Fondo Interbancario di Tutela dei Depositi

Interbank Deposit Protection Fund

Annual Report 2007

INTERBANK DEPOSIT PROTECTION FUND

Composition of Statutory Bodies

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Deputy Chairman: Elisabetta Magistretti

Secretary General: Roberto Moretti

Statutory Member: President ABI Corrado Faissola

Representative from the Bank of Italy: Anna Maria Tarantola

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Carmine Lamanda
Roberto Mazzotta
Antonio Patuelli
Bruno Picca

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Giovanni Berneschi
Agostino Passadore
Giuseppe Allocco (*Substitute Auditor*)

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This is a translation of the Italian original and has been prepared solely for the convenience of readers and in the event of any ambiguity the Italian text will prevail.
The Italian version can be downloaded from the FITD website (www.fitd.it) or can be requested to the Fund directly.

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Statistical Analysis

On 31 December 2007, there were 297 member banks, an increase from 295 in December 2006. Of these, 8 are branches in Italy of non European Union banks and 2 are branches of EU banks. In compliance with paragraph 3 of Article 96 of the Italian Banking Law and paragraph 3 of Article 2 of the Statutes of the Fund, the former are required to join the FITD if they are not members of an equivalent foreign deposit guarantee scheme. The two European Union branches, one from the Netherlands and one from Slovenia, adhere to the Fund voluntarily, to bring the coverage level of their home country systems up to the 103,291.38 euro per depositor guaranteed by the FITD.

229 banks out of 297 members belong to banking groups; 68 are not members of groups. 32 banks have Reimbursable Funds equal to zero. For them the Statutes provide for a de-penalisation to be applied on balance sheet indicators, since they do not represent a risk for the consortium.

In 2007, 18 new banks joined the Fund; there were 15 mergers and one voluntary withdrawal of membership. One bank was placed in special administration from May 2006.

Table 1
Variation in the composition of the consortium
(December 2006 - December 2007)

Event	***Banks***
Member Banks as of 31 December 2006	295
Mergers	15
Transfers of Assets and Liabilities	0
Withdrawal of membership	1
New member banks	18
Member Banks as of 31 December 2007	297

Source: FITD Statutory Reports

With reference to the data for 30 June 2007, total Reimbursable Funds (RF) by FITD amounted to 395.2 billion euro, with an increase of 1.8% compared to the previous year. The figure is less than the total RF on 30 December 2006 (401.2 billion euro) that represents the maximum recorded level since June 1996 (Table 2 and Graph 1).

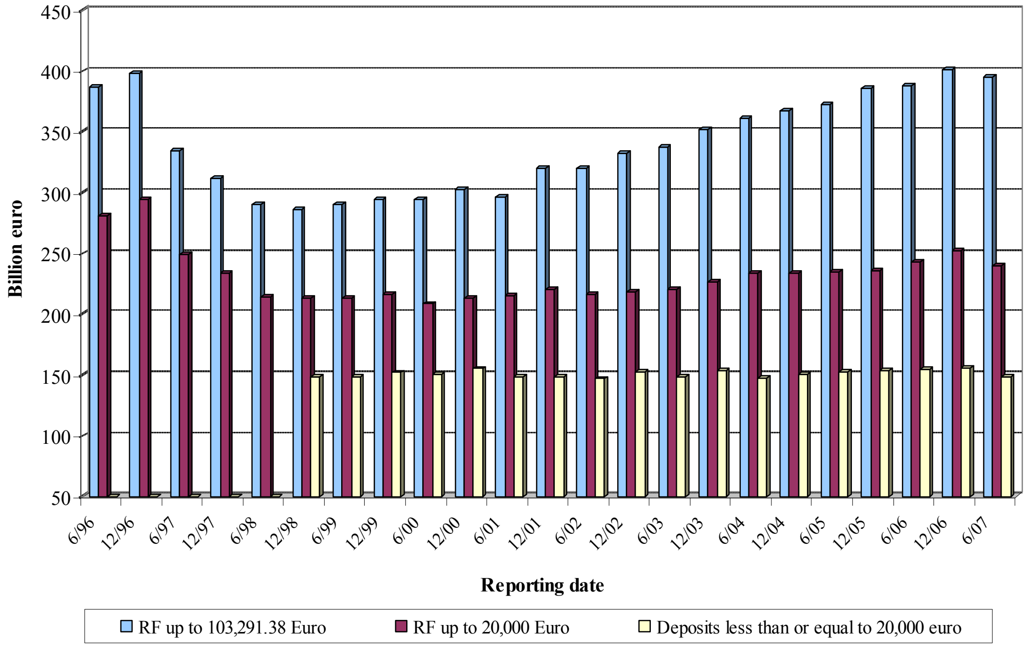
RF up to 20,000 euro, which must be reimbursed within three months of a bank's liquidation pursuant to Article 27, paragraph 8 of FITD Statutes, decreased by 1.4% with respect to June 2006. At present, they represent 60.6% of total RF.

Table 2
Evolution of Reimbursable Funds by FITD

Date	*RF up to 103,291.38 Euro*		*RF up to 20,000 Euro*		
	Billion euro	*Billion lire*	*Billion euro*	*Billion lire*	*of which: deposits up to 20,000 euro*
June-96	386.7	*748,734*	281.0	*544,159*	0
Dec-96	398.3	*771,252*	293.9	*569,056*	0
June-97	334.4	*647,401*	249.1	*482,271*	0
Dec-97	311.8	*603,718*	233.5	*452,185*	0
June-98	290.2	*561,893*	213.8	*413,927*	0
Dec-98	286.0	*553,798*	212.9	*412,198*	148.7
June-99	290.5	*562,448*	213.3	*413,038*	148.5
Dec-99	294.6	*570,362*	216.5	*419,155*	151.9
June-00	293.8	*568,874*	208.4	*403,439*	150.1
Dec-00	302.6	*585,827*	213.0	*412,509*	154.9
June-01	296.3	*573,804*	214.7	*415,748*	148.5
Dec-01	319.5	*618,638*	220.5	*426,948*	148.6
June-02	319.7	*619,026*	216.5	*419,202*	146.8
Dec-02	331.8	*642,454*	218.4	*422,881*	152.2
June-03	336.9	*652,329*	220.5	*426,948*	148.2
Dec-03	351.9	*681,337*	226.8	*439,078*	153.6
June-04	360.6	*698,143*	233.8	*452,700*	146.9
Dec-04	367.2	*710,998*	233.5	*452,119*	150.8
June-05	372.0	*720,292*	235.0	*455,023*	152.1
Dec-05	385.5	*746,432*	235.2	*455,411*	153.5
June-06	388.1	*751,466*	242.8	*470,126*	154.8
Dec-06	401.2	*776,832*	251.7	*487,359*	155.6
June-07	395.2	*765,214*	239.4	*463,543*	148.5

Source: FITD Statutory Reports

Graph 1
Time Series: RF of member banks



Graph 1 shows RF from June 1996 to June 2007. It highlights an upward trend that began in 1999, in the wake of the reduction recorded between 1997 and 1998 as a consequence of the Statutory reform that eliminated the 75% coinsurance applied over the amount of 200 million lire up to one billion lire. The 200 million lire (103,291.38 euro) threshold is still in force and represents the maximum level of coverage guaranteed by FITD.

The Graph shows that total RF decreased by 1.5% over the last six-month period.

RF up to 20,000 euro, which also include the first 20,000 euro of all deposits exceeding that limit, amounted to around 240 billion euro as of end December 2007. They decreased by 4.8% compared to the previous year. Between December 1997 and June 2006, their weight on total RF diminished from slightly under 75% to just over 60%.

Deposits amounting to less than 20,000 euro have progressively reduced their weight on total RF, from 51.9% as of December 1998 to 37.5% as of June 2007 when they accounted for about 148.5 billion euro.

The analysis that follows is based on the performance of financial indicators during the past year, taking into consideration data recorded in the statutory reports in June 2006, December 2006 and June 2007.

Table 3 compares the distributions of the number of banks and RF on the basis of Statutory Positions, for each of the three semi-annual periods in question.

Table 3
Distribution of banks according to Statutory Position

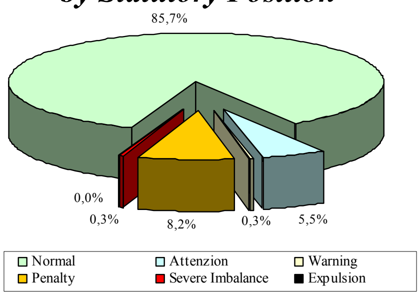
Stautory Position	30/06/2006		31/12/2006		30/06/2007	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*
Normal	255	89.8	251	90.1	251	95.5
Attention	14	6.9	16	1.9	16	1.9
Warning	2	0.0	6	5.3	1	0.2
Penalty	16	3.1	17	2.7	24	2.4
Severe Imbalance	1	0.0	0	0.0	1	0.0
Expulsion	1	0.2	0	0.0	0	0.0
Total Banks	289	100	290	100.0	293	100.0

Source: elaborations on FITD - Bank of Italy data

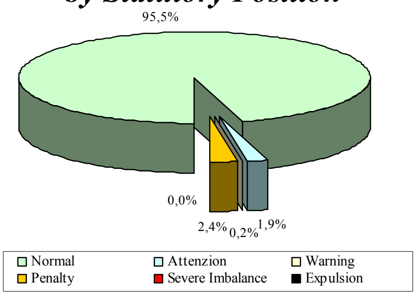
The three semi-annual reports highlight a marginal variability in the distribution according to statutory positions.

In detail, compared to June 2006, the number of banks in Low Risk (Normal + Attention) classes decreased by 2 as of June 2007, while the corresponding RF increased by 0.7%. An increase of 7 member banks in Medium Risk (Warning + Penalty) classes was recorded; FR fell by 0.5%. Banks in High Risk (Severe imbalance + Expulsion) classes decreased by 1 unit. Only one bank was rated in severe imbalance, with a very low amount of RF (around 13 million euro).

Graph 2
Member Distribution
by Statutory Position



Graph 3
RF Distribution
by Statutory Position



The average weighted values of the balance sheet ratios show different trends, depending on the profile.

The average value of the indicator of risk A1 *(Bad debts / Shareholders' equity + subordinated loans)* decreased from 6.8% in June 2006 to 5.34% in June 2007.

The average solvency ratio B1 *(Supervisory capital / Supervisory capital requirements)* rose from 209.97% to 213.65% over the period June 2006 - June 2007 and remains in any case well above the Normality threshold fixed at 110%.

For the two profitability ratios, the weighted average value of D1 *(Operating expenses / Gross income)* declined from 49.93% in June 2006 to 47.53% in June 2007, while the value of D2 *(Loan losses, net of recoveries / Profit before tax)* slightly increased from 12.02% to 12.69% in the same period.

