

None at the reference date.

A.3.2 Banking group – Secured loans to customers

	Net exposure amount	Collaterals				Personal guarantees									Total
						Credit derivatives					Unsecured loans				
							Other derivatives								
		Properties: mortgages	Properties: financial leases	Securities	Other collaterals	CLN	Governments and Central banks	Other public entities	Banks	Other entities	Governments and Central banks	Other public entities	Banks	Other entities	
1. Secured cash loans:															
1.1 fully secured	4,997,240	7,227,396	415,058	556,091	409,190								1,393	4,387,042	**12,996,170**
- of which impaired	*323,058*	*584,884*	*29,617*	*2,618*	*16,632*								40	*620,046*	***1,253,837***
1.2 partially secured	141,458	6,787		29,304	14,133								320	56,437	**106,981**
- of which impaired	*8,355*	*103*		*390*	*811*									*7,743*	***9,047***
balance sheet" loans:															
2.1 fully secured	137,741	15,279		15,847	12,721								1,644	143,002	**188,493**
- of which impaired	*2,829*			*29*	*155*									*3,819*	***4,003***
2.2 partially secured	24,667			5,941	2,287									5,427	**13,655**
- of which impaired	*9*			*2*										*9*	**11**

B. Breakdown and concentration of loans

B.1 Banking Group - Cash and off-balance sheet loans to customers: breakdown by sector (book value)

Exposures/Counterparties	Governments			Other public entities			Financial institutions			Insurance companies			Non-financial companies			Other entities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
A. Cash loans																		
A.1 Non-performing loans							114	(2)					136,853	(79,453)		40,160	(14,850)	
A.2 Problem loans							386	(221)					108,594	(42,767)		54,314	(13,601)	
A.3 Restructured loans													5,043	(573)				
A.4 Expired loans							2						30,067	(1,789)		16,973	(807)	
A.5 Other loans	947,375						444,726		(510)	26,079		(41)	4,119,330		(36,841)	1,994,742		(4,194)
Total A	947,375						445,228	(223)	(510)	26,079		(41)	4,399,887	(124,582)	(36,841)	2,106,189	(29,258)	(4,194)
B. Off-balance sheet loans																		
B.1 Non-performing loans													299	(19)		143	(103)	
B.2 Problem loans													4,077	(125)		991	(157)	
B.3 Other impaired assets													294			295	(1)	
B.4 Other loans	106,980						2,821		(19)	568		(3)	296,188		(1,190)	40,754		(95)
Total B	106,980						2,821		(19)	568		(3)	300,858	(144)	(1,190)	42,183	(261)	(95)
Total (A+B) 2012	1,054,355						448,049	(223)	(529)	26,647		(44)	4,700,745	(124,726)	(38,031)	2,148,372	(29,519)	(4,289)
Total 2011	738,498			3,734			127,650	(150)	(257)	25,584		(87)	4,463,212	(74,403)	(25,714)	2,395,698	(35,496)	(5,744)

B.2 Banking group - Cash and off-balance sheet loans to customers: breakdown by geographical area (book value)

Exposure/Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash loans										
A.1 Non-performing loans	177,028	(94,267)		(38)	99					
A.2 Problem loans	163,294	(56,589)								
A.3 Restructured loans	5,043	(573)								
A.4 Expired loans	47,042	(2,596)								
A.5 Other loans	7,470,928	(41,220)	59,200	(365)	1,965	(1)	159			
TOTAL A	**7,863,335**	**(195,245)**	**59,200**	**(403)**	**2,064**	**(1)**	**159**			
B. Off-balance sheet loans										
B.1 Non-performing loans	442	(122)								
B.2 Problem loans	5,068	(282)								
B.3 Other impaired assets	589	(1)								
B.4 Other loans	447,115	(1,262)	71		115	(45)			10	
TOTAL B	**453,214**	**(1,667)**	**71**		**115**	**(45)**			**10**	
TOTAL 2012 (A + B)	**8,316,549**	**(196,912)**	**59,271**	**(403)**	**2,179**	**(46)**	**159**		**10**	
TOTAL 2011	**7,720,746**	**(141,596)**	**30,301**	**(237)**	**2,463**	**(5)**	**715**	**(13)**	**151**	

B.3 Banking group - Cash and off-balance sheet loans to banks: breakdown by geographical area (book value)

Exposure/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash loans										
A.1 Non-performing loans										
A.2 Problem loans										
A.3 Restructured loans										
A.4 Expired loans										
A.5 Other loans	317,849		90,450		707		162		1,124	
TOTAL	**317,849**		**90,450**		**707**		**162**		**1,124**	
B. Off-balance sheet loans										
B.1 Non-performing loans										
B.2 Problem loans										
B.3 Other impaired assets										
B.4 Other loans	17,664		6,783						176	
TOTAL	**17,664**		**6,783**						**176**	
TOTAL 2012	**335,513**		**97,233**		**707**		**162**		**1,300**	
TOTAL 2011	**363,592**		**165,476**		**599**		**170**	**(36)**	**129**	**(9)**

B.4 Large risks

With reference to the supervisory regulations in force, the following situation was reported as at 31 December 2012.

Description	*Nominal amount*	*Weighted amount*	*Number of positions*
Large risks	906,560	0	1

The recognised position, with zero weighting, is attributable to exposures towards the Italian State related to portfolio securities.

C. Securitisation transactions and asset disposal

C.1 Securitisation transactions

Quantitative information

C.1.1 Banking group - Loans arising from securitisation transactions divided by quality of the underlying assets

Underlying asset quality / Exposures	Cash loans						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. With own underlying assets:																		
a) Impaired																		
b) others																		
B. With third-party underlying assets:																		
a) Impaired																		
b) others	552	552																

C.1.2 Banking group – Loans arising from the main "Bank" securitisation transactions divided by type of securitised assets and by type of exposure

None at the reference date.

C.1.3 Banking group - Loans arising from main "third-party" securitisation transactions divided by type of securitised assets and of loan

Underlying asset quality / Exposures	Cash loans						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A.1 F.I.P. 26.04.25																		
Properties	552																	

C.1.4 Banking group - Exposures arising from securitisations broken down by portfolio and by type

Exposure / Portfolio	Financial assets held for trading	Financial assets valued at fair value	Available-for-sale financial assets	Held-to-maturity financial assets	Loans and Receivables	**31/12/2012**	**31/12/2011**
1. Cash loans							
- "Senior"			552			552	721
- "Mezzanine"							
- "Junior"							
2. Off-balance sheet loans							
- "Senior"							
- "Mezzanine"							
- "Junior"							

C.2 Asset disposals

C.2.1 Banking group - Financial assets sold but not written off

	Financial assets held for trading			Financial assets valued at fair value			Available-for-sale financial assets			Held-to-maturity financial assets			Amount due from banks			Amount due from customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2012	31/12/2011
A. Cash assets																				
1. Debt securities							117,191			15,162									**132,353**	**41,108**
2. Equity securities																				
3. U.C.I.T.S.																				
4. Loans																				
B. Derivative instruments																				
Total 31/12/2012							**117,191**			**15,162**									**132,353**	
of which impaired																				
Total 31/12/2011	**6,049**						**35,059**													**41,108**
of which impaired																				

Key:
A = Transferred financial assets which are fully recognised (book value)
B = Transferred financial assets which are partially recognised (book value)
C = Transferred financial assets which are partially recognised (full value)

C.2.2 Banking group - Financial liabilities against financial assets sold but not written off

Liabilities/Asset portfolio	Financial assets held for trading	Financial assets valued at fair value	Available-for-sale financial assets	Held-to-maturity financial assets	Amount due from banks	Amount due from customers	Total
1. Amounts due to customers							
a) corresponding to fully recorded assets			116,782	15,304			**132,086**
b) corresponding to partially recorded assets							
2. Amounts due to banks							
a) corresponding to fully recorded assets							
b) corresponding to partially recorded assets							
3. Securities issued							
a) corresponding to fully recorded assets							
b) corresponding to partially recorded assets							
Total 31/12/2012			**116,782**	**15,304**			**132,086**
Total 31/12/2011	**6,048**					**34,737**	**40,785**

D. Banking Group - Credit risk measurement models

1.2 Banking group – market risks

1.2.1 Interest rate risk and price risk - Regulatory trading portfolio

Qualitative information

A. General aspects

The unexpected variations in market rates, when there are differences in maturity dates and in the times at which interest rates on assets and liabilities are reviewed, give rise to a variation in net interest flow and thus in interest margin. Furthermore, such unexpected fluctuations expose the bank to variations in the economic value of assets and liabilities.
The information contained in this section refers solely to the Italian banks of the Group, given the irrelevance of the assets held by the other companies.
The Group adopted, in the period just ended, a strategy aimed at consolidating a return in line with the budget, while ensuring a low risk profile through a low portfolio duration.

B. Interest rate risk and price risk management processes and measurement methods

In exercising its responsibilities of direction and coordination, the Board of Directors of Banco Desio e della Brianza S.p.A., in its capacity as Parent Company, has issued specific rules for controls at the various levels of all the banking Group companies.
The operational activity of the Parent Company's Finance Head Office is only directed at the Group's Italian banks: the internal control system monitors operating limits (in terms of amount and composition by type of securities) and interest rate risk and price risk. Specifically, duration limits are laid down in order to limit interest rate risk. On a daily basis, the Head Office is informed on operations and amounts in portfolios, as well as when operating limits have been reached.
Together with the abovementioned controls, the Group has implemented internal models, assigning the monitoring and the measurement of interest rate risk and price risk to the risk management unit of the Parent Company, which operates completely independently with respect to both operational offices and subsidiaries.
This activity only involves the Group's Italian banks, which account for nearly all the regulatory trading portfolio.

