Fondo Interbancario di Tutela dei Depositi

Interbank Deposit Protection Fund

Annual Report 2008

INTERBANK DEPOSIT PROTECTION FUND

Composition of Statutory Bodies

Chairperson: Enrico Filippi

Deputy Chairperson: Elisabetta Magistretti

Secretary General: Roberto Moretti

Statutory Member: President ABI Corrado Faissola

Representative from the Bank of Italy: Stefano Mieli

Executive Committee

Aureliano Benedetti
Carmine Lamanda
Elisabetta Magistretti
Roberto Mazzotta
Antonio Patuelli
Bruno Picca

Board of Auditors

Renato Mastrostefano (*Chairperson*)
Giovanni Berneschi
Giuseppe Allocco

Board

Aureliano Benedetti
Marco Berlanda
Adolfo Bizzocchi
Carlo Caprodossi
Giovanni Cartia
Guido Corradi
Divo Gronchi
Carmine Lamanda
Guido Leoni
Elisabetta Magistretti
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Gianni Testoni
Gino Trombi
Camillo Venesio
Emilio Zanetti

This is a translation of the Italian original and has been prepared solely for the convenience of readers. 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 directly requested from the Fund.

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Statistical Analysis

On 31 December 2008, there were 295 member banks, a decrease from 297 in December 2007. Of these, 8 are branches in Italy of non EU banks and 2 are branches of EU banks.

228 banks out of 295 members belong to banking groups (72 groups at present); 67 are not members of groups. 25 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 2008, 10 new banks joined the Fund. There were 9 mergers, 2 transfers of assets and liabilities and 1 withdrawal of membership (see Table 1). Two banks have been in special administration since the beginning of the year.

No interventions were decided in 2008.

Table 1
Variation in the composition of the consortium
(December 2007 - December 2008)

Event	***Banks***
Member Banks as of 31 December 2007 *	297
Mergers	9
Transfers of Assets and Liabilities	2
Withdrawal of membership	1
New member banks	10
Member Banks as of 31 December 2008	295

Note: number of banks reporting as of 31 December 2007 was 294.

Source: FITD Statutory Reports

Reimbursable Funds of member banks

With reference to the data for 30 June 2008, total Reimbursable Funds (RF) by FITD amounted to 400.5 billion euro, with an increase of 1.3% compared to the previous year, but with a decrease from December 2007 when total RF was 402.3 billion euro, the highest level since June 1998 (see Table 2).

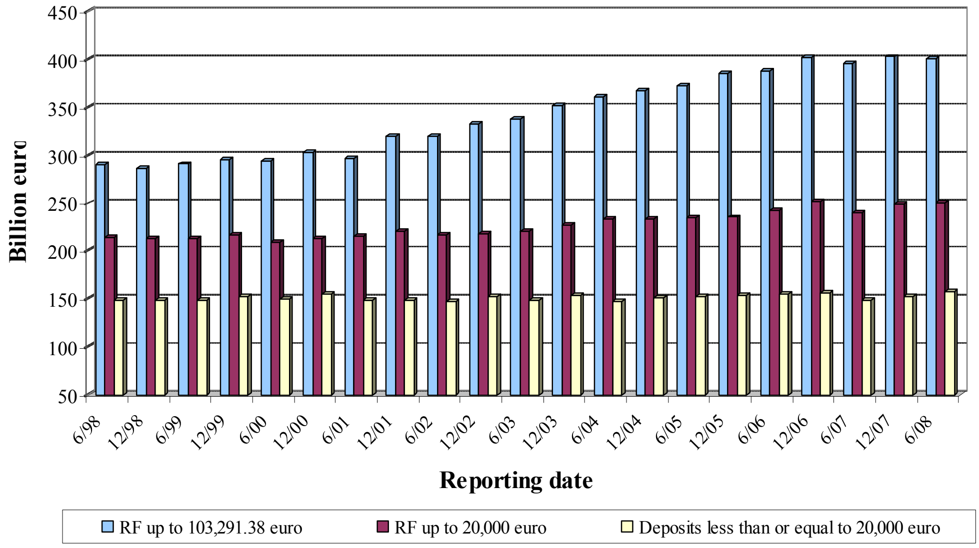
RF up to 20,000 euro, which must be reimbursed within three months of a bank's liquidation pursuant to Article 27, paragraph 8 of FITD Statutes, increased by 4.3% with respect to June 2007. At present, they represent 62.34% of total RF.

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 lira*	*billion euro*	*billion lira*	*of which: deposits up to 20,000 euro*
Jun-98	290.2	*561,893*	213.8	*413,927*	148.4
Dec-98	286.0	*553,798*	212.9	*412,198*	148.7
Jun-99	290.5	*562,448*	213.3	*413,038*	148.5
Dec-99	294.6	*570,362*	216.5	*419,155*	151.9
Jun-00	293.8	*568,874*	208.4	*403,439*	150.1
Dec-00	302.6	*585,827*	213.0	*412,509*	154.9
Jun-01	296.3	*573,804*	214.7	*415,748*	148.5
Dec-01	319.5	*618,638*	220.5	*426,948*	148.6
Jun-02	319.7	*619,026*	216.5	*419,202*	146.8
Dec-02	331.8	*642,454*	218.4	*422,881*	152.2
Jun-03	336.9	*652,329*	220.5	*426,948*	148.2
Dec-03	351.9	*681,337*	226.8	*439,078*	153.6
Jun-04	360.6	*698,143*	233.8	*452,700*	146.9
Dec-04	367.2	*710,998*	233.5	*452,119*	150.8
Jun-05	372.0	*720,292*	235.0	*455,023*	152.1
Dec-05	385.5	*746,432*	235.2	*455,411*	153.5
Jun-06	388.1	*751,466*	242.8	*470,126*	154.8
Dec-06	401.2	*776,832*	251.7	*487,359*	155.6
Jun-07	395.2	*765,214*	239.4	*463,543*	148.5
Dec-07	402.3	*778,961*	248.5	*481,163*	152.8
Jun-08	400.5	*775,476*	249.7	*483,487*	157.4

Source: FITD Statutory Reports

Graph 1
Time Series: RF of member banks



Graph 1 shows RF from June 1998 to June 2008. The last two six-month periods saw signs of a stabilisation, at about 400 billion euro, of the upward trend that began in 2000.

RF up to 20,000 euro, which also include the first 20,000 euro of all deposits exceeding that limit, amounted to around 250 billion euro as of end December 2008. They increased by 0.48% compared to the previous year. Between December 1997 and June 2008, their weight on total RF diminished from slightly under 75% to just over 62%.

Deposits amounting to less than 20,000 euro were more or less unchanged at about 150 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 2007, December 2007 and June 2008.

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.

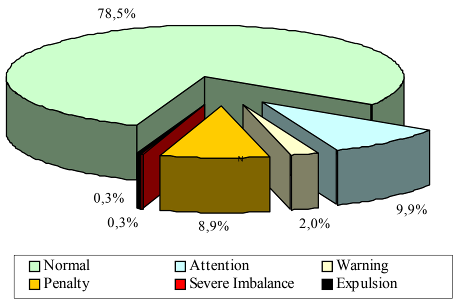
Table 3
Distribution of banks according to Statutory Position

Statutory Position	**30/06/2007**		**31/12/2007**		**30/06/2008**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*
Normal	251	95.5	247	92.05	230	91.6
Attention	16	1.9	21	0.9	29	2.8
Warning	1	0.2	5	4.7	6	2.8
Penalty	24	2.4	18	0.3	26	2.7
Severe Imbalance	1	0.0	2	0.1	1	0.1
Expulsion	0	0.0	1	2.1	1	0.1
Totale Banks	293	100	294	100.0	293	100.0

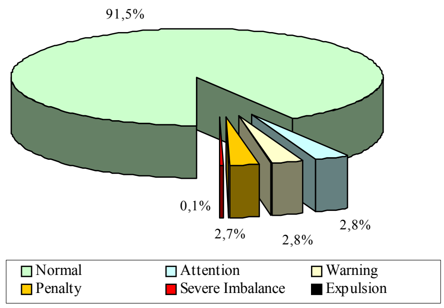
Source: FITD - Bank of Italy data

In detail, compared to June 2007, the number of banks in Low Risk (Normal + Attention) classes decreased by 8, while the corresponding RF decreased by 3.0%. Member banks in Medium Risk (Warning + Penalty) classes increased by 7; FR increased by 2.9%. Banks in High Risk (Severe imbalance + Expulsion) classes decreased by 1 unit. Only one bank was rated in Severe Imbalance, with an amount of RF equal to 407 million euro, and one bank was in Expulsion with a RF amount of 186 million euro.

Graph 2
Member Distribution
by Statutory Position



Graph 3
RF Distribution
by Statutory Position



In June 2008, the composition of the A1 indicator changed with respect to previous reports. In the numerator the calculation of "Bad debts" was brought into line with recent changed in the Accounts Matrix of the Bank/s of Italy; in the denominator, capitalisation was replaced by "Supervisory capital".

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

The average value of the indicator of risk A1 *(Bad debts / Supervisory Capital)* was 6.03%, increasing slightly compared to June 2007.