Table 4
Weighted average values of financial indicators

Indicators		***Reporting Date***		
		30/06/2006	***31/12/2006***	***30/06/2007***
A1	Bad debts / Shareholder's equity + Subordinated loans	6.8	6.79	5.43
B1	Supervisory capital / Supervisory capital requirements	209.97	208.87	212.68
D1	Operating expenses / Gross income	49.93	52.6	47.53
D2	Loan losses, net of recoveries / Profit before tax	12.02	15.12	12.69

Source: Elaborations on FITD - Bank of Italy data

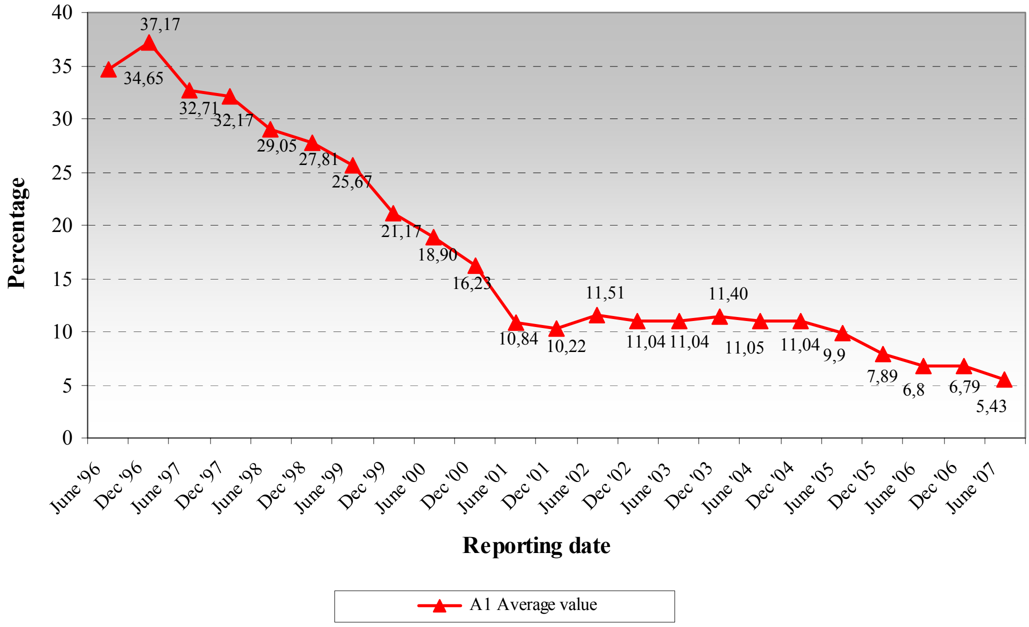
Risk profile

The average value of the A1 risk indicator *(Bad debts / Shareholders' equity + subordinated loans)* reached in June 2007 its lowest value, at 5.43%.

Graph 4 reveals a decreasing trend from 1996 to 2001and it stabilised for the three years after 2001 at around 11%. The average value has been decreasing again since June 2005.

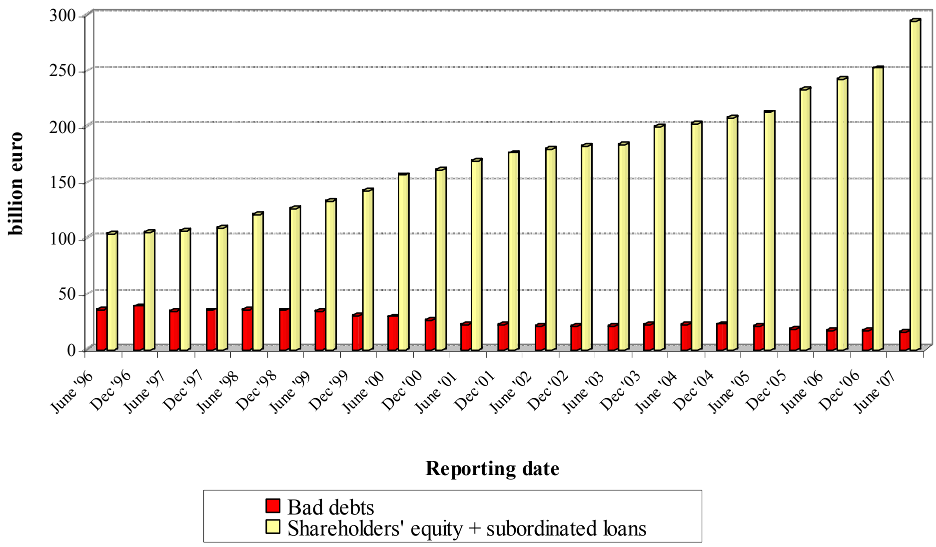
In 10 years of statutory reports, the average indicator fell by 85.6% with respect to the highest level of 37.17%, recorded on 31 December 1996.

Graph 4
A1 performance from June 1996 to June 2007



The low A1 value recorded in June 2007 results from the combined effect of a reduction in bad debts, which indicates an improvement in the quality of credit and mostly an increase in shareholders' equity.

Graph 5
Bad debts and Shareholders' equity from June 1996 to June 2007



The comparison between the class distributions for June 2006 and June 2007 (Table 7) shows that the number of banks in the Normality class is unchanged, while their RF increased by 5.36%. Banks rated in Attention decreased by 1 and a 5.52% reduction was recorded in the amount of the RF. The banks in the Warning and Violation classes increased by 4 and 1, with a 0.45% increase and 0.29% decrease of RF, respectively.

Table 7
A1 indicator: class distribution for member banks

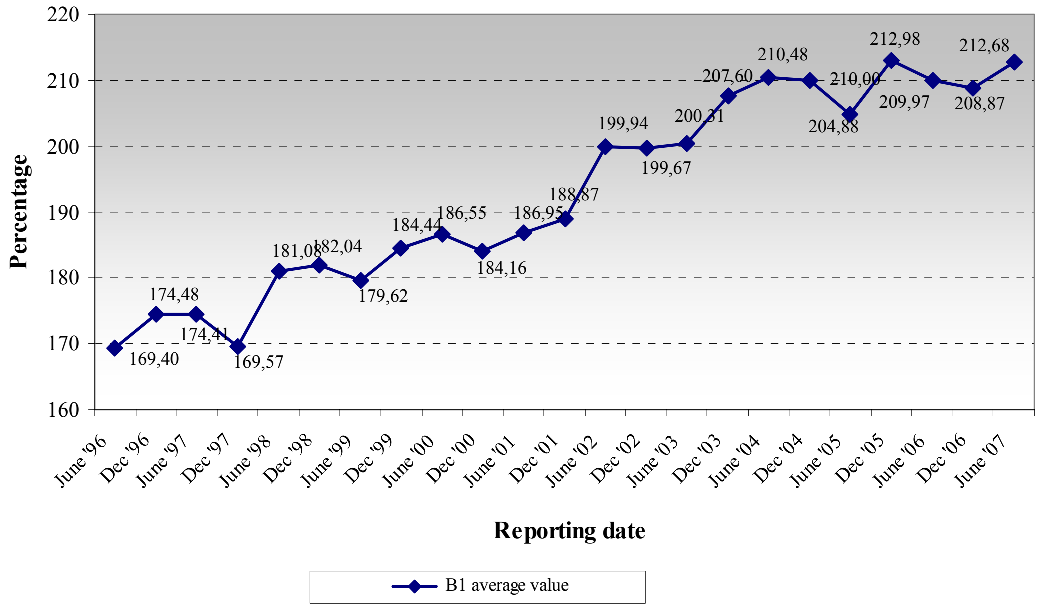
Reporting date	**Normal < 20%**		**Attention < 30%**		**Warning < 50%**		**Violation > 50%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2006	276	85,43	9	12,07	1	0,05	3	2,45
31/12/2006	273	89,74	11	7,58	4	0,48	2	2,21
30/06/2007	276	90,79	8	6,55	5	0,50	4	2,16

Source: Elaborations on FITD - Bank of Italy data

Solvency profile

The average value of the B1 solvency indicator *(Supervisory capital / Supervisory capital requirements)* is equal to 212.68% as of June 2007.

Graph 6
B1 performance from June 1996 to June 2007



The number of banks rated in the Normality class increased by 3, while those in Attention decreased by 2. For June 2006 and December 2006, when no bank was rated in the Warning and Violation classes, in June 2007 2 banks are in Warning and 1 in Violation.

RF of the banks whose B1 is in Normal made up 90.8% of the total amount, while RF of the members in the Attention and Warning classes are equal to 7.4% and 1.8%, respectively.

Table 8
B1 indicator: class distribution for member banks

Reporting date	**Normal > 110%**		**Attention < 110%**		**Warning < 100%**		**Violation < 90%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2006	272	84,94	17	15,06	0	0,00	0	0,00
31/12/2006	278	94,52	12	5,48	0	0,00	0	0,00
30/06/2007	275	90,79	15	7,39	2	1,82	1	0,00

Source: Elaborations on FITD - Bank of Italy data

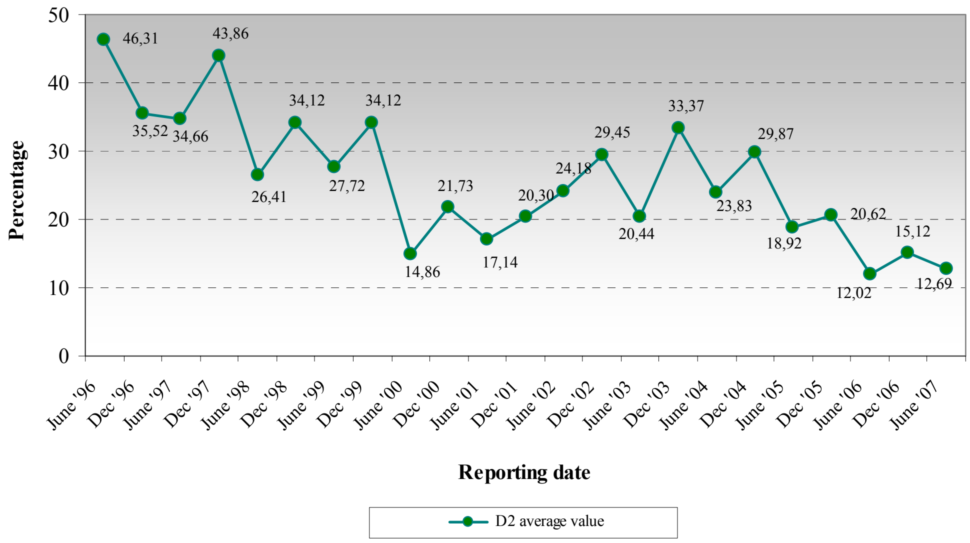
Profitability profile

The two ratios of the profitability profile D1 *(Operating expenses / Gross income)* and D2 *(Loan losses, net of recoveries / Profit before tax)* are usually those with the greater number of banks in the Violation class.

In June 2007 the D1 average value is the lowest recorded since June 1996 (Graph 7). This result could be partially influenced by the application of the new accounting principles (IAS/IFRS). The average value of D2 is in line with that of the previous year.