In order to quantify generic risks, the Group has adopted a model based on the Value at Risk (VaR) concept, in order to express, synthetically and in monetary terms, the maximum probable loss incurred by a static portfolio with reference to a specific time horizon and a specific level of confidence in normal market conditions. This method has the advantage of allowing the aggregation of the various risk positions taken in the accounts involving heterogeneous risk factors, and also provides a synthetic number that is easy for the organisational unit concerned to use because it is expressed in monetary terms.
This is a parametric model of a variance-covariance type for “linear” instruments with a delta-gamma type estimate for options, and uses a 99% confidence interval over a 10-day time period, in line with the recommendations defined by the Basel Committee. This model covers the assets, in term of financial instruments, included both in managed and trading portfolios, as defined in the regulations regarding reports to the Supervisory Board and subject to the capital requirements for market risk.
The model uses matrixes containing the standard deviations of each risk factor (interest rates, exchange rates and prices) together with the relevant correlations. The determination of volatilities and correlations is based on the modelling under a normal scenario of the daily logarithmic returns of the risk factors, though the exponential weighting based on a decline factor in a period corresponding to 250 observations. The application used for the calculation of VaR is ALMpro, while the financial information necessary for the determination of VaR (volatility, correlations, term structure of interest rates, exchange rates, stock and benchmark indices) is provided by the RiskSize product.
To date, derivatives on currencies and interest rates and options on shares and indices entered into for trading purposes are excluded from this analysis; almost all the business, however, is conducted on a brokerage basis. The VaR of equity instruments is measured considering the link (beta coefficient) between the trend of the single instrument and that of its benchmark (stock or benchmark index for U.C.I.T.S units.).
Stress test activities are carried out using parallel shifts in the yield curve, assuming variations of +/- 100 basis points only for interest rate sensitive holdings; the necessary research activities that will lead to the implementation of "back-testing" analysis are being performed.
Trading activity is subject to operating limits laid down by the Board of Directors of the Parent Company and expressed for each delegation level in terms of VaR. Considering the composition of the portfolio, the VaR operating limit is present only in the Parent Company. A special reporting system is the instrument that has been chosen to give the organisational units involved sufficient information. The contents and the frequency of the reports depend on the objectives assigned to each party in the process.
The internal model is not used in the calculation of the capital requirement on market risks.

Quantitative information

1. *Regulatory trading portfolio: breakdown by outstanding maturity (repricing date) for cash assets and liabilities and financial derivatives*

Currency of denomination: **Euro**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 years and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets		*1,004*	*14*	*20*	*777*			
1.1 Debt securities		*1,004*	*14*	*20*	*777*			
- with an option for early redemption								
- other		1,004	14	20	777			
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives		*221,257*	*83,347*	*90*	*444*	*37,804*		
3.1 With underlying security		*120,414*	*81,721*	*90*	*444*	*37,804*		
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*120,414*	*81,721*	*90*	*444*	*37,804*		
+ Long positions		38,391	81,669	59	281			
+ Short positions		82,023	52	31	163	37,804		
3.2 With no underlying security		*100,843*	*1,626*					
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*100,843*	*1,626*					
+ Long positions		51,531	813					
+ Short positions		49,312	813					

Currency of denomination: **US Dollar**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives		*62,455*	*1,200*					
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*62,455*	*1,200*					
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*62,455*	*1,200*					
+ Long positions		31,174	600					
+ Short positions		31,281	600					

Currency of denomination: **UK Pound Sterling**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivatives		*12,780*						
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*12,780*						
- Options								
+ Long positions								
+ Short positions								
- Other derivatives		*12,780*						
+ Long positions		6,361						
+ Short positions		6,419						

Currency of denomination: **Swiss Franc**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivates		*180*						
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*180*						
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*180*						
+ Long positions		19						
+ Short positions		161						

Currency of denomination: **Australian Dollar**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivates		*3,511*						
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*3,511*						
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*3,511*						
+ Long positions		1,755						
+ Short positions		1,756						

Currency of denomination: **Japanese Yen**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivates		*13,911*	*352*					
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*13,911*	*352*					
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*13,911*	*352*					
+ Long positions		6,952	176					
+ Short positions		6,959	176					

Currency of denomination: **Other currencies**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets								
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Other assets								
2. Cash liabilities								
2.1 Reverse repos								
2.2 Other liabilities								
3. Financial derivates		*7,724*						
3.1With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security		*7,724*						
- Options								
+ Long positions								
+ Short positions								
- Other derivates		*7,724*						
+ Long positions		2,915						
+ Short positions		4,809						

2. Regulatory trading portfolio: breakdown by exposures in equity securities and stock indexes for the main Countries of the listing market

The item contains no balances

3. Regulatory trading portfolio - internal models and other methods for sensitivity analysis

Monitoring of the Parent Company's "regulatory trading portfolio" and the Italian banks during the 2012 financial year showed a structure with limited market risks. Given the policy implemented by the Group to underestimate price risks, the "regulatory trading portfolio" is almost entirely exposed to the interest rate risk. The Parent Company takes on almost the whole interest rate and price risk, the Italian subsidiaries making a completely negligible contribution.

The VaR as at 31 December 2012 is Euro 8 thousand with a percentage of 0.50% of the trading portfolio and a duration of 2.81, evidence of the low-risk profile.

The scenario analyses carried out in terms of parallel shifts in the rate curve, assumed variations of +/- 100 basis points only for the positions that are sensitive to interest rates, as at 31 December 2012, show - considering the positive variation in rates - a negative impact of Euro 58 thousand, equal to:

- ⇒ 3.14 % of trading portfolio;
- ⇒ 0.02 % of business margin;
- ⇒ 0.35 % of net income for the period
- ⇒ 0.01 % of shareholders' equity, net of the result for the period

1.2.2 Interest rate risk and price risk – banking portfolio

Qualitative information

A. General aspects, management procedures and methods of measuring interest rate risk and price risk

It is the responsibility of the Parent Company's risk management unit to measure interest rate risk. This activity is only directed at the Group's Italian banks, which account for almost the entire banking portfolio. The system of the Group's commercial activities consisting of balance sheet Asset and liability maturity transformation, the securities portfolio, the treasury operations and the respective hedging derivatives is monitored using *Asset and Liability Management (ALM)* methods, through the *ALMpro* application. Risks are measured each month adopting a static approach; the Simulation module, which allows the monitoring and management of the interest rate risk adopting a dynamic approach, is also active.
The static analysis, which is currently implemented, allows the impacts of variations in interest rate structure to be measured and expressed in terms both of the variation in the economic value of assets and the interest margin. The results of the banking portfolio held for the purposes of the financial statements are therefore presented, excluding the financial instruments in the regulatory trading portfolio from this analysis.
Interest margin variability, determined by positive and negative changes in rates over a 365-day time horizon, is estimated by Gap Analysis, with the help of a number of different approaches in order to increase the accuracy of the forecasts.
The variations in the economic value of assets and liabilities are analysed applying Duration Gap and Sensitivity Analysis methods.
The analyses are performed using parallel shifts in the yield curve and specific scenarios of market rate changes.
In the banking portfolio the assets subject to price risks are represented exclusively by equity investments and mutual fund units. The latter represent a marginal share and are measured through VaR techniques described in paragraph 2.1.

B. Fair Value hedge

The Group's primary objective is to manage the risks associated with its operations prudently and actively. The Group only takes out Fair Value type hedges for the Group's Italian banks, in order to protect the profit and loss account from the risks deriving from unfavourable variations in Fair Value; the objective of the hedge is to set off Fair Value variations in the hedged instrument against Fair Value variations in the hedging instrument.
To date, hedged instruments refer to both assets and liabilities; the latter being bond loans only, while derivative instruments are used as hedges, which are represented by unlisted securities - mainly Interest Rate Swaps and interest rate options - used to hedge interest rate risks only.

The Parent Company has prepared a model that is able to manage hedge accounting consistently with the relevant regulations laid down in the IAS accounting standards. The method used by the Parent Company to conduct effectiveness tests is the "Dollar Offset Method" (hedge ratio) on a cumulative basis. All hedges are specific hedges.

The Group, with the purpose of making the fair value of the entire financial instrument more reliable and representative, applied the Fair Value Option to some types of bonds issued.

C. Cash Flow hedge

No cash flow hedge transactions have been carried out by the Group.

Quantitative information

1. *Banking portfolio: distribution by outstanding maturity (repricing date) of financial assets and liabilities*

Currency of denomination: **Euro**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 years and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**1,133,399**	**5,197,287**	**361,905**	**438,185**	**718,201**	**364,842**	**2,138**	
1.1 Debt securities	50,593	389,279	216,537	42,282	259,610	220,991	534	
- with an option for early redemption		28,094			2,141	2,274	534	
- other	50,593	361,185	216,537	42,282	257,469	218,717	-	
1.2 Financing to banks	80,739	56,787						
1.3 Financing to customers	1,002,067	4,751,221	145,368	395,903	458,591	143,851	1,604	
- Current account	801,212	649,438	1,060	118,550	40,041	257	-	
- other loans								
- with an option for early redemption	50,818	2,774,888	103,069	207,392	155,525	26,353	1,436	
- other	150,037	1,326,895	41,239	69,961	263,025	117,241	168	
2. Cash liabilities	**3,412,369**	**2,458,046**	**355,647**	**965,005**	**420,371**			
2.1 Due to customers	3,390,240	1,412,216	89,020	49,432				
- Current account	3,327,827	1,280,121	89,009	49,429				
- other								
- with an option for early redemption								
- other	62,413	132,095	11	3				
2.2 Amounts due to banks	19,833	403,298						
- Current account	19,174							
- other	659	403,298						
2.3 Debt securities	2,296	642,532	266,627	915,573	420,371			
- with an option for early redemption								
- other	2,296	642,532	266,627	915,573	420,371			
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions		23,448	27,988	41,413	342,453	54,778	51,678	
+ Short positions	20,749	452,200	10,607	4,257	53,943			
- Other derivates								
+ Long positions		72,900	5,000	47,420	174,217	20,000		
+ Short positions		247,117	72,420					
4. Other "Off -balance" sheet transactions								
+ Long positions	62,510							
+ Short positions	62,510							

Currency of denomination: **US Dollar**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**10,785**	**65,412**	**224**					
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Financing to banks	10,678	46,801						
1.3 Financing to customers	107	18,611	224					
- Current account	107							
- other loans								
- with an option for early redemption								
- other		18,611	224					
2. Cash liabilities	**60,686**	**14,915**						
2.1 Amounts due to customers	60,686	3,533						
- Current account	60,686	3,533						
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks	-	11,382						
- Current account	-							
- other		11,382						
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivates								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions		44						
+ Short positions		44						

Currency of denomination: **UK Pound Sterling**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**3,276**	**1,860**						
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Financing to banks	2,757	1,719						
1.3 Financing to customers	519	141						
- Current account	519							
- other loans								
- with an option for early redemption								
- other		141						
2. Cash liabilities	**3,349**	**1,705**						
2.1 Amounts due to customers	3,349	1,705						
- Current account	3,349	1,705						
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks	-	-						
- Current account	-							
- other		-						
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivates								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions								
+ Short positions								

Currency of denomination: **Swiss Franc**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**19,068**	**5,086**		**1,259**				
1.1 Debt securities				**1,259**				
- with an option for early redemption								
- other				1,259				
1.2 Financing to banks	17,672	2,651						
1.3 Financing to customers	1,396	2,435						
- Current account	1,115							
- other loans								
- with an option for early redemption								
- other	281	2,435						
2. Cash liabilities	**8,744**	**2,319**						
2.1 Amounts due to customers	8,744							
- Current account	8,744							
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks	-	2,319						
- Current account	-							
- other		2,319						
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivates								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions								
+ Short positions								

