Fondo Interbancario di Tutela dei Depositi

Interbank Deposit Protection Fund

Annual Report 2010

Interbank Deposit Protection Fund

Composition of Statutory Bodies

Chairman: Paolo Savona

Deputy Chairman: Bruno Picca

Secretary General: Roberto Moretti

Statutory Member: Chairman ABI Giuseppe Mussari

Representative from the Bank of Italy: Stefano Mieli

Executive Committee

Giovanni Berneschi
Divo Gronchi
Stefano Lado
Antonio Patuelli
Bruno Picca
Fabrizio Rossi

Board of Auditors

Piero Giarda (*Chairman*)
Francesco Passadore
Norbert Plattner

Board

Marco Berlanda
Giovanni Berneschi
Adolfo Bizzocchi
Luciano Filippo Camagni
Paolo D'Amico
Ranieri De Marchis
Divo Gronchi
Carmine Lamanda
Giampiero Maioli
Giuseppe Menzi
Carlo Messina
Stefano Lado
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Bruno Picca
Massimo Ponzellini
Vito Primiceri
Fabrizio Rossi
Alfredo Santini
Flavio Trinca
Flavio Valeri
Camillo Venesio
Fabrizio Viola
Emilio Zanetti

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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

As of 31 December 2010 there were 280 member banks in the Consortium, including 9 subsidiaries in Italy of non EU banks, joining the Fund on a mandatory basis, and 2 branches of EU banks, participating voluntarily in the Fund to top up their home country level of guarantee. With regard to topping up, a number of changes have been introduced recently in the coverage levels in EU member states, a direct consequence of the financial turmoil over the last two years and following the amendments to the Directive 94/19/EC on Deposit Guarantee Schemes, which were contained in Directive 2009/14/EC issued on 11 March 2009. All these changes have reduced the exposure (topping up) of the Fund to the 2 EU bank branches over the past two years.

In 2010, 15 mergers and 2 withdrawals of membership were recorded (Table 1).

As at the end of 2010,Of the 280 member banks 7 are under Special Administration, one is in Compulsory Administrative Liquidation and one is in voluntary liquidation.

Table 1
Variation in the composition of the consortium
(December 2009 - December 2010)

Events	***Banks***
Member banks as of 31 December 2009	297
Mergers	15
Transfers of Assets and Liabilities	0
Withdrawal of membership	2
New member banks	0
Member banks as of 31 December 2010	280
of which in Special Administration	7
of which in Compulsory Administrative Liquidation	1
of which in voluntary Liquidation	1

Source: Elaborations on FITD data.

With reference to the data for 30 June 2010, total Reimbursable Funds (RF) by FITD amounted to 470.3 billion euro. This amount, which represents the highest level since June 2000, shows an increase of 5% compared to the previous year (Table 2 and Graph 1).

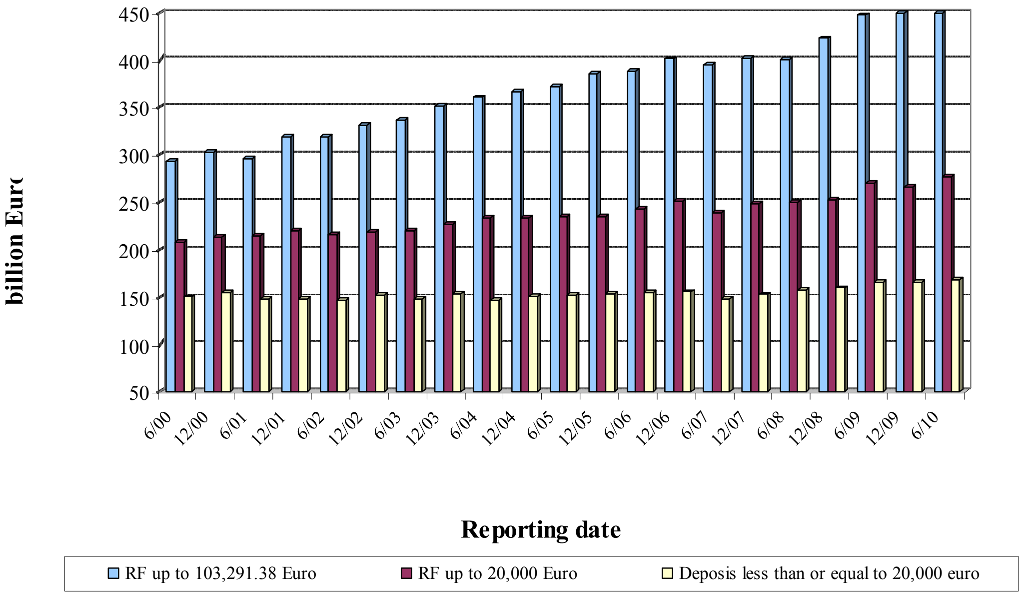
RF up to 20,000 euro, which, pursuant to Article 27, paragraph 8 of FITD Statutes, must be reimbursed within three months of a bank's liquidation, increased by 2.5% with respect to June 2009. At present, they represent 58.9% of total RF.

Table 2
Evolution of Reimbursable Funds by FITD

Date	RF up to 103,291.38 euro	RF up to 20.000 euro	Deposits Up to 20,000 euro
	Billion euro		
June 00	293.8	208.4	150.1
Dec 00	302.6	213.0	154.9
June 01	296.3	214.7	148.5
Dec 01	319.5	220.5	148.6
June 02	319,7	216.5	146.8
Dec 02	331.8	218.4	152.2
June 03	336.9	220.5	148.2
Dec 03	351.9	226.8	153.6
June 04	360.6	233.8	146.9
Dec 04	367.2	233.5	150.8
June 05	372.0	235.0	152.1
Dec 05	385.5	235.2	153.5
June 06	388.1	242.8	154.8
Dec 06	401.2	251.7	155.6
June 07	395.2	239.4	148.5
Dec 07	402.3	248.5	152.8
June 08	400.5	249.7	157.4
Dec 08	422.9	252.9	159.7
June 09	447.6	270.2	166.1
Dec 09	468.0	266.6	165.8
June 10	470.3	277.0	168.3

Source: FITD Statutory Reports

Graph 1
Time Series: RF of member banks



In the last two six-month periods (June 2009 - June 2010) total reimbursable funds increased by 22.7 billion euro possibly as a result of a shift of funds from uncovered savings instruments to deposits guaranteed by FITD due to the international financial turmoil.

RF up to 20,000 euro, which include the first 20,000 euro of all deposits exceeding that limit, increased since 2009 and amount to 277 billion euro.

The overall amount of deposits up to 20,000 euro is over 168 billion euro, with an increase of 1.3% compared to the previous year.

With regard to member banks with RF equal to zero, these banks were 24 as of 30 June 2010. For these banks, FITD Statutes provides for derogation to the balance sheet ratios, since these banks do not represent a risk for the consortium.

The analysis that follows is based on the performance of financial indicators in 2010 using data recorded in the statutory reports of June 2009, December 2009 and June 2010.

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.

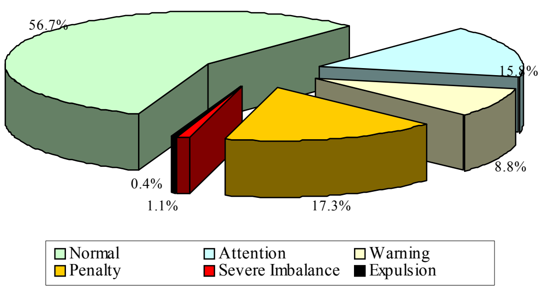
Table 3
Distribution of Banks according to Statutory Position

Statury Position	30/06/2009		31/12/2009		30/06/2010	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*
Normal	200	81,5	169	66,7	161	56,7
Attention	36	14,0	47	14,6	45	17,3
Warning	14	1,7	25	15,4	25	19,2
Penalty	31	2,4	41	2,7	49	6,6
Severe Imblance	3	0,2	5	0,3	3	0,1
Expulsion	4	0,2	3	0,3	1	0,01
Special Administration	4	0,03	5	0,04	7	0,06
Totale Banks	**292**	**100**	**295**	**100**	**291**	**100**

Source: FITD - Bank of Italy data.

Specifically, compared to June 2009, the number of banks in Low Risk (Normal + Attention) classes decreased by 30 and the corresponding RF decreased by 21.4%. Member banks in Medium Risk (Warning + Penalty) classes increased by 29, with an increase of 21.7% in RF. Banks in High Risk (Severe imbalance + Expulsion) classes decreased by 3. At present, 3 banks are rated in Severe Imbalance, with RF equal to 401.8 million euro, while one bank is in the Expulsion class with an amount of 47.6 million of FR.

Graph 2
Member Distribution
by Statutory Position



Graph 3
RF Distribution
by Statutory Position

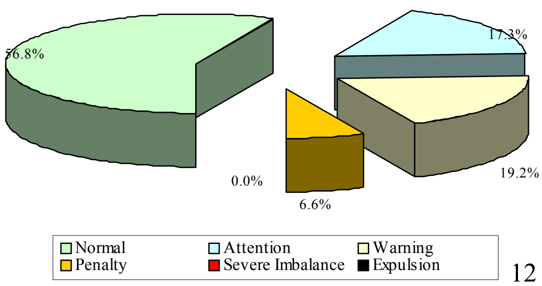


Table 4 shows the average weighted values of the 4 balance sheet ratios as of June 2010.

The average value of the indicator of Risk A1 *(Bad debts / Supervisory Capital)* was 9.33% (with an increase of 2.43% compared to June 2009).

The average solvency Ratio B1 *(Supervisory capital, including Tier 3 / Supervisory capital requirements)* rose from 286.81% to 305.6% (+18.79%) over the period June 2009 - June 2010.

The average value of the profitability Ratio D1 *(Operating expenses / Gross income)* increased from 55.95% in June 2009 to 58.42% in June 2010 (+2.47%). The average value of Ratio D2 *(Loan losses, net of recoveries / Profit before tax)* increased from 37.93% to 39.68% over the same period.

