BANCA CR FIRENZE

# 2012 Annual Report

Company subject to management and coordination
of the Parent Company Intesa Sanpaolo S.p.A.

# Contents

SEPARATE FINANCIAL STATEMENTS

# Corporate positions

## Board of Directors (*)

| | |
|---|---|
| Chairman | Giuseppe Morbidelli |
| Deputy Chairman | Francesco Taranto |
| Directors and Members of the Executive Committee | Paolo Maria Grandi<br>Luciano Nebbia<br>Sergio Ceccuzzi<br>Lino Moscatelli |
| Directors | Pio Bussolotto<br>Denio D'Ingecco<br>Francesco Pellati<br>Leonardo Ferragamo<br>Fabrizio Landi<br>Francesco Maria Mancini |

## Board of Statutory Auditors

| | |
|---|---|
| Chairman | Rosalba Casiraghi |
| Acting Auditors | Carlo Giuseppe Angelini<br>Vieri Fiori (**) |
| Substitute Auditors | Marco Sacconi<br>Lorenzo Gambi |

## General Management

| | |
|---|---|
| General Manager | Luca Severini |

## Officer in charge of preparing the corporate financial statements

Egidio Mancini

## Independent Auditors

KPMG S.p.A.

(*) On 24 April 2012, the Shareholders' Meeting of Banca CR Firenze appointed the new Board of Directors of the Bank, as follows:

- Chairman: Giuseppe Morbidelli replacing Aureliano Benedetti;

- Vice-chairman: Francesco Taranto (formerly Director and member of the Executive Committee) replacing Piero Antinori;

- Newly appointed Directors: Leonardo Ferragamo, Fabrizio Landi and Francesco Maria Mancini (formerly Substitute Auditor);

- Exiting Directors: Francesco Favotto and Federico Vecchioni.

(**) In office until 28 January 2013.

BANCA CR FIRENZE

# Part one
# Consolidated Financial Statements

**INTRODUCTION:** for better comprehension of the data presented in the Consolidated Report on Operations, following are the events which determined the change in the scope of consolidation compared to 2011 and the effects on the income and equity values of the proformas which were necessary in order to render the scope of the two years uniform and the data more comparable (for more detailed information see the paragraph titled “Banca CR Firenze Sub-holding results for 2012.”

- TERRITORIAL REORGANIZATION OPERATIONS

  - INCOME DATA: no effect on net profit, the imbalance between income and expenses in the proforma schedules was allocated for each period to the “Minority interest net profit (loss)” item;

  - BALANCE SHEET DATA: the data of the first three quarters of 2012 and all the quarters of 2011 were presented on a proforma basis in order to backdate to 1 January 2011 the effects of the territorial reorganization operations.

- CORPORATE REORGANIZATION OPERATIONS (merger of Banca CRF Romania into ISP Romania, spin off of CR Ascoli into Intesa Sanpaolo, sale of Centro Factoring to Intesa Sanpaolo and of Centro Leasing to Leasint)

  - INCOME DATA: while Centro Factoring and Centro Leasing were consolidated for the entire year, the economic accounts of Banca CRF Romania and CR Ascoli were fully consolidated on a line by line basis only for the first nine months of 2012 and, for the sake of uniformity, for 2011;

  - BALANCE SHEET DATA: the data of the first three quarters of 2012 and all the quarters of 2011 were presented on a proforma basis in order to backdate to 1 January 2011 the effects of the corporate reorganization operations.

# Financial highlights and alternative performance measures

(millions of euros)

| Income statement figures (millions of euros) | 31 December 2012 Pro-forma (1) | 31 December 2011 Pro-forma (1) | Changes absolute | % |
|---|---|---|---|---|
| Net interests | 708 | 698 | 10 | 1.4% |
| Net commissions | 356 | 356 | - | - |
| Result from trading | 17 | 168 | -151 | -89.9% |
| Net operating income | 1,145 | 1,304 | -159 | -12.2% |
| Operating costs | 752 | 766 | -14 | -1.8% |
| Operating result | 393 | 538 | -145 | -27.0% |
| Value adjustments/write-backs for worsening of loans | 409 | 285 | 124 | 43.5% |
| Gains (Losses) on financial assets held to maturity and other investments | 7 | 61 | -54 | -88.5% |
| Gains (Losses) associated with groups of assets being disposed | - | 5 | -5 | -100.0% |
| Net profit (loss) | -30 | 186 | -216 | n.s. |

| Balance sheet figures (millions of euros) | 31 December 2012 | 31 December 2011 Pro-forma (1) | Changes absolute | % |
|---|---|---|---|---|
| Customer loans | 19,532 | 20,316 | -784 | -3.9% |
| Direct borrowing | 14,064 | 14,996 | -932 | -6.2% |
| Indirect borrowing | 21,443 | 20,760 | 683 | 3.3% |
| *of which: Asset management* | *9,069* | *8,474* | *596* | *7.0%* |
| Total assets | 23,983 | 25,381 | -1,399 | -5.5% |
| Shareholders' equity | 1,383 | 1,620 | -237 | -14.6% |