The average solvency ratio B1 *(Supervisory capital / Supervisory capital requirements)* rose from 212.68% to 279.77% in June 2008.

For the two profitability ratios, the weighted average value of D1 *(Operating expenses / Gross income)* declined from 47.53% in June 2007 to 53.34% in June 2008, while the value of D2 *(Loan losses, net of recoveries / Profit before tax)* increased from 12.69% to 18.54% in the same period.

Table 4
Weighted average values of financial indicators

Indicators		***Reporting Date***		
		30/06/2007	***31/12/2007***	***30/06/2008***
A1	Bad debts / Supervisory Capital	5.43*	5.45*	6.03
B1	Supervisory Capital / Supervisory Capital Requirements	212.68	213.91	279.77
D1	Operating expenses / Gross Income	47.53	56.75	53.24
D2	Loan losses, net of recoveries / Profit before tax	12.69	20.62	18.54

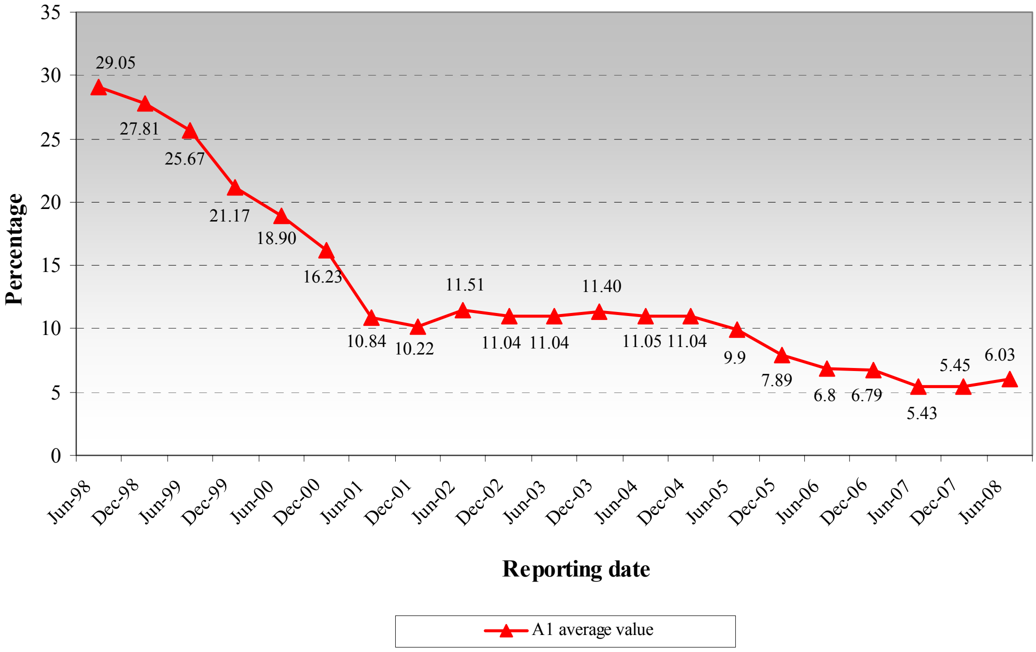
*Note: * means that the A1 average value refers to the old composition (bad debs/shareholders' equity + subordinated loans) of the ratio*

Source: FITD - Bank of Italy data

Risk profile

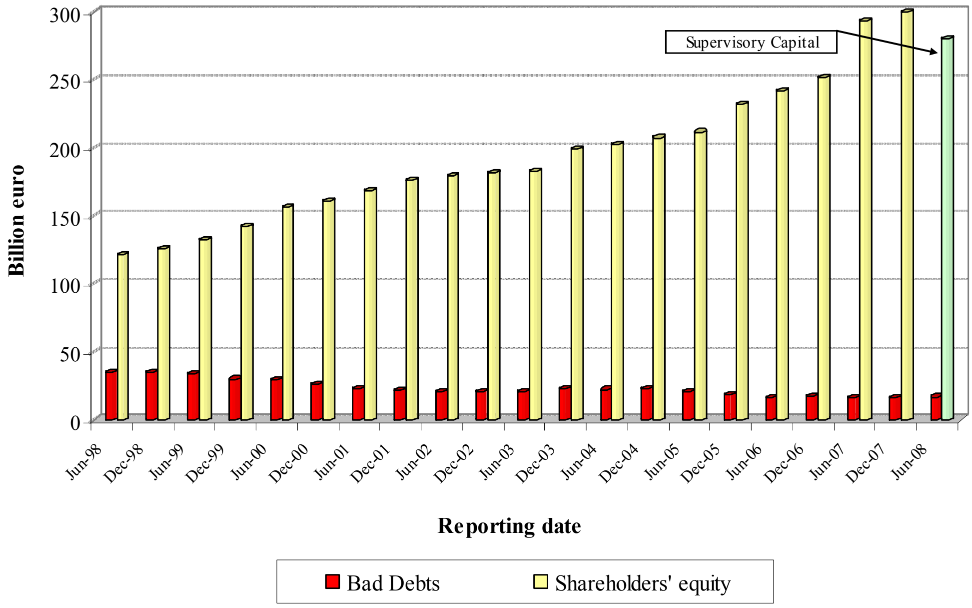
The average value of the A1 risk indicator *(Bad debts / Supervisory Capital)* was 6.03% in June 2008, largely in line with the amounts of the previous semester, but well below the Normal level set at 20% (Graph 4).

Graph 4
A1 performance from June 1998 to June 2008



Graph 5 shows that the slight increase in June 2008 was attributed to the introduction of "Supervisory capital", which proved to be on average less that the aggregate "Shareholders' Equity and Subordinated Loans" used previously. The amount of net bad debts in the numerator remained largely unchanged.

Graph 5
Bad debts and Shareholders' equity
from June 1998 to June 2008



Also, the comparison between the distribution of classes of June 2007 and June 2008 was affected by the change in the A1 composition between the two reporting periods.

In June 2008 there was 7 less banks in the Normal class and 8 more banks in Attention. Their RF changed in the same direction, with a decrease of 12.72% for RF in the Normal class and an increase of 12.66% for those in Attention. The other classes did not change either in number of banks or RF.

Table 7
A1 indicator: class distribution for member banks

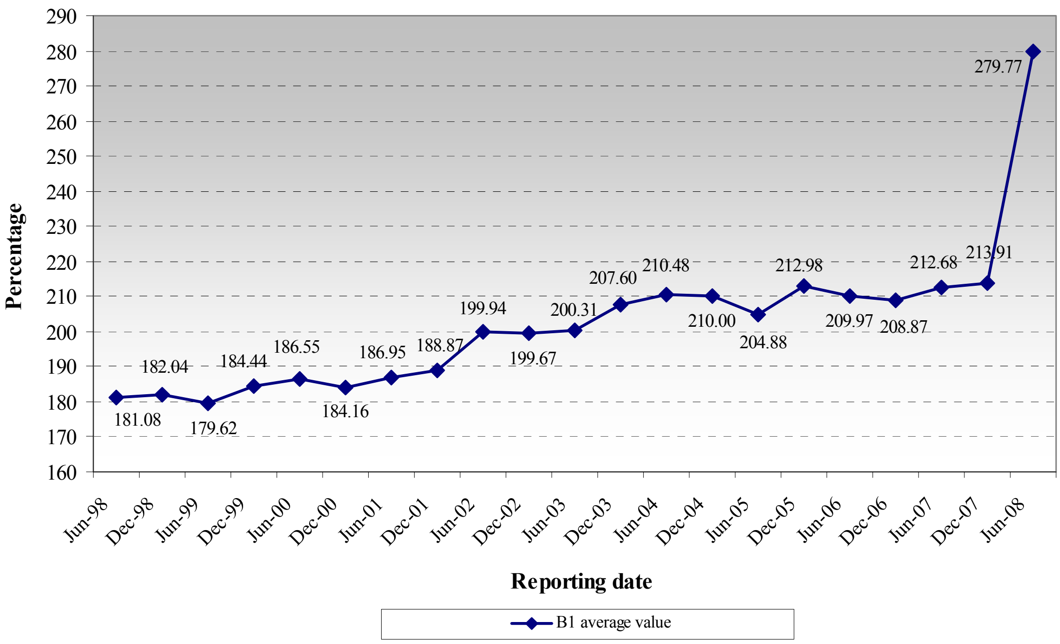
Reporting date	**Normal < 20%**		**Attention < 30%**		**Warning < 50%**		**Violation > 50%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2007	276	90.79	8	6.55	5	0.50	4	2.16
31/12/2007	276	80.13	11	17.24	5	0.50	2	2.13
30/06/2008	269	78.07	16	19.21	5	0.60	3	2.12

Source: FITD - Bank of Italy data

Solvency profile

The average value of the B1 solvency indicator *(Supervisory capital / Supervisory capital requirements)* was 279.77% as of June 2008, placing itself well above the 110% level set as the Normal threshold.