Table 4
Average values of financial indicators

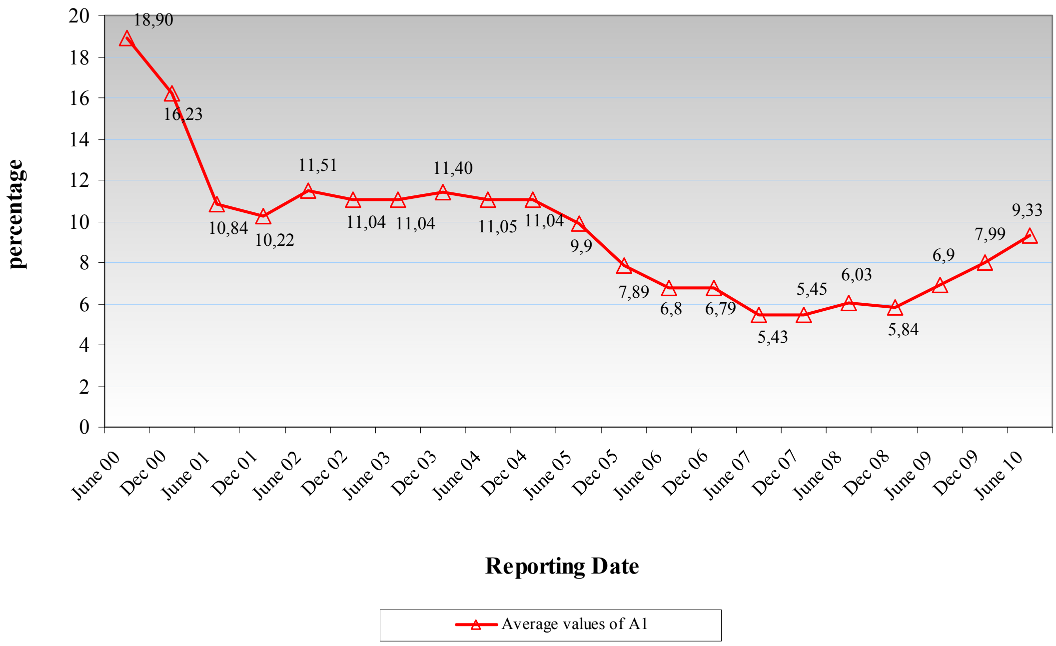
Ratios		***Reporting date***		
		30/06/2009	***31/12/2009***	***30/06/2010***
A1	Bad debts / Supervisory Capital	6.90%	7.99%	9.33%
B1	Supervisory Capital including tier 3 / Supervisory Capital Requirements	286.81%	297.58%	305.60%
D1	Operating expenses / Gross Income	55.95%	63.08%	58.42%
D2	Loan losses net of recoveries / Profit before tax	37.93%	54.12%	39.68%

Source: FITD - Bank of Italy data.

Risk

The average value of the A1 risk indicator *(Bad debts / Supervisory Capital)* was 9.33% in June 2010, showing an increasing trend in the past few years (Graph 4).

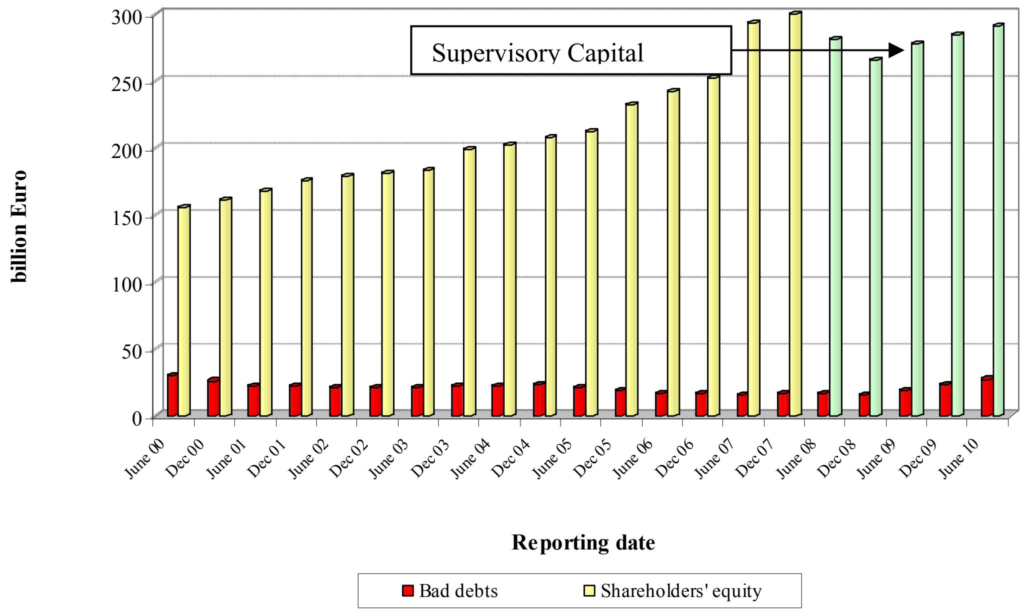
Graph 4
A1 performance from June 2000 to June 2010



Graph 5 shows the A1 numerator and denominator. It points out that the value of the ratio in June 2010 is due to an increase in bad debts and to the introduction of "Supervisory capital" since June 2008 instead of "Shareholders' Equity and Subordinated Loans" that was used previously.

This trend could be the result of the financial crisis which has affected International financial markets since 2007.

Graph 5
Bad debts and Shareholders' equity
From June 2000 to June 2010



In June 2010 the class distributions was as follows: banks in the Normal class decreased by 31, while there were 19 more in the Attention one, 10 more in the Warning class and one more in Violation. Respective RF changed in the same direction: RF decreased by 14.56% for the banks in the Normal class, while an increase was recorded for the banks rated in the Attention class (9.82%) and for those in the Warning (4.53%) and Violation (0.20%) classes respectively.

Table 7
A1 indicator: class distribution for member banks

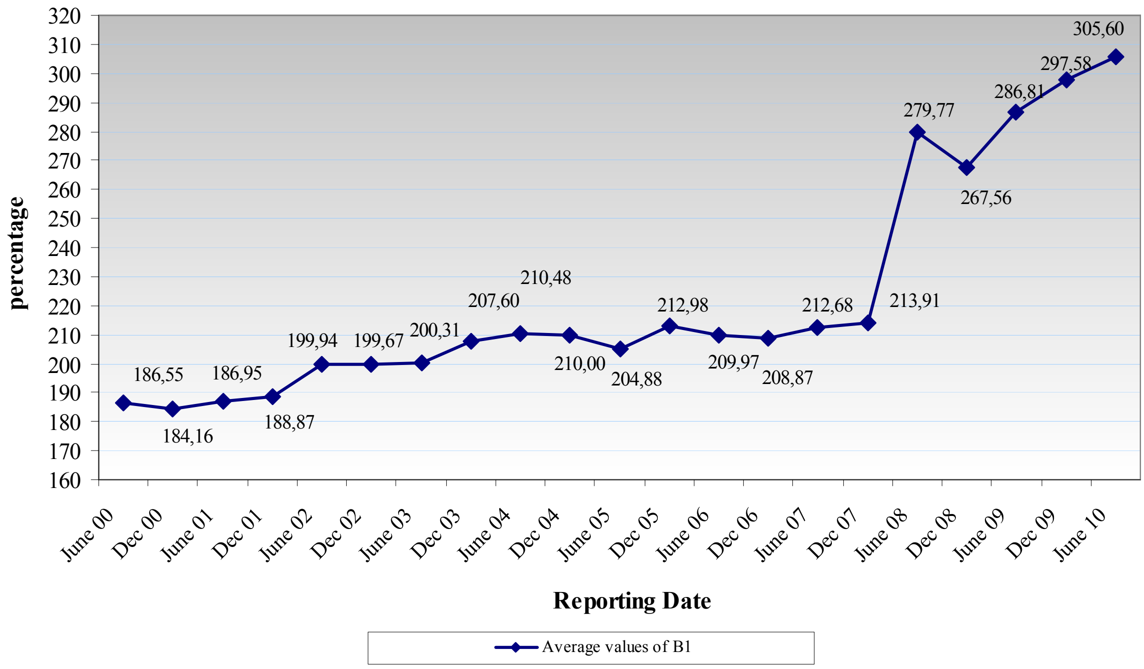
Reporting date	**Normal < 20%**		**Attention < 30%**		**Warning < 50%**		**Violation > 50%**	
	banks	*% RF*	*banks*	*% RF*	*banks*	*% RF*	*banks*	*% RF*
30/06/2009	251	85.49	26	12.8	10	1.46	5	0.26
31/12/2009	238	76.93	35	18.91	16	3.40	6	0.76
30/06/2010	220	70.93	45	22.62	20	5.99	6	0.46

Source: FITD - Bank of Italy data.

Solvency

Graph 6 shows the trend of the ratio B1 over the period June 2000 - June 2010.

Graph 6
B1 performance from June 2000 to June 2010



The Graph highlights a trend in the last 5 semi-annual reports, which can be attributed to an average decline in the denominator (supervisory capital requirements) of about 20% since June 2008. This could be explained, at least in part, by the implementation of the new regulations on supervisory requirements.

Concerning RF, the Table below shows as RF of the banks whose B1 is in Normal made up 99.29% of the total amount, while RF of the members in Attention accounted for 0.47%. RF of the banks in the Violation class were 0.24%

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*
30/06/2009	280	99.67	6	0.19	1	0.09	5	0.05
31/12/2009	281	99.39	7	0.37	2	0.13	5	0.11
30/06/2010	282	99.29	6	0.47	0	0.00	3	0.24

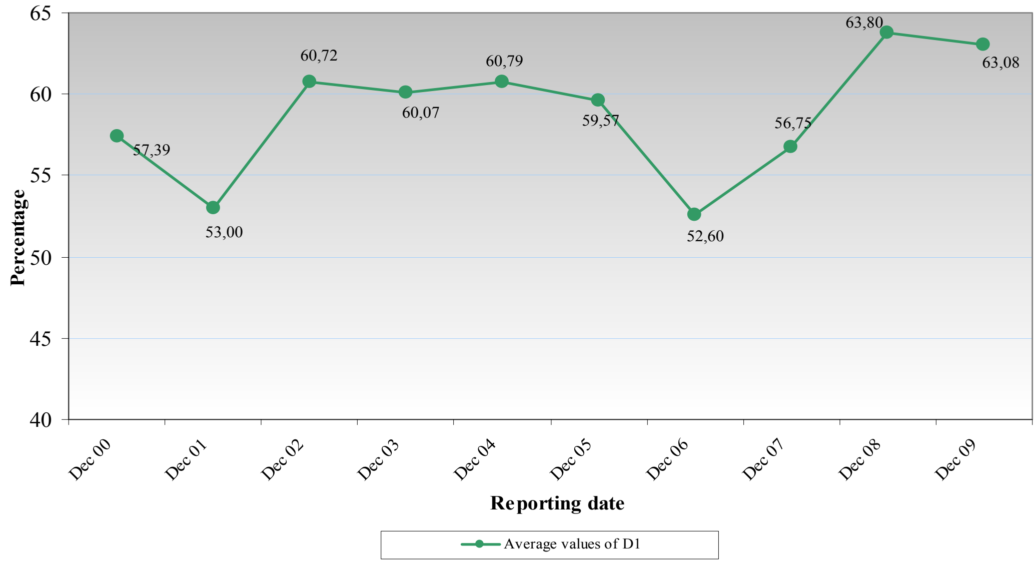
Source: FITD - Bank of Italy data.