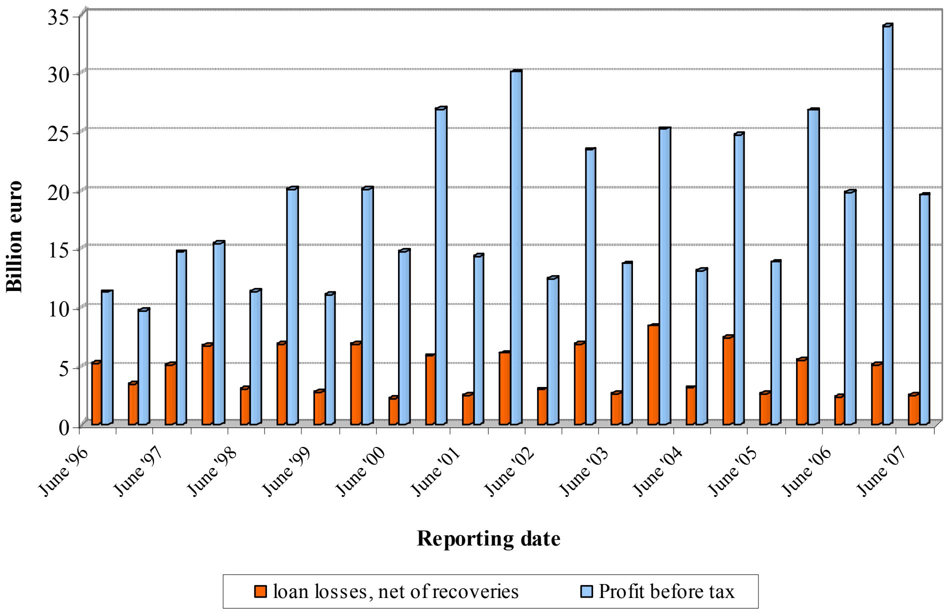
Graph 7
D1 performance from June 1996 to June 2007

Graph 8
D2 performance from June 1996 to June 2007



The variation in trends shown in the previous graphs, even more marked for ratio D2 (Graph 9), is due to the fact that data for June and December refer to two different time intervals (the semi-annual and year respectively). Since not all the income statement data are calculated semi-annually, a correct comparison should be made on a twelve-month basis.

Graph 9
Loan losses, net of recoveries, and gross income from June 1996 to June 2007



The analysis of class distributions of banks for the D1 indicator highlights that, between June 2006 and June 2007, there was an increase in the number of member banks rated in the Normal (+7) and Violation (+6) classes. Banks in the Attention class were unchanged, while those in Warning decreased (-9). With regard to RF, there was a shift of funds towards the banks in the Normal class (+10.1%), mainly resulting from the reduction recorded in the Attention class (-9.75%). Finally, RF of the banks in Warning decreased (-1.03), while the funds of the members in the Violation class slightly increased (+0.69).

Table 10
D1 indicator: class distribution for member banks

Reporting date	Normal < 70%		Attention < 80%		Warning < 90%		Violation > 90%	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2006	219	85,46	31	12,23	16	1,36	23	0,95
31/12/2006	216	88,27	35	4,94	17	5,94	22	0,85
30/06/2007	226	95,56	31	2,48	7	0,33	29	1,64

Source: Elaborations on FITD - Bank of Italy data

In D2, the analysis of class distribution demonstrates an increase in the number of banks ranked in the Attention (+8) and in the Violation classes (+4), along with a decrease of the banks in a Normal (-6) and in Warning (-2) (Table 11). With respect to RF, there was a shift of funds to the lower risk classes of Normal (+1.91%) and Attention (+5.48%) from the Warning (-1.58%) and Violation (-5.82) classes.

Table 11
D2 indicator: class distribution for member banks

Reporting date	**Normal < 40%**		**Attention < 50%**		**Warning < 60%**		**Violation > 60%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2006	255	90,26	9	1,77	5	1,68	20	6,30
31/12/2006	249	92,00	12	0,93	4	0,30	25	6,77
30/06/2007	249	92,17	17	7,25	3	0,10	24	0,48

Source: Elaborations on FITD - Bank of Italy data

Geographical Analysis

Table 12 shows data relating to the number of banks, amount of RF and average values of financial indicators. Such data has been divided on the basis of three macro-regions: North, Centre and South, for the three statutory reports in question.

Table 12
RF and average values for geographic Areas

	AREA	Banks	RF	A1	B1	D1	D2
June '06	NORTH	176	256,058,529,005	4.81%	219.57%	46.95%	10.05%
	CENTRE	79	90,496,002,183	11.73%	189.86%	55.07%	19.01%
	SOUTH	34	41,577,690,933	16.61%	162.15%	68.21%	13.57%
Dec '06	NORTH	175	265,403,491,731	4.77%	217.48%	50.75%	14.16%
	CENTRE	80	93,355,913,873	11.50%	194.04%	54.76%	19.99%
	SOUTH	35	42,730,825,902	15.87%	158.71%	65.07%	5.80%
June '07	NORTH	176	261,403,164,287	3.44%	223.67%	45.93%	12.23%
	CENTRE	82	92,051,033,021	10.87%	192.42%	48.61%	16.35%
	SOUTH	35	41,720,670,890	16.31%	154.02%	61.70%	8.57%

\ *Note:* The subdivision for macro-regions was made on the basis of registered offices.
Source: Elaborations on FITD - Bank of Italy data

In June 2007, the banks in the North represented 60.1% of the consortium, while banks in the Centre were 28% and banks in the South 11.9%. RF may be accounted for as follows: 66.1% in the North, 23.3% in the Centre and 10.6% in the South.

It is interesting to observe how the average values of the financial indicators, divided on the basis of economic area, reflect different economic conditions.

The average value of the A1 indicator is 3.44% for the banks in the North, 10.87% for the banks in the Centre and 16.31% for those in the South. As far as regards the B1 indicator, banks in the North are more capitalised (223.67%) than those in the Centre (192.42%) and in the South (154.02%). Profitability resulting from D1 is also greater in the North, while member banks in the South showed a better D2 value (equal to 8.57%) than those in the Centre (16.35%) and in the North (12.23%).

Comparing the three semi-annual periods, it may be noted that the banks in the North have improved the average values of A1, B1 and D1, while D2 is slightly worse. The banks in the Centre have improved the average values of all indicators. Finally, the banks in the South improved the profitability profile and preserved the risk profile measured by A1, while the B1 average value slightly decreased.

Institutional Activities and International Relations

During the year, an updated Italian version of the manual "The FITD's monitoring system of bank riskiness and risk-based contribution" was published.

The Offices of the Fund usually pay peculiar attention to this topic, since the main scope of the manual is to provide the members with a valid reference for a simple and complete fulfilment of statutory obligations. It likewise lends itself as a useful tool for relationships with other institutions, and in the international field as well.

Research Projects

As far as regards research projects underway, during the year the analysis to identify **consolidated** financial ratios, to be considered jointly with a bank's individual ratios when assessing the risk level of a bank within a banking group (pursuant to Article 1 of the FITD Statutes Appendix), has given its first results. In fact, simulations were carried out on data relating to the groups which are members of the Fund. The consolidated financial indicators used in the analysis have been built so as to compose a set of ratios very similar to those currently applied on a bank's individual basis. Data referred to December 2006, June 2006 and December 2007 were provided by the Bank of Italy and used to run simulations. The results of the research will be analysed and approved by the Board of the Fund before applying the consolidated ratios according to the Statutes.

Concerning the set of **individual** financial ratios currently used by the Fund to evaluate the members' risk level, the review of the supervisory reports in accordance with the IAS-IFRS standards will lead to a revision of the FITD system in the near future. A first step toward this target was taken during the year, with a change to the profitability profile ratios that were reformed as from December 2006.

On the research level, in the course of 2007 the Offices of the Fund strengthened cooperation with the **JRC - Joint Research Centre** of the European Commission. Meetings took place, mostly for the two projects underway: the first aims to evaluate the resilience of the financial indicators used by the Fund, while the second aims at the publication of a detailed paper on the characteristics related to the deposit guarantee schemes in the European Union. On this second project, the paper "*Deposit protection in the EU: state of play and future prospects*" has been jointly carried out and finalised by JRC researchers and the FITD Research and Analysis Department during 2007. The paper will be published in the "Journal of Banking Regulation".

FITD Legal Office research projects underway and finalised in the course of the year include, respectively: a volume on the European Company, with contributions by academics and representatives from the banking sector and the article "*Deposit Insurance and financial stability in cross-border operations"*, which was published on the 2007 July issue of the review "Mondo Bancario".

During the year, the analysis and planning activities on the new software application for the integrated management of statutory reports and communications with member banks, which began in 2006, is still in progress.

The Offices of the Fund participate in the international working groups that were created on the initiative of the European Commission for the revision of the 94/19/EC Directive. The working groups will analyse the specific issues that, according to the European Commission, can lead to significant improvement in the deposit guarantee current framework, without any urgent need to modify the Directive.

On 25 September 2007 a representative from the FITD Research and Analysis Department attended the meeting of the working group on "Savings products covered under national law", which was held in Vienna at the Austrian Fund's headquarters.

Moreover, FITD has expressed its interest in participating in another working group among those created on the initiative of the European Commission. Namely, this is the working group on the *"development of common voluntary approaches to inclusion of risk based elements for deposit guarantee schemes",* which has not started its activities yet.

Conferences

On 25 January 2007 the FITD-KPMG joint meeting on *"Le operazioni straordinarie di aggregazione del sistema bancario alla luce del nuovo principio contabile internazionale IFRS 3 - Business Combination"*, which was promoted by the Fund, was held in Milan with the participation of academics, international consultants and member banks.

During the year, the Fund participated in various international meetings: on 25 and 26 May a conference on "*Small Business banking and financing: a global perspective*" was held in Cagliari; on 16 and 17 November, the second University of Naples, on the initiative of the "Jean Monnet" Faculty of political studies and European and Mediterranean advanced level training, organised a round table in Caserta, on the theme: *"Justice cooperation for development and peace in the Mediterranean";* finally, on 5 December the conference on *"financial derivatives - risk stabilization instruments or dangerous speculative products?*" was hosted in Rome on the initiative of the Istituto di Studi Bancari Lucca.

Other Activities

As far as concerns cooperation and cultural information sharing with foreign institutions and universities, some internships took place during 2007 at the FITD headquarters with the purpose of analysing the Fund activities and deposit guarantee related topics. In particular, in April 2007 the Fund hosted a representative from the Serbian deposit guarantee scheme for a one-week internship.

Finally, the Fund became an ordinary member of the association "XBRL Italy - Italian Association for the development and spread of taxonomies and technological standards in the economic and financial fields".

International Relations

International relations were particularly intensive in 2007 since Italy holds the Chairmanship of the European Forum of Deposit Insurers (EFDI).

The first half of the year was devoted to the efforts for the EFDI transformation from a *de facto* association into an INPA (International Non Profit Association) according to Belgian law. EFDI formally became an INPA on 22 June 2007 in Brussels, when the constituent assembly approved the new statutes of the Association and new chairperson, vice chairperson and Board members were appointed.

Since then, the Board has met several times (13 July in Venice; 10-11 September in Budapest; 26-27 November in Istanbul) to discuss organisational issues and topics of common interest to all the members of the Association.