Graph 6
B1 performance from June 1998 to June 2008



Graph 6 shows that the average value of B1 in June 2008 was significantly higher that values previously recorded. This trend can be attributed to an average decline in the denominator (total required capital) of about 20%. This could be explained, at least in part, by the application of the method for calculating required capital in Basel II, where lighter capital requirements are demanded of institutions adopting sophisticated risk assessments based on risk assessment procedures developed within the institution, or, as alternative, assessments done by rating agencies.

RF of the banks whose B1 is in Normal made up 99.42% of the total amount, while RF of the members in the Attention and Violation classes were equal to 0.53% and 0.05%, respectively.

Table 8
B1 indicator: class distribution for member banks

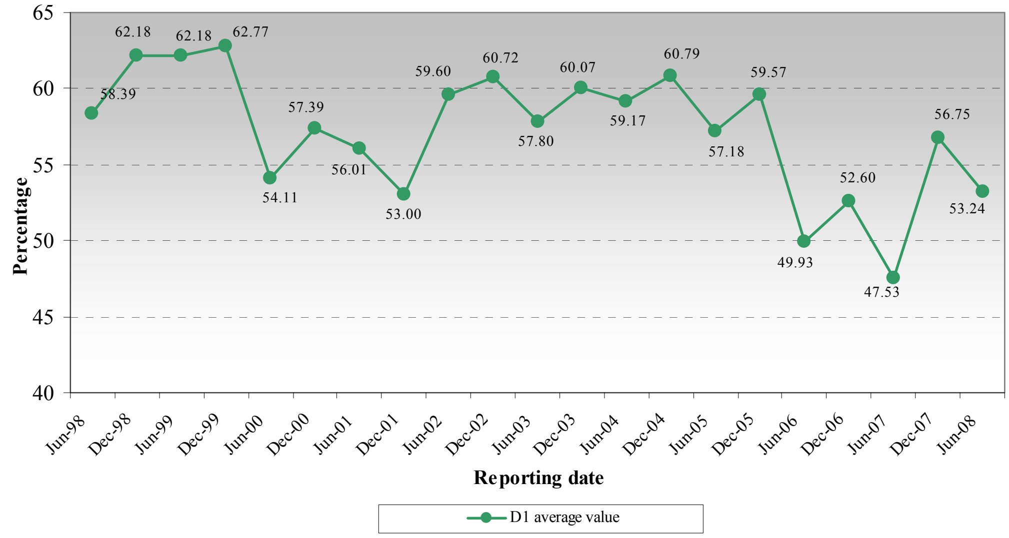
Reporting date	**Normal > 110%**		**Attention < 110%**		**Warning < 100%**		**Violation < 90%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2007	275	90.79	15	7.39	2	1.82	1	0.00
31/12/2007	271	92.06	17	5.42	4	2.48	2	0.04
30/06/2008	287	99.42	4	0.53	0	0.00	2	0.05

Source: FITD - Bank of Italy data

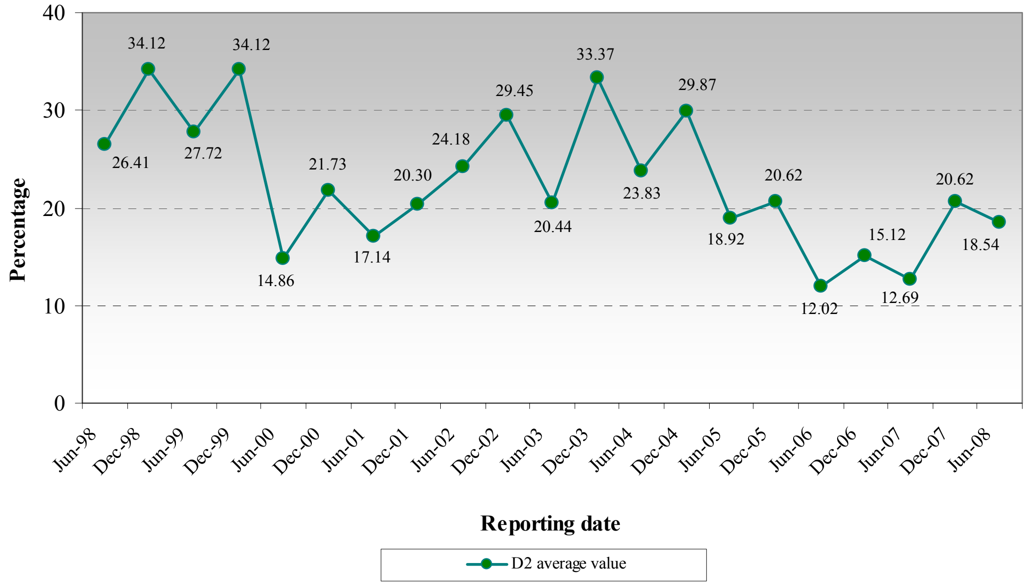
Profitability profile

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.

Graph 7
D1 performance from June 1998 to June 2008

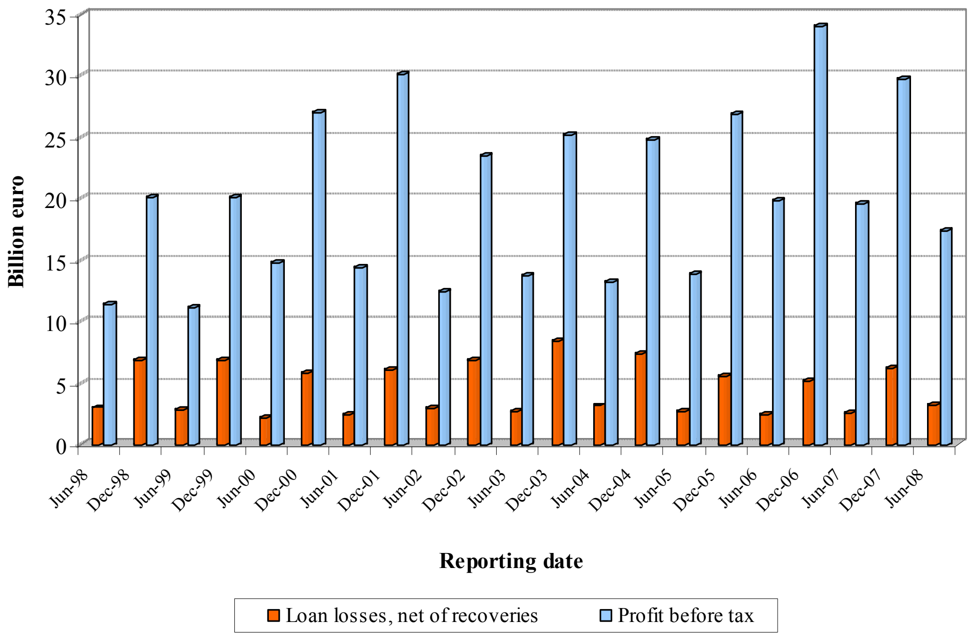


Graph 8
D2 performance from June 1998 to June 2008



The variation in trends shown in the previous graphs 7 and 8, even more marked for ratio D2 (Graph 9). This is due to the fact that data for June and December refer to two different time intervals (the semi-annual and yearly). 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 profit before tax from June 1998 to June 2008



The analysis of class distributions of banks for the D1 indicator highlights that, between June 2007 and June 2008, there was a decrease in the number of member banks rated in the Normal (-15), offset by banks in Attention (+2), in Warning (+4) and in Violation (+9). With regard to RF, there was a shift of funds from the banks in the Normal class (-8.2%) to those in Attention (+7.65%) and in Warning (+1.14%). RF of the banks in Violation decreased slightly (-0.60%).

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*
30/06/2007	226	95.56	31	2.48	7	0.33	29	1.64
31/12/2007	224	91.40	28	4.53	15	3.60	27	0.47
30/06/2008	211	87.36	33	10.13	11	1.47	38	1.04

Source: FITD - Bank of Italy data

In D2, the analysis of class distribution demonstrates a decrease in the number of banks ranked in the Normal (-22) class, offset by an increase of banks in Attention (+2), Warning (+4) and Violation (+16). With respect to RF, there was a decrease of funds in the lower risk classes of Normal (-2.1%) and Attention (-5.16%), while funds in Warning and Violation classes increased by 2.66% and 4.59% respectively.

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*
30/06/2007	249	92.17	17	7.25	3	0.10	24	0.48
31/12/2007	238	86.80	19	3.30	6	4.92	31	4.98
30/06/2008	227	90.07	19	2.09	7	2.77	40	5.07

Source: Elaborations on FITD - Bank of Italy data

Table 12 shows data relating to the number of banks, amount of RF and average values of financial indicators. The 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

Date	AREA	Banks	RF	A1	B1	D1	D2
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%
Dec '07	NORTH	176	264,447,382,890	4.41%	234.76%	54.79%	17.79%
	CENTRE	81	94,863,624,837	8.56%	158.51%	59.96%	30.92%
	SOUTH	37	43,005,580,472	16.01%	151.63%	65.62%	17.62%
June '08	NORTH	176	263,537,176,624	4.31%	309.45%	51.41%	16.93%
	CENTRE	81	93,988,138,344	11.36%	212.33%	56.21%	25.03%
	SOUTH	36	43,019,761,678	18.87%	174.51%	62.43%	15.00%

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

In June 2008, the banks in the North represented 60.1% of the consortium, while banks in the Centre were 27.6% and banks in the South 12.36%. RF may be accounted for as follows: 75.8% in the North, 23.5% in the Centre and 10.7% 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 4.31% for the banks in the North, 11.36% for the banks in the Centre and 18.87% for those in the South. In the B1 indicator, banks in the North were more capitalised (309.45%) than those in the Centre (212.33%) and in the South (174.51%). Profitability resulting from D1 was also greater in the North; member banks in the South showed a better D2 value (equal to 15%) than those in the Centre (25.03%) and in the North (16.93%).