Profitability

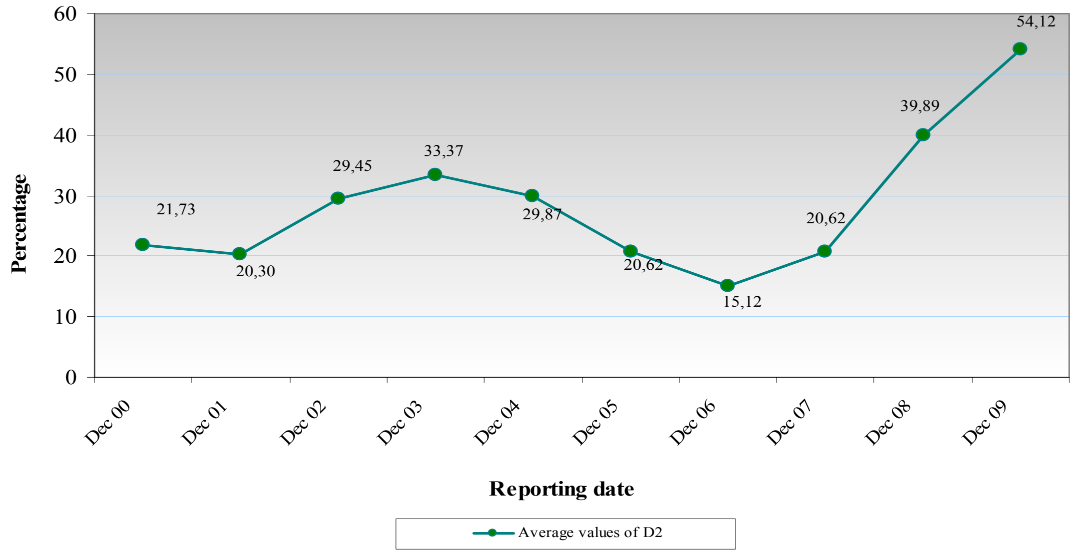
The two ratios of the profitability profile D1 *(Operating expenses / Gross income)* and D2 *(Loan losses, net of recoveries / Profit before tax)* are usually those with the greater number of banks in the Violation class, given the current set of ratios applied.

Graphs 7 and 8 show the trend of the average values of D1 and D2 for all the member banks, on an annual basis[1].

Graph 7
D1 performance from June 2000 to June 2010



Graph 8
D2 performance from June 2000 to June 2010



[1] The last available end-of-year reporting date is 31 December 2009.

The analysis of class distributions of banks for the D1 indicator highlights that, between June 2009 and June 2010, there was a decrease in the number of banks rated in the Normal class (-36), offset by banks in Attention (+21) and in the Warning class (+15). Finally, one bank less was recorded in the Violation class in the period. With regard to RF, there was a shift of funds from the banks in the Normal class (-15.19%) to those rated in Attention (+1.69%), in Warning (+13.35%) and in Violation (+0.15%).

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*
30/06/2009	182	66.34	44	29.64	18	1.42	48	2.60
31/12/2009	164	57.02	62	29.90	22	10.78	47	2.30
30/06/2010	146	51.15	65	31.33	33	14.77	47	2.75

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 class (-29), offset by an increase of banks in Attention (+8), in Warning (+3) and in Violation (+17). The same trend can be observed with respect to RF. Banks in the Normal and Attention classes decreased their RF by 11.69% and 3.13% respectively. Funds decreased also for banks rated in Warning (-0.89%), while the banks in the Violation class increased their RF by 15.71%..

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*
30/06/2009	183	51.91	24	22.83	17	7.45	68	17.81
31/12/2009	148	32.93	35	31.03	19	12.32	93	23.72
30/06/2010	154	40.22	32	19.70	20	6.56	85	33.52

Source: FITD - Bank of Italy data.

Table 12 shows data relating to the number of banks, amount of RF and average values of financial indicators by geographical area 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 09	NORTH	176	275,479,961,163	4.72%	321.71%	53.35%	34.25%
	CENTRE	80	120,145,824,318	15.89%	198.30%	61.25%	52.97%
	SOUTH	36	52,020,784,092	17.64%	185.92%	65.55%	25.85%
Dec 09	NORTH	178	289,455,090,423	5.66%	334.21%	61.13%	51.30%
	CENTRE	80	124,133,812,942	17.39%	205.36%	67.43%	71.48%
	SOUTH	37	54,440,326,331	19.94%	190.25%	67.10%	34.07%
June 10	NORTH	178	292,336,565,163	6.65%	345.77%	54.20%	34.46%
	CENTRE	78	124,318,616,038	20.41%	208.00%	66.87%	60.65%
	SOUTH	35	53,603,535,765	21.69%	193.35%	73.82%	44.23%

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

In June 2010 the banks in the North represented 60.5% of the Consortium; banks in the Centre were 27.2% and banks in the South 12.3%. RF may be accounted for as follows: 62.2% in the North, 26.4% in the Centre and 11.4% in the South.

The analysis of the average values of the financial indicators, divided on the basis of economic area, reflect different economic conditions.

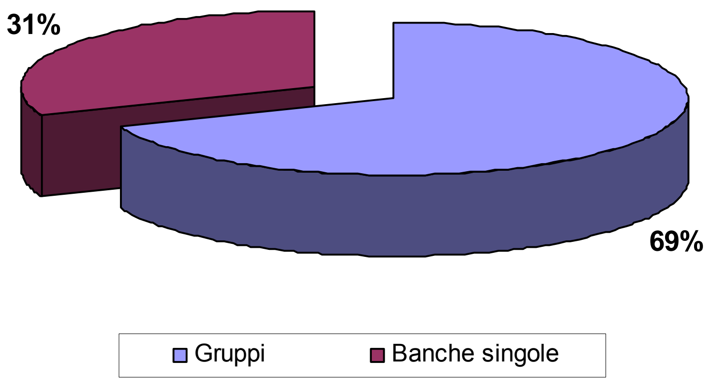
The average value of the A1 indicator is 6.65% for the banks in the North, 20.41% for the banks in the Centre and 21.69% for those in the South. In the B1 indicator, banks in the North were more capitalised (345.77%) than those in the Centre (208%) and in the South. Profitability resulting from D1 was also greater in the North, while member banks in the South showed a better D2 value (equal to 44.23%) than those in the Centre (60.65%). Banks in the North show an average value of D2 equal to 34.46%.

Analysis by banking group

To the purpose of group analysis, the 291 member banks as at June 2010 are divided into two main parts, depending on whether they join a banking group or not. At present, 75 banking groups are listed in the Register provided for in Italian Banking Law and managed by the Bank of Italy. In details, 199 members belong to a banking group; the other 92 are individual banks.

As shown in Graphs 10 and 11, banks joining a banking group represent around 69% of the total number of FITD members and they account for about 96% of the total reimbursable funds. Individual banks make up 31% of the consortium and their RF represent less than 4% of the total amount.

Graph 10
Composition of the Consortium



Graph 11
Distribution of RF

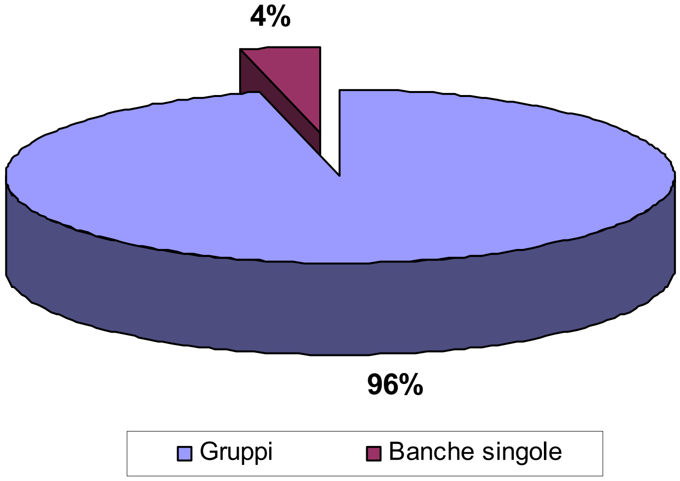


Table 13 gives a comparison among the last three six-month reports. In the period June 2009 - June 2010 a slight decrease in the number of banks belonging to banking group was recorded (from 69.02% to 68.6%), while an increase 0.87% (around 25 billion euro) was recorded in the RF of these banks. The number of individual banks rose in the same period from 30.98% in June 2009 to 31.40% in June 2010, while their RF remained stable at about 3.1% of the total amount.

Table 13
Composition of the consortium

Reporting Date		Total	Banks belonging to a group		Individual Banks	
			amount	%	amount	%
June 09	**Banks**	296	205	69,02%	91	30,98%
	RF	*447,645,970,827*	*429,833,794,389*	*96,02%*	*17,812,176,438*	*3,98%*
Dec 09	**Banks**	297	203	68,35%	94	31,65%
	RF	*468,029,229,697*	*455,298,834,649*	*97,28%*	*12,733,983,937*	*2,72%*
June 10	**Banks**	293	201	68,60%	92	31,40%
	RF	*470,258,716,966*	*455,633,670,868*	*96,89%*	*14,625,046,098*	*3,11%*

Source: Elaborations on FITD data.

FITD Activities

Documents

Throughout the year work has been ongoing in constantly updating the handbook "*The FITD's monitoring system of bank riskiness and risk-based contribution*", published both in Italian and in English on the web site of the Fund to be available to all member banks.

The Offices of the Fund attach great importance to the Manual and see it essential for ensuring an effective and correct compliance with statutory obligations by member banks. It also provides information about relations with other institutions both at national and international levels.

Research projects

With reference to research projects, over the year work has continued on the revision of the monitoring system based on **balance sheet indicators**.

A research project began in 2009 in collaboration with KPMG Consultants. The project aimed at updating the methodology to assess the riskiness of member banks currently in use by the Fund. To this purpose, the joint FITD-KPMG research work group developed a new definition of crisis based on balance-sheet data and selected a broad range of balance-sheet ratios.

Afterwards, in September 2010, the analysis was carried out using the data of the Accounts Matrix received from the Bank of Italy, which make up the data base for the present system of indicators applied to the Consortium's banks.

Statistical analysis on this set of data allowed FITD to identify a set of ratios that could be introduced, whose robustness shall be tested during 2011.