The EFDI registration as a non profit association was approved on 19 September 2007 by Royal Decree of the Belgian Ministry of Justice.

Meetings

During the year various meetings on topics of interest to guarantee schemes were promoted and organised, in collaboration with European partners.

On 9 February, the EFDI chairmanship was present on behalf of the Association at the "*Working Group on Deposit Guarantee Schemes*", which was held in Brussels. During this meeting, the European Commission explained the findings in the communication released in November 2006, at the end of the 94/19/EC Directive revision process. Furthermore, JRC presented the results of the impact assessment that they carried out on the effects of a possible funding systems harmonisation in the EU.

The EFDI *EU Committee* met in Berlin on 19 March in order to create, on the initiative of the European Commission, five working groups devoted to analysing those specific issues that the Commission highlighted in its November 2006 communication.

A second EU Committee meeting was held in Budapest on 10-11 September. On this occasion, the working groups' Chairs reported on progress in the task of each group in accordance with the timeframe established by the European Commission.

In line with the operational activities resulting from the Commission's revision process, on 10 April the EFDI chairmanship met the Italian representative at the European Parliament responsible for reporting the position of the Italian Fund on deposit guarantee matters.

On 16 May a meeting with the JRC was held in Ispra (Varese). The main topics on the agenda were the activities of the working groups and the drafting of a new survey on deposit guarantee, as a result of the task entrusted by the European Commission to JRC to gather updated information on deposit guarantee schemes in the EU.

In October several international meetings were hosted in Rome. On 1st October, the second "*Meeting of the subgroup on the future of banking supervision*" took place and the EFDI chairmanship was invited to contribute to the discussion from the deposit guarantee point of view.

On 25-26 October the Italian Deposit Guarantee Fund for credit cooperative banks and EFDI jointly organised the conference: *Banking stability and savings protection: European deposit guarantee schemes and deposit protection"*. Many representatives from EFDI member schemes, central banks and universities attended the meeting and participated in the discussion.

At the end of November 2007 the EFDI Annual Meeting was hosted by the Turkish Deposit Insurance Fund in Istanbul.

Along with the Annual Meeting, a conference on "*Actual issues impacting on deposit guarantee schemes*" was held with the participation of academics and representatives from EFDI members and international financial institutions.

Foreign Delegations

On 13 June a delegation of the Mizuho Research Institute was hosted by the offices of FITD. The goal of the meeting was to share the functions of the Italian deposit guarantee system, focusing in particular on the ways to assess a bank's level of risk on the basis of financial balance sheet ratios.

On 4 December a delegation from the Korean Deposit Insurance Corporation (KDIC) was welcomed by FITD, as already happened in past occasions with other representatives from the same organisation. These frequent visits confirm the interest that an important Asian organisation, like the KIDC, has in both the European Association and the Italian Fund.

Interventions

During the past financial year, the Fund continued to manage a number of past interventions still outstanding, in agreement with the liquidators, to reach closure on situations that still have not been finalised.

The following is a description of activities carried out and the current state of definition for each of the three interventions:

Banco di Tricesimo: the liquidation proceedings have been mostly concluded with the deposit of the final financial statements, without any opposition. Still being awaited is the communication of the striking off of the bank from the official companies register.

Banca di Girgenti: to help resolve the crisis, the Fund accepted the commitment to tackle the deficit resulting from the assets and liabilities transfer to Credem; the final assessment is subject to the outcome of legal cases and to the payment date of the costs of proceedings.

During the year, a comprehensive examination was made of the above unsettled legal cases, and of the risks pending for the parties.

Cassa di Risparmio di Prato: the legal proceedings in the ordinary courts are still unsettled, and this prevents the closure of the Fund's intervention.

As far as regards the commitment for intervention for the 2007 financial year, it is noted that, according to Article 21 of the Statutes and the resolution of the General Meeting, the resources for interventions are 0.4% of reimbursable funds as of 30 June 2006, which is equal to 1,552,528,888 euro.

Supplement
to the 2007 Financial Statements

The present Supplement illustrates and comments on the items and amounts listed in the Balance Sheet and Income Statement, and in so doing, it demonstrates the evaluation criteria adopted in preparing the financial statements.

Further qualitative and quantitative information is also provided pursuant to Article 2427 of the Italian Civil Code.

In accordance with the accounting principle of continuity, the evaluation criteria have not changed with respect to previous financial years.

In observing the transparency principles, the amounts on the financial statements as of 3 December 2007 are compared with those of 31 December 2006.

In the financial statements, the amounts are rounded up to the nearest euro if they are greater than 50 cents and rounded down if they are less than 50 cents.

The Income Statement for the year 2007 shows a loss of €77,641.00.

Balance Sheet

Fixed assets are listed in the Balance Sheet at their net accounting values, which are calculated as the difference between the purchase costs, plus accessory charges, and the total depreciations or amortisation effected. The total as of 31 December 2007 is €23,315.00 with a decrease of €17,986.00 compared to the previous financial year.

Intangible fixed assets are the costs related to renovating the location hosting the Fund and the charges sustained for purchases of software licenses.

The accounting value was determined by calculating the sum of the costs sustained over time and the amortisation amount. The overall net amount is €3,224.00, which reflects a decrease of €8,559.00 with respect to the previous financial year:

- Concessions and licenses: this section shows charges sustained for purchases of software licenses, net of amortisation calculated at constant periods, bearing in mind the potential profitable use in three financial years.

In the 2007 financial year, such item reflected the following changes:

Net accounting value as of 01.01.2007	€	8,303.00
Purchases for the period	€	611.00
Amortisation quota for 2007	€	- 7,430.00
Net accounting value as of 31.12.2007	€	1,484.00

- Improvements on goods referred to third parties: the item includes the costs sustained for renovation and maintenance work of the offices of the Interbank Deposit Protection Fund. The amount appearing in the financial statement is net of amortisation, which is calculated at constant periods in relation to the economic potential of such structures and considering the residual possibility of using the same structure. The parameter that is taken into consideration is the time remaining until the expiration of the lease (2009), which was renewed in 2003 for an additional 6-year period.

The changes recorded are summarised as follows:

Net accounting value as of 01.01.2007	€	3,480.00
Purchases for the period	€	0.00
Amortisation quota for 2007	€	-1,740.00
Net accounting value as of 31.12.2007	€	1,740.00

Net of amortisation reserve, the tangible fixed assets is entered in the financial statements' assets in the overall amount of €20,091.00. Compared to the previous financial year, a decrease of €9,427.00 is recorded.

In particular:

- Electronic and electro mechanic machines (251,739.00 – 247,779.00)	€	3,960.00
- Furniture and furnishing (517,653.00 – 517,653.00)	€	0.00
- Equipment and plant (597,108.00 – 580,977.00)	€	16,131.00

During the period, the following tangible assets were purchased for the following amounts:

- Equipments and various plants	€	2,297.00

There are no fixed financial assets, as was the case in previous financial years.

As far as purchased goods and services, the inventories includes advances to suppliers for a total of €940.00. A decrease amounting to €9,250.00 is recorded compared to the 2006 financial year.

The receivables are listed under Balance Sheet - assets at nominal value, which matches the presumed value.

Receivables from Members for contributions to operative expenses, payable within 12 months, amounts to a total of €166,605.00 and consists of: €164,000.00, which is the sum paid in settlement of the 2007 contribution for operating expenses; €2,605.00, which refers to a debit note issued by Bank Sepah and unsettled due to the lasting special administration procedure of the bank.

Receivables from Members for past interventions, payable over 12 months, amount to €151,644.00 and are composed of: €65,023.00, paid out to Banco di Tricesimo, which is in compulsory administrative liquidation, to activate the guarantee given by the Interbank Deposit Protection Fund as a result of a legal dispute against the liquidation proceedings; €86,621.00 for legal invoices issued in the name and on behalf of the Interbank Deposit Protection Fund for interventions regarding Cassa di Risparmio di Prato (€62,141.00) and Banca di Girgenti (€24,480.00).

Therefore, the total amount of Receivables from Members is €318,249.00, with an increase of €93,390.00 compared to the previous financial year, when the amount recorded was €224,859.00.

Receivables considered recoverable within 12 months corresponds to (i) the Receivables from the Tax Authorities in the amount of €84,640.00, consisting of advances from IRAP (€72,895.00) regularly paid during the current financial year, and advance withholdings on bank interest income (€11,745.00).

Receivables for advance taxes amounts to €8,381.00, which consists of IRES (€1,248.00), IRAP (€7,133.00) and Other (€24.00).

Cash and equivalent, listed at nominal value, is equal to €502,674.00 and it consists of (i) bank deposits having a credit balance of €497,087.00 and (ii) cash in the amount of €5,587.00. Compared to the previous financial statement, there is a decrease in the amount of €51,894.00.

Current assets, therefore, presents a total of €914,908.00 with an increase equal to €35,400.00 compared to the total amount of the previous financial year (€879,508.00).

In respect of the principle of accrual basis accounting, under accrued income and prepaid expenses, prepaid expenses is recorded in the amount of €22,132.00, and this amount reflects an increase of €2,840.00 with respect to the 2006 financial statement.

Total Assets is equal to €960,355.00 and shows an increase of €20,254.00 compared to the total amount recorded in 2006 (€940,101.00).

Under the Net asset value, the Consortium fund amounts to €439,917.00 and the loss for the 2007 financial year is equal to €77,641.00. The overall amount is therefore €362,275.00, with a decrease of €9,352.00 compared to the previous financial year, as a result of the loss for the 2007 financial year.

As provided for by the General Assembly's approval of the previous financial statements, the loss for the 2006 financial year in the amount of €68,290.00 has been settled writing off a 2006 surplus of contributions for operating expenses.

Provisions for Risk and Charges amounts to €20,032.00 and consists of:

The Staff Severance Fund is listed under the Balance Sheet - Liabilities in the amount of €13,083.00, with a decrease in the amount of €2,016.00 compared to the amount recorded in the 2006 financial statements.

Payables are listed in the total amount of €564,965.00 and compared to the previous financial year have increased by €104,320.00.

Payables to suppliers amount to €89,571.00 with a decrease compared to the previous financial year total amount of €91,506.00.

Tax Payables amounts to €155,598.00, with an increase compared to the 2006 amount of €139,533.00, and it is composed of: (i) €42,753.00 for advance withholdings approved for third parties; (ii) €26,780.00 refer to fiscal withholdings on compensations for employee work salaries and wages; (iii) €75.00 for additional regional taxes; (iv) €9,254.00 for tax payables referred to IRES and €76,736.00 for tax payable referred to IRAP. Compared to the 2006 financial statements, an increase in tax payables in the amount of €16,065.00 is recorded, due to a decrease in the 2007 deductible expenses and to the resulting increase in the "increasing changes" applied to IRES and IRAP calculation.