FITD Activities and International Relations

Publications

In the past year the Fund published the study "*La nuova disciplina della Società Europea*" and the paper "*Deposit Protection in the EU: state of play and future prospects*".

The book on the *Societas Europae*, edited by Francesco Capriglione, Professor at LUISS - Guido Carli University, was organised by the Legal Department of the Fund and carried articles from leading scholars and practitioners in the banking world. The paper on "*Deposit Protection in the EU*" was prepared by the Fund's Research Department and the Joint Research Centre - JRC. It was published in the February 2008 number of the Journal of Banking Regulation.

Work continued on the constant updating of the handbook made available to the members of the Consortium on the Fund's website "*Monitoring Banks' Riskiness and Risk-based Contributions".* It underlined the importance the Fund has always given to this document, to enable a more smooth and efficient fulfilment by the banks of their statutory obligations and to be a source of information about relationships with other institutions, both national and international.

Research Projects

Updating continued on the individual indicators of the Fund in the light of the changes made in prudential returns in order to complete the passage into law of the new IAS-IFRS rules and Basel 2. Consequently, at the end of December 2008, the Fund's Glossary was modified and published in the area reserved for Consortium members in the Fund's website.

On-going work on the revision of the system makes necessary further changes in consolidated indicators. These were the object of simulation tests in the first half of 2008. The introduction of consolidated indicators be assessed by the Board of the Fund at the end of the present analysis being carried to revise the monitoring system.

In this regard, mention should be made of the new lines of research for the revision of the system of management indicators as applied to member banks. In order to provide an appropriate response to the changes and improved information contained in banks' balance sheets, in December the Fund began a study project in collaboration with KPMG consultants to update the methodology presently being used by the Fund for measuring and monitoring the riskiness of member banks.

Throughout the year collaboration continued between the Fund's Research Department and the Joint Research Centre - JRC of the European Commission. Numerous meetings and encounters were held, specifically on those arguments around measurement of banks' riskiness and for the purpose of creating a model for risk-based contributions and for revisions to Directive 94/19/EC on deposit guarantee. The work was especially important in the light of the turmoil in international financial markets.

The Fund's involvement in the work on the revision of the Directive happened at two levels:

The first arises from the Fund's participation in EU-wide work groups. This is the context of the meetings and encounters in which the departments of the Fund took part, namely, in Ispra on 10 April 2008 for the work group on the analysis of aspects relating to savings products protected by national laws; in Dublin on 2 September for the work group on the study of the problems associated with risk-based contributions.

The Second springs from the involvement in the process for the legislative revisions to the Directive, which began in mid-October on the initiative of the European Commission in the context of the urgency arising out of the acute phase in the financial crisis. The project ended with the approval of the amended text on 18 December 2008 at a plenary session of the European Parliament.

The changes fall mainly into three categories: increasing the minimum level of coverage from 20,000 euro to 50,000 euro and to 100,000 euro by 31 December 2010 (Italian Guarantee Funds already since 1996 apply a guarantee level which in euro terms amounts to 103,291.38); abolition of co-insurance (Italian Funds all had abolished co-insurance on the same date); reduction of payout time from three months, with two possible extensions up to a maximum of nine months, to twenty working days, with an extension in exceptional circumstances for ten days. These amendments shall be passed into law by EU States by 30 June 2009. Consequently, there could be changes to be made, albeit minor, in the Fund's Statute.

Conferences

During the year, the Fund organised a number of Conferences. Particular mention should be made of the presentation and discussion of the book "*La nuova disciplina della Società Europea"* on 20 November 2008 which was held in the head office of the Italian Banking Association. Presentation and discussants involved experts, scholars, practitioners in the field and representatives of member banks.

Other Activities

In the context of cooperation and cultural interchanges with universities, in 2008 the Fund was host to a training programme into the functions, operations and tasks of the Fund, and to other aspects directly related to deposit insurance.

The Fund continued its membership as life member in "*XBRL Italia - Associazione italiana per lo sviluppo e la diffusione di tassonomie e di standard tecnologici in campo economico-finanziario*". Throughout the year, representatives of the Fund took part in meetings organised for development and application of standards for bank balance sheets.

In 2008, the Fund's international activities were especially intense, in part for the Fund's Chairmanship of the European Forum of Deposit Insurers (EFDI) - the Association of European Guarantee Funds which has 27 members from EU countries and 13 from the EA, for a full total of 54 Guarantee Schemes, and in part for the new level of cooperation established between the EFDI and the International Association of Deposit Insurers (IADI) – the international association chaired by the FDIC, with 51 member Guarantee Schemes from Asia, North Africa and the two Americas.

Both EFDI and IADI officialised their cooperation by setting up a joint work group to decide on joint projects going forward. The first meeting of the work group was held in Rome on 30-31 July 2008, in the premises of the FITD.

Meetings

On 10-11 April 2008, the EU Committee met in Ispra (Varese). The group consisted of EU members of the EFDI only. At the meeting, the 5 work groups of the Forum which had been set up the previous year at the request of the European Commission gave a work-in-progress on the state of the research.

On 26-27 May the Chairman of the EFDI took part in the International Conference on "Risk Analysis in Deposit Insurance Schemes" which was organised by the Russian Deposit Guarantee Fund. Delegations from across the world outlined and illustrated and compared their respective methodologies for calculating risk.

On 11-12 June the EFDI Board was invited by IADI to take part in the "Executive Committee Meeting and in the European Regional Committee in Prague, with the intention of further strengthening cooperation between EFDI and IADI. During the meeting various areas for joint collaboration and research were identified.

On 20 June in Brussels, the chief officers of the EFDI were invited by the European Commission to attend the Executive Committee Meeting. At the hearing, the Chairman of EFDI presented the main results of four EFDI work groups on topics of great interest to deposit insurers: payout delay; ways for informing depositors; scope of guarantee and definition of 'deposit'; information sharing between and among guarantee funds.

In 12 September in Berlin, the Chairman of the EFDI attended a meeting of the European Banking Federation, to monitor amendments of Directive 94/19/EC. On 15 September he also attended the international conference "Deposit Guarantee Schemes facing integration of financial markets". This latter was organised by the Polish Guarantee Scheme in Warsaw, and at which a main paper was given.

On 22 and 23 September the Annual meeting of the EFDI was held in Dublin, coinciding with the first joint conference with the Federal Deposit Insurance Corporation (FDIC) on the topic "Financial Integration and the Safety Net". The Irish Minister of the Treasury and international experts set out the effects and possible consequences of the international financial crisis in different countries. A comparison was made between European and US guarantee schemes.

On 28-31 October, the Annual Meeting of the IADI was held in Arlington (Washington D.C.). It was attended by the Chairwoman of the US supervisory authority, the FDIC, Ms Sheila C. Bair and by Paul Volcker, former Chairman of the Federal Reserve. The meeting was followed by an international conference on the role of guarantee funds in the promotion of financial stability and in the economic sphere. The Chairman of EFDI also presented a report.

Foreign Delegations

Throughout the year, various delegations from deposit guarantee schemes across the world, at their own requests, paid visits to the FITD, to deepen further their knowledge of the workings of the Italian scheme and to be updated on recent developments regarding the European Forum of Deposit Insurers.

Specifically, visitors were welcomed from Armenia (10 July), Indonesia (13 October), Korea (24 October) and Japan (11 December).

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 a major Italian bank; 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. Specifically, these were the claims by a third bank to cash Commercial Paper for the original amount of 9 billion lire capital and to draw down the guarantees, previously given by the Banca di Girgenti for the corresponding amount.

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 2008 financial year, it is noted that, according to Article 21 of the Statutes and the resolution of the General Meeting, the resources for interventions was 0.4% of reimbursable funds as of 30 June 2007, which is equal to 1,580,699,473 euro.

Supplement
to the 2008 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 31 December 2008 are compared with those of 31 December 2007.

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 2008 shows a balance before tax but after tax went into a loss of € 71,922.00, the exact amount of the taxes. The results are coherent with the consortium and non-profit nature of the Interbank Deposit Protection Fund.

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 2008 is € 17,485.00 with a decrease of € 5,830.00 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 € 4,268.00, which reflects an increase of € 1,044.00 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 01.01.2008	€	1,484.00
Purchases for the period	€	6,096.00
Amortisation quota for 2008	€	- 3,312.00
Net accounting value as of 31.12.2008	€	4,268.00

- 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 (2015), which was renewed in 2009 for an additional 6-year period.