Amendments to Directive 94/19/EC

Concerning Deposit Guarantee Schemes (DGS) in Europe, on 12 July 2010 The European Commission (EC) issued an articulate legislative proposal to amend directive 94/19/EC on DGS. The proposal impacts on many crucial issues and shall introduce significative changes in the functioning of DGS in the European Union. In particular, EC proposed to (i) widen the mandate of DGS, extending it to preventive interventions, (ii) harmonise the funding system, (iii) shorten the payout timeframe from 20 days to 7 days, and (iv) create a network based on mutual solidarity between DGS to help schemes in case of shortage of funds for interventions. At present, the offices of the Fund are assessing the impact of the amendments to the Directive on DGS.

International Relations

During the year the cooperation between the European Forum of Deposit Insurers (EFDI – Association of Deposit Guarantee Schemes in the European Area)[2] and the International Association of Deposit Insurers (IADI - Association of Deposit Insurance Agencies worldwide) was consolidated. The first joint EFDI-IADI Conference was organised on 30th September - 1st October 2010 in Rome, on the topic "*Strengthening financial stability: the contribution of Deposit Insurance Schemes*". The Conference was hosted in the headquarters of the Bank of Italy and organised by FITD. The event was attended by eminent representatives of the academic and scientific research community at an EU and International level. The main critical issues underlining the amendments proposed by the EC to the DGS Directive were tackled.

[2] The General Assembly of EFDI on 29 September 2010 in Rome re-appointed the representative of FITD as EFDI chairman for a 3-year mandate.

Interventions

In 2010 the Fund continued to manage a number of past interventions still outstanding, in agreement with the liquidators, to reach closure on situations that still had not been finalised.

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

Banco di Tricesimo: the Compulsory Administrative Liquidation of the bank has been substantially closed filing the final balance sheet without any opposition. The cancellation of the bank from the Companies Register is imminent. The maximum expected charge, which has already been deliberated, is € 450,000.00.

Banca di Girgenti: to help resolve the crisis of the bank, the Fund accepted 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.

In the first stage of the legal proceedings, two legal disputes with the liquidation procedure were settled. The outcome was positive for the procedure.

Specifically, actions were taken to recover the amounts paid at the time by the procedure, being the losing party, in execution of the first sentence of the Cassation Court No. 2464/2004 to draw down the guarantees, originally given by the Banca di Girgenti for the amount of 9 billion lire.

At the present moment, given that Sentence 1915/2004 by the Court of Cassation declared the debt of the Commercial Company originating the commercial paper to be non-existent, possibilities have arisen for a negotiated solution with the said Company. The aim is to get a partial restitution of the amounts paid at the time by liquidation procedure.

The outcome of the meetings was not positive and actions were taken to recover the amounts paid at the time of the intervention.

Cassa di Risparmio di Prato: a legal proceeding in the ordinary courts to recover damages for some former administrators of the bank at that time is still unsettled. This prevents the closure of the Fund’s intervention.

Interventions decided in 2010:

Banca Valle d'Itria e Magna Grecia: on 21 October 2010 the Executive Committee deliberated on the intervention of the Fund. The bank, which was in Special Administration, was put into Compulsory Administrative Liquidation. The intervention of the Fund in the transfer of assets and liabilities amounted to 5.5 million euro. The amount paid to the acquiring bank (Banca Apulia, part of the Veneto Banca banking group) was 5 million while further documentation is needed to pay the remaining amount (€ 500,000.00).

Banco Emiliano Romagnolo (BER Banca): on 15 December 2010 the Executive Committee deliberated an intervention of the Fund for 16 million euro, provided that the crisis of the bank, at present in Special Administration, is definitively and urgently solved.

On the commitment for intervention for the 2011 financial year, the resources for interventions, calculated on the basis of the total reimbursable funds as of 30 June 2010 (€470,258,716,966.10), are 1,881,034,867.86 euro.

Supplement to the 2010 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 illustrates 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 compliance with transparency principles, the amounts in the financial statements of 31 December 2010 are compared with those of 31 December 2009.

In both financial statements, 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 2010 shows a balance before tax but after tax it shows a loss of €87,465.00, corresponding to the exact amount due for taxes. The results are in keeping 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 2010 is €27,434.00, with an increase of €7,872.00 compared to the previous financial year.

Intangible fixed assets consist of the charges sustained for purchases of software licenses. The accounting value was determined by calculating the difference of the costs sustained and the amortisation amount calculated at constant periods, assuming the use of the software licenses in two financial years.

The overall net amount as of 1 January 2010 was €6,034.00. During the year an increase of €6,137.00 and ordinary amortisation quotas of €9,102.00 were recorded. The net accounting value as of 31 December 2010 is €3,069.00 with a decrease of €2,965.00 compared to 2009.

Net of amortisation reserve, the tangible fixed assets is entered in the financial statements' assets in the overall amount of €24,365.00, with an increase of €10,837.00 compared to the previous financial year.

In particular:

- Equipment and plant: the net accounting value as of 1 January 2010 was €251,739.00, with an increase of €4,896.00 during the year. Ordinary amortisation quota amounting to €1,011.00 was recorded, to increase the relevant fund of €250,299.00. The net accounting value as of 31 December 2010 is €5,325.00, showing an increase of €3,885.00 compared to the 2009 financial year;

- Furniture and furnishing (other goods): the overall net amount as of 1 January 2010 was €0.00. Goods on the assets' book (€507,653.00) are totally amortised. During the year there were no increases to be recorded and therefore the net accounting value as of 31 December 2010 is €0.00;

- Electronic and electro mechanic machines (other goods): the net accounting value as of 1 January 2010 was €606,715.00. Increases of €14,033.00 and ordinary amortisation quotas of €7,081.00 were recorded during the year, to increase the relevant fund amounting to €594,627.00. The overall net amount as of 31 December 2010 is €19,040.00, with an increase of €6,952.00 compared to 2009;

- Assets with a value less than 516.46 euro (other goods): it includes items purchased during the year for €2,995.00, totally capitalised and amortised through the relevant amortisation fund. The net accounting value as of 31 December 2010 is €0.00.

Investments amounts to €0.00 as in past financial years.

Advances to suppliers, recorded among **Inventories**, are €12,785.00, with an increase of €12,716.00 compared to the previous financial year.

The **Receivables** are listed under Balance Sheet - assets at nominal value, which matches their presumed value.

Receivables from clients considered recoverable within 12 months amounts to €103,721.00. It includes: (i) €103,611.00, which is the balance of the contributions paid by Members for operating expenses in 2010; and (ii) €110.00 as receivables from two member banks, which corresponds to the intervention quotas to be paid to the Fund as a result of the intervention in favour of Banca Popolare Valle d'Itria e Magna Grecia.

Receivables from Members, payable over 12 months, amount to €417,364.00 and are composed of: (i) €24,480.00 for legal invoices issued in the name and on behalf of the Interbank Deposit Protection Fund for the intervention regarding Banca di Girgenti; (ii) €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; (iii) €136,560.00 for legal invoices issued by Studio Legale Maccarone and for professional services of KPMG Advisory S.p.A. to the Interbank Deposit protection Fund as regards Banca MB S.p.A. (which is in Special Administration); (iv) €107,760.00 for legal invoices issued by Studio Legale Maccarone and for professional services of KPMG Advisory S.p.A. to the Interbank Deposit protection Fund as regards Banco Emiliano Romagnolo S.p.A. (which is in Special Administration); and, (v) €66,000,00 for professional services of KPMG Advisory S.p.A. to the Interbank Deposit protection Fund with respect to Banca Popolare Valle d'Itria e Magna Grecia.

Therefore, the total amount of Receivables is €521,085.00 with an increase of €247,041.00 compared to the previous financial year.

The Receivables from the Tax Authorities considered recoverable within 12 months show an amount of €64,267.00 consisting of: (i) advances from IRAP paid in 2010 in the amount of €62,401.00; and, (ii advance withholdings on bank interest income in the amount of €1,866.00.

Total receivables for advance taxes is €2,679.00, composed of IRES (€2,511.00) and IRAP (€168.00).

Receivables from other parties, considered recoverable within 12 months, amounts to €11,839.00 and consists of: (i) receivables from FMR - Art'è S.p.A. in the amount of €11,654.00 concerning a claim of condominium costs paid in advance on behalf of Art'è SpA during the year; and, (ii) receivables from Babuino Viaggi S.a.s. in the amount of €185.00 for a refund of unused air tickets.

Total receivables is €599,870.00, an increase of €232,495.00 compared to the 2009 financial statements.

Cash and equivalent, listed at nominal value, is equal to €455,210.00, with a decrease of €121,912.00 compared to the previous year. The total amount consists of (i) bank deposits having a credit balance of €449,571.00 and cash in the amount of €5,639.00.

Current assets presents a total of €1,067,865.00, with an increase of €123,299.00 compared to the amount recorded in 2009 which was €944,566.00).

In compliance with the principle of accrual basis accounting, **Prepaid expenses** is recorded in the amount of €30,100.00, an increase of €3,000.00 compared to the 2009 financial statements.

Total Assets is equal to €1,125,399.00, and shows an increase of €134,171.00 compared to the amount recorded in 2009.

Under the **Net asset value**, the Consortium fund amounts to €439,917.00 and the loss for the 2010 financial year is €87,465.00. The overall amount is therefore €352,453.00, showing a decrease of €24,138.00 compared to the previous financial statements, as a result of an increase in the loss for the 2010 financial year.

As provided for by the last General Assembly, held on 24 March 2010, the loss for the 2009 financial year in the amount of €63,327,00 has been settled writing off a surplus of contributions for operating expenses recorded in the previous financial year.

Provisions for Risk and Charges amounts to €121,293.00. It consists of: (i) reserves for taxes, including deferred, for €1,293.00 and (ii) other for €120.000.00. Under the item Other we include a precautionary depreciation made for a labour case brought by a former employee. Compared to the amount recorded in the previous financial year, the item shows an increase of €99,354.00.

The **Staff Severance Fund** is listed under the Balance Sheet - Liabilities in the amount of €26,495.00, with an increase of €585.00 compared to the amount recorded in 2009. Amounts for social contributions matured for employees are paid into an Open Pension Fund; annual increases are made only according to the sum of the single ISTAT appreciations.

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

Payables to banks within 12 months amounts to €72.00 and consists of bank charges relating to the last quarter of 2010 on the account n. 59990 (account for interventions) held at Banca Nazionale del Lavoro.

Payables to suppliers within 12 months are €230,376.00, an increase of €186,863.00 compared to the previous financial year.