Payables to social security institutions demonstrates a balance of €81,078.00 with an increase of €43,679.00 compared to the previous financial year. The composition of the item is as follows: (i) €44,195.00 is for the contributions to be paid for salaries and wages in December 2007. It also includes the reserve for the 2006/2007 outstanding salaries and wages, to be paid as a result of the renewal of the credit sector contract on 8 December 2007; (ii) €36,883.00 concerns the reserve for the Pension Fund INA, including both employee and company quotas in December 2007 and the Staff Severance Fund accrued in 2007.

Other Payables considered recoverable within the next financial year, amount to €176,577.00 with an increase compared to the previous financial year amount of €130,066.00. The item consists of: (i) €108,882.00, which is the balance of contributions for 2007 operating expenses, withheld by the Fund as an advance sum for 2008 (Article 22 of the Statutes); (ii) €47,403.00 for bonuses and salaries and wages resulting from the contract renewal, to be paid to employees in 2008; (iii) €20,292.00 for expenses referred to the 2007 financial year.

Other Payables considered recoverable over the next financial year amounts to €62,141.00, as recorded in 2006, and relates to bills to cover legal expenses of cases that are still under way and regard the intervention carried out for Cassa di Risparmio di Prato.

There are no accrued expenses and deferred income.

Interim Accounts

The members' commitment to the contribution obligations of resources for interventions is listed in the interim accounts.

The descriptive form adopted for these amounts shows, not only their sums but also their composition, purpose and eventual payment.

For further information on the management of interventions, refer to the Management Report that accompanies the Financial Statements.

Income Statement

The graduated form adopted shows the progressive formation of the economic results whose sum consists of the following partial results:

A) Production value	€	2,557,778.00
B) production costs	€	- 2,591,117.00
A-B) Difference between production value and costs	€	- 33,339.00
C) Financial management	€	43,499.00
D) Value adjustments to financial assets	€	0.00
E) Extraordinary management	€	- 10,160.00
Net profit before taxes	€	0.00
22) Taxes for the period	€	77,641.00
23) Profit (loss) for the period	€	(77,641.00)

Production value, equal to €2,557,778.00, consists of members' contributions that cover the operating expenses of €2,555,118.00 and other revenue and income in the amount of € 2,660.00.

Production costs amounts to €2,591,117.00, with an increase of €78,856.00 compared to the previous financial year, and consists of: costs for primary, subsidiary and convenience products; costs for services; leases and rentals; costs for personnel; amortisation; reserve for risks and charges; and various management charges.

Costs for primary, subsidiary and convenience products (item 6) amounts to €7,706.00 with a decrease compared to the previous financial year amount of €9,192.00. According to the accounting principle, item 6 is composed of: products, whose value is less than €516.46, amount to €299.00; cleaning items are listed for €970.00; writing materials amount to €4,864.00 and fuel expenses to €1,573.00.

Costs for services (item 7) demonstrates a balance of €976,058.00, with a decrease in the amount of €11,737.00 compared to the 2006 financial statement. The item includes the following charges:

Maintenance of furniture, machines and equipment	€	12.985,00
Maintenance and updating of the computer system	€	9.583,00

Electrical energy expenses	€	26.547,00
Telephone expenses	€	26,690.00
Mobile phones expenses	€	5,831.00
Transport, shipping and handling	€	887.00
Postal expenses	€	4,828.00
Meal vouchers for employees	€	12,606.00
Compensation for consultants	€	77,883.00
Professional loans	€	20,782.00
Contributions to INPS L. 335/95	€	10,070.00
Training expenses for employees	€	19,766.00
Refunds to employees	€	21,995.00
Foreign and institutional relations	€	19,999.00
Compensation and refund OO.CC.	€	9,205.00
Legal and notary expenses	€	5,437.00
Insurance expenses	€	5,276.00
Entertainment expenses	€	9,936.00
Refund to consultants	€	1,951.00
Research projects	€	29,940.00
Expenses and bank charges	€	2,196.00
Compensation and refund to managers	€	574,865.00
Compensation to Auditors	€	63,088.00
Management of motor vehicles	€	1,774.00
Highway tolls and telepass	€	279.00
Cleaning expenses	€	1,659.00

Compensation and refund to managers (€. 574.865,00) consists of:

Compensation and reimbursements - Committee	€	392,438.00
Compensation and reimbursements - Board	€	182,427.00

Item (8), <u>costs for goods referred to third parties</u>, amounts to €604,694.00 with a decrease of €21,773.00 compared to the 2006 income statement. The item is composed as follows:

Rent of seat	€	452,440.00
Leasing for tangible assets and plants	€	40,886.00
Car leasing	€	4,435.00
Leasing for the computer system	€	51,937.00
Expenses for managing seat	€	54,996.00

Item (9), <u>costs for personnel</u> amounts to charges of €918,291.00, which reflects an increase of €121,022.00 compared to the previous financial year. In details:

Wages and salaries	€	646,789.00
Social security contributions	€	200,765.00
Staff severance fund	€	46,363.00
Pension and similar costs	€	24,374.00

As of 31 December 2007, there were 11 employees at FITD; five were office and clerical workers, five were managers and one was a director.

Amortisation of intangible assets are listed in item 10 (letter "a") in the amount of €9,170.00, with a decrease compared to the 2006 total amount of €14,683.00. In details, this consists of: €7,430.00 for the amortisation of software license rights and €1,740.00 for the amortisation of improvement on goods referred to third parties.

Amortisation of tangible assets, in item 10 (letter "b"), amounts to €11,723.00 while it was listed for €32,121.00 in 2006.

In particular:

Equipment and various plants	€	4,022.00
Electric and electromechanical machines	€	7,701.00

Therefore, item (10) Amortisation and depreciations total amount is equal to €20,893.00, with a decrease of €25,911.00 compared to the previous financial year.

Item (12), reserve for risks, amounts to €20,000.00. No provisions were made in the 2006 financial statements.

Item (14), Management charges, amounts to €43,475.00 as of 31st December 2007, with a decrease of €1,259.00 compared to the 2006 financial statements. It consists of:

Books. CDs, magazine and newspapers	€	6,545.00
Stamp duties	€	816.00
Garbage collection tax	€	14,358.00
City council licenses	€	647.00
Other taxes	€	688.00
Fine and pecuniary sanctions	€	50.00
General expenses	€	5,885.00
Press and publications	€	14,484.00
Rounding up	€	2.00

The difference between production value and costs is a negative sum of €33,339.00, which reflects an increase in the amount of €7,485.00 compared to the previous year.

As far as regards financial management, other financial income is recorded in item (16) as €43,499.00 relating to interest receivable on bank accounts.

Therefore, total financial income and charges is equal to €43,499.00, with an increase of €7,185.00 compared to the 2006 financial statements.

Extraordinary income listed under item (20) consists of contingent assets in the amount of €416.00; extraordinary charges in item (21) amounts to €10,576.00 and relates to contingent liabilities. Therefore, total extraordinary income and charges is a negative sum of €10,160.00, which reflect a slight decrease compared to the previous year amount of €10,460.00.

As a result of the Interbank Deposit Protection Fund's nature and the non profit aims, the Net profit before taxes demonstrates that the positive and negative element are equivalent.

The income taxes for the period, recorded in item (22) of the Income Statement, were determined in observance of the fiscal laws in force regarding IRES (tax on company's income) and IRAP (regional tax on productive activities). By applying such norms, FITD faces a charge from IRES in the amount of €9,254.00 and from IRAP in the amount of €76,736.00. Furthermore, in observing the general principle of accrual basis accounting, 2007 advance taxes and deferred taxes were calculated in the amount of €8,381.00 and €32.00, respectively.

Item (23), Income (loss) for the period, shows a loss for the period amounting to €77,641.00, which corresponds to the same tax charge and it shall be covered with the surplus balance of contributions paid by the Members for operating expenses in 2007.

Board of Auditors' Report

Board of Auditors' Report

The Board of Auditors made its observation to the General Meeting on the financial statements and the activities carried out by the Interbank Deposit Protection Fund in 2007.

For the purpose of providing a better information report, the financial statements formats have been drafted in accordance with the extended form provided for by Article 2424 and the following ones of the Italian Civil Code.

The comparison to the past financial year has been assured by the presentation of data contained in the financial statements for the financial year ending on 31 December 2006.

In compliance with the accounting principle of continuity, the evaluation criteria have not changed with respect to that adopted for previous financial years.

The positive and negative income components have been determined by applying transparency principles for financing statements.

The Supplement describes the financial statements items in a detailed way and with reference to both their composition and the evaluation criteria adopted.

In the Report on Operations, the Board presented its own observations on the operation trends, and it gave special attention to institutional activities carried out by the offices of the Fund.

The analysis of the Income Statement presents a result before tax, which after the tax obligation, amounts to a loss of €77,641.00 that is equal to said taxes (IRAP, IRES, advance taxes and deferred taxes). Such result is consistent with the consortium nature and non profit aims of the Interbank Deposit Protection Fund.

With full respect for the decision taken by the General Meeting of Members on 15 March 2007, the loss for 2006 financial statements, which was equal to €68,290.00, was settled with the surplus balance of members' contributions for operative expenses as of the end of 2006, after writing off the amount of advance and deferred taxes for the same financial year.

The surplus amount of contributions for operative expenses paid by member banks in 2007, with respect to the charges, amount to €108,882.00. Such an amount was kept by the Interbank Deposit Protection Fund for the 2008 financial year, in compliance with Article 22 of FITD's Statutes.

The financial statements as of 31st December 2007 is as follows:

BALANCE SHEET

- Intangible Assets	€	3,224
- Tangible Assets	€	20,091
- Inventories	€	940
- Receivables	€	411,294
- Cash and equivalent	€	502,674
- Accrued Expenses and Deferred Income	€	22,132
Total Assets	€	960,355
- Consortium Fund	€	439,917
- Loss for the period	€	(77,641)
Total Net Asset Value	€	362,275
- Provisions for risks and charges	€	20,032
- Staff Severance Fund	€	13,083
- Payables:		
a) Tax payables	€	155,598
b) Other payables	€	409,367
Total Liabilities and Net Asset Value	€	960,355

INTERIM ACCOUNTS

I – Management of Interventions		
A Commitments for interventions in 2007	€	1,552,528,888
B.1 Commitments for deliberated interventions not paid out	€	0
B.2 Commitments for deliberated interventions paid out	€	0
C Commitments for interventions to be deliberated	€	1,552,528,888
II – Leasing instalments to be paid	€	0

INCOME STATEMENT

Value of production			€	2,557,778
Costs for primary, subsidiary and convenience products	€	- 7,706		
Costs for services	€	- 976,058		
Costs for goods referred to third parties	€	- 604,694		
Costs for personnel	€	- 918,291		
Amortisation	€	- 20,893		
Reserve for risks	€	- 20,000		
Various management expenses	€	- 43,475		
Total costs of production			€	- 2,591,117
Difference between production value and costs			€	- 33,339
Total financial income and charges			€	43,499
Total extraordinary items			€	- 10,160
Net profit before taxes			€	0
Income taxes for the period			€	77,641
Profit (loss) for the period			€	(77,641)

The loss pursuant to the Italian Civil Code coincides with the taxes on the income for the financial year, with a payable to the Tax Authorities of €155,598.00 as duly shown in the Liabilities of the Balance Sheet as item D)12.