The changes recorded are summarised as follows:

Net accounting value as of 01.01.2008	€	1,740.00
Purchases for the period	€	0.00
Amortisation quota for 2008	€	-1,740.00
Net accounting value as of 31.12.2008	€	0.00

Net of amortisation reserve, the tangible fixed assets is entered in the financial statements' assets in the overall amount of € 13,217.00. Compared to the previous financial year, an increase of € 6,874.00 is recorded.

In particular:

- Electronic and electro mechanic machines (251,739.00 – 247,779.00)	€	2,340.00
- Furniture and furnishing (517,653.00 – 517,653.00)	€	0.00
- Equipment and plant (597,108.00 – 580,977.00)	€	10,877.00

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

- Equipments and various plants	€	3,346.00

Movables and furniture were disposed of which had already fully depreciated for € 10,000.00 and which recorded a capital gain write down for an equal amount.

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

Receivables from clients considered recoverable within 12 months amounts to € 84,002.00. The item is composed as follows: (i) € 65,000.00, which is the sum paid in settlement of the 2007 contribution of Members for operating expenses; (ii) € 7,002.00, which refers to a debit note issued by Bank Sepah and unsettled due to the special administration procedure of the bank that was closed in November 2008; (iii) € 12,000.00, which relates to an invoice issued to FMR Art'è SpA for a transfer of furniture and furnishing.

Receivables from Members, payable over 12 months, amount to €169,185.00 and are composed of: €82,564.00, 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 is €253,187.00, with a decrease of € 65,062.00 compared to the previous financial year, when the amount recorded was € 318,249.00.

The Receivables from the Tax Authorities considered recoverable within 12 months show an amount of € 91,019.00 consisting of: advances from IRAP, regularly paid during the current financial year, in the amount of € 76,736.00 and advance withholdings on bank interest income in the amount of € 14,283.00).

Receivables for advance taxes, considered recoverable within 12 months, amounts to € 5,651.00, which consists of IRES (€4,810.00), IRAP (€ 841.00).

Receivables from other parties, considered recoverable within 12 months, amounts to € 1,202.00.

Total receivables is € 351,059.00, a decrease of € 60,235.00 compared to the previous financial year.

Cash and equivalent, listed at nominal value, is equal to €597,628.00, an increase of € 94,954.00 compared to the previous financial year. The total amount consists of (i) bank deposits having a credit balance of €593,640.00 and (ii) cash in the amount of €3,988.00.

Current assets presents a total of €952,959.00 with an increase equal to €38,051.00 compared to the total amount of the previous financial year of € 914,908.00.

In respect of the principle of accrual basis accounting, under accrued income and prepaid expenses, prepaid expenses is recorded in the amount of €29,365.00, and this amount reflects an increase of €7,233.00 with respect to the 2007 financial statement.

Total Assets is equal to € 999,809.00 and shows an increase of €39,454.00 compared to the total amount recorded in 2007.

Under the Net asset value, the Consortium fund amounts to €439,917.00 and the loss for the 2008 financial year is equal to €71,922.00. The overall amount is therefore €367,995.00, with an increase of €5,720.00 compared to the previous financial year, as a result of a decrease in the loss for the 2008 financial year.

As provided for by the General Assembly's approval of the previous financial statements, held on 19 March 2008, the loss for the 2007 financial year in the amount of €77,641.00 has been settled writing off a surplus of contributions for operating expenses.

Provisions for Risk and Charges amounts to €22,592.00 and consists of: Reserves for taxes, including deferred, for € 2,592.00; Other for € 20,000.00. Under the item Other we include a precautionary depreciation made in 2007 for a labour case brought by a former employee. Compared with the previous year's balance sheet, the full item showed an increase of € 2,560.00.

The Staff Severance Fund is listed under the Balance Sheet - Liabilities in the amount of €25,407.00, with an increase in the amount of €12,324.00 compared to the amount recorded in the 2007 financial statements.

Payables are recorded in the balance sheet liabilities at their nominal value, which corresponds to the financial statement.

Payables to suppliers within 12 months amount to €85,715.00 with a decrease of 3.856,00 compared to the previous financial year.

Tax Payables amounts to €146,842.00, consisting of: (i) €40,211.00for advance withholdings approved for third parties; (ii) €29,582.00 refer to fiscal withholdings on compensations for employee work salaries and wages; (iii) € 2,000.00 for IVA on sales; (iv) €69.00 for additional taxes; (v) €73,053.00 for tax payables referred to IRAP and € 1,927.00 for tax payable referred to IRES. Compared to the 2007 financial statements, a decrease in tax payables in the amount of €8,756.00 is recorded, mainly due to lower taxes following a cut in IRES and IRAP quotas.

Payables to social security institutions demonstrates a balance of €82,351.00 with an increase of €1,273.00 compared to the previous financial year. The composition of the item is as follows: (i) €39,641.00 is for the contributions to be paid for salaries and wages in December 2008; (ii) €41,602.00 concerns the voluntary and corporate reserves for the Open Pension Fund.

Other Payables considered recoverable within the next financial year, amount to €206,766.00 with an increase compared to the previous financial year amount of €176,577.00. The item consists of: (i) €144,120.00, which is the balance of contributions for 2008 operating expenses, withheld by the Fund as an advance sum for 2009 (Article 22 of the Statutes); (ii) €20,242.00 for bonuses to be paid to employees in 2009; (iii) €29,688.00 as the balance of 2008 condominial expenses, and (iv) € 12,716.00 for expenses referred to the 2008 financial year.

Other Payables considered recoverable over the next financial year amounts to €62,141.00, as recorded in 2007, 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.

Total payables is € 583,815.00, an increase of € 18,850.00 compared to the previous financial year.

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	€	2,620,885.00
B) production costs	€	- 2,680,582.00
A-B) Difference between production value and costs	€	- 59,697.00
C) Financial management	€	52,853.00
D) Value adjustments to financial assets	€	0.00
E) Extraordinary management	€	6,843.00
Net profit before taxes	€	0.00
22) Taxes for the period	€	71,922,00
23) Profit (loss) for the period	€	(71,922,00)

Production value, equal to €2,620,885.00, consists of members' contributions that cover the operating expenses of €2,620,880.00 and other revenue and income in the amount of € 5.00. An increase of €63,107.00 is recorded compared to the 2007 total production value.

Production costs amounts to €2,680,582.00, with an increase of €89,465.00 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 €7,760.00 with an increase compared to the previous financial year amount of €7,706.00. According to the accounting principle, item 6 is composed of: products, whose value is less than €516.46, amount to €1,708.00; cleaning items are listed for €463.00; writing materials amount to €4,437.00 and fuel expenses to €1,152.00.

Costs for services (item 7) demonstrates a balance of €1,014,442.00, with an increase in the amount of €38,384.00 compared to the 2007 financial statement. The item includes the following charges:

Maintenance of furniture, machines and equipment	€	11,448.00
Maintenance and updating of the computer system	€	7,757.00

Electrical energy expenses	€	32,524.00
Telephone expenses	€	18,982.00
Mobile phones expenses	€	9,366.00
Postal expenses	€	5,696.00
Meal vouchers for employees	€	12,665.00
Compensation for consultants	€	79,980.00
Professional loans	€	24,500.00
Contributions to INPS L. 335/95	€	13,202.00
Business Travel	€	9,617.00
Business overnight stays	€	4,833.00
Training expenses for employees	€	10,086.00
Refunds to employees	€	19,845.00
Foreign and institutional relations	€	19,999.00
Compensation and refund OO.CC.	€	11,819.00
Legal and notary expenses	€	2,703.00
Insurance expenses	€	3,541.00
Entertainment expenses	€	9,959.00
Refund to consultants	€	1,024.00
Research projects	€	57,142.00
Expenses and bank charges	€	2,105.00
Compensation and refund to managers	€	573,641.00
Compensation to Auditors	€	64,071.00
Management of motor vehicles	€	2,070.00
Non-condominial Cleaning expenses	€	713.00
Transport and taxies	€	5,154.00

Compensation and refund to managers (€ 573,641.00) consists of:

Compensation and reimbursements - Committee	€	394,370.00
Compensation and reimbursements - Board	€	179,271.00

Item (8), costs for goods referred to third parties, amounts to €619,894.00 with an increase of €15,200.00 compared to the 2007 income statement. The item is composed as follows:

Rent of seat	€	456,395.00
Leasing for tangible assets and plants	€	34,077.00
Car leasing	€	4,435.00
Leasing for the computer system	€	51,871.00
Expenses for managing seat	€	65,660.00
Car hire	€	11,891.00

Item (9), costs for personnel amounts to charges of €975,310.00, which reflects an increase of €57,019.00 compared to the 2007 financial year. In details:

Wages and salaries	€	681,090.00
Social security contributions	€	180,645.00
Staff severance fund	€	51,735.00
Pension and similar costs	€	32,632.00
Insurance policies for personnel	€	26,448.00
INAIL contributions	€	2,760.00

As of 31 December 2008, 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 €5,052.00, with a decrease compared to the 2007 total amount of €9,170.00. In details, this consists of: €3,312.00 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 €10,220.00 while it was listed for €11,723.00 in 2007.