Tax Payables within 12 months amounts to €169,127.00. The item is composed as follows: (i) €51,840.00 for advance withholdings approved for third parties; (ii) €16.00 for substitute tax in revaluation of the staff severance fund; (iii) €28,312.00 refer to fiscal withholdings on compensations for employee salaries and wages; (iv) €108.00 for substitute tax on overtime work; (v) €31,203.00 for tax payables referred to IRES and, (vi) €57,648.00 for tax payables referred to IRAP. Compared to the 2009 financial statements, the overall amount of tax payables shows an increase of €19,568.00.

Payables to social security institutions within 12 months demonstrates a total of €93,507.00, with a decrease of €9,122.00 compared to the amount recorded in 2009. The item consists of: (i) €42,728.00 is for INPS contributions to be paid for salaries and wages paid in December 2010; (ii) €2,240.00 is for INPS contributions pursuant to legislation n. 335/95 for payment to Statutory Organs in December 2010; and, (iii) €48,539.00 concerns the voluntary and corporate reserves for the Open Pension Fund calculated on salaries and wages paid in December 2010.

Other Payables considered recoverable within the next financial year, amounts to €77,019.00 with a decrease of €139,011.00 compared to the previous financial year.

This item is composed as follows: (i) €9,519.00, which is the balance of contributions for 2010 operating expenses, withheld by the Fund to partially settle the loss for the 2010 financial year; (ii) €121.00 is a payable to a member bank referring to its quota in the intervention in favour of Banca Popolare Valle d'Itria e Magna Grecia; (iii) €35,861.00 is for bonuses and December extraordinary wages to be paid to employees; (iv) €97.00 as the balance of the payment referred to the last quarter of 2010 to a member of the Board; (v) €11,002.00 for wages paid in December 2010 to employees of Unicredit S.p.A., who have been working) at the Fund; (vi) €13,273.00 includes insurance premia for employees and FITD seat; (vii) €6,950.00 for credit card statements referred to December 2010; and, (viii) €196.00 for other expenses referred to the 2010 financial year.

Other Payables considered recoverable over the next financial year amounts to €55,057.00 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 €625,158.00, with an increase of €58,370.00 compared to the previous financial year.

There are no **accrued expenses and deferred income**.

Total liabilities is equal to €1,125,399.00, with an increase of €134,171.00 compared to the 2009 financial year.

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	€	2,950,139.00
B) Production costs	€	2,978,395.00
A-B) Difference between production value and costs	€	- 28,256.00
C) Financial management	€	6,676.00
D) Value adjustments to financial assets	€	0.00
E) Extraordinary management	€	21,580.00
Net profit before taxes	€	0.00
22) Taxes for the period	€	87,465.00
23) Profit (loss) for the period	€	(87,465.00)

Production value, equal to €2,950,139.00, consists of members' contributions that cover the operating expenses of €2,938,481.00 and other revenue and income in the amount of €11,658.00. An increase of €160,485.00 is recorded, compared to the production value in 2009.

Production costs amounts to €2,978,395.00, with an increase of €178,706.00 compared to the previous financial year. The item 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 €11,064.00, with an increase compared to the previous financial year amount of €5,530.00. The composition of the item is as follows: cleaning products (€878.00); Stationery articles (€6,865.00); Fuel and oil expenses (€3,321.00).

Costs for services (item 7) demonstrates a balance of €1,057,010.00 with an increase of €15,319.00 compared to 2009.

The item includes the following charges:

Maintenance of furniture, machines and equipment	€	10,058.00
Maintenance and updating of the computer system	€	8,072.00
Electrical energy expenses	€	26,043.00
Telephone expenses	€	15,609.00
Mobile phones expenses	€	11,530.00

Postal expenses	€	3,341.00
Meal vouchers for employees	€	11,964.00
Compensation for consultants	€	91,353.00
Professional loans	€	51,140.00
Contributions to INPS L. 335/95	€	14,990.00
Business Travel	€	5,444.00
Business overnight stays	€	6,768.00
Training expenses for employees	€	15,263.00
Refunds to employees	€	5,287.00
Foreign and institutional relations	€	27,998.00
Compensation and refund OO.CC.	€	13,487.00
Legal and notary expenses	€	17,340.00
Insurance expenses	€	3,595.00
National and international associative fees	€	26,857.00
European research projects	€	9,000.00
Entertainment expenses	€	10,770.00
Refunds to consultants	€	2,999.00
Expenses for bank charges and elaborations of the Bank of Italy	€	6,555.00
Compensation and refunds to managers	€	582,874.00
Compensation to Auditors	€	66,143.00
Cleaning services	€	1,788.00
Transport and taxies	€	8,416.00
Management of motor vehicles	€	2,326.00

The item Compensation and refund to managers is €582,874.00 and it is composed of: (i) €404,987.00 relates to compensation and reimbursements to the Committee members; and, (ii) €177,887.00 is for compensation and reimbursements to the Board members.

Item (8), costs for goods referred to third parties demonstrates an overall amount of €655,916.00, an increase compared to the amount recorded in the 2009 financial statements which was €19,420.00.

The item is composed as follows:

Rent of premises	€	470,151.00
Leasing for tangible assets and plants	€	1,457.00
Leasing for the computer system	€	93,159.00
Expenses for managing seat	€	79,424.00
Car leasing	€	11,725.00

Costs for personnel (item 9) amounts to charges of €1,073,458.00, an increase of €10,671.00 compared to 2009.

The item includes the following charges:

Wages and salaries	€	739,759.00
Social security contributions (INPS)	€	185,679.00
Insurance policies for personnel	€	28,216.00
INAIL contributions	€	3,272.00
Staff severance fund	€	52,206.00
Contributions to the Open Pension Fund	€	33,528.00
Additional staff costs	€	30,798.00

As of 31 December 2010 there were 11 employees at FITD; five were office and clerical workers, five were managers and one was a director.

Amortisations are listed in item 10 in the amount of €20,189.00. An increase of €4,751.00 is recorded, compared to the 2009 financial year.

The item is composed as follows:

- Letter a) Amortisation of intangible assets consists of the ordinary amortisation quota for software license rights in the amount of €9,103.00, which shows an increase compared to the amount of €6,238.00 recorded in the financial statements for 2009.
- Letter b) Amortisation of tangible assets in the overall amount of €11,086.00, an increase of €1,886.00 compared to 2009. The item consists of the amortisation quotas for: (i) Equipment and various plants (€1,011.00); (ii) Electric and electromechanical machines (€7,080.00); and, (iii) Assets with a value less than 516.46 euro (€2,995.00).

Provisions for risks and charges (item 12) amounts to €120,000.00 and includes a precautionary depreciation made for a labour case brought by a former employee. No provisions for risks were recorded in 2009.

Various Management charges in item 14 shows a total amount of €40,758.00 as of 31 December 2010, with an increase of €3,011.00 compared to the 2009 financial year. The item is composed as follows:

Books, magazine and newspapers	€	7,140.00
Stamp duties	€	808.00
Register tax	€	1,859.00
Garbage collection tax	€	11,145.00

City council licenses	€	1,241.00
Other taxes	€	1,413.00
Fine and pecuniary sanctions	€	1,217.00
General expenses	€	5,282.00
Press and publications	€	10,648.00
Rounding up	€	5.00

The **difference between production value and costs** is a negative sum of €28,256.00, which shows an increase of €18,221.00 compared to the amount recorded in 2009.

Financial income and charges consists of: (i) other financial income is recorded in item 16 letter d) as €6,911.00 relating to interest receivable on bank accounts; (ii) item 17 letter d) lists Interests and other financial charges in the total amount of €192.00 for interests from suppliers (€157.00) and on taxes (€35.00); and, (iii) item 17-bis relating to 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. The overall amount of Financial income and charges is €6,676.00 with a decrease of €6,215.00 compared to the amount recorded in 2009.

Extraordinary Income and charges consists of Contingent assets for €22,833.00 recorded in item 20, and Contingent liabilities in the amount of €1,253.00 listed in item 21. Therefore, the overall amount of Extraordinary Income and charges shows a positive figure of €21,580.00, with an improvement compared to the 2009 financial statements where a negative figure of €2,856.00 was recorded.

In accordance with the nature and the non profit aims of the Interbank Deposit Protection Fund, **Net profit before taxes** demonstrates that the positive and negative elements are equal.

The income taxes for the period, recorded in item 22 of the Income Statement, were calculated according to the fiscal laws in force for IRES (tax on company's income) and IRAP (regional tax on productive activities).

By applying these regulations, total charges for taxes is registered in the amount of €87,465.00, broken down as follows:

a) Current taxes (IRES)	€	31,203.00
a) Current taxes (IRAP)	€	57,648.00
Total current taxes	€	88,851.00

b) Deferred taxes (IRES)	€	1,127.00
b) Deferred taxes (IRAP)	€	166.00
Total deferred taxes	€	1,293.00
c) Advance taxes (IRES)	€	- 2,511.00
c) Advance taxes (IRAP)	€	- 168.00
Total advanced taxes	€	- 2,679.00

Item (23), **Income (loss) for the period**, shows a loss for the period amounting to €87,465.00, which corresponds to the same tax charge. The loss for the 2010 financial year shall be covered, after writing off the amount of deferred and advanced tax for the period, with the surplus balance of contributions paid by the Members for operating expenses in 2010 (€9,519.00) and with the contributions to be paid by Members for operating expenses in 2011 (€ 79,332.00).

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 2010.

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 2009.

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, 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 € 63.327,00 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 24 March 2010, the loss for 2009 financial statements, which was equal to € 63,327.00, was settled with the surplus balance of members' contributions for operative expenses as of the end of 2009, 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 2010, with respect to the charges, amount to € 9,519.00.