The calculation of interventions resources for 2007 was attained according to the provision of Article 21 of FITD's Statutes and the Board's decisions regarding the matter at hand. The overall resources for interventions totalled €1,552,528,888.00, corresponding to 0.4% of reimbursable funds as of 30th June 2006.

The amount of €450,000.00 is recorded as the maximum estimated commitment for the complete closing of the liquidating activities of the Banco di Tricesimo.

Therefore, as of 31 December 2007, the remaining commitment for interventions to be resolved is equal to €1,552,078,888.00.

As far as regards the activities of the Board of Auditors, we confirm to having carried out a careful verification of both the assets and liabilities, the economic components contained in the financial statements and, on the basis of periodic and constant verifications that were carried out, we certify the following:

- in preparing the Balance Sheet and the Income Statement, the principles and provisions pursuant to Articles from 2423 to 2425-bis of the Italian Civil Code were respected;
- the items of the financial statements were evacuate observing the criteria set forth in Article 2426 of the Italian Civil Code, explained and described in the Supplement and fully shared by this Board;
- in the Balance Sheet, all the liability items relating to matured payables of the period were recorded;
- the evaluation criteria adopted have not changed with respect to the previous financial year and the amortisation coefficients do not differ from those provided for by the relevant fiscal provisions;
- the principle of accrual basis accounting was followed for the accounting of expenses relating to intangible assets pursuant to Article 2426, paragraph 5 of the Italian Civil Code;
- the annual quotas of amortisation applied to both tangible and intangible assets, whose potential use is limited in time, have been calculated according to the regularity principle, with reference to the residual possibility of using such properties;
- with the exception of amounts intended for complementary pension, the staff severance fund, which is recorded in the financial statements, includes matured amounts for personnel that have been given raises in accordance with the applicable laws;
- the fiscal charge of the Income statement was calculated in observance of the fiscal provisions in force. Furthermore, calculation and separate highlighting of advance and deferred taxes were carried out;

- there was no appeal made to derogations provided for by Article 2423, paragraph 4 of the Italian Civil Code, and no monetary revaluation of property was carried out;
- the amounts reported in the financial statements are confirmed in the documents and general accounting prepared in accordance with the law.

During the period, the Board of Auditors carried out careful and periodic administrative and accounting verifications, on the basis of which the correct accounting position and the correspondence of the financial statements to the accounting results have been attested.

Such verifications have allowed the careful surveillance of expenses sustained with respect to the budget approved by the General Meeting in 2007.

The Board of Auditors attended all the meetings of the Board of Directors and Executive Committee and, therefore, guarantees the respect for the provisions of the Law and Statutes in the management of the Interbank deposit Protection Fund.

The loss for the financial period, which was recorded in the amount of €77,641.00, shall be settled with the surplus of contributions for operative expenses as of 31 December 2007, according to the proposal made by the Board of Directors in the Supplement to the 2007 financial statements.

As a result of what is stated above, the Board of Auditors expresses its favourable opinion on the approval of the financial statements and the deferment of the loss for the financial year.

In concluding the present Report, the Board of Auditors would like to express its appreciation to the members of the Board of Directors and the Executive Committee for the effective and professional activities that were carried out.

A special thanks, furthermore, to the Interbank Deposit Protection Fund's Secretary General and to all the employees of the Fund, for the diligence and collaboration given in their respective roles during the financial year.

Chairman	Auditors	
R. Mastrostefano	A. Passadore	G. Berneschi

Balance Sheet

Balance Sheet - Assets

		31/12/2007	31/12/2006
A) Receivables due from shareholders for unpaid capital			
B) Fixed Assets			
I. Intangible assets			
1) Start-up and expansion costs			
2) Research, development and advertising costs			
3) Industrial patent and intellectual property rights			
4) Concessions, licenses, trademarks and similar rights		1.484	8.303
5) Goodwill			
6) Fixed assets under development and advances			
7) Others		1.740	3.480
Total Intangible Assets		3.224	11.783
II. Tangible Assets			
1) Land and buildings			
2) Plant and equipment		3.960	7.982
3) Industrial and commercial equipment			
4) Others		16.131	21.536
5) Fixed assets under construction and advances			
Total tangible Assets		20.091	29.518
III. Investments			
1) Equity investments in:			
a) Subsidiary companies			
b) Affiliated companies			
c) Parent companies			
d) Other companies			
2) Receivables from:			
a) Subsidiary companies			
- within 12 nonths			
- over 12 months			
b) Affiliated companies			
- within 12 nonths			
- over 12 months			
c) Parent companies			
- within 12 nonths			
- over 12 months			
d) Other companies			
- within 12 nonths			
- over 12 months			
3) Other securities			
4) Own shares			
Total fixed assets		**23.315**	**41.301**

C) Current Assets			
I. Inventories			
1) Raw materials, secondary materials and consumables			
2) Work in progress and semi-finished goods			
3) Work underway on request			
4) Finished goods and goods			
5) Advances to suppliers		940	10.190
Total inventories		940	10.190
II. Receivables			
1) From clients			
- within 12 months	166.605		73.215
- over 12 months	151.644		151.644
		318.249	224.859
2) From subsidiary companies			
- within 12 months			
- over 12 months			
3) From affiliated companies			
- within 12 months			
- over 12 months			
4) From parent companies			
- within 12 months			
- over 12 months			
4-bis) Tax assets			
- within 12 months	84.640		83.711
- over 12 months			
		84.640	83.711
4-ter) Advance taxes			
- within 12 months	8.381		6.180
- over 12 months			
		8.381	6.180
5) Due from others			
- within 12 months	24		
- over 12 months			
Total receivables		24	
		411.294	314.750
III. Current financial assets			
1) Equity investments in subsidiary companies			
2) Equity investments in affiliated companies			
3) Equity investments in parent companies			
4) Other equity investments			
5) Own shares			
6) Other securities			
IV. Cash and Equivalent			
1) Banking and postal deposits		497.087	546.863

2) Checks			
3) Cash on-hand and valuables		5.587	7.705
Total cash and equivalent		502.674	554.568
Total Current Assets		**914.908**	**879.508**

D) Accrued income and prepaid expenses			
- Discount on loans			
- others	22.132		19.292
Total Accrued income and prepaid expenses		22.132	19.292

Total Assets		**960.355**	**940.101**

Balance Sheet - Liabilities

		31/12/2007	31/12/2006
A) Shareholders' equity			
I. Capital		439.917	439.917
II. Share capital			
III. Revaluation reserve			
IV. Legal reserve			
V. Statutory reserve			
VI. Reserve for own shares			
VII. Other reserves			
Extraordinary reserve			
Others...			
		(1)	
VIII. Profit (loss) carried over			
IX. Profit for the period			
IX. Loss for the period		(77.641)	(68.290)
Acconti su dividendi		()	()
Copertura parziale perdita d'esercizio			
Total Equity		**362.275**	**371.627**

B) Provisions for risks and charges			
1) Pension and similar costs			87.753
2) Provision for taxes and for deferred taxes		32	77
3) Other provisions		20.000	4.900
Total provisions for risks and charges		**20.032**	**92.730**

C) Staff Severance Fund		**13.083**	**15.099**

D) Payables			
1) Bonds			
- within 12 months			
- over 12 months			

2) Convertible bonds			
- within 12 months			
- over 12 months			
3) Payables to members for financing			
- within 12 months			
- over 12 months			
4) Payables to banks			
- within 12 months			
- over 12 months			
5) Payables to other lenders			
- within 12 months			
- over 12 months			
6) Advances			
- within 12 months			
- over 12 months			
7) Payables to suppliers			
- within 12 months	89.571		91.506
- over 12 months			
		89.571	91.506
8) Debt instruments			
- within 12 months			
- over 12 months			
9) Payables to subsidiaries			
- within 12 months			
- over 12 months			
10) Payables to affiliated companies			
- within 12 months			
- over 12 months			
11) Payables to parent companies			
- within 12 months			
- over 12 months			
12) Taxes payable			
- within 12 months	155.598		139.533
- over 12 months			
		155.598	139.533
13) Payables to social security institutions			
- within 12 months	81.078		37.399
- over 12 months			

		81.078	37.399
14) Other payables			
- within 12 months	176.577		130.066
- over 12 months	62.141		62.141
		238.718	192.207
Total payables		**564.965**	**460.645**

E) Accrued expenses and deferred income			
- Premium on loans			
- Others			
Total accrued expenses and deferred income			

Total Liabilities		**960.355**	**940.101**

Interim accounts 31/12/2007 31/12/2006

		31/12/2007	31/12/2006
1) Sistema improprio dei beni altrui presso di noi			
2) Sistema improprio degli impegni		1.552.528.888	1.488.169.136
3) Sistema improprio dei rischi			
4) Raccordo tra norme civili e fiscali			
Total of interim accounts		**1.552.528.888**	**1.488.169.136**

Income Statement 31/12/2007 31/12/2006

		31/12/2007	31/12/2006
A) Value of production			
1) Member quotas		2.555.118	2.465.667
2) Changes in inventory of works in progress, semi-finished goods and finished goods			
3) Difference in work underway on request			
4) Increases in fixed assets for internal works			
5) Other proceeds		2.660	20.740
Total value of production		**2.557.778**	**2.486.407**

B) Costs of production			
6) Raw materials, secondary materials and consumables		7.706	9.192
7) Services		976.058	987.795
8) Use of un-owned property		604.694	626.467
9) Personnel			
a) Wages	646.789		563.523
b) Social security contributions	200.765		177.544
c) Staff Severance Fund	46.363		40.529
d) Pension and Similar costs	24.374		15.673
e) Other personnel charges			

		918.291	797.269
10) Ammortizations and devaluations			
a) Ammortization of intangible assets	9.170		14.683
b) Ammortization of tangible assets	11.723		32.121
c) Other Ammortizations and devaluations			
d) Write-downs of assets in the current assets and cash equivalent			
		20.893	46.804
11) Changes in inventory of raw materials, secondary materials and consumables			
12) Reserve for risks		20.000	
13) Other reserves			
14) Management charges		43.475	44.734
Total costs of production		**2.591.117**	**2.512.261**
Difference among costs and value of production (A-B)		**(33.339)**	**(25.854)**

C) Financial income and charges			
15) Financial income from:			
- Subsidiary companies			
- Affiliated companies			
- Others			
16) Other financial income			
a) from receivables listed in fixed assets			
- from subsidiary companies			
- from affiliated companies			
- from parent companies			
- from other companies			
b) from securities listed in the fixed assets that do no constitute shareholdings			
c) from securities listed in the current assets that do not constitute shareholdings			
d) income differing from preceding items			
- from subsidiary companies			
- from affiliated companies			
- from parent companies			
- from other companies	43.499		36.314
		43.499	36.314
		43.499	36.314
17) Interest and other financial charges			
- from subsidiary companies			
- from affiliated companies			
- from parent companies			
- from other companies			
17-bis) Foreign exchange gains and losses			
Total of Financial income and charges		**43.499**	**36.314**

D) Value adjustments to financial assets			
18) Revaluations:			
a) of equity investments			
b) of financial fixed assets			
c) of securities listed in the current assets			
19) Write-downs:			
a) of equity investments			
b) of financial fixed assets			
c) of securities listed in the current assets			
Total adjustments to financial assets			

E) Extraordinary income and charges			
20) Income:			
- Capital gains from asset disposals			
- Other income	416		249
		416	249
21) Charges:			
- Capital losses from asset disposals			
- Taxes relating to previous financial years			
- Other charges	10.576		10.709
		10.576	10.709
Total extraordinary income and charges		**(10.160)**	**(10.460)**

Result before taxes (A-B±C±D±E)			
22) Income taxes for the financial year			
a) Current taxes	85.990		74.394
b) Deferred taxes (advanced)	(8.349)		(6.104)
		77.641	68.290

23) Profit (loss) for the financial year		**(77.641)**	**(68.290)**

Appendix

Appendix

This appendix contains tables and graphs in support of the content of the Annual Report.