| Operating structure | 31 December 2012 | 31 December 2011 | Changes absolute | % |
|---|---|---|---|---|
| Number of employees | 6,168 | 6,532 | -364 | -5.6% |
| *Italy* | *6,168* | *6,358* | *-190* | *-3.0%* |
| *Abroad* | *0* | *174* | *-174* | *-100.0%* |
| Number of bank branches (2) | 675 | 797 | -122 | -15.3% |
| *Italy* | *675* | *782* | *-107* | *-13.7%* |
| *Abroad* | *0* | *15* | *-15* | *-100.0%* |

| Earning ratios | 31 December 2012 Pro-forma (1) | 31 December 2011 Pro-forma (1) | Changes |
|---|---|---|---|
| Cost / income ratio (3) | 65.7% | 58.8% | 6.8% |
| Net profit (loss) / Average shareholders' equity (ROE) (4) | -1.9% | 0.6% | -2.4% |

| Risk ratios on loans | 31 December 2012 Pro-forma (1) | 31 December 2011 Pro-forma (1) | Changes |
|---|---|---|---|
| Net doubtful loans / Net customer loans | 4.40% | 3.33% | 1.07 |
| Adjustments to doubtful loans/Gross doubtful customer loans | 58.2% | 59.8% | -1.6 |

**(1)** The balance sheet and income statement figures are presented proforma to backdate to 1 January 2011 the effects of the area reorganisation transactions completed in 2012. Furthermore the 2011 figures are presented proforma excluding the contribution of the 11 branches, assigned to Cariparma in March that year, from the individual items. The imbalance from transactions that led to changes in the scope of consolidation was reclassified to "Minority interest net profit/(loss)" in order to maintain the same net result.

**(2)** The figure includes the Retail Branches, Private Centres, Business Centres and Treasury Centres.

**(3)** Operating costs/Net operating income.

**(4)** Normalised net result related to the average share capital, share premiums, reserves and valuation reserves during the period in question. The normalisation excluded:

• from the 2011 net profit, the write-downs for impairment on AFS minority investments and on operating property assets, the capital gain from disposal of the Centro Leasing and Centro Factoring investments, the portion of loss deriving from consolidation at equity of Centro Leasing, tax benefits from the freeing-up of goodwill and income taxes subject to reimbursement claims pursuant to Law Decree 201/2011 (the "Monti Decree") and Law Decree 16/2012 for recognition of the higher portion of IRAP relating to staff costs as deductible for IRES purposes, integration-related costs and resignation incentives.

• from the 2011 net profit, the net result of the sale of the investment held in Findomestic Banca and of properties (particularly that in Via Bufalini in Florence), the assignment of 11 branches to Cariparma booked to "Profit (loss) on financial assets held to maturity", the income components referring to the investment held in CR Spezia, booked to "Profits on non-current assets under disposal", the tax benefit deriving from the freeing of the goodwill booked by Banca CR Firenze, the value adjustment on the AFS investment held by Banca CR Firenze in Immobiliare Novoli S.p.A., certain provisions made by Banca CR Firenze against legal disputes and the costs of integration and resignation incentives sustained.

# Report on operations

# Executive summary

## The 2012 economic trend and outlook for 2013

In 2012 the Italian economy experienced a deep and widespread decrease in added value, which translated into a steep drop of all the components of internal demand and led to negative GDP growth of -2.2% based on ISTAT [Italian statistics organization] data for the entire year. The expected change for 2013 is -1.0%. In the domestic economy, where a fragmented political and institutional framework and the known structural rigidities have put a brake on the growth of private investments in physical capital, the restructuring policies, tightening of credit, and drop in available income, which in turn reflects the corrective public financing actions taken and the drop in employment, further worsened the situation. According to the preliminary estimate made by the Italian statistics organisation ISTAT, the fourth quarter of 2012 dropped by -0.9% compared to the previous quarter and by 2.7% compared to the fourth quarter of 2011; this would be the sixth consecutive quarter of negative growth, making this one of the longest recessions since the Second World War. The current phase of economic contraction is characterized by a steep drop in internal demand: according to preliminary ISTAT data, the consumption expenditure has dropped by 3.2% in 2012; the contraction in spending is less accentuated than the drop in real available income of families, which dropped by 5.4% in the second quarter of 2012 compared to the fourth quarter of 2010. This resulted in a further decrease in the propensity to save, which dropped in the same period to 8.1% from 9.8%. The overall situation is characterized by an unprecedented drop in industrial production, with output dropping by 6.7% in the entire year, and a change in the fourth quarter of 2012 of -2.2%. It must be noted that for certain production areas, the output levels are currently 40% lower than the pre-crisis peaks. According to ISTAT, the gross fixed investments have dropped by 7.2% in 2012, mainly on account of the collapse of the machinery and transportation means (-9.9% estimated) and constructions (-6.6% estimated). Due to the higher participation in the job market observed since the end of 2011, the unemployment rate for 2012 overall is expected to reach 10.6%, with a dynamic that erodes available income and the confidence indices of families and companies, indicating that the uncertainty will extend well beyond 2013. Therefore, net external demand is confirmed as the main source supporting growth (2.8% is the contribution estimated for 2012); in particular, in 2012, the balance of trade, supported by the surplus of non energy products (+ 74.0 billion), reached +11.0 billion. It is the highest surplus achieved since 1999 and takes place in an annual framework of 3.7% growth in exports and a 5.7% drop in imports.