The financial statements as of 31st December 2010 is as follows:

BALANCE SHEET

- Intangible Assets	€	3,069
- Tangible Assets	€	24,365
- Inventories	€	12,785
- Receivables	€	599,870
- Cash and equivalent	€	455,210
- Accrued Expenses and Deferred Income	€	30,100
Total Assets	€	1,125,399
- Consortium Fund	€	439,917
- Loss for the period	€	(87,465)
Total Net Asset Value	€	352,453
- Provisions for risks and charges	€	121,293
- Staff Severance Fund	€	26,495
- Payables:		
a) Tax payables	€	169,127
b) Other payables	€	456,032
Total Liabilities and Net Asset Value	€	1,125,399

INTERIM ACCOUNTS

I - Management of Interventions		
A Commitments for interventions in 2010	€	1,790,586,278
B.1 Commitments for deliberated interventions not paid out	€	16,950,000
B.2 Commitments for deliberated interventions paid out	€	5,000,000
C Commitments for interventions to be deliberated	€	1,768,636,278
II - Leasing instalments to be paid	€	0

INCOME STATEMENT

Value of production			€	2,950,139
Costs for primary, subsidiary and convenience products	€	- 11,064		
Costs for services	€	- 1,057,010		
Costs for goods referred to third parties	€	- 655,916		
Costs for personnel	€	- 1,073,458		
Amortisation	€	- 20,189		
Provisions for risks	€	- 120,000		
Various management expenses	€	- 40,758		
Total costs of production			€	- 2,978,395
Difference between production value and costs			€	- 28,256
Total financial income and charges			€	6,676
Total extraordinary items			€	21,580
Net profit before taxes			€	0
Income taxes for the period			€	87,465
Profit (loss) for the period			€	(87,465)

The loss pursuant to the Italian Civil Code coincides (€ 87,465.00) with the taxes on the income for the financial year 2010. Payables to the Tax Authorities amounts to € 169,127.00 as duly shown in the Liabilities of the Balance Sheet as item D) 12.

The calculation of interventions resources for 2010 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 € 1,790,586,278.00, corresponding to 0.4% of reimbursable funds as of 30th June 2010.

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; € 500,000.00 is recorded to cover the expenses of the liquidation procedure of Valle d'Itria e Magna Grecia following the intervention decided on 21 October 2010; € 16,000,000.00 is the amount of the intervention deliberated on 15 December 2010 in favour of BER Banca in the operation of transfer of assets and liabilities; € 5,000,000.00 is recorded as the amount disboursed on 22 November 2010 in favour of Banca Popolare Valle d'Itria e Magna Grecia (decided by the FITD Board on 21 October 2010) in the operation of transafer of assets and liabilities.

Therefore, as of 31 December 2010, the remaining commitment for interventions to be resolved is equal to € 1,768,636,278.00.

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 have been calculated 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 2010.

The Board of Auditors, both in its previous composition (Prof. Mastrostefano, Dr. Berneschi and Rag. Allocco) and in the current one, 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.

Concerning the loss for the financial period, recorded in 2010 financial statement, the Board of Auditors agrees with the Board of the Fund that the loss shall be settled with the contributions for operative expenses to be collected from member banks in 2011, net of the surplus (€ 9,519.00) of contributions for operative expenses recorded in 2010.

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 all the employees of the Fund, for the diligence and collaboration given in their respective roles during the financial year.

The Chairman	The Auditors	
Prof. P. D. Giarda	Dr. F. Passadore	Dr. N. Plattner

Balance Sheet

Balance Sheet as of 31/12/2010

Balance Sheet - Assets	31/12/2010	31/12/2009
A) Receivables due from shareholders for unpaid capital		
*(*of which already received*)*		
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	3,069	6,034
5) Goodwill		
6) Fixed assets under development and advances		
7) Others		
	3,069	6,034
II. Tangible Assets		
1) Land and buildings		
2) Plant and equipment	5,325	1,440
3) Industrial and commercial equipment		
4) Others	19,040	12,088
5) Fixed assets under construction and advances		
	24,365	13,528
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 months		
- over 12 months		
b) Affiliated companies		
- within 12 months		
- over 12 months		

c) Parent companies			
- within 12 months			
- over 12 months			
d) Other companies			
- within 12 months			
- over 12 months			
3) Other securities			
4) Own shares			
Total fixed assets		**27,434**	**19,562**

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		12,785	69
		12,785	69
II. Receivables			
1) From clients			
- within 12 months	103,721		167,000
- over 12 months	417,364		107,044
		521,085	274,044
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	64,267		76,202
- over 12 months			
		64,267	76,202
4-ter) Advance taxes			

	- within 12 months	2,679		4,022
	- over 12 months			
			2,679	4,022
5)	Due from others			
	- within 12 months	11,839		13,107
	- over 12 months			
			11,839	13,107
			599,870	367,375
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		449,571	569,201
2)	Checks			
3)	Cash on-hand and valuables		5,639	7,921
			455,210	577,122
Total Current Assets			**1,067,865**	**944,566**
D) Accrued income and prepaid expenses				
	- Discount on loans			
	- others	30,100		27,100
			30,100	27,100
Total assets			**1,125,399**	**991,228**

Balance Sheet - liabilities				31/12/2010	31/12/2009
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*			
				1	1
	VIII. Profit (loss) carried over				
	IX.	*Profit for the period*			
	IX.	*Loss for the period*		(87,465)	(63,327)
		Interim dividends		()	()
		Partial cover of losses for the financial year			
Total Equity				**352,453**	**376,591**
B)	**Provisions for risks and charges**				
	1)	Pension and similar costs			
	2)	Provision for taxes and for deferred taxes		1,293	1,939
	3)	Other provisions		120,000	20,000
Total provisions for risks and charges				**121,293**	**21,939**
C)	**Staff Severance Fund**			**26,495**	**25,910**
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	72		
		- over 12 months			
				72	
	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	230,376		43,513
	- over 12 months			
			230,376	43,513
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	169,127		149,559
	- over 12 months			
			169,127	149,559
13)	Payables to social security institutions			
	- within 12 months	93,507		102,629
	- over 12 months			
			93,507	102,629
14)	Other payables			
	- within 12 months	77,019		216,030
	- over 12 months	55,057		55,057
			132,076	271,087
Total payables			**625,158**	**566,788**
E)	**Accrued expenses and deferred income**			
	- Premium on loans			
	- Others			
Total liabilities			**1,125,399**	**991,228**

Interim accounts	31/12/2010	31/12/2009
1) Risks taken by the firm		
Guarantees		
to subsidiary companies		
to affiliated companies		
to parent companies		
to subsidiary companies of parent companies		
to other companies		
Endorsements		
to subsidiary companies		
to affiliated companies		
to parent companies		
to subsidiary companies of parent companies		
to other companies		
Other personal guarantees		
to subsidiary companies		
to affiliated companies		
to parent companies		
to subsidiary companies of parent companies		
to other companies		
Real guarantees		
to subsidiary companies		
to affiliated companies		
to parent companies		
to subsidiary companies of parent companies		
to other companies		
Other risks		
Credits made *pro solvendo*		
other		
2) Commitments of the members as per Art. 21 of the Statutes		
Commitments for interventions (0.4% Reimbursable Funds)	1,790,586,278	1,602,180,307
Commitment for interventions already deliberated	-16,950,000	-450,000
Commitment for interventions already paid	-5,000,000	0
Commitment for interventions to be deliberated	1,768,636,278	1,601,730,307
3) Firm's holdings of third party goods		
4) Other interim accounts		
Total interim accounts	**1,790,586,278**	**1,602,180,307**

Income Statement			31/12/2010	31/12/2009
A)	**Value of production**			
1)	*Member quotas*		2,938,481	2,776,939
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	11,658		12,715
	- contributions to the operating account			
	- contributions to the capital account			
			11,658	12,715
Total value of production			**2,950,139**	**2,789,654**
B)	**Costs of production**			
6)	*Raw materials, secondary materials and consumables*		11,064	5,530
7)	*Services*		1,057,010	1,041,691
8)	*Use of un-owned property*		655,916	636,496
9)	*Personnel*			
	a) Wages	739,758		745,332
	b) Social security contributions	217,168		228,101
	c) Staff Severance Fund	52,206		54,504
	d) Pension and Similar costs	33,528		34,850
	e) Other personnel charges	30,798		
			1,073,458	1,062,787
10)	*Amortisations and devaluations*			
	a) Amortisation of intangible assets	9,103		6,238
	b) Amortisation of tangible assets	11,086		9,200
	c) Other Amortisations and devaluations			
	d) Write-downs of assets in the current assets and cash equivalent			
			20,189	15,438
11)	*Changes in inventory of raw materials, secondary materials and consumables*			
12)	*Reserve for risks*		120,000	
13)	*Other reserves*			
14)	*Management charges*		40,758	37,747
Total costs of production			**2,978,395**	**2,799,689**
Difference among costs and value of production (A-B)			**(28,256)**	**(10,035)**

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 as tied up			
c) from securities listed in the current assets			
d) income differing from preceding items			
- from subsidiary companies			
- from affiliated companies			
- from parent companies	6,911		12,910
		6,911	12,910
		6,911	12,910
17) Interest and other financial charges			
- from subsidiary companies			
- from affiliated companies			
- from parent companies			
- from other companies	192		20
		192	20
17-bis) Foreign exchange gains and losses		(43)	1
Total financial income and charges		**6,676**	**12,891**

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	22,833		3,528
- Differences due to rounding up to euro unit			1
		22,833	3,529
21) Charges:			
- Capital losses from asset disposals			
- Taxes relating to previous financial years			
- Other charges	1,252		6,385
- Differences due to rounding up to euro unit	1		
		1,253	6,385
Total extraordinary income and charges		**21,580**	**(2,856)**
Result before taxes (A-B±C±D±E)		**0**	**0**
22) Income taxes for the financial year			
a) Current taxes	88,851		65,409
b) Deferred taxes (advanced)	1,293		1,939
c) Advance Taxes	(2,679)		(4,022)
d) income (charges) from compliance with consolidated tax regime/tax transparency			
		87,465	63,327
23) Profit (loss) for the financial year		**(87,465)**	**(63,327)**