It is composed of:

- time series of weighed average values of financial indicators. They offer the analysis of the evolution of the system from June 1996 to June 2007;
- thresholds of the various classes of financial ratios' profiles;
- determination of the Statutory Position in correspondence with the value of the Aggregate Indicator, on the basis of 4 ratios;
- the distributions of frequencies as of 30 June 2007 of the ratios A1, B1, D1 and D2, and of the Aggregate Indicator.

Interbank Deposit Protection Fund

SYSTEM AVERAGE VALUES

dates	INDICATORS						Aggregate Indicator	Reimbursable Funds	
	A1	A2	B1	B2	D1	D2		billion lira	billion euro
30/6/96	34.65	5.44	169.44	14.07	67.12	46.31	3.56	751,354	388.0
31/12/96	37.17	5.73	174.48	13.44	65.45	35.52	3.57	770,637	398.0
30/6/97	32.71	5.06	174.41	13.54	66.84	34.66	3.46	647,401	334.4
31/12/97	32.17	4.83	169.57	13.83	66.53	43.86	3.46	603,718	311.8
30/6/98	29.05	4.74	181.08	15.15	58.39	26.41	2.8	561,139	289.8
31/12/98	27.79	4.54	182.05	16.08	62.18	34.12	3.17	553,798	286.0
30/6/99	25.67	4.27	179.62	16.09	59.58	24.84	3.41	562,448	290.5
31/12/99	21.17	3.53	184.49	17.18	62.77	34.1	3.61	570,362	294.6
30/6/00	18.89	3.28	186.55	18.15	54.1	14.86	2.74	568,874	293.8
	A1		B1		D1	D2			
31/12/00	16.23		184.16		57.39	21.73	2.27	585,827	302.6
30/6/01	10.84		186.95		56.01	17.14	1.85	573,804	296.3
31/12/01	10.22		188.87		53.00	20.3	2.01	618,660	319.5
30/6/02	11.51		199.94		59.60	24.18	2.25	619,026	319.7
31/12/02	11.04		199.67		60.72	29.45	2.2	642,454	331.8
30/6/03	11.04		200.31		57.80	20.45	1.9	652,329	336.9
31/12/03	11.40		207.60		60.07	33.37	2.28	681,373	351.9
30/6/04	11.05		210.48		59.17	23.74	1.85	698,219	360.6
31/12/04	11.04		210.00		60.79	29.87	1.73	710,805	367.1
30/6/05	9.90		204.88		58.18	18.92	1.59	720,292	372.0
31/12/05	7.89		212.98		59.57	20.62	1.63	746,432	385.5
30/6/06	6.87		209.47		49.94	11.97	1.17	751,466	388.1
31/12/06	6.79		208.87		52.60	15.12	1.18	777,412	401.5
30/6/07	5.43		212.68		47.53	12.69	1.28	765,214	395.2

Interbank Deposit Protection Fund - Indicators' thresholds

Indicators & coefficients	Normal	Attention	Warning	Violation
Indicator A1: Bad debts / Shareholders' equity + subordinated loans	under 20%	from 20% to 30%	from 30% to 50%	over 50%
Coeff_A1	0	2	4	8
Indicator B1: Supervisory capital / supervisory capital requirements	over 110%	from 110% to 100%	from 100% to 90%	under 90%
Coeff_B1	0	1	2	4
Indicator D1: Operating expenses / Gross income	up to 70% (or operating expenses =0)	from 70% to 80%	from 80% to 90%	over 90% (or gross income <0)
Coeff_D1	0	1	2	4
Indicator D2: Loan losses, net of recoveries / Profit before tax	up to 40% (or loan losses, net of recoveries <=0)	from 40% to 50%	from 50% to 60%	over 60% (or profit before tax < 0)
Coeff_D2	0	1	2	4

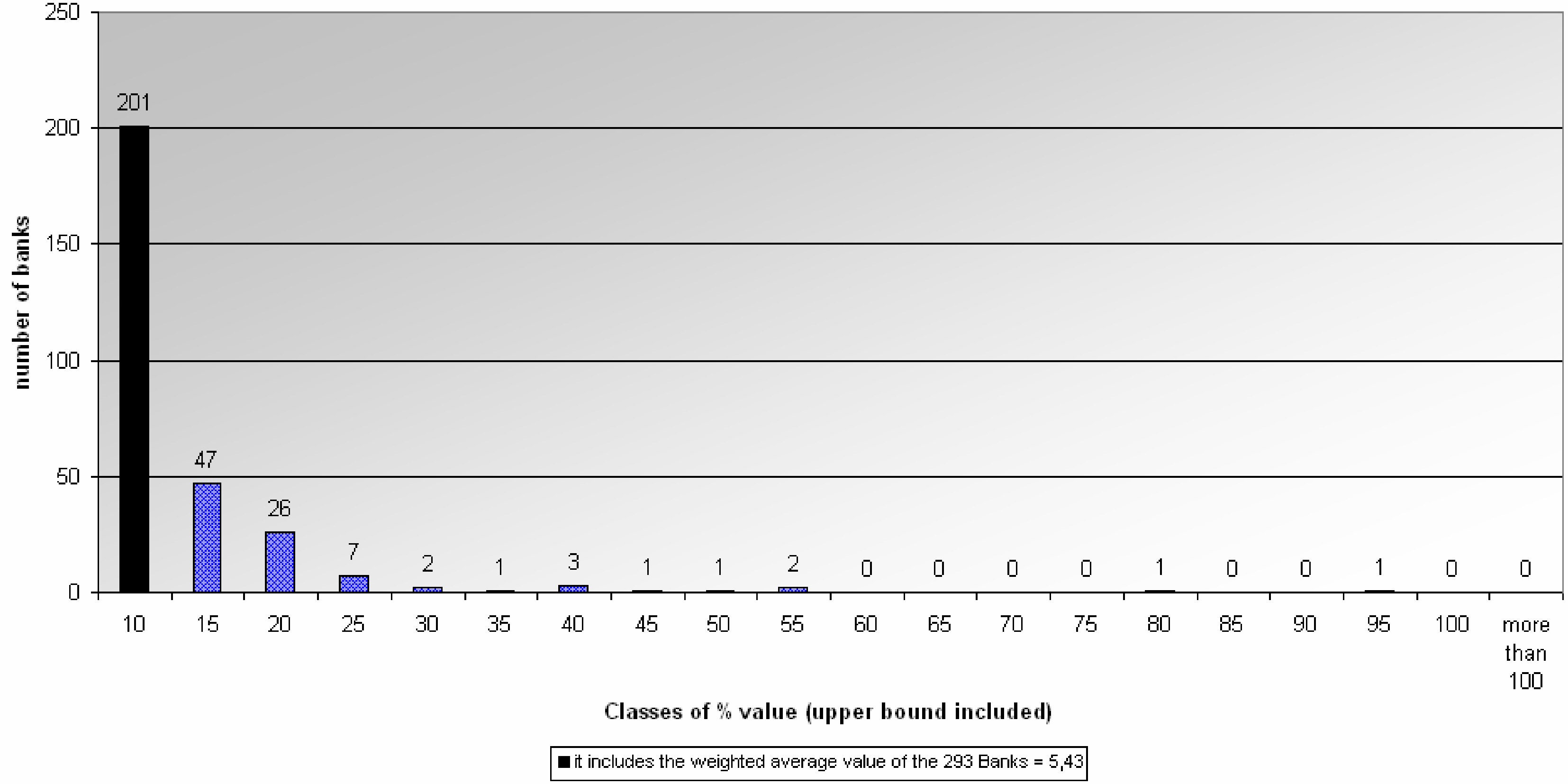
Interbank Deposit Protection Fund - Statutory Positions

Determination of the Statutory Position	
Normal	IS from 0 to 3
Attention	IS from 4 to 5
Warning	IS from 6 to 7
Penalty	IS from 8 to 10
Severe Imbalance	IS from 11 to 12
Expulsion	IS over 12

RATIO A1
Bad Debts/Shareholder's equity + subordinated loans

STATUTORY CLASSES

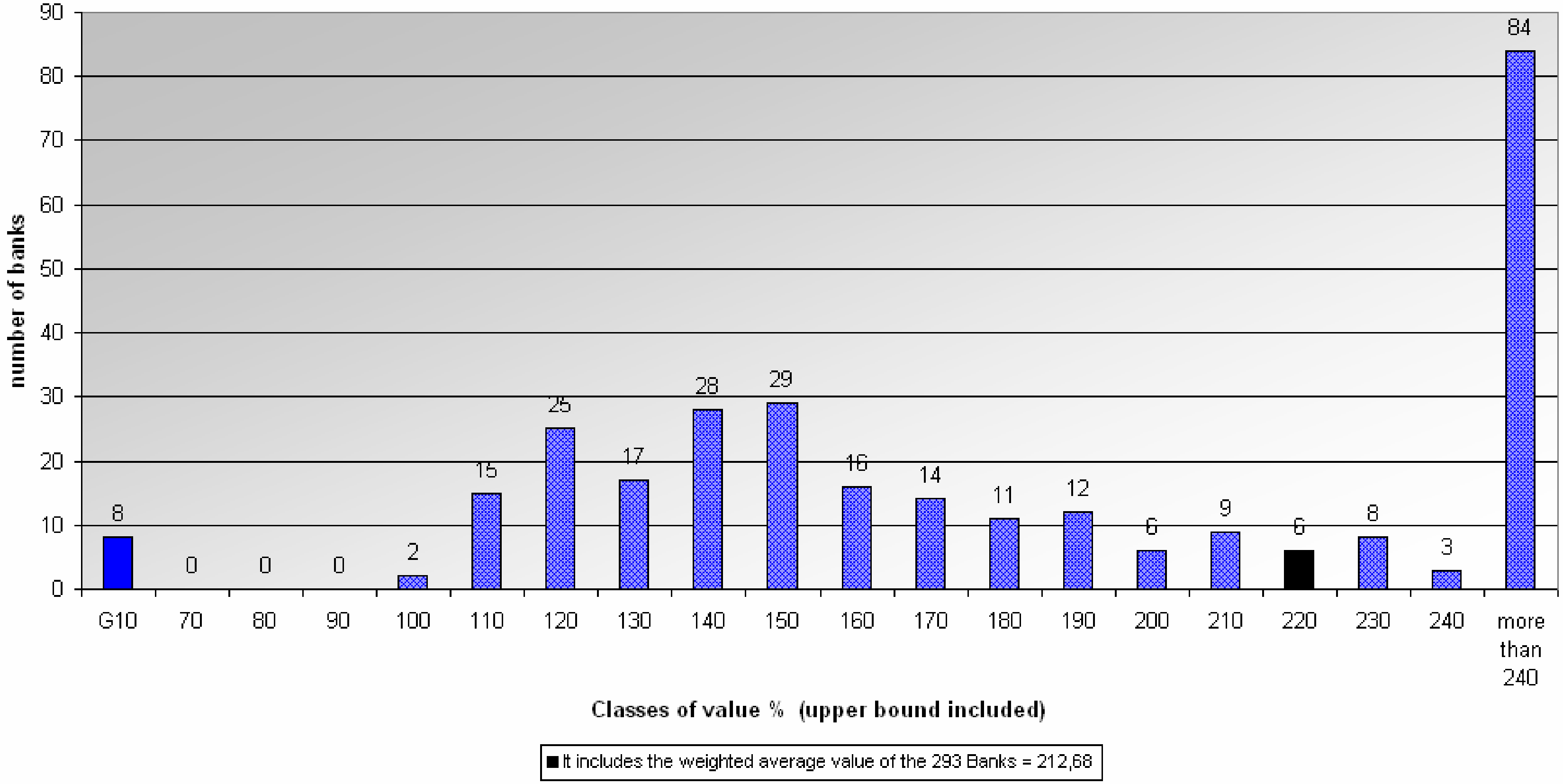
- Normal: up to 20%
- Attention: from 20% up to 30%
- Warning: from 30% up to 50%
- Violation: over 50%