| ITALY: MAIN MACROECONOMIC DATA 2012 | | | | |
|---|---|---|---|---|
| Gross domestic production | tendential change | general change | 2012 | estim. 2013 |
| 1° quarter | -1.30% | -0.80% | | |
| 2° quarter | -2.30% | -0.70% | -2.20% | -1.60% |
| 3° quarter | -2.40% | -0.20% | | |
| 4° quarter | -2.70% | -0.90% | | |
| | | | | |
| Industrial production | | | | |
| | | | | |
| 2° quarter | -7.90% | -1.90% | | |
| 3° quarter | -5.80% | -0.50% | -6.70% | -2.30% |
| 4° quarter | -6.80% | -2.20% | | |
| | | | | |
| Retail sales | | | | |
| | | | | |
| 2°quarter | -3.00% | -1.90% | | |
| 3° quarter | -2.00% | 0.00% | -2.10% | -2.00% |
| 4° quarter** | -3.70% | -1.00% | | |
| | | | | |
| Unemployment rate | | Trade balance | | |
| 1° quarter | 10.90% | 1°quarter | MLN€ | -3979 |
| 2° quarter | 10.50% | 2° quarter | MLN€ | 3395 |
| 3° quarter | 9.80% | 3° quarter | MLN€ | 4660 |
| 4° quarter** | 11.20% | 4° quarter | MLN€ | 6945 |

*Source: Internal processing of ISTAT and Consensus Economic data*

*** Estimated data*

The main research centres expect Italy to go through a further weakening of the gross domestic product in 2013: In particular, Consensus Economics indicates a drop in GDP of -0.9% during the year, an estimate that is closer to that of the IMF (-1.0%) and ISTAT (-0.5%). Our estimates indicate a situation potentially worse than that indicated by the survey, due to the abovementioned effect (-1.0%). In particular, if, as is probable, the first two quarters of the year underway end with negative changes, the GDP growth rate at the end of the year could be around -1.5%, as the traction from two positive final quarters will not be sufficient in an economy that is already depressed from the crisis affecting the final demand for goods and services and the drop in available income.
It is therefore probable that the recession may continue for the first half of 2013, to then give way to a bland stabilization of the cycle, which would result in an essentially flat performance of the product dynamics, despite the progressive attenuation of the unfavourable factors and a moderate recovery of activity.
Private spending for consumption is expected to drop during the year by approximately 0.8%, following the ongoing difficulties on the job market and the weakness in nominal income.
In 2013, the prospects for a recovery of the production cycle (mainly starting from the subsequent year) and the gradual improvement of the conditions on the credit market could mitigate the slide in physical capital investments by companies, though the slowdown in the public sector leads us to assess with extreme prudence the size of the slowdown (forecasted at an overall rate of -2.4%).
It would however be the external component of demand that would support the cycle, with a contribution that ISTAT considers will be positive but less accentuated than the one in 2012 (+0.5%).
The progress in the second part of the year will be assisted by a moderate attenuation of the strict budget policies in Europe (a policy on which there is strong disagreement within the European Union), a moderate recovery in global trade and the spreading out and accentuation of the monetary expansion, which will mitigate the remaining financial tensions. Internal demand will be slowed down by factors such as the ongoing unemployment, crisis in construction, drop in savings, and the low usage of production capacity. Therefore, confidence in the industrial sectors of the economy will be difficult to achieve, rendering the recovery slow and gaining speed in 2014.

# The commercial trend

During 2012, the consolidation of the new service model applied to the Banca dei Territori Private Segment was significant, also due to the increased focus on certain recently established key roles, such as that of Bankassurance Expert, Full Commercial Customer Assistant and Remote Investment Specialist. The introduction of these roles makes it possible to maintain correct commercial monitoring over the customer; indeed, the new sub – segmentation, created to