Currency of denomination: **Australian Dollar**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**364**							
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Financing to banks	364							
1.3 Financing to customers								
- Current account								
- other loans								
- with an option for early redemption								
- other								
2. Cash liabilities	**362**							
2.1 Amounts due to customers	362							
- Current account	362							
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks	-							
- Current account	-							
- other								
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivates								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions								
+ Short positions								

Currency of denomination: **Japanese Yen**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**165**	**4,654**						
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Financing to banks	165							
1.3 Financing to customers		4,654						
- Current account								
- other loans								
- with an option for early redemption								
- other		4,654						
2. Cash liabilities	**37**	**4,843**						
2.1 Amounts due to customers	37							
- Current account	37							
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks		4,843						
- Current account								
- other		4,843						
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial derivates								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivates								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions								
+ Short positions								

Currency of denomination: **Other currencies**

Type/Residual maturity	On demand	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Beyond 10 years	Unspecified maturity
1. Cash assets	**4,729**	**96**						
1.1 Debt securities								
- with an option for early redemption								
- other								
1.2 Financing to banks	4,729							
1.3 Financing to customers		96						
- Current account								
- other loans								
- with an option for early redemption								
- other		96						
2. Cash liabilities	**2,850**	**3**						
2.1 Amounts due to customers	2,850							
- Current account	2,850							
- other								
- with an option for early redemption								
- other								
2.2 Amounts due to banks	-	3						
- Current account	-							
- other		3						
2.3 Debt securities								
- with an option for early redemption								
- other								
2.4 Other liabilities								
- with an option for early redemption								
- other								
3. Financial								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
3.2 With no underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions								
+ Long positions								
+ Short positions								

2. Banking portfolio - internal models and other methods for sensitivity analyses

This operational and strategic approach of the Group is directed at considering the volatility of interest margins and of total economic value.
The table below shows the results of the impact on the interest margin, from a fixed perspective and in the absence of behavioural models for the items at sight, of the analyses carried out at 31 December 2012 in the event of a parallel variation in the interest rate curve and considering the time effect of repricing of the items.

Risk indices as at 31 December 2012: parallel shifts of the rates curve

	+100 bp	*-100 bp*
% on the expected margin	*5.58%*	*-13.20%*
% on the business margin	*3.11%*	*-7.35%*
% on the result for the period	*32.01%*	*-75.73%*
% of net equity	*0.65%*	*-1.55%*

As regards the economic value, the estimated impact of the variation, with the help of measurement models, from a static perspective and in the absence of behavioural models of sight items, showed a risk exposure in 2012 that stayed at levels that did not involve significant effects on total equity.
The table below shows the variations in economic value analysed by applying deterministic approaches with parallel shifts of the interest rate curve.

Risk indices: parallel shifts of the rates curve as at 31 December 2012

	+100 bp	*-100 bp*
% of economic value	*-1.23%*	*1.79%*

1.2.3 Exchange risk

Qualitative information

A. General aspects, management procedures and methods of measuring exchange risk

The Group is exposed to exchange risk because it trades on currency markets and owing to its activities involving investment and savings with instruments denominated in a foreign currency.
The Group is exposed to exchange risks to a marginal extent. As regards the Italian banks only, currency transactions are handled by the Operation Room of the Parent Company's Finance Department.
The exchange risk is governed by means of intra-day and end-of-day operating limits, both for currency areas and for concentration on each individual currency. There are also daily and annual stop-loss operating limits.

B. Exchange rate hedge

The Group's primary objective is to manage the exchange risk prudently, while always taking the possibility of profiting from market opportunities into consideration. Transactions involving exchange risks, therefore, are managed by means of appropriate hedging strategies.

Quantitative information

1: Breakdown of assets, liabilities and derivatives by currency of denomination

Captions	Currencies						
	US Dollar	UK Pound Sterling	Japanese Yen	Canadian Dollar	Australian Dollar	Swiss Franc	Other currencies
A. Financial assets	**73,891**	**4,844**	**4,819**		**277**	**8,993**	**4,688**
A.1 Debt securities							
A.2 Equity securities							
A.3 Financing to banks	55,055	4,185	165		277	6,558	4,592
A.4 Financing to customers	18,836	659	4,654			2,435	96
A.5 Other financial assets							
B. Other assets	**450**	**239**	**22**		**58**	**184**	**115**
C. Financial liabilities	**73,003**	**4,760**	**4,880**		**275**	**8,842**	**2,728**
C.1 Amounts due to banks	11,381	1	4,843			2,320	3
C.2 Amounts due to customers	61,622	4,759	37		275	6,522	2,725
C.3 Debt securities							
C.4 Other financial liabilities							
D. Other liabilities	**708**	**11**				**26**	**40**
E. Financial derivatives	**109**	**58**	**7**		**1**	**142**	**1 894**
- Options							
+ Long positions							
+ Short positions							
- Other	109	58	7		1	142	1,894
+ Long positions	31,770	6,361	7,128		1,755	19	2,916
+ Short positions	31,879	6,419	7,135		1,756	161	4,810
Total assets	**106,111**	**11,444**	**11,969**		**2,090**	**9,196**	**7,719**
Total liabilities	**105,587**	**11,190**	**12,015**		**2,031**	**9,029**	**7,578**
Imbalance	**524**	**254**	**(46)**		**59**	**167**	**141**

2. Internal models and other methods for sensitivity analysis

The exchange risk profile assumed by the Group is not significant, in light of the currency exposure of the balance sheet items and the relevant hedging transactions implemented through derivative financial instruments.

1.2.4 Derivative instruments

A. Financial derivatives

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

Underlying assets / Type of derivatives	31.12.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates			22,000	
a) Options			1,000	
b) Swap			21,000	
c) Forward				
d) Futures				
e) Other				
2. Equity securities and stock indexes		15	5,745	39
a) Options		15	5,745	39
b) Swap				
c) Forward				
d) Futures				
e) Other				
3. Currencies and gold	93,798		238,887	
a) Options				
b) Swap				
c) Forward	93,798		63,669	
d) Futures				
e) Other			175,218	
4. Commodities				
5. Other underlying items				
Total	**93,798**	**15**	**266,632**	**39**
Average values	**5,293**	**15**	**49,846**	**39**

A.2 Banking portfolio: average and period-end notional values

A.2.1 Hedging instruments

Underlying assets / Type of derivatives	31/12/2012		31/12/2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	281,637		231,637	
a) Options				
b) Swap	281,637		231,637	
c) Forward				
d) Futures				
e) Other				
2. Equity securities and stock indexes				
a) Options				
b) Swap				
c) Forward				
d) Futures				
e) Other				
3. Currencies and gold				
a) Options				
b) Swap				
c) Forward				
d) Futures				
e) Other				
4. Commodities				
5. Other underlying items				
Total	**281,637**		**231,637**	
Average values	**239,970**		**208,299**	

A.2.2 Other derivatives

Underlying assets / Type of derivatives	31/12/2012		31/12/2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	103,700		158,816	
a) Options	65,800		65,800	
b) Swap	37,900		93,016	
c) Forward				
d) Futures				
e) Other				
2. Equity securities and stock indexes				
a) Options				
b) Swap				
c) Forward				
d) Futures				
e) Other				
3. Currencies and gold				
a) Options				
b) Swap				
c) Forward				
d) Futures				
e) Other				
4. Commodities				
5. Other underlying items				
Total	**103,700**		**158,816**	
Average values	**103,700**		**158,816**	

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

Portfolios/Type of derivative	Positive fair value			
	31/12/2012		31/12/2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	309	15	2,619	14
a) Options		15	70	14
b) Interest rate swap			189	
c) Cross currency swap				
d) Equity swap				
e) Forward	309		642	
f) Futures				
g) Other			1,718	
B. Banking portfolio - hedging	9,005		5,631	
a) Options				
b) Interest rate swap	9,005		5,631	
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Other				
C. Banking portfolio - Other derivatives	2,125		1,569	
a) Options				
b) Interest rate swap	2,125		1,569	
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Other				
Total	**11,439**	**15**	**9,819**	**14**

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

Portfolios / Type of derivative	*Negative fair value*			
	31.12.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	300		2,408	
a) Options			70	
b) Interest rate swap			3	
c) Cross currency swap				
d) Equity swap				
e) Forward	300		632	
f) Futures				
g) Other			1,703	
B. Banking portfolio - hedging	6,696		2,684	
a) Options				
b) Interest rate swap	6,696		2,684	
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Other				
C. Banking portfolio - Other derivatives				
a) Options				
b) Interest rate swap				
c) Cross currency swap				
d) Equity swap				
e) Forward				
f) Futures				
g) Other				
Total	**6,996**		**5,092**	

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

Contracts which do not fall within offset agreements	Governments and Central banks	Other public entities	Banks	Financial insititutions	Insurance companies	Non-financial companies	Other entities
1) Debt securities and interest rates							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
2) Equity securities and stock indexes							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
3) Currencies and gold							
- notional value			47,025	32,882		7,577	6,314
- positive fair value			159	31		117	3
- negative fair value			148	84		41	28
- future exposure			470	329		76	63
4) Other values							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							

A.6 OTC financial derivatives - regulatory trading portfolio: notional values, gross positive and negative fair values by counterparties - contracts which do not fall within offset agreements

None at the reference date.

A.7 OTC financial derivatives - banking portfolio: notional values, gross positive and negative fair values by counterparties- contracts which do not fall within offset agreements

Contracts which do not fall within offset agreements	Governments and Central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other entities
1) Debt securities and interest rates							
- notional value			14,617				
- positive fair value			940				
- negative fair value							
- future exposure			73				
2) Equity securities and stock indexes							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
3) Currencies and gold							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
4) Other values							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							

A.8 OTC financial derivatives - Banking portfolio: notional values, gross positive and negative fair values by counterparties - contracts which fall within offset agreements

Contracts which fall within offset agreements	Governments and Central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other entities
1) Debt securities and interest rates							
- notional value			370,720				
- positive fair value			10,190				
- negative fair value			6,696				
2) Equity securities and stock indexes							
- notional value							
- positive fair value							
- negative fair value							
3) Currencies and gold							
- notional value							
- positive fair value							
- negative fair value							
4) Other values							
- notional value							
- positive fair value							
- negative fair value							

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

Underlying instruments / Residual maturity	Up to 1 year	Between 1 and 5 years	Beyond 5 years	Total
A. Regulatory trading portfolio	93,798			93,798
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equity securities and stock indexes				
A.3 Financial derivatives on currencies and gold	93,798			93,798
A.4 Financial derivatives on other instruments				
B. Banking portfolio	125,320	240,017	20,000	385,337
B.1 Financial derivatives on debt securities and interest rates	125,320	240,017	20,000	385,337
B.2 Financial derivatives on equity securities and stock indexes				
B.3 Financial derivatives on currencies and gold				
B.4 Financial derivatives on other instruments				
Total 31/12/2012	**219,118**	**240,017**	**20,000**	**479,135**
Total 31/12/2011	**193,685**	**236,637**	**45,800**	**476,122**

B. Credit derivatives

B.1 Credit derivatives: period-end and average nominal values

Categories of transactions	Regulatory trading		Banking portfolio	
	on a single subject	on several subjects	on a single subject	on several subjects
1. Hedging purchases				
a) Credit default products				
b) Credit spread products				
c) Total rate of return swap				
d) Other				
TOTAL 31/12/2012				
AVERAGE VALUES				
TOTAL 31/12/2011				
2. Hedging sales				
a) Credit default products	25,000			
b) Credit spread products				
c) Total rate of return swap				
d) Other				
TOTAL 31/12/2012	**25,000**			
AVERAGE VALUES	**25,000**			
TOTAL 31/12/2011	**25,000**			

B.2 OTC credit derivatives: positive fair value - breakdown by products

None at the reference date.