In particular:

Equipment and various plants	€	1,620.00
Electric and electromechanical machines	€	8,600.00

Therefore, item (10) Amortisation and depreciations total amount is equal to €15,272.00, with a decrease of €5,621.00compared to the previous financial year.

Item (14), Management charges, amounts to €47,904.00 as of 31 December 2008, with an increase of €4,429.00 compared to the 2007 financial statements. It consists of:

Books, magazine and newspapers	€	7,717.00
Stamp duties	€	749.00
Register tax	€	1,802.00
Garbage collection tax	€	14,363.00
City council licenses	€	1,024.00
Other taxes	€	571.00
Fine and pecuniary sanctions	€	378.00
General expenses	€	5,741.00
Press and publications	€	15,557.00
Rounding up	€	2.00

The difference between production value and costs is a negative sum of €59,697.00, which reflects an increase in the amount of €26,358.00 compared to the 2007 financial year.

As far as regards financial management, other financial income is recorded in item (16) as €52,901.00 relating to interest receivable on bank accounts.

Item 17, Interests and other financial charges, amounts to €5.00 for interest allowed on taxes.

Item 17-bis, Income and charges on exchange rates, shows a negative sum of € 43.00 for normal purchases and sales of currencies for cash in hand for employees involved in missions abroad.

Therefore, total financial income and charges is equal to €52,853.00, with an increase of €9,402.00 compared to the 2007 financial statements.

Extraordinary Income (€15,056.00) listed under item (20) consists of contingent assets for €10,000.00 and extraordinary income in the amount of €5,056.00. Extraordinary charges listed in item (21) amounts to €8,213.00 and relates to contingent liabilities.

Therefore, total extraordinary income and charges is a positive sum of €6,843.00, compared to the previous year negative sum of €10,160.00.

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, total charges for taxes is registered in the amount of €71,922.00, which is composed as follows:

Current taxes (letter "a") - IRES	€	1,927.00
Current taxes (letter "a") - IRAP	€	73,053.00
Total current taxes	€	74,980.00
Deferred taxes (letter "b") - IRES	€	2,200.00
Deferred taxes (letter "b") - IRAP	€	392.00
Advance taxes (letter "b") - IRES	€	- 4,810.00
Advance taxes (letter "b") - IRAP	€	- 841.00
Total deferred taxes (advance)	€	- 3,059.00

Item (23), Income (loss) for the period, shows a loss for the period amounting to €71,922.00, 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 2008.

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 2008.

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 2007.

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 Management, 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 € 71,922.00 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 19 March 2008, the loss for 2007 financial statements, which was equal to € 77,641.00, was settled with the surplus balance of members' contributions for operative expenses as of the end of 2007, 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 2008, with respect to the charges, amount to € 144,120.00. Such an amount was kept by the Interbank Deposit Protection Fund for the 2009 financial year, in compliance with Article 22 of FITD's Statutes.

The financial statements as of 31st December 2008 is as follows:

BALANCE SHEET

- Intangible Assets	€	4.268
- Tangible Assets	€	13.217
- Inventories	€	4.272
- Receivables	€	351.059
- Cash and equivalent	€	597.628
- Accrued Expenses and Deferred Income	€	29.365
Total Assets	€	999.809
- Consortium Fund	€	439.917
- Loss for the period	€	(71.922)
Total Net Asset Value	€	367.995
- Provisions for risks and charges	€	22.592
- Staff Severance Fund	€	25.407
- Payables:		
a) Tax payables	€	146.842
b) Other payables	€	436.973
Total Liabilities and Net Asset Value	€	999.809

INTERIM ACCOUNTS

I – Management of Interventions		
A Commitments for interventions in 2007	€	1.580.699.473
B.1 Commitments for deliberated interventions not paid out	€	450.000
B.2 Commitments for deliberated interventions paid out	€	0
C Commitments for interventions to be deliberated	€	1.580.249.473
II – Leasing instalments to be paid	€	0

INCOME STATEMENT

Value of production			€	2.620.885
Costs for primary, subsidiary and convenience products	€	- 7.760		
Costs for services	€	- 1.014.442		
Costs for goods referred to third parties	€	- 619.894		
Costs for personnel	€	- 975.310		
Amortisation	€	- 15.272		
Reserve for risks	€	- 47.904		
Various management expenses	€	- 7.760		
Total costs of production			€	- 2.680.582
Difference between production value and costs			€	- 59.697
Total financial income and charges			€	52.853
Total extraordinary items			€	6.843
Net profit before taxes			€	0
Income taxes for the period			€	71.922
Profit (loss) for the period			€	(71.922)

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 € 146,842.00 as duly shown in the Liabilities of the Balance Sheet as item D)12.

The calculation of interventions resources for 2008 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 € 1,580,699,473.00, corresponding to 0.4% of reimbursable funds as of 30th June 2007.

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 2008, the remaining commitment for interventions to be resolved is equal to € 1,580,249,473.00.

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 2008.

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 € 71,922.00, shall be settled with the surplus of contributions for operative expenses as of 31 December 2008, according to the proposal made by the Board of Directors in the Supplement to the 2008 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	31/12/2008	31/12/2007
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	4.268	1.484
5) Goodwill		
6) Fixed assets under development and advances		
7) Others		1.740
	4.268	3.224
II. Tangible Assets		
1) Land and buildings		
2) Plant and equipment	2.340	3.960
3) Industrial and commercial equipment		
4) Others	10.877	16.131
5) Fixed assets under construction and advances		
	13.217	20.091
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	**17.485**	**23.315**
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		4.272	940
		4.272	940
II. Receivables			
1) From clients			
- within 12 months	84.002		166.605
- over 12 months	169.185		151.644
		253.187	318.249
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	91.019		84.640
- over 12 months			
		91.019	84.640
4-ter) Advance taxes			
- within 12 months	5.651		8.381
- over 12 months			
		5.651	8.381
5) Due from others			
- within 12 months	1.202		24
- over 12 months			
		1.202	24
		351.059	411.294
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		593.640	497.087
2) Checks			
3) Cash on-hand and valuables		3.988	5.587
		597.628	502.674
Total Current Assets		**952.959**	**914.908**

D) Accrued income and prepaid expenses			
- Discount on loans			
- others	29.365		22.132
		29.365	22.132
Total Assets		**999.809**	**960.355**

Balance Sheet - Liabilities		**31/12/2008**	**31/12/2007**
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			
Reserve for rounding in EURO			(1)
Others...			
			(1)
VIII. Profit (loss) carried over			
IX. Profit for the period			
IX. Loss for the period		(71.922)	(77.641)
Total Equity		**367.995**	**362.275**
B) Provisions for risks and charges			
1) Pension and similar costs			
2) Provision for taxes and for deferred taxes		2.592	32
3) Other provisions		20.000	20.000
Total provisions for risks and charges		**22.592**	**20.032**
C) Staff Severance Fund		**25.407**	**13.083**
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	85.715		89.571
- over 12 months			
		85.715	89.571
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	146.842		155.598
- over 12 months			
		146.842	155.598
13) Payables to social security institutions			
- within 12 months	82.351		81.078
- over 12 months			
		82.351	81.078
14) Other payables			
- within 12 months	206.766		176.577
- over 12 months	62.141		62.141
		268.907	238.718
Total payables		**583.815**	**564.965**
E) Accrued expenses and deferred income			
- Premium on loans			
- Others			
Total Liabilities		**999.809**	**960.355**

Interim accounts		31/12/2008	31/12/2007
1) Sistema improprio dei beni altrui presso di noi			
2) Sistema improprio degli impegni		1.580.699.473	1.552.528.888
3) Sistema improprio dei rischi			
4) Raccordo tra norme civili e fiscali			
Total of interim accounts		**1.580.699.473**	**1.552.528.888**

Income Statement		31/12/2008	31/12/2007
A) Value of production			
1) Member quotas		2.620.880	2.555.118
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			
- Other	5		2.660
		5	2.660
Total value of production		**2.620.885**	**2.557.778**
B) Costs of production			
6) Raw materials, secondary materials and consumables		7.760	7.706
7) Services		1.014.442	976.058
8) Use of un-owned property		619.894	604.694
9) Personnel			
a) Wages	681.090		646.789
b) Social security contributions	209.853		200.765
c) Staff Severance Fund	51.735		46.363
d) Pension and Similar costs	32.632		24.374
e) Other personnel charges			
		975.310	918.291
10) Ammortizations and devaluations			
a) Ammortization of intangible assets	5.052		9.170
b) Ammortization of tangible assets	10.220		11.723
c) Other Ammortizations and devaluations			
d) Write-downs of assets in the current assets and cash equivalent			
		15.272	20.893
11) Changes in inventory of raw materials, secondary materials and consumables			
12) Reserve for risks			20.000
13) Other reserves			
14) Management charges		47.904	43.475
Total costs of production		**2.680.582**	**2.591.117**
Difference among costs and value of production (A-B)		**(59.697)**	**(33.339)**

C) Financial Income and charges

15) Financial income from:			
- Subsidiary companies			
- Affiliated companies			
- Others			
16) Altri proventi finanziari:			
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	52.901		43.499
		52.901	43.499
		52.901	43.499
17) Interest and other financial charges			
- from subsidiary companies			
- from affiliated companies			
- from parent companies			
- from other companies	5		
		5	
17-bis) Foreign exchange gains and losses		(43)	
Total financial income and charges		**52.853**	**43.499**

D) Value adjunìstments 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	10.000		
- Other income	5.056		416

		15.056	416
21) Charges:			
- Capital losses from asset disposals			
- Taxes relating to previous financial years			
- Other charges	8.213		10.576
		8.213	10.576
Total extraordinary income and charges		**6.843**	**(10.160)**
Result before taxes (A-B±C±D±E)			
22) Income taxes for the financial year			
a) Current taxes	74.980		85.990
b) Deferred taxes (advanced)	(3.059)		(8.349)
		71.922	77.641
23) Profit (loss) for the financial year		**(71.922)**	**(77.641)**

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 1998 to June 2008;
- 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 2008 of the ratios A1, B1, D1 and D2, and of the Aggregate Indicator.