Appendix

Tables and graphs

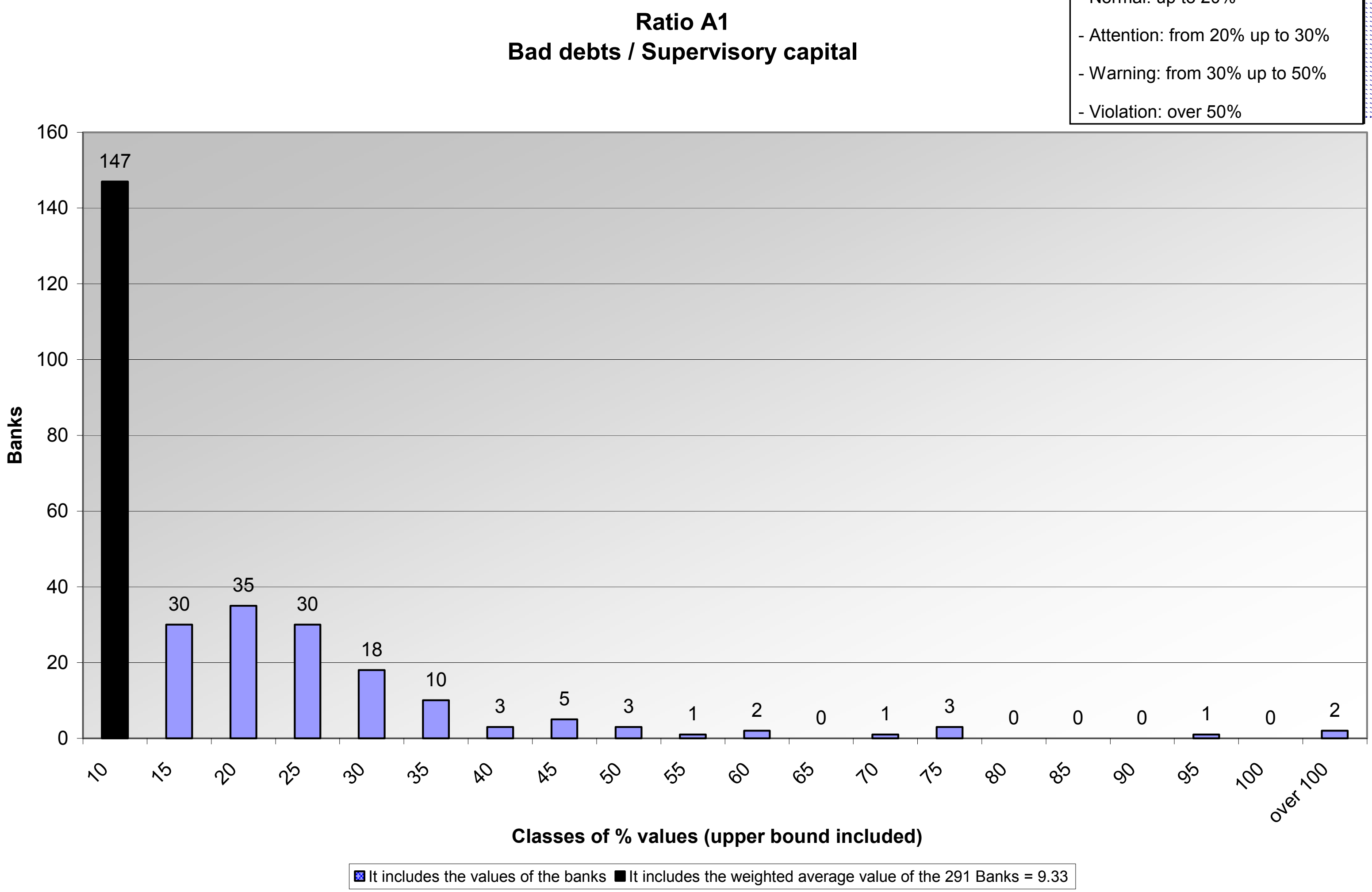
This Appendix contains Tables and Graphs to support of the content of the Annual Report.

It is composed of:

- distributions of frequencies as of 30 June 2010 of the ratios A1, B1, D1 and D2, and of the Aggregate Indicator;
- Time series of average values of financial indicators from June 2000 to June 2010;
- Thresholds of the various classes of financial ratios' profiles;
- Determination of the Statutory Position.