B.3 OTC credit derivatives: gross negative fair value - breakdown by products

Portfolios / Type of derivative	*Negative fair value*	
	31/12/2012	31/12/2011
A. Regulatory trading portfolio	176	1,906
a) Credit default products	176	1,906
b) Credit spread products		
c) Total rate of return swap		
d) Other		
B. Banking portfolio		
a) Credit default products		
b) Credit spread products		
c) Total rate of return swap		
d) Other		
Total	**176**	**1,906**

B.4 OTC credit derivatives: gross (positive and negative) fair values by counterparties - contracts which do not fall within offset agreements

Contracts which do not fall within offset agreements	Governments and Central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other entities
Regulatory trading							
1) Hedging purchase							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
2) Hedging sales							
- notional value			25,000				
- positive fair value							
- negative fair value			176				
- future exposure			2,500				
Banking portfolio							
1) Hedging purchase							
- notional value							
- positive fair value							
- negative fair value							
2) Hedging sales							
- notional value							
- positive fair value							
- negative fair value							

B.5 OTC credit derivatives: gross (positive and negative) fair values by counterparties - contracts which fall within offset agreements

None at the reference date.

B.6 Residual life of credit derivatives: notional values

Underlying instruments / Residual life	Up to 1 year	Between 1 and 5 years	Beyond 5 years	Total
A. Regulatory trading portfolio		25,000		25,000
A.1 Derivatives on loans with "qualified" "reference obligation"		25,000		25,000
A.2 Derivatives on loans with "non-qualified" "reference obligation"				
B. Banking portfolio				
A.1 Derivatives on loans with "qualified" "reference obligation"				
A.2 Derivatives on loans with "non-qualified" "reference obligation"				
Total 31/12/2012		**25,000**		**25,000**
Total 31/12/2011		**25,000**		**25,000**

C. Financial and credit derivatives

C.1 "Over the counter" financial and credit derivatives: net fair values and future exposure by counterparties

	Governments and Central banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other entities
1) Bilateral agreements: financial derivatives							
- positive fair value			9,101				
- negative fair value			5,607				
- future exposure			1,288				
- net counterparty risk			10,389				
2) Bilateral agreements: credit derivatives							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							
3) "Cross product" agreements							
- positive fair value							
- negative fair value							
- future exposure							
- net counterparty risk							

1.3 Banking group – Liquidity risk

Qualitative information

A General aspects, management procedures and methods of measuring liquidity risks

It is the responsibility of the Parent Company to manage the liquidity risk through the Finance Department with the aim of verifying the Group's capacity to meet liquidity requirements, while avoiding position of having excessive and/or insufficient liquidity, entailing the need to invest and/or raise funds at rates that are less favourable than normal market rates. The Group's governance model is based on the centralised management of liquidity at the Parent Company for the Italian Commercial Banks for which the Parent Company is also responsible for the funding management.

With reference to the Italian Commercial Banks, the activity of monitoring and periodical reporting on liquidity risks is the responsibility of the Risk Management Department of the Parent Company, both for structural and operational liquidity, which are carried out on a monthly basis and on a daily basis, respectively. The Treasury activity consists of procuring and allocating available funds through the interbank market, open market transactions, repo transactions and derivatives.
The relevant scope of application of daily reports on operational liquidity refers to those items with a high volatility level and a strong impact on the monetary basis. Monitoring and compliance with operating limits are carried out through the acquisition of information from collection and payment transactions, from the management of services accounts and from the trading of the financial instruments in the owned portfolios.
The counterbalancing capacity model allows reports to be integrated with all those free assets that can be promptly used both because they can be allocated for the refinancing at the ECB and because they can be converted into cash. Together with the application of the haircuts determined by the ECB for the securities that can be allocated, adequate discount factors are also prepared (which are broken down by type of security, rating, currency) for all securities that cannot be allocated but are in any case considered to be negotiable as appropriately positioned in time buckets.
An additional support to the management of liquidity risks derives from monitoring the structural liquidity with the main objective of maintaining an adequate dynamic relationship between medium/long assets and liabilities.
Operations are measured using the Asset and Liability Management (ALM) method with the ALMpro application, which processes all the transaction cash flows and allows the bank's liquidity requirements as generated by imbalance between incoming and outgoing flows to be assessed and managed during the various periods in question.
Overall structural liquidity is analysed monthly using the Gap Liquidity Analysis technique, which shows up the capital flow maturity gaps over a present period of time.
Special care is taken with the funding policy, coordinated by the Parent Company's Finance Head Office, which arranges for funds to be raised by means of normal retail bond issues and Euromarket issues.

Quantitative information

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency of denomination: **Euro**

Caption / time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 to 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	1,035,769	358,252	158,548	909,616	539,594	260,594	409,005	2,615,216	2,136,610	13,843
A.1 Government securities	856		90,000	1,260	5,449	5,495	11,044	566,574	282,000	
A.2 Other debt securities	43		5	4,168	20,374	18,609	30,573	144,550	20,970	2,099
A.3 UCITS units	21,109									
A.4 Financing	1,013,761	358,252	68,543	904,188	513,771	236,490	367,388	1,904,092	1,833,640	11,744
- Banks	80,739	1	20,024	5,012	20,043					11,744
- Customers	933,022	358,251	48,519	899,176	493,728	236,490	367,388	1,904,092	1,833,640	
Cash liabilities	3,414,815	198,759	547,840	476,871	509,362	395,477	424,259	1,680,591	4,797	
B.1 Deposits and current accounts	3,392,665	63,723	534,987	360,901	261,153	145,242	57,285	3		
- Banks	19,491									
- Customers	3,373,174	63,723	534,987	360,901	261,153	145,242	57,285	3		
B.2 Debt securities	2,585	9,715	11,848	114,364	244,387	246,790	363,858	1,272,662	4,797	
B.3 Other liabilities	19,565	125,321	1,005	1,606	3,822	3,445	3,116	407,926		
"Off -balance sheet" transactions	57,991	128,719	1,123	81,309	12,074	84,709	6,169	21,388	56,891	7,910
C.1 Financial derivatives with capital exchange		128,719	1,123	80,845	10,571	83,633	90	542	35,000	
- Long positions		43,647	577	40,412	5,287	82,820	59	330		
- Short positions		85,072	546	40,433	5,284	813	31	212	35,000	
C.2 Financial derivatives without capital exchange				464	1,525	871	4,415			
- Long positions				464	1,411	840	3,520			
- Short positions					114	31	895			
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance	58,555					260	1,900	31,156	25,240	7,910
- Long positions						260	1,900	31,156	25,240	3,955
- Short positions	58,555									3,955
C.5 Financial guarantees granted	(740)				(22)	(55)	(236)	(10,310)	(3,349)	
C.6 Financial guarantees received										
C.7 Credit derivatives with capital exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without capital exchange	176									
- Long positions										
- Short positions	176									

Currency of denomination: **US Dollar**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*10,785*	*24,269*	*2,580*	*33,512*	*5,333*	*250*				
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Financing	*10,785*	*24,269*	*2,580*	*33,512*	*5,333*	*250*				
- Banks	10,678	24,259	-	22,533	41					
- Customers	107	10	2,580	10,979	5,292	250				
Cash liabilities	*60,686*			*14,648*	*281*					
B.1 Deposits and current accounts	*60,686*			*14,648*	*281*					
- Banks	-			11,393	-					
- Customers	60,686			3,255	281					
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions	*9*	*3,355*	*1,106*	*49,021*	*9,014*	*1,200*				
C.1 Financial derivatives with underlying asset exchange		*3,311*	*1,106*	*49,021*	*9,014*	*1,200*				
- Long positions		1,602	538	24,526	4,507	600				
- Short positions		1,709	568	24,495	4,507	600				
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- long positions										
- short positions										
C.4 Irrevocable commitments to grant finance		*88*								
- long positions		44								
- short positions		44								
C.5 Financial guarantees granted	9									
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

Currency of denomination: **UK Pound Sterling**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*3,276*		*61*	*1,783*	*18*					
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Financing	*3,276*		*61*	*1,783*	*18*					
- Banks	2,757			1,720	-					
- Customers	519		61	63	18					
Cash liabilities	*3,349*			*1,706*						
B.1 Deposits and current accounts	*3,349*			*1,706*						
- Banks	-			-						
- Customers	3,349			1,706						
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions		*404*		*12,376*						
C.1 Financial derivatives with underlying asset exchange		*404*		*12,376*						
- Long positions		173		6,188						
- Short positions		231		6,188						
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance										
- Long positions										
- Short positions										
C.5 Financial guarantees granted										
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

Currency of denomination: **Swiss Franc**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*19,068*	*2,651*	*894*	*963*	*610*		*1,259*			
A.1 Government securities										
A.2 Other debt securities							1,259			
A.3 UCITS units										
A.4 Financing	*19,068*	*2,651*	*894*	*963*	*610*					
- Banks	17,672	2,651								
- Customers	1,396		894	963	610					
Cash liabilities	*8,744*		*2,320*							
B.1 Deposits and current accounts	*8,744*		*2,320*							
- Banks	-		2,320							
- Customers	8,744									
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions		*180*								
C.1 Financial derivatives with underlying asset exchange		*180*								
- Long positions		19								
- Short positions		161								
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance										
- long positions										
- short positions										
C.5 Financial guarantees granted										
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

Currency of denomination: **Australian Dollar**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*364*									
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Financing	*364*									
- Banks	364									
- Customers										
Cash liabilities	*362*									
B.1 Deposits and current accounts	*362*									
- Banks	-									
- Customers	362									
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions		*213*		*3,300*						
C.1 Financial derivatives with underlying asset exchange		*213*		*3,300*						
- Long positions		106		1,650						
- Short positions		107		1,650						
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance										
- Long positions										
- Short positions										
C.5 Financial guarantees granted										
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