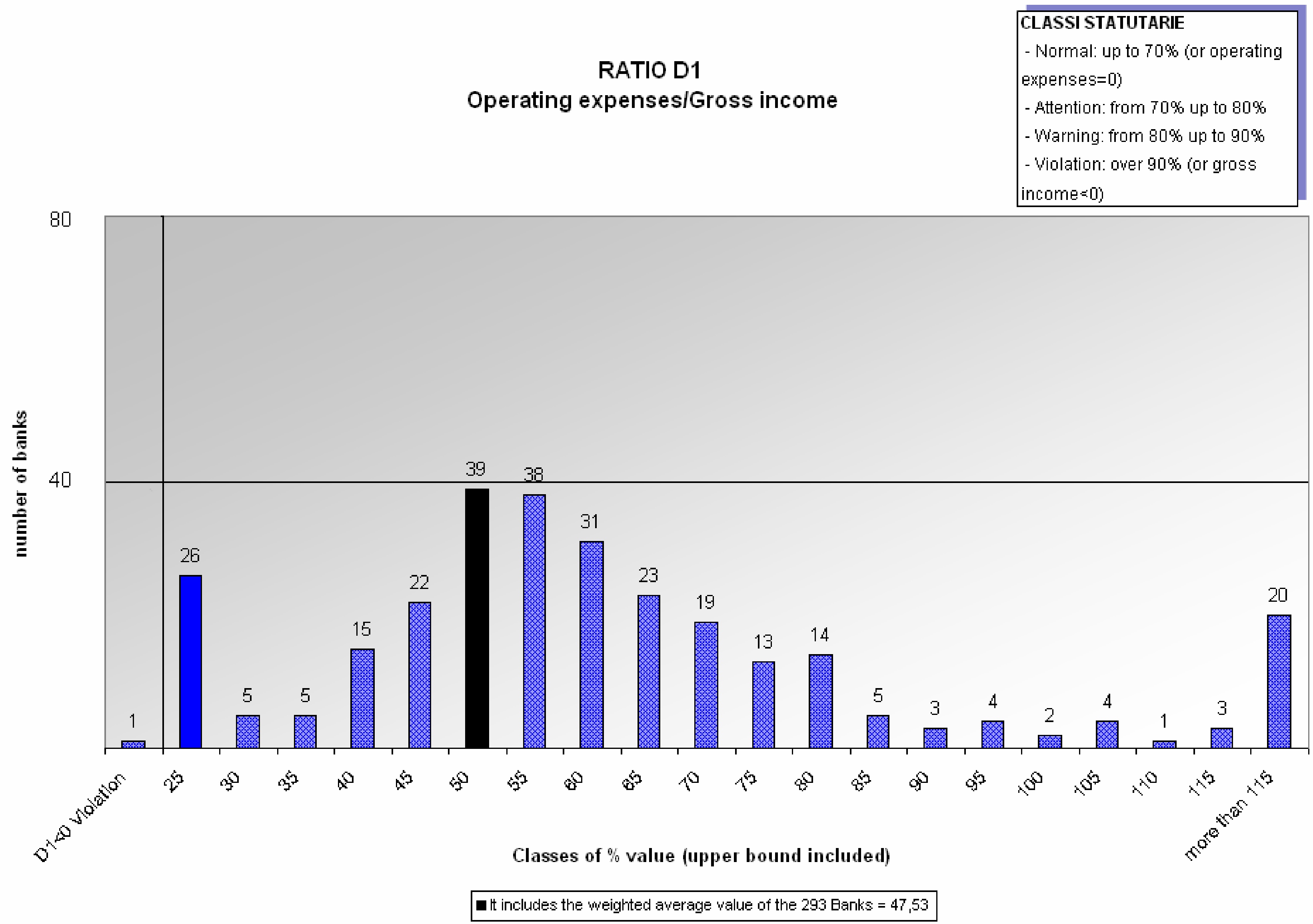


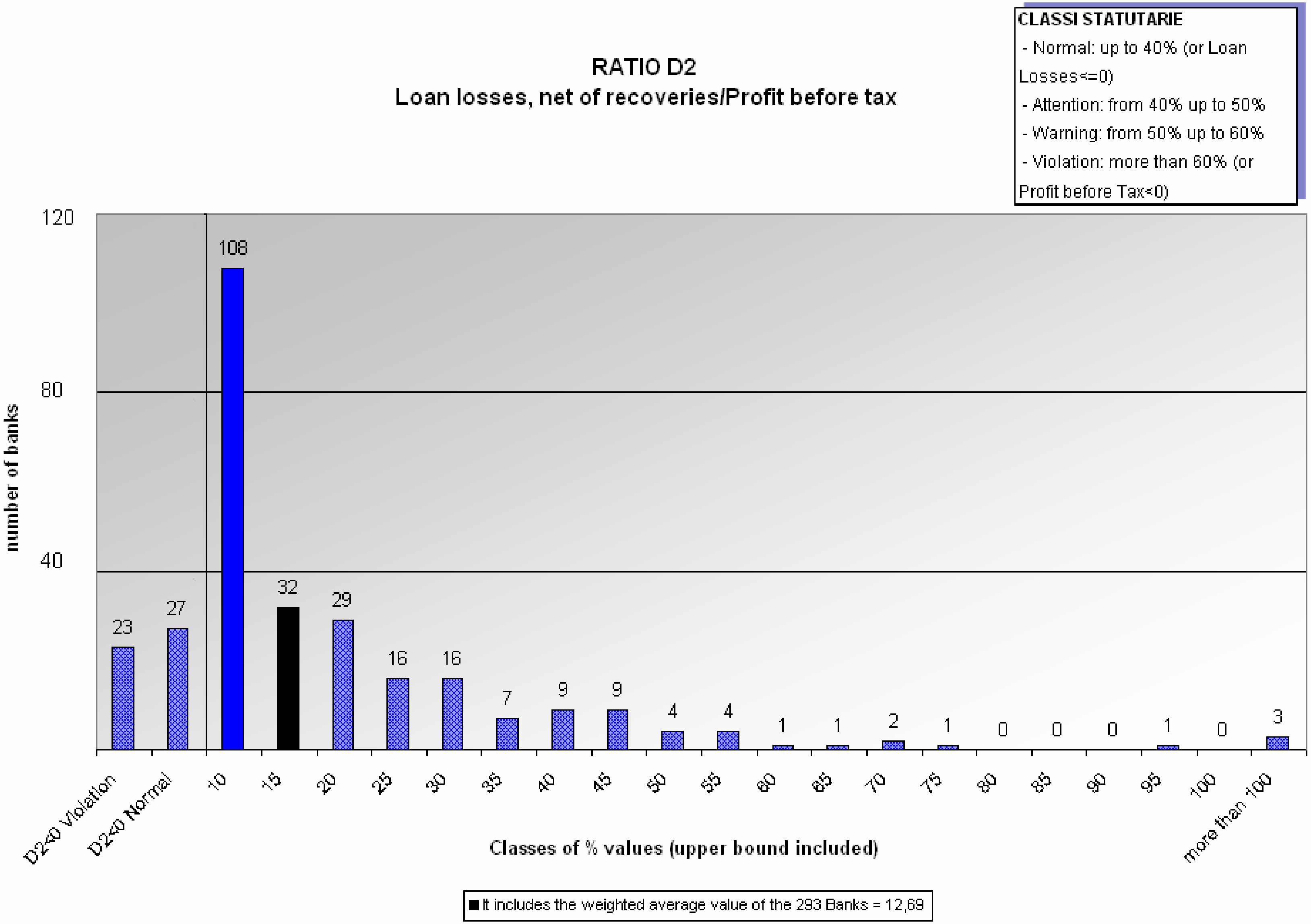
STATUTORY CLASSES

- Normal: over 110%
- Attention: from 110% up to 100%
- Warning: from 100% up to 90%
- Violation: under 90%

RATIO B1
Supervisory Capital/Supervisory capital requirement




CLASSI STATUTARIE
- Normal: up to 70% (or operating expenses=0)
- Attention: from 70% up to 80%
- Warning: from 80% up to 90%
- Violation: over 90% (or gross income<0)
RATIO D1
Operating expenses/Gross income
80
40
number of banks
1
26
5
5
15
22
39
38
31
23
19
13
14
5
3
4
2
4
1
3
20
D1<0 Violation
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
100
105
110
115
more than 115
Classes of % value (upper bound included)
It includes the weighted average value of the 293 Banks = 47,53


CLASSI STATUTARIE
- Normal: up to 40% (or Loan Losses<=0)
- Attention: from 40% up to 50%
- Warning: from 50% up to 60%
- Violation: more than 60% (or Profit before Tax<0)
RATIO D2
Loan losses, net of recoveries/Profit before tax
number of banks
120
80
40
23
27
108
32
29
16
16
7
9
9
4
4
1
1
2
1
0
0
0
1
0
3
D2<0 Violation
D2<0 Normal
10
15
20
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
100
more than 100
Classes of % values (upper bound included)
It includes the weighted average value of the 293 Banks = 12,69

BANK'S RISKINESS
Aggregate Indicator (AG)