Reporting date *30/06/2010*

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

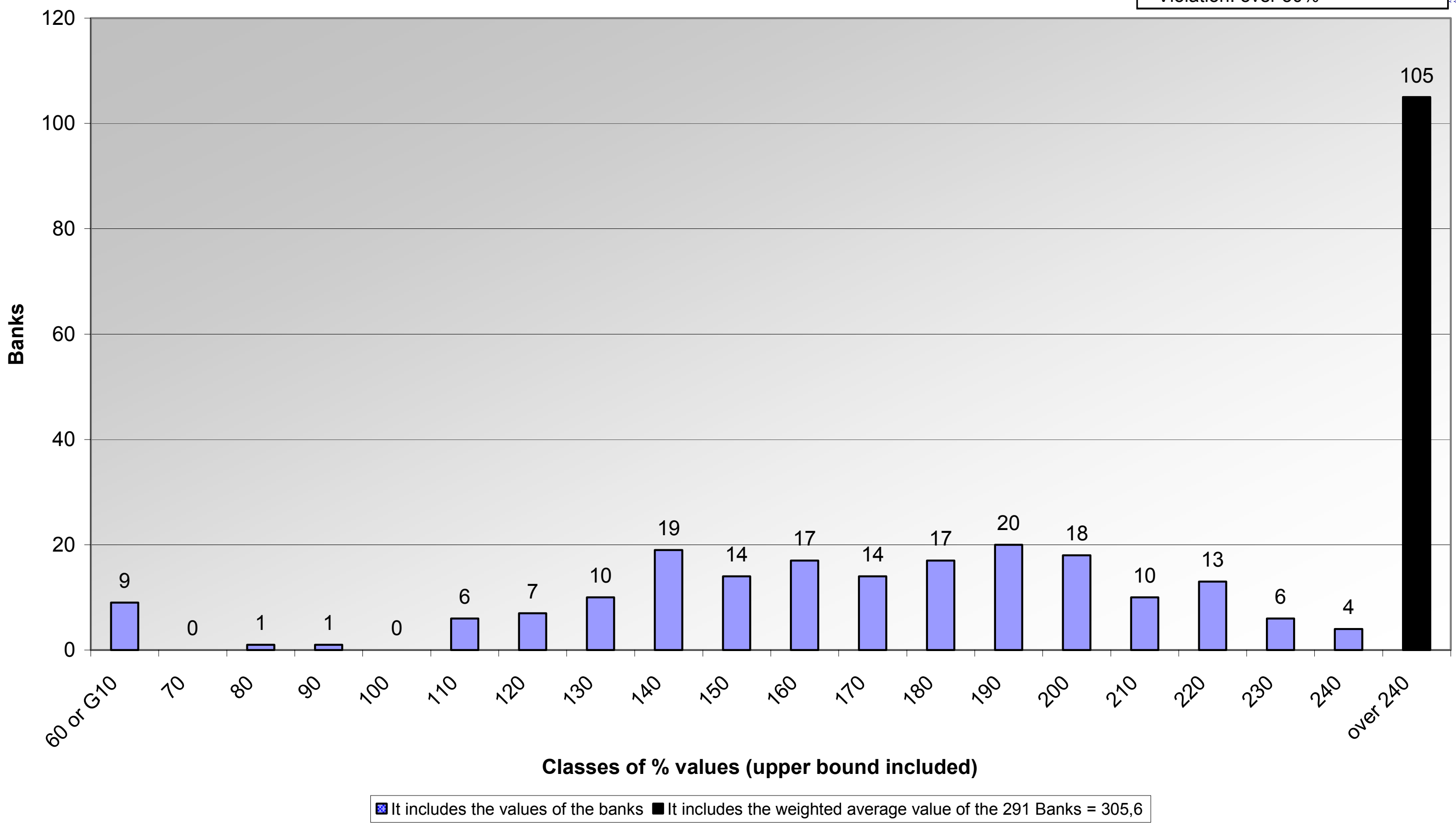


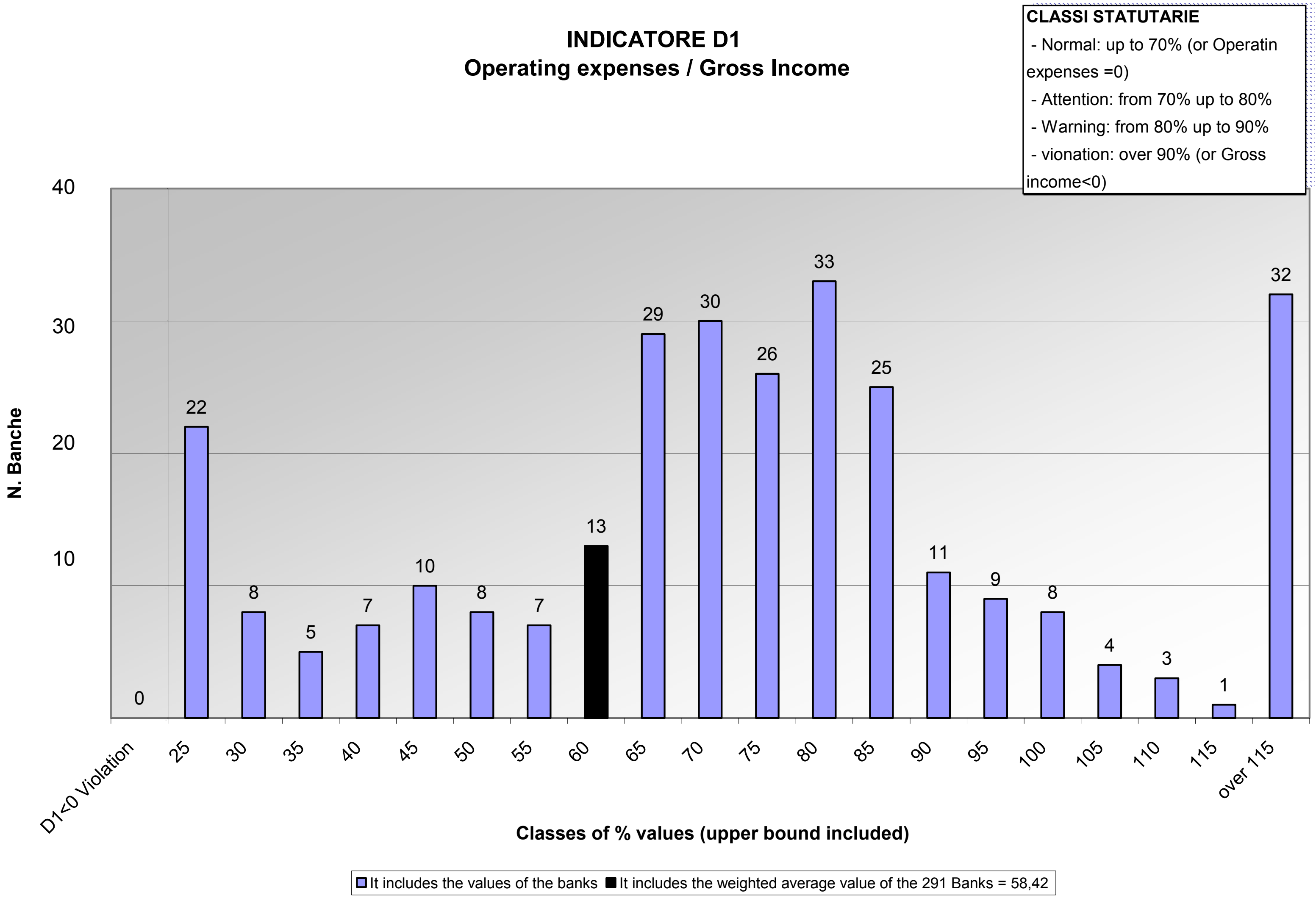
Reporting date *30/06/2010*

STATUTORY CLASSES

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

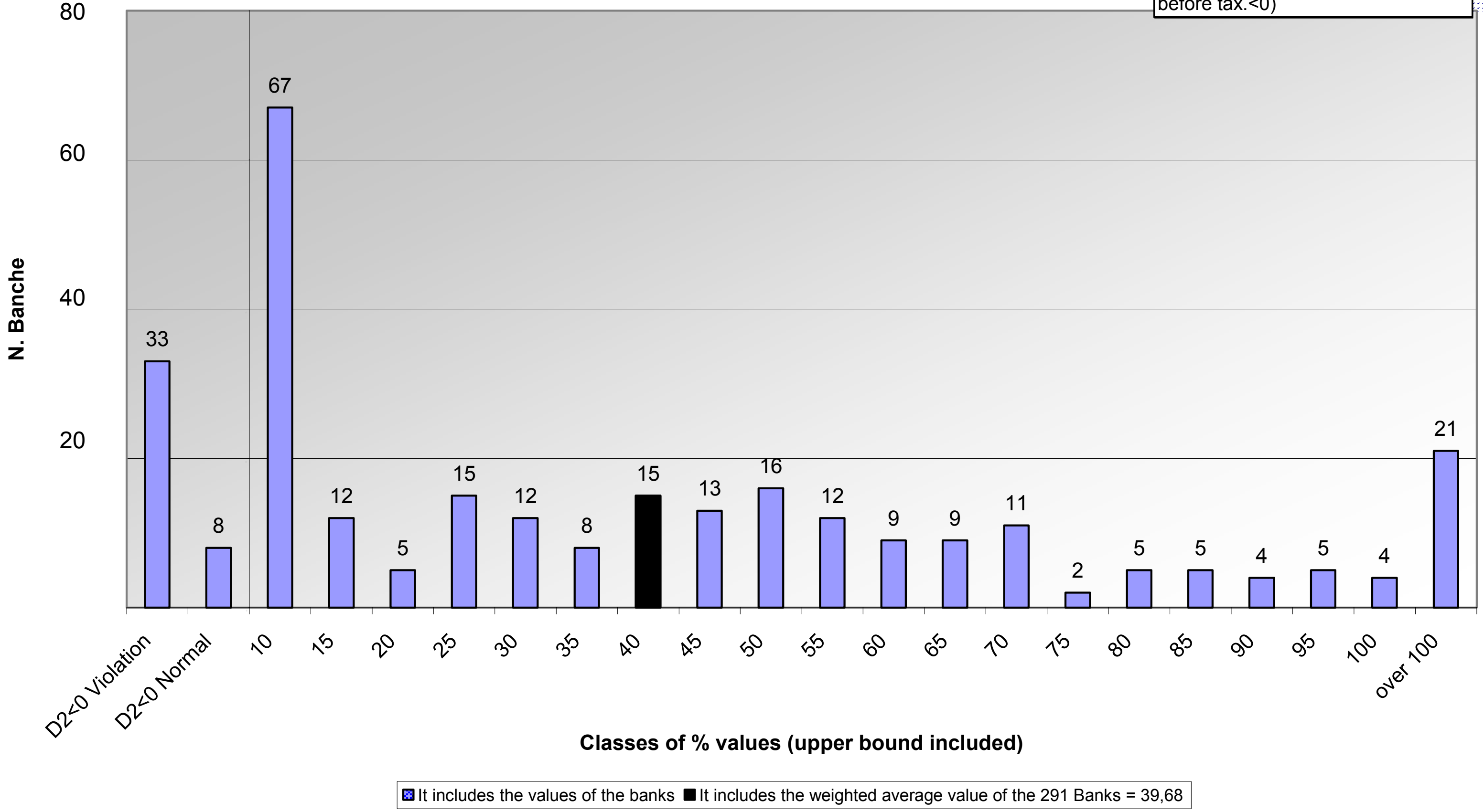
RATIO B1
Supervisory Capital including Tier 3 / Supervisory Capital Requirements

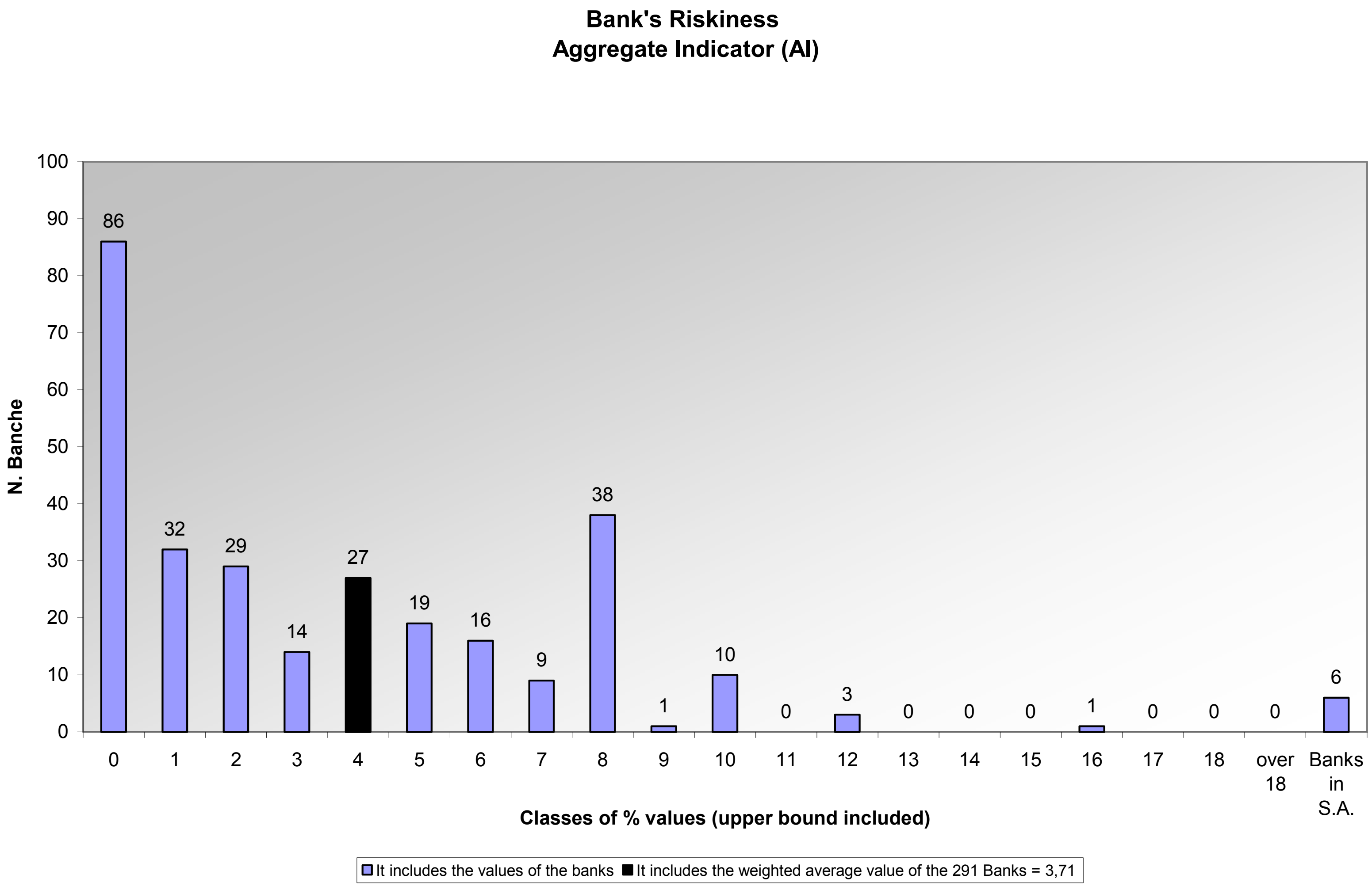



INDICATORE D1
Operating expenses / Gross Income
CLASSI STATUTARIE
- Normal: up to 70% (or Operatin expenses =0)
- Attention: from 70% up to 80%
- Warning: from 80% up to 90%
- vionation: over 90% (or Gross income<0)
N. Banche
40
30
20
10
0
22
8
5
7
10
8
7
13
29
30
26
33
25
11
9
8
4
3
1
32
D1<0 Violation
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
100
105
110
115
over 115
Classes of % values (upper bound included)
It includes the values of the banks
It includes the weighted average value of the 291 Banks = 58,42

STATUTORY CLASSES
- Normal: up to 40% (or Loan losses<=0)
- Attention: from 40% up to 50%
- Warning: from 50% up to 60%
- Vionation: over 60% (or Profit before tax.<0)

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




Bank's Riskiness
Aggregate Indicator (AI)
N. Banche
100
90
80
70
60
50
40
30
20
10
0
86
32
29
14
27
19
16
9
38
1
10
0
3
0
0
0
1
0
0
0
6
0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
over 18
Banks in S.A.
Classes of % values (upper bound included)
It includes the values of the banks
It includes the weighted average value of the 291 Banks = 3,71

Time series of System Average Values

Date	BALANCE SHEET RATIOS				Aggregate Indicator	RF (billion euro)
	A1	B1	D1	D2		
31/12/00	16,23	184,16	57,39	21,73	2,27	302,6
30/6/01	10,84	186,95	56,01	17,14	1,85	296,3
31/12/01	10,22	188,87	53,00	20,3	2,01	319,5
30/6/02	11,51	199,94	59,60	24,18	2,25	319,7
31/12/02	11,04	199,67	60,72	29,45	2,2	331,8
30/6/03	11,04	200,31	57,80	20,45	1,9	336,9
31/12/03	11,40	207,60	60,07	33,37	2,28	351,9
30/6/04	11,05	210,48	59,17	23,74	1,85	360,6
31/12/04	11,04	210,00	60,79	29,87	1,73	367,1
30/6/05	9,90	204,88	58,18	18,92	1,59	372,0
31/12/05	7,89	212,98	59,57	20,62	1,63	385,5
30/6/06	6,87	209,47	49,94	11,97	1,17	388,1
31/12/06	6,79	208,87	52,60	15,12	1,18	401,5
30/6/07	5,43	212,68	47,53	12,69	1,28	395,2
31/12/07	5,45	213,91	56,75	20,62	1,4	402,3
30/6/08	6,03	279,77	53,24	18,54	1,67	400,5
31/12/08	5,84	267,56	63,80	39,89	2,22	424,3
30/6/09	6,90	286,81	55,95	37,93	2,61	447,6
31/12/09	8,01	296,81	63,33	55,1	3,22	468,0
30/6/10	9,33	305,60	58,42	39,68	3,32	470,3

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