Currency of denomination: **Japanese Yen**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*165*		*2,869*	*1,742*	*118*					
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Financing	*165*		*2,869*	*1,742*	*118*					
- Banks	165									
- Customers			2,869	1,742	118					
Cash liabilities	*37*		*4,844*							
B.1 Deposits and current accounts	*37*		*4,844*							
- Banks			4,844							
- Customers	37									
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions		*329*		*13,582*		*352*				
C.1 Financial derivatives with underlying asset exchange		*329*		*13,582*		*352*				
- Long positions		161		6,791		176				
- Short positions		168		6,791		176				
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance										
- long positions										
- short positions										
C.5 Financial guarantees granted										
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

Currency of denomination: **Other currencies**

Caption / Time interval	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Beyond 5 years	Unspecified maturity
Cash assets	*4,729*		*97*							
A.1 Government securities										
A.2 Other debt securities										
A.3 UCITS units										
A.4 Financing	*4,729*		*97*							
- Banks	4,729									
- Customers	-		97							
Cash liabilities	*2,850*			*3*						
B.1 Deposits and current accounts	*2,850*			*3*						
- Banks	-			3						
- Customers	2,850									
B.2 Debt securities										
B.3 Other liabilities										
"Off -balance" sheet transactions		*3,878*		*2,424*	*1,422*					
C.1 Financial derivatives with underlying asset exchange		*3,878*		*2,424*	*1,422*					
- Long positions		992		1,212	711					
- Short positions		2,886		1,212	711					
C.2 Financial derivatives without underlying asset exchange										
- Long positions										
- Short positions										
C.3 Deposits and financing to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant finance										
- Long positions										
- Short positions										
C.5 Financial guarantees granted										
C.6 Financial guarantees received										
C.7 Credit derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.8 Credit derivatives without underlying asset exchange										
- Long positions										
- Short positions										

1.4 Banking Group – Operating risks

Qualitative information

A. General aspects, management procedures and methods of measuring operating risk

By Operating risk is meant the risk of suffering losses deriving from the inadequacies or malfunctioning of procedures, human resources and internal systems or by exogenous events. Losses deriving from fraud, human error, interruption of operations, system unavailability, breach of contract and natural catastrophes all come within this category. Operating risk includes legal risk but does not include those relating to strategy or reputation.

The Banco Desio Group uses the definition of operating risk given by the Parent Company within the relevant methodological framework that approves the definition given by the Bank of Italy in its circular no. 263 of 27 December 2006.

The Banco Desio e della Brianza Group has long implemented a structured process for the gathering, on Bank subsidiaries, of adverse events that might generate operating losses. This process was extended during 2012 also to the other companies of the Group. The results are sent to DIPO to which Banco Desio adheres as Group since 2007.

A reporting system was implemented for providing top management with all the information (overall and detailed) available regarding such events at set intervals: the number of events, the amounts of gross losses and of losses net of any recovery by business line concerned.

During the second half of 2012, a specific project work was started aimed at the adjustment of the methods for identifying, assessing, monitoring and managing operating risks at the Group level. This project will end during the first half of 2013.

In relation to the management of risks having an impact on the Group's operational continuity, consistent with its governance model and in line with banking group supervision regulations, it was decided to adopt a business continuity management plan centralised in the Parent Company, also considering that, on the basis of specific framework agreements, the Parent Company provides the subsidiary Banco Desio Lazio with outsourced services for operations, assistance and consultancy.

The Banco Desio e della Brianza Group, as part of its operations, was involved in legal proceedings in the presence of which, if deemed appropriate by the competent company departments, specific loss forecasts are considered. The tables summarising ongoing disputes with related provisions and the evidence of the main disputes are shown.

(amounts in Euro units)

CLAW-BACK ACTIONS

Number	15
Relief sought	6,458,452
Provisions	2,387,951

OTHER ACTIONS

Number	114
Relief sought	73,346,229
Provisions	4,763,635

IMPORTANT LAWSUITS (RELIEF SOUGHT HIGHER THAN EURO 1,000,000)

- Plaintiff FAIRFIELD: relief sought Euro 2,692,000. The legal proceedings started by the Fairfield Sentry Limited Fund before the United States Bankruptcy Court Southern District of New York towards Banco di Desio e della Brianza S.p.A. in its capacity as custodian bank of a mutual fund managed by the Italian asset management company. The legal action is aimed at the recovery of payments made between 2005 and 2008 totalling US$ 3,853,221.77 from the Fairfield Fund (going into liquidation following the well-known events that involved Bernard L. Madoff) in favour of the Bank (as custodian bank) on behalf of the said mutual fund. The Bank acted as a merely interposed subject in the relation between Fairfield Funds and the said fund.

- Dispute with a counterparty: relief sought € 1,103,000. This is a revocatory action whose subject matter is the revocation of the payment of the consideration for the purchase of an asset owned by the Bank leased to the counterparty (transfers in a/c were also withdrawn). The receiver argues that the payments were made with anomalous means of payment. As things stand, the case is dealt with before the Court of first instance. Moreover, there are elements that suggest a fully favourable outcome for the Bank.

- Dispute with a counterparty: relief sought € 1,150,000. We have a mortgage loan contract and an a/c. An injunction was issued by which the counterparty was enjoined to pay the a/c debit balance; injunction opposed at the same time with counterclaim for a total amount of € 1,150,000.00. During the legal proceedings, the court-appointed expert reported the proper operation of the Bank in the management of the payments of the loan instalments. The judgement of the first instance, in favour of the Bank, is appealed. The judges convened in the Court of Appeal decided to reject appeal made by the counterparty and to fully accept the defensive reasons of the Bank. However, the bank appears before the court (next hearing October 2014). The attachment of land on the assets subject matter of the mortgage loan is in progress (an asset on which a mortgage was recorded by order of the court as a guarantee for the expenses paid in the judgment of first instance)

- Dispute with a counterparty: relief sought € 1,000,000. The bankruptcy formulated the request for revocatory action to a third-party factoring company to which Desio Brianza Factoring had transferred with recourse the factoring contract with the counterparty. The Bank intervened voluntarily in the judgement in support of the factoring company. The Court of first instance rejected the bankruptcy petitions, upholding the arguments of the Bank, making sure that the factoring contract could be opposed to the bankruptcy. The appeal launched only against the company ended again with its victory. Finally, an appeal was lodged before the Court of Cassation. The provision previously set aside was restored. The judgment is pending before the Supreme Court with no. 13137/06 R.G . – pending the fixing of the hearing.

- Plaintiff Formenti Seleco S.p.A. under extraordinary administration: relief sought € 2,000,000. By means of a petition, Formenti Seleco summoned Banco Desio before the court in order to obtain the declaration of ineffectualness with regard to the creditors of the remittances carried out on the current account of the company in the year before the issue of the insolvency order. The Court of first instance upheld partially the bankruptcy petitions, by ordering to return the lesser sum than the relief sought. Formenti Seleco S.p.A. launched an appeal. In fact, the judgement limited the suspect period for the knowledge of the state of insolvency only to the 4 previous months instead of all the year before the filing of the insolvency order of Formenti Seleco. With entry of appearance duly lodged, the Bank requested the dismissal of action and, as a reversal of the judgement, rejected any adverse claim. The case was remanded to 6 November 2014 on which a final judgement will be passed.

- Plaintiff Formenti Seleco S.p.A. under extraordinary administration: relief sought € 45,608,320. By means of a petition, Formenti Seleco under extraordinary administration brought legal proceedings against Banco di Desio and other 18 credit institutions, with which it had current account relations in order to hear them being ordered, jointly and severally, to pay the amount of Euro 45,608,320.00 for damages for abusive lending and, in the alternative, individually and exclusively, for damages attributable to each defendant. The Bank appeared before the court. With judgement of 2011, the Court declared the lack of capacity of the plaintiff, covering the proceeding costs. By means of a petition, Formenti Seleco S.p.a. launched an appeal against the aforesaid judgement, re-proposing substantially the same arguments carried out in the judgement of first instance. Duly appearing before the court, the case was remanded to 2 October 2014 on which a final judgement will be passed.

- Dispute with a counterparty: relief sought Euro 10,000,000. Banco Desio Lazio S.p.a obtained, on the basis of a current account overdraft, an order of payment. The company made an appeal against this order by requesting, in addition to the cancellation of the order, the payment by Banco Desio Lazio S.p.a of Euro 10 million for damages suffered by it both by way of capital reduction and by way of damage to the business image. The claim for damages is justified by the counterparty as a consequence of an unlawful withdrawal of credit lines and subsequent reporting to the Central Credit Register by Banco Desio Lazio S.p.a Following the appeal, the company was declared bankrupt but the receiver criticised the judgement, in the name of the procedure. The court-appointed expert's report confirmed the correctness of the recalculation of the credit and reported that the contractual terms and conditions applied were regular and correct and that the threshold rates were not exceeded. In January 2013, the texts of the Bank were examined; the case has been adjourned to July 2013 in order to examine the texts of the counterparty.

*** * ***

Finally, note the criminal proceedings already described in paragraph 3.2 of the Report on Operations (no. 22698/08 gen. crim. reg. – Public Prosecutor's Office of the Court of Rome) to the charge, among others, of former members of CPC and Banco Desio Lazio, under which these companies are held responsible for the administrative offence provided by Italian Legislative Decree 231/2001 with regard to offences charged to these former members for facts dating back to 2009. In connection with sanction risks, specific provisions of Euro 826,100 for Banco Desio Lazio and Euro 1,626,400 for CPC were set aside at the end of the 2011 reporting period, corresponding to the arithmetic mean between the minimum and maximum penalty envisaged by Italian Legislative Decree 231/2001 for the charged offences. The preliminary hearing is expected to take place on 19 April 2013.

TAX DISPUTE

With reference to the dispute with the Tax Authorities, the following is pointed out.

With reference to the notices of assessment related to the 2006 financial year, which were disclosed in the notes to the 2011 financial statements, since no tax assessment settlement proposal was formalised by the Tax Authorities, the Bank appealed to the relevant Provincial Tax Commission. The hearing, initially fixed on 4 March 2013, was adjourned to 30 September 2013.

On 19 December 2012 the Regional Tax Office of Lombardy provided the Bank with notice of a tax assessment relating to the 2007 financial year and concerning the IRES, IRAP and VAT taxes.

The findings regarding the IRES and IRAP taxes result from the investigation started in October 2012 by the Inland Revenue concerning the treatment of write-downs and write-backs on loans subject matter of analytical assessments. The irregularity found concerns write-backs on loans “due to valuation" requalified as write-backs on loans “due to collection”.