SYSTEM AVERAGE VALUES

Date	INDICATORS						Aggregate Indicator	Reinbursable Funds	
	A1	A2	B1	B2	D1	D2		billion lira	billion euro
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
31/12/07	5,45		213,91		56,75	20,62	1,4	778.961	402,3
30/6/08	6,03		279,77		53,24	18,54	1,67	775.476	400,5

Indicators' thresholds

Indicators & coefficients	Normal	Attention	Warning	Violation
Indicator A1: Bad debts / Supervisory Capital	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

Statutory Positions

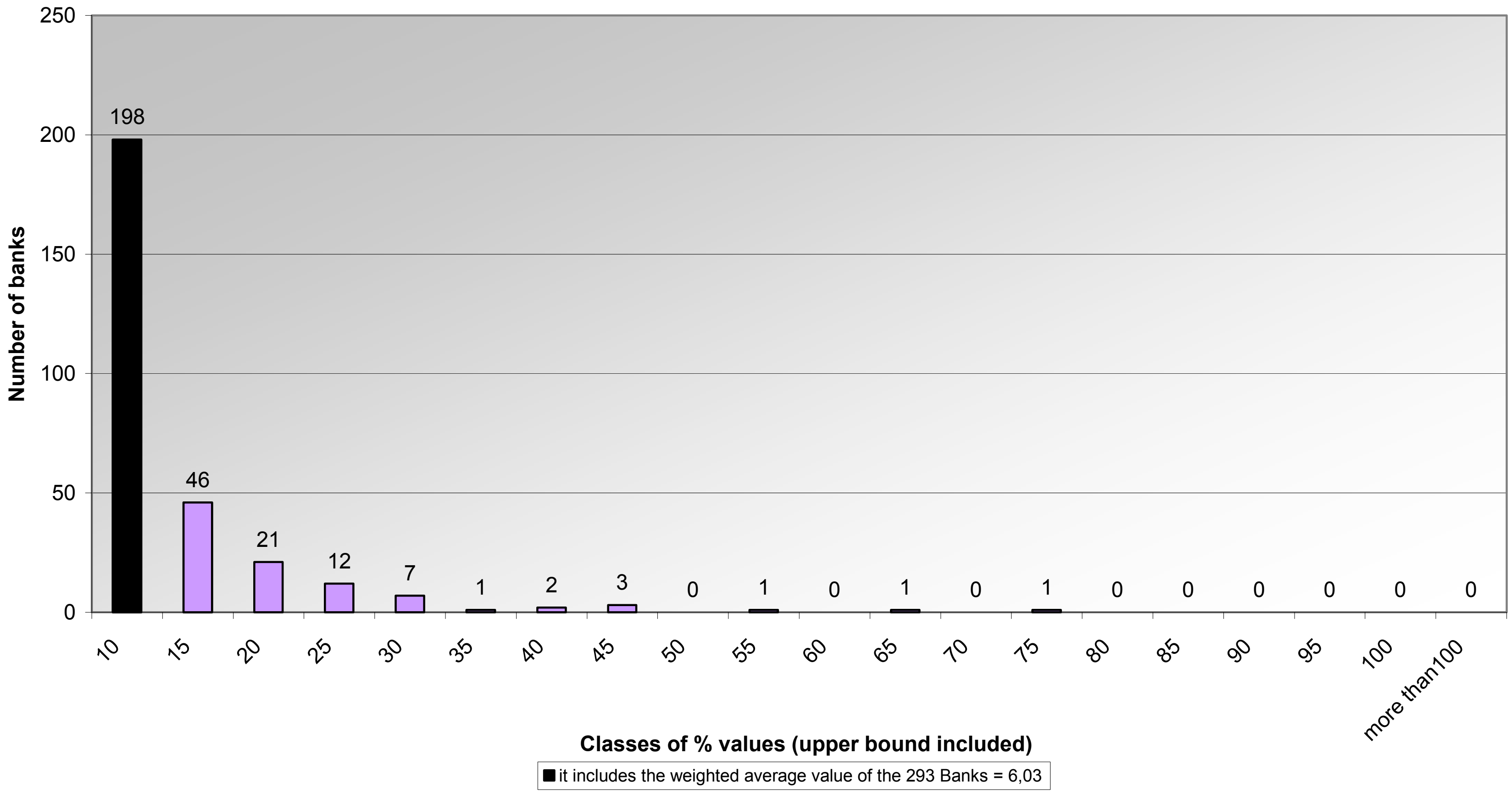
Determination of the Statutory Position	
Normal	IS from 0 to 3
Attention	IS from 4 to 5
Warning	IS from 6 to 7
Penalty	IS from 8 to 10
Severe Imbalance	IS from 11 to 12
Expulsion	IS over 12