The irregularity found for VAT purposes refers, as for the 2006 tax year, to the failure to subject to VAT the fees received for the activity carried out by the custodian bank of mutual investment funds. These fees, charged to the management company with the application of a VAT exemption, ought to have been subject to VAT of 20% in the opinion of the Tax Authority.

As a result of the adjustments, the office imposed the penalties detailed below on the Bank:

	Higher tax	interests	penalties	Total
Ires	30	5	30	65
Irap	5	1		6
Vat	1,245	196	4,935	6,376
Total	1,280	202	4,965	6,447

With reference to the notice of assessment for IRES purposes, the Bank complied with the settlement proposal and paid the tax, interests and penalty reduced to one-sixth.

Whereas the notice of assessment for IRAP and VAT purposes was immediately challenged by appealing to the Provincial Tax Commission of Milan, by requesting also the collection of additional taxes assessed.

* * *

In connection with the aforesaid assessments issued for IRES and IRAP purposes for the 2006 and 2007 tax periods, an additional provision was made to the provision for risks and charges as at 31 December 2011 (Euro 400 thousand) of Euro 62 thousand to cover the additional taxes, interests and penalties due. In particular, the following elements were set aside:

- Euro 42 thousand with reference to the 2006 notice of assessment, due to the updating of interests accrued during 2012 and the additional penalties due to a settlement before the court with the Inland Revenue;
- Euro 20 thousand with reference to the IRES 2007 notice of assessment, for additional taxes, interests and penalties due for the settlement pursuant to Article 15, Italian legislative decree no. 218/1997 of the assessment.

No provision was deemed necessary, either by way of tax or by way of penalties and interests, with reference to the assessments for VAT purposes, taking into account: (i) the amendment to Article 60, paragraph 7, of Italian Presidential Decree no. 633/1972, which recognises in favour of the taxpayer the exercise of the right of recourse on the additional tax paid as a result of the assessment; (ii) the recent judgement of the Provincial Tax Commission of Milan made in a similar case in which the penalties ceased to apply due to a clear uncertainty of the matter.

Tax audits in progress

It should be noted that the tax audit of the Italian Tax Police, which is disclosed in the notes to the 2011 financial statements, is still in progress and that it was extended also for VAT purposes for the years from 2006 to 2010.

Quantitative information

The number of adverse events reported by the Group in 2012 totalled 677 events. The result of the process for the gathering of adverse events is summarised in the table below (monetary values are reported in thousands of Euros):

Type of event	No. of Events	Event %	Gross loss	% on total	Net loss	% on total	Recoveries	recovery %
INTERNAL FRAUD Losses generated by fraud, misappropriation, violation of laws, rules and regulations or corporate directives (except for discrimination events) involving at least one internal member of the bank	3	0.44%	84	2.58%	83.87	2.63%	-	0.00%
EXTERNAL FRAUD Losses generated by fraud, misappropriation, violation of laws, rules and regulations or corporate directives (except for discrimination events) carried out by third parties	97	14.33%	610	18.79%	557.71	17.51%	52.49	8.60%
EMPLOYMENT CONTRACT AND WORKPLACE SAFETY Losses generated by breaches of the employment laws and contracts, health and workplace safety laws, and by any indemnities for accidents or discrimination.	1	0.15%	120	3.69%	120.00	3.77%		0.00%
RELATIONAL ACTIVITIES RELATED TO CLIENTS, PRODUCTS AND CHANNELS Losses generated by the inability (unintentional or due to negligence) to fulfil the professional commitments assumed vis-à-vis the customers (including the fiduciary requirements and the requirements for an adequate information on investments).	51	7.53%	671	20.66%	670.99	21.06%	-	0.00%
DAMAGES TO ASSETS This category includes natural events or those events that might be connected to any action carried out by external persons that causes damages to the tangible assets of the bank.	22	3.25%	67	2.06%	57.59	1.81%	9.44	14.09%
BUSINESS INTERRUPTION AND SYSTEMS MALFUNCTIONS Losses generated by any block of the information systems or of line connections.	11	1.62%	13	0.41%	13.24	0.42%	-	0.00%
EXECUTION OF DIRECTIONS, SUPPLY OF PRODUCT AND MANAGEMENT OF THE PROCESSES	492	72.67%	1,682	51.80%	1,682.23	52.81%	0.23	0.01%
TOTAL	**677**	**100.00%**	**3,248**	**100.00%**	**3,186**	**100.00%**	**62**	**1.91%**

The value of the gross operating loss is equal to Euro 3.248 million, in relation to which prudential provisions were set aside, during the year, for Euro 2.011 million. The gross losses expensed were recovered for Euro 62 thousand, with a net loss of Euro 3.186 million.

Part F – INFORMATION ON CONSOLIDATED EQUITY

SECTION 1 - CONSOLIDATED SHAREHOLDERS' EQUITY

A Qualitative information

The Banco Desio Group has always paid most attention to shareholders' equity, aware both of its function in guaranteeing the trust of outside financers that can be called upon to absorb any loss and of its importance both purely for operations and for corporate growth.
In fact a substantial level of capitalisation enables corporate growth to be conducted with the necessary margins of autonomy, preserving the Group's stability.
The concept of accounting capital used by the Group is given by the algebraic sum of the following liability items in the Balance Sheet: Share capital, Valuation reserves, Reserves, Share premiums and Profit for the Period.
The policy of the Banco Desio Parent Company is, therefore, to give a substantial degree of priority to shareholders' equity in order to make the best possible use of it in business growth.

B Quantitative information

B.1 Consolidated equity: breakdown by type of business

Shareholders' equity items	Banking Group	Insurance companies	Other companies	Eliminations and adjustments from consolidation	**Total**	of which "attributable to minority interests"
Shareholders' equity	67,805	4,138			**71,943**	4,238
Share premium reserve	16,145	210			**16,355**	210
Reserves	687,646	1,586		1,334	**690,566**	1,613
- retained earnings						
a) legal	79,352	1,586			80,938	1,596
b) statutory	460,801				460,801	17
c) treasury shares						
c) other	147,493			1,334	148,827	
- other						
Equity instruments						
(Treasury shares)						
Revaluation reserves	28,369	98		(196)	**28,271**	98
- Available-for-sale financial assets	1,934	97		(195)	**1,836**	97
- tangible assets						
- intangible assets						
- foreign investment hedge						
- cash flow hedges						
- exchange rate differences	4,703				**4,703**	
- non-current assets held for sale and discontinued operations						
- actuarial profits (losses) relating to defined benefit plans	(1,164)	1		(1)	**(1,164)**	1
- shares of valuation reserves relating to investee companies carried at equity						
- special revaluation laws	22,896				**22,896**	
7. Profit/(loss) for the period attributable to the group and to minority interests	20,289	767			**21,056**	855
Total	**820,254**	**6,799**	**-**	**1,138**	**828,191**	**7,014**

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

Assets / Amounts	Banking group		Insurance companies		Other companies		Eliminations and adjustments from consolidation		31.12.2012	
	Positive reserves	Negative reserves	Positive reserves	Negative reserves	Positive reserves	Negative reserves	Positive reserves	Negative reserves	Positive reserves	Negative reserves
1. Debt securities	7,340	(6,438)	97						**7,437**	**(6,438)**
2. Equity securities	158								**158**	
3. UCITS units	749	(70)							**749**	**(70)**
4. Financing										
Total	**8,247**	**(6,508)**	**97**						**8,344**	**(6,508)**
Total 31/12/2011	**1,527**	**(37,096)**		**(2,701)**					**1,527**	**(39,797)**

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

	Debt securities	Equity securities	UCITS units	Financing
1. Opening balance	**(38,483)**	**(10)**	**223**	
2. Increases	**38,592**	**168**	**1,088**	
2.1 Fair value increases	8,610		745	
2.2 Reversal of negative reserves to the income statement	10,281	168	28	
- from deterioration		168		
- from disposal	10,281		28	
2.3 Other increases	19,701		315	
3. Decreases	**(890)**		**632**	
3.1 Fair value decreases	141		5	
3.2 Adjustments from deterioration				
3.3 Reversal of positive reserves to the income statement: on disposal	769		626	
3.4 Other decreases	(1,800)		1	
4. Closing balance	**999**	**158**	**679**	

SECTION 2 - BANKING REGULATORY CAPITAL AND RATIOS

2.1 Scope of application of the regulations

According to the prudential regulations (Bank of Italy's Circular Letters no. 263 and no. 155), the scope of consolidation includes the companies that present the following characteristics:

- banking, financial and functional companies directly or indirectly owned by the Parent Company and to which the method of consolidation on a line-by-line basis is applied;
- businesses, other than banking, financial and functional companies, directly or indirectly owned by the Parent Company on an exclusive or joint basis or subject to significant influence; such companies are consolidated on an equity basis.

Banking and financial companies valued at equity and qualified companies, which are directly or indirectly owned by the Parent Company to an extent exceeding 10%, are deducted from the regulatory capital for 50% from Tier 1 capital and for the remaining 50% from the Tier 2 capital; the difference as at the date of first-time application of equity between the book value of the equity investment and the correspondent portion of equity of the company is entered as a total reduction in Tier 1 capital. The book value of the companies other than banking and financial companies and of the banking companies owned to an extent equal to or less than 10% is included in risk-weighted assets.
The prudential scope of consolidation differs from the scope of consolidation of the annual accounts reported according to the international accounting standards (IAS/IFRS); in the second case, in fact, the subsidiary

companies or the companies subject to joint control are consolidated on a line-by-line or proportional basis, even if they are other than banking, financial and functional companies.

Within the Banking Group, there are no restrictions or impediments to the transfer of financial resources between companies in the banking group.

2.2 Banking regulatory capital

A. Qualitative information

The Banco Desio Group pays great attention to the notion of equity used for supervision purposes. The determination of the regulatory capital is certainly important owing to the importance of this aggregate in connection with the controls that the competent authorities carry out in order to ascertain the stability of banking Groups. The relevant regulations, in fact, state that "....the most important control tools are based on this, such as the solvency ratio, the requirements to meet market risks, the rules regarding risk concentration and maturity transformation; transactions in various sectors also depend on equity size".
As at 31 December 2012, the consolidated regulatory capital of the Banco Desio Group is made up as follows:

Description	31.12.2012	31.12.2011
Tier 1 capital	748,582	663,679
Tier 2 capital	79,079	75,582
Deductions		10,344
Regulatory capital	827,661	728,917

1. Tier 1 capital

Share capital, share premiums, reserves, undistributable earnings for the period and innovative equity instruments are the most significant elements of the capital. From these positive elements, any negative element is deducted, mainly represented by intangible assets, the residual portion of goodwill and any deduction resulting from the application of prudential filters.
Tier 1 capital accounts for about 90% of the Regulatory Capital.

2. Tier 2 capital

Valuation reserves, innovative equity instruments not included in the Tier 1 capital, hybrid equity instruments, subordinated liabilities and net gains on equity investments, represent the key positive elements of Tier 2 capital. To these positive elements, the deductions provided for by the prudential filters are applied.
Tier 2 capital accounts for about 10% of the Regulatory Capital.

3. Tier 3 capital

This is made up of the portion of Tier 2 subordinated liabilities that cannot be calculated in Tier 2 because they exceed 50% of the core capital before deductions and by Tier 3 subordinated liabilities. This total can be used only to cover the capital requirements for the market risks up to a maximum amount of 71.4% of the same.

B. Quantitative information

	31.12.2012	31.12.2011
A. Tier 1 capital before the application of prudential filters	**758,643**	**724,414**
B. Prudential filters of the Tier 1 capital:	- 2,871	- 41,274
B1- positive Ias/Ifrs prudential filters (+)	-	-
B2- negative Ias/Ifrs prudential filters (-)	2,871	41,274
C. Tier 1 capital gross of deductions (A+B)	755,772	683,140
D. Deductions from the Tier 1 capital	7,190	19,461
E. Total Tier 1 capital (TIER 1) (C-D)	**748,582**	**663,679**
F. Tier 2 capital before the application of prudential filters	**87,139**	**95,149**
G. Prudential filters for Tier 2 capital:	- 870	- 106
G1- positive IAS/IFRS prudential filters (+)	-	-
G2- negative IAS/IFRS prudential filters(-)	870	106
H. Tier 2 capital gross of deductions (F+G)	**86,269**	**95,043**
I. Deductions from the Tier 2 capital	7,190	19,461
L. Total Tier 2 capital (TIER 2) (H-J)	**79,079**	**75,582**
M. Deductions from Tier 1 and Tier 2 capital	-	10,344
N. Regulatory capital (E+ L - M)	**827,661**	**728,917**
O. Tier 3 capital	**-**	**-**
P. Regulatory Capital including TIER 3 (N + O)	**827,661**	**728,917**

2.3 Capital adequacy

A. Qualitative information

The above equity structure allows the following ratios to be applied:

- Tier 1 capital / risk-weighted assets [1] 12.11%
- Regulatory capital / risk-weighted assets [1] 13.39%

The Board of Directors of the Parent Company periodically reviews and approves the aggregates comprising the regulatory capital, in order to verify both their consistency with the risk profile assumed as well as their compliance with the development plans of the bank.

B. Quantitative information

Consolidated prudential ratios

Category/Value	Unweighted amounts		Weighted amounts/requirements	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**8,673,677**	**8,455,586**	**5,535,372**	**5,522,095**
1. STANDARD METHODOLOGY	8,673,125	8,454,865	5,534,820	5,521,734
2. METHODOLOGY BASED ON INTERNAL RATINGS				
2.1 Base				
2.2 Advanced				
3. SECURITISATIONS	552	721	552	361
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISKS			**442,830**	**441,768**
B.2 MARKET RISK			**1,872**	**4,436**
1. STANDARD METHODOLOGY			1,872	4,436
2. INTERNAL MODELS				
3. CONCENTRATION RISK				
B.3 OPERATIONAL RISK			**49,841**	**49,213**
1. BASE METHODOLOGY			49,841	49,213
2. STANDARD METHODOLOGY				
3. ADVANCED METHODOLOGY				
B.4 OTHER REQUIREMENTS			0	0
B.5 TOTAL PRUDENTIAL REQUIREMENTS			**494,543**	**495,417**
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			**6,181,785**	**6,192,708**
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			12.11%	10.72%
C.3 Regulatory capital including TIER 3 / Risk-weighted assets (Total capital ratio)			13.39%	11.77%

(1) Risk-weighted assets are determined as the product of the total prudential requirements and the reciprocal of the obligatory minimum coefficient for credit risks.

SECTION 3 - CONSOLIDATED REGULATORY CAPITAL AND RATIOS

The Group's consolidated financial statements report insurance assets/liabilities arising from the consolidation, on a line-by-line basis, of Chiara Assicurazioni S.p.A., the only Group company subject to insurance supervision (IVASS).

The main capital amounts for Chiara Assicurazioni S.p.A. as at 31 December 2012 are shown below:

- Available solvency margin (ASM) Euro 12,152 thousand;
- Required Solvency Margin (RSM) Euro 8,387 thousand;
- Solvency ratio, defined as the ratio between the ASM and the RSM, 1.45.

Part H - TRANSACTIONS WITH RELATED PARTIES

Information on remuneration paid to directors and managers

For information on fees due to Directors and Executives with strategic responsibilities, please refer to the "Report on Group Remuneration Policies", drafted in accordance with art. 123-ter of the Consolidated Law on Finance, and the next chapter "Information on incentive plans with share-based payments within the Group" in these notes, with reference to stock grant plans and stock option plans in place within the Group. For information about the stock option plans reference is also made to Part I of these notes.

Information on transactions with related parties

The Internal Procedure for the management of transactions with related parties and parties included in the scope of application of Article 136 of the Consolidated Banking Act, adopted pursuant to Consob Regulation no. 17221/2010 and supplemented in compliance with the Prudential Supervisory Provisions on risk assets and conflicts of interest towards parties related to the Bank or to the Banking Group pursuant to Article 53 of the Consolidated Banking Act, is described in the Annual Report on Corporate Governance The procedure itself is published, in compliance with the abovementioned Regulation, on the website www.bancodesio.it – section "Banco Desio / Corporate Governance / Transactions with Related Parties".

Considering that, pursuant to article 5 of the Regulation itself and article 154-ter of the Consolidated Act on Finance referred to by the same, periodical information is to be provided regarding:
a) the individual "most significant" transactions entered into in the reporting period, these being the transactions that exceed, also on a cumulative basis, the thresholds envisaged in Annex 3 to the abovementioned Regulation[1];
b) any other individual transaction with related parties, as defined pursuant to article 2427, paragraph 2, of the Italian Civil Code, entered in the relevant period, which have significantly affected the Group's financial position or results;
c) any change in or development of transactions with related parties described in the last annual report, which have had a significant effect on the Group's financial position or results in the reporting period;
it is noted that on 8 June 2012, the CPC company was placed in voluntary liquidation and that in order to allow the continuation of the voluntary liquidation proceedings in compliance with the equity requirements set forth by Swiss regulatory legislation, the recapitalisation, amounting to around Euro 42 million, of CPC - whose controlling interest on 14 September 2012 was reallocated from Brianfid-Lux S.A. to the Bank - was approved by the Board of Directors after a binding favourable opinion expressed by the Committee for Transactions with Related Parties.
It is also noted that on 14 December 2012, the aforesaid Brianfid was placed in voluntary liquidation and that, on the same date, the transfer to the Bank of the entire equity investment held by Brianfid in Rovere Société de Gestion was completed.
For further details, reference is made to Paragraph 3.2 "Major corporate events" of the Report on Operations.

Relations with external related parties are generally settled at market conditions and, where the market is not a satisfactory reference (as in the instance of the Agreements for Outsourcing services provided to subsidiaries by the Parent Company), at advantageous and correct conditions, that are valued in compliance with the Procedures above, in any case taking account of the company's interest in performing the transactions.
In this context, as of 31 December 2012, no transaction presents particular risks other than those that are assessed in the context of ordinary banking activities, and no transaction is either atypical or unusual.
The following paragraphs summarise the existing relations by categories of counterparties (Parent Company, Associates, Representatives and subjects referable thereto), specifically showing the balances of the current accounts and security accounts at the end of the financial year and, finally, any supplier relation or of a different type.

In this context, also note – according to a single management approach of potential conflicts of interest – those transactions that are carried out pursuant to article 136 of the Consolidated Banking Law and that, in any case, <u>do not</u> fall within the scope of transactions with related parties pursuant to Consob Regulation no. 17221/2010 (or, in short, of article 2391-bis of the Italian Civil Code by virtue of which this Regulation has been issued) and/or of the said Prudential Supervisory Provisions on risk assets and conflicts of interest towards parties related to the Bank or to the Banking Group pursuant to Article 53 of the Consolidated Banking Act (mainly with reference to the following subjects: Representatives of companies owned by Banco Desio; their close relatives; companies with

[1] As regards the significance index of the countervalue of the transactions with related parties, the Internal Procedure refers to a significance threshold equal to Euro 37.5 million (corresponding to 5% of the consolidated regulatory capital recognised at the date of adoption of the Procedure itself)

which the representatives of the Group hold offices of director/statutory auditor in the absence of relationships of control/association).

I - Parent Company

At the end of the year, the amounts due (to customers) to the Parent Company Brianza Unione di Luigi Gavazzi & C. SApA by Banco Desio totalled Euro 129.1 million, of which Euro 127.2 million related to security portfolios. The company has no debt exposure.

During the year, there were no other transactions with this company (the company also falls within the scope of Article 136 of the Consolidated Banking Act (T.U.B.) by virtue of the positions held in it by some Representatives, as per paragraph III below)

II – Associated companies

At the end of the year, there was one associated company, Istifid S.p.A., in which an interest of 28.961% was retained (which may increase up to a maximum of 31% due to the exercise of the pre-emption right on a transfer operation started by another shareholder) by virtue of which Banco Desio stands currently as a relative majority shareholder.

The contractual relations maintained by Banco Desio with Istifid SpA consist essentially in the supply of company services (shareholders registers, assistance at meetings, consultancy regarding corporate compliance etc.) which are charged at the usual costs for such services.
As regards the banking services provided by Banco Desio to Istifid SpA, at the end of the year, the balance of payables (to customers) was about Euro 142.1 million, about Euro 83.1 million of which from the securities portfolio; the company has no exposure to debt.
It is clarified that these amounts payable and receivable also refer to relations maintained by Istifid SpA as part of fiduciary mandates granted by third parties

For completeness, it is noted that on 21 December 2012, Banco Desio signed the final contract for the sale to Helvetia of the remaining 30% equity investment held in Chiara Vita.

The amount of assets/liabilities, as well as revenues/charges, resulting from relations of Banco Desio with the aforesaid companies is shown in paragraph 9.4 of the individual company Report on Operations under the item "companies subject to significant influence".