Data as of *30/06/2008*

STATUTORY CLASSES

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

Ratio A1
Bad Debts/Supervisory Capital

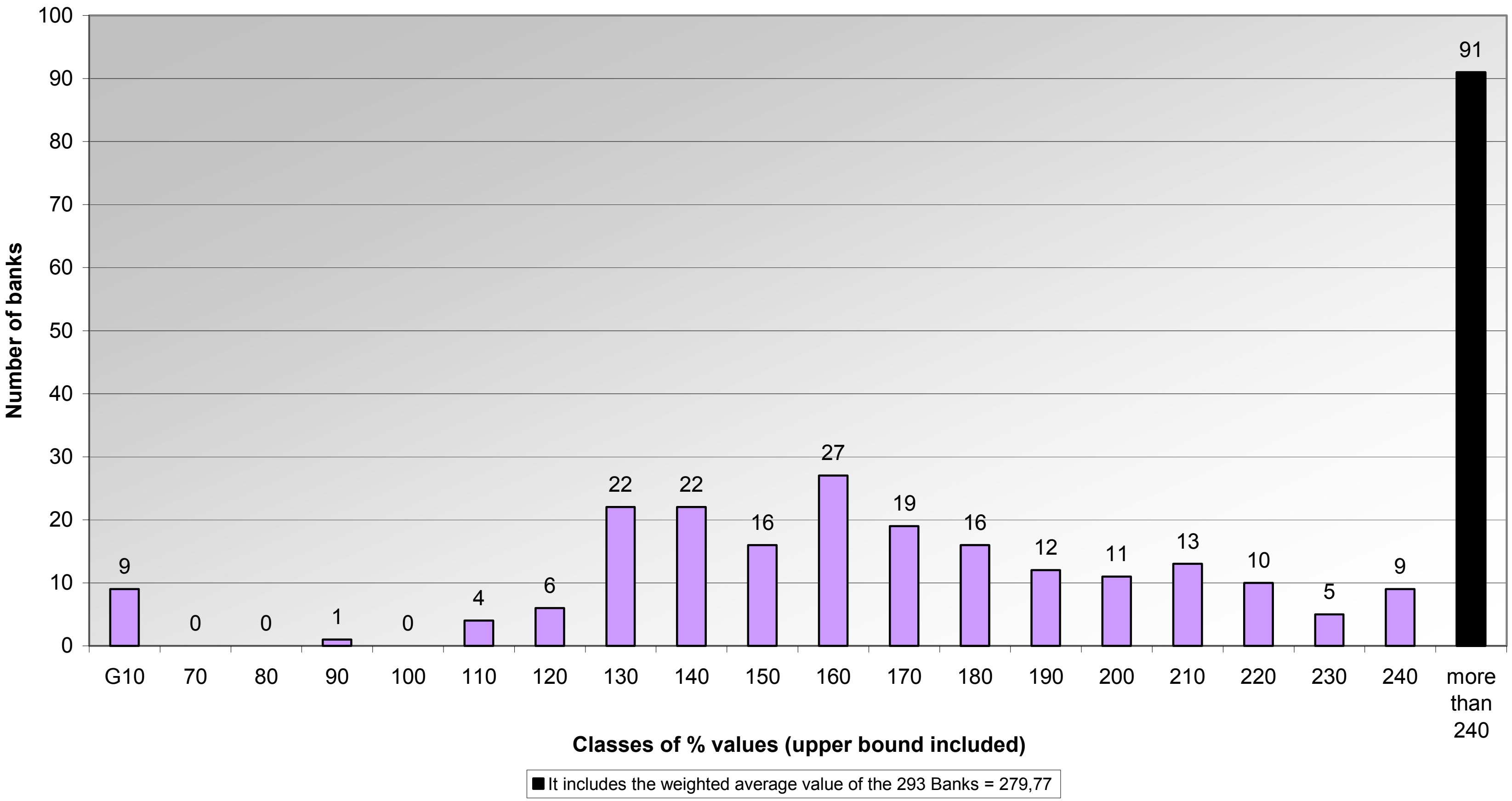


Data as of *30/06/2008*

STATUTORY CLASSES

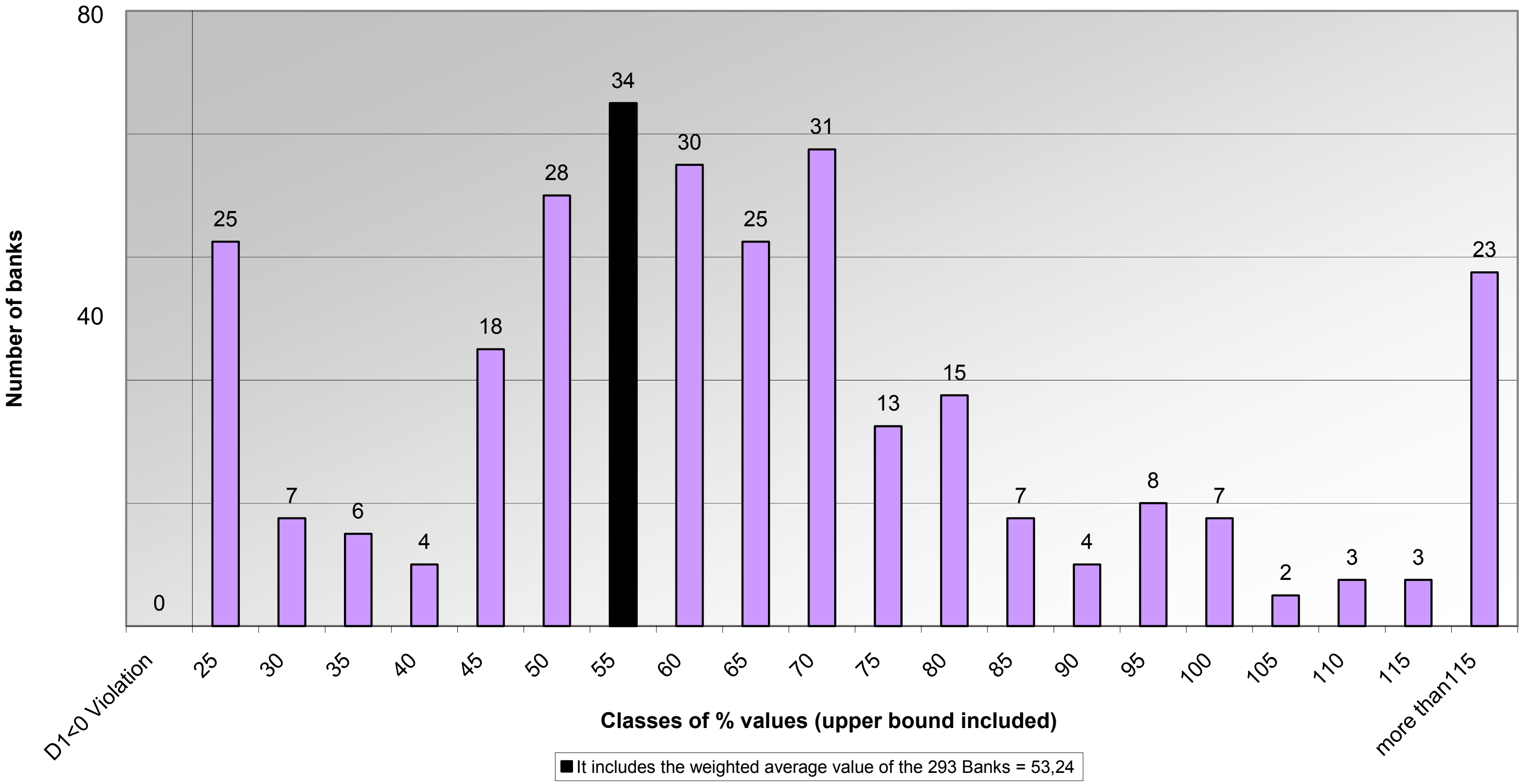
- Normal: over 110%
- Attention: from 110% up to 100%
- Warning: from 100% up to 90%
- Violation: under 90%

Ratio B1
Supervisory Capital / Supervisory Requirements



STATUTORY CLASSES
- 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)

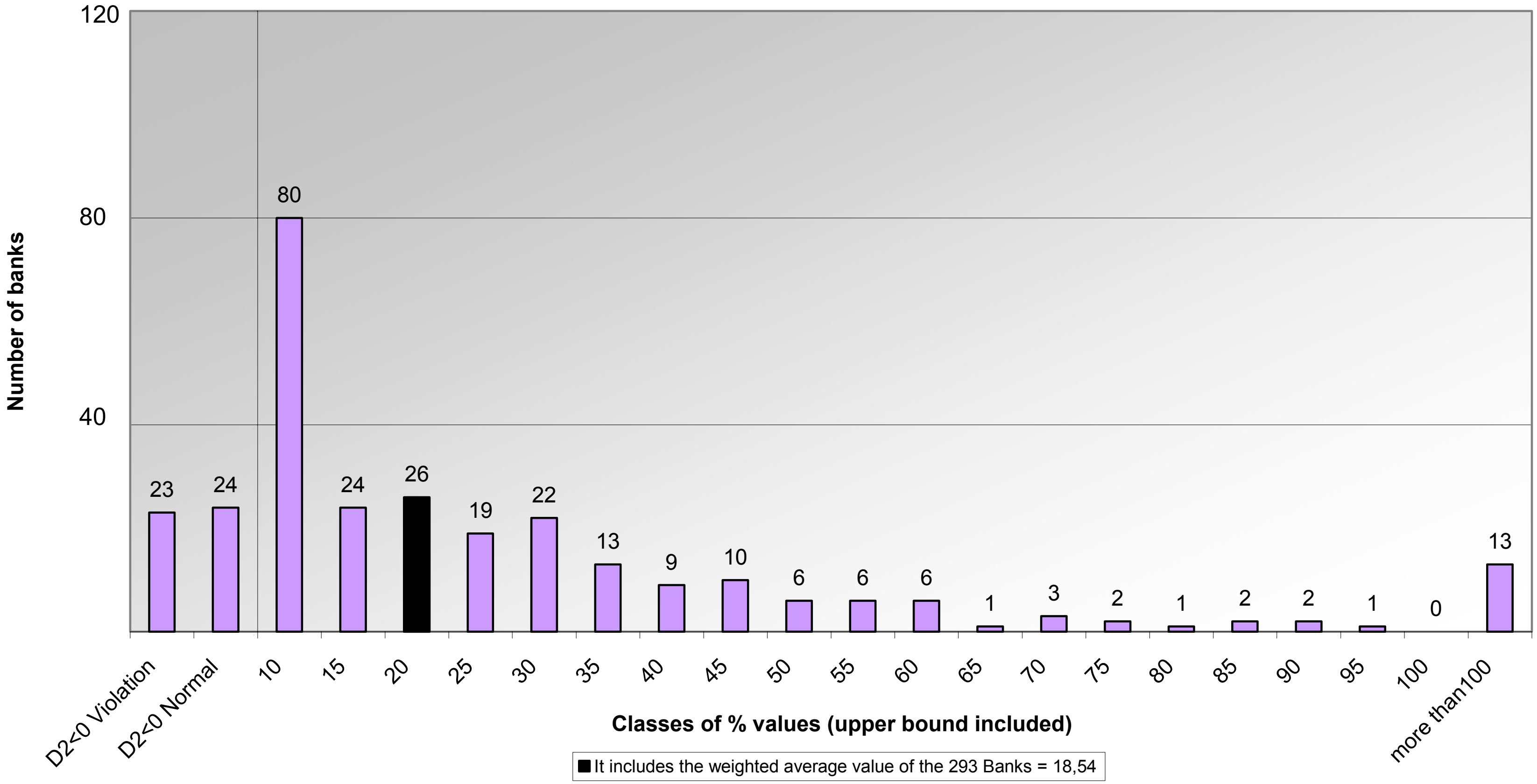
Ratio D1
Operating expenses / Gross Income



Data as of *30/06/2008*

STATUTORY CLASSES
- Normal: up to 40% (or Loan losses, net of recoveries <=0)
- Attention: from 40% up to 50%
- Warning: from 50% up to 60%
- Violation: over 60% (or Profit before tax <0)

RATIO D2
Loan losses, net of recoveries / Profit before tax



Bank's Riskiness
Aggregate Indicator (AI)