III - Transactions with Representatives and subjects referable thereto

As regards the transactions subject to credit limits approved in 2012 pursuant to Article 136 of the Consolidated Law on Banking (T.U.B.), it is to be noted that most of these were ordinary transactions whereby credit was paid out to Representatives of the Group and/or companies referable thereto, with regard to which the Representatives (by such is meant the directors, auditors and managers with strategic responsibilities in the Bank and in the companies with a control relationship) stated that they had interests of various kinds by virtue of stakes held of a controlling/associate nature, appointments and/or other relationships of a financial or personal nature with these companies. These relations did not affect the application of the normal criteria for appraising creditworthiness. The total amount of the facilities granted by the Group's Banks in the 35 positions existing as at 31 December 2012 is equal to about Euro 31.7 million. The relating uses totalled about Euro 21.1 million in amounts due from customers.
The figures above do not include approved transactions with the associate company mentioned in point II above (officially resolved pursuant to Article 136 of the Consolidated Banking Act, due to the positions held in such companies by some Representatives of the Bank).
It should be noted that the position of those working as Representatives of only the Banco Desio's subsidiaries are confined to their respective companies, thus excluding their classification as Managers with strategic responsibilities within the Group pursuant to IAS 24 and/or Consob Regulation no. 17221/2010.

As regards deposit relations held by the Banks of the Group directly with the Representatives, as well as with parties connected to these, it is also worth noting that the balances as at 31 December 2012 amount to about Euro 91.9 million in amounts due to customers (inclusive of about Euro 76 million, in securities accounts).

The table below reports the breakdown of the aforesaid credit line and borrowing relationships as described in this paragraph:

(balances at 31 December 2012 - €/mil.)	Subjects "art. 136 of Consolidated Banking Act" that fall within the scope of related parties "article 2391-bis of the Italian Civil Code" and/or of the related parties art. 53 Consolidated Banking Act (e.g.: Representatives of "Banco Desio" or of "Brianza Unione"; their close relatives; related companies in a control/association relationship) (A)	Subjects "art. 136 of Consolidated Banking Act" that do not fall within the scope of related parties "article 2391-bis of the Italian Civil Code" and/or of the related parties art. 53 Consolidated Banking Act (e.g.: Representatives of subsidiaries of "Banco Desio"; their close relatives; companies in which the Representatives of the Group hold offices of director/statutory auditor where there is no relationship of control/association) (B)	TOTAL (A+B)
Credit line transactions:			
Amount granted	5.9	25.7	31.7
Amount used	4.9	16.2	21.1
Borrowing transactions:			
Current account and savings deposit amount (a)	7.9	8	15.9
Amount of securities accounts (b)	66.9	9.1	76.0
Total (a+b)	74.8	17.1	91.9

* * *

In compliance with Consob Resolution no. 15519 of 27 July 2006, it is noted that the total percentage value of the above balances in terms of equity, financial and economic situation remains substantially negligible.

PART I – PAYMENT AGREEMENTS BASED ON THE GROUP'S EQUITY INSTRUMENTS

Stock Grant Plan for shares of the Parent Company

With reference to the Stock Grant Plan for the 2011-2012-2013 three-year period, concerning the allocation, free of charge, of ordinary shares of the company in favour of the Management of the Banco Desio Group, approved by the Ordinary Shareholders' Meeting of 29 November 2011, reference is made to the "Report on Group remunerate on policies" drawn up pursuant to Article 123-ter of the T.U.F. [*Testo Unico della Finanza*, Consolidated Act on Finance].

Stock option plan for shares of subsidiary Fides SpA held by Banco Desio Lazio SpA

Detailed information about the Fides Plan was provided with the financial statements for 2008 (the year in which the plan was started); the Plan has also been appropriately updated in the subsequent financial statements and half-year financial reports. In summary, this Plan refers to a maximum number of shares equal to 20% of the share capital of the subsidiary, which is a finance company operating in particular, as known, in the sector of salary-secured loans. This maximum share remained substantially unchanged also after the capital increases made by the subsidiary in the 2009 and 2010 financial years, as a result of additional allocations acknowledged to the beneficiaries to such an extent as to offset the consequent share dilution charged to them, as required by the Rules of the Plan. The base of beneficiaries is made up of a number of representatives and employees of the company and of the Group that are directly and/or indirectly involved in the process of developing the business of the company.

As a result of the changes already outlined in detail in the previous financial statements, there were a total of 401,509 options remaining at 31 December 2012. The final deadline for the exercise of the abovementioned options was further extended by the Board of Directors of Banco Desio Lazio to 31 March 2013, by means of a resolution taken on 5 November 2012.

The strike price of Euro 7.64 per share takes account of the normal value of Euro 7.55 initially set by an appropriate expert's report, as well as of the subsequent appropriations of additional charges that increased the carrying amount of the Fides shares with the holder Banco Desio Lazio SpA.

The Black & Scholes method was used to value options; the basic assumptions made for valuation are similar to those for the other plans described above. The unit value of each option is included in a range between a minimum of Euro 0.15356 and a maximum of Euro 1.03901. The value of the existing options is Euro 304,752.

PART L – SEGMENT REPORTING

This disclosure makes reference to the organisational and executive structure of the Group, as well as to the internal reporting system on the basis of which the management monitors the performance of the results and makes operational decisions as to the resources to be allocated.

The Group operates by carrying out the traditional credit brokerage activities, asset management, the offer of bank-insurance products in the life and non-life branches. In this framework, segment reporting takes account of the fact that the operating structure of the commercial banks does not present segment networks and/or divisions. This section reports the results of the Group's segments described below:

- *commercial bank*: bringing together the activities directed towards customers concerning the traditional credit brokerage activity and the activities related to the Group's own securities portfolio and the market. Furthermore, it includes service activities, identified as the cross-segment activities performed to support operations to guarantee productive efficiency and organisational consistency.
- *asset management*: includes the activities carried out by the subsidiary companies Brianfid Sa, Banca Credito Privato Commerciale Sa and Rovere SA;
- *assets being disposed of*: shows the results of Chiara Assicurazioni Compagnia di Assicurazioni sui Danni S.p.A.

The financial and economic data by segment correspond to the respective financial statement items. Furthermore, the main balance sheet aggregates and indirect deposits (administered and managed) are disclosed for each reporting segment.

Income Statement data	31/12/2012	Merchant bank	Asset mng	Assets being disposed of
Business margin (1)	360,686	342,085	6,945	11,656
Structure costs (2)	-235,187	-216,736	-11,530	-6,922
Provisions and adjustments (3)	-97,648	-96,500	-1,148	0
Profits/(Losses) on equity investments carried at equity	4,686	4,686	0	0
Profits/(Losses) on the disposal of investments	0	0	0	0
Profits/(Losses) before taxes on continuing operations	**32,537**	**33,535**	**-5,733**	**4,734**

(1) including other operating expenses/expenses

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges, goodwill

Balance sheet data	31/12/2012	Merchant bank	Asset mng	Assets being disposed of
Financial assets	1,165,593	1,117,998	1,259	46,336
Amounts due from banks	250,480	199,961	50,520	0
Amounts due from customers	6,949,145	6,947,575	1,549	20
Amounts due to banks	441,677	441,661	16	0
Amounts due to customers	5,041,168	5,007,467	33,700	1
Securities issued and financial liabilities at fair value through profit or loss	2,255,413	2,255,413	0	0

INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**10,777,506**	**10,651,849**	**125,657**	**0**

Income Statement	31/12/2011	Merchant bank	Asset mng	Assets being disposed of
Margin on banking and insurance activities (1)	362,769	340,388	11,665	10,716
Structure costs (2)	-246,148	-231,160	-9,056	-5,932
Provisions and adjustments (3)	-37,402	-33,637	-766	-2,999
Profits/(Losses) on equity investments carried at equity	2,763	5,763	-3,000	0
Profits/(Losses) on the disposal of investments	2	0	2	0
Profits/(Losses) before taxes on continuing operations	**81,984**	**81,354**	**-1,155**	**1,785**

(1) including other operating expenses/expenses

(2) administrative expenses, net adjustments to tangible and intangible assets

(3) net adjustments for impairment of loans and receivables and financial assets, provisions for risks and charges, goodwill

Balance sheet data	31/12/2011	Merchant bank	Asset mng	Assets being disposed of
Financial assets	1,066,594	1,021,327	10,323	34,944
Amounts due from banks	288,524	160,522	121,852	6,150
Amounts due from customers	6,580,448	6,573,655	6,773	20
Amounts due to banks	267,998	267,998	0	0
Amounts due to customers	4,347,706	4,210,048	137,658	0
Securities issued and financial liabilities at fair value through profit or loss	2,696,584	2,696,584	0	0
INDIRECT DEPOSITS: ADMINISTERED AND MANAGED	**10,821,717**	**9,908,851**	**912,866**	**0**

Certification pursuant to Article 154-bis of Italian Legislative Decree 58/98

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

1. The undersigned Tommaso Cartone, Managing Director, and Piercamillo Secchi, Manager responsible for preparing the Company financial reports, of Banco di Desio e della Brianza S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998, do hereby certify to:

   - the adequacy in relation to the Company's features and
   - the actual application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2012.

2. Evaluation of the adequacy of the administrative and accounting procedures employed to prepare the consolidated financial statements as at 31 December 2012 was based on methods defined by Banco di Desio e della Brianza S.p.A., consistently with the Internal Control Integrated Framework model, issued by the Committee of Sponsoring Organization of the Treadway Commission, which is an internationally accepted reference framework.

3. The undersigned also certify that:

   3.1 The consolidated financial statements:

      a. were prepared according to the applicable international accounting standards recognised in the European Union as per Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002
      b. correspond to the results of the books and accounts;
      c. give a true and fair representation of the equity, economic and financial position of the issuer and the whole of the companies included in the scope of consolidation

   3.2 the consolidated report on operations includes a reliable analysis of the business trend and operating result as well as of the situation of the issuer and of the consolidated companies, together with a description of the main risks and uncertainties they incur.

Desio, 20 March 2013

The Managing Director	The Manager responsible for preparing the company financial reports
Tommaso Cartone	*Piercamillo Secchi*

Shareholders' Meeting Resolutions

SHAREHOLDERS' MEETING RESOLUTIONS

Financial Statements as at 31 December 2012

On 30 April 2013, under the Chairmanship of Agostino Gavazzi, the Ordinary Shareholders' Meeting, convened in first call, adopted the resolutions concerning the approval of the Financial Statements as at 31 December 2012.

Other resolutions of the Ordinary shareholders' meeting

The Ordinary Shareholders' meeting approved the Annual Report on the Group's Remuneration drawn up in accordance with the supervisory provisions on the subject.

Finally, the Ordinary Shareholders' Meeting confirmed Tommaso Cartone as Director of Banco until the approval of the financial statements as at 31 December 2013 (he was appointed by co-optation Director with the office of Managing Director on 19 June 2012 and the relevant mandate came to an end with the approval of the financial statements as at 31 December 2012).

The aforesaid resolutions (and those of the Board of Directors that met at the end of the meeting and concerning in particular the composition of the Executive Committee) were disclosed to the public through Press Release in accordance with the law.

The powers assigned to the board are summarised in the Annual report on Corporate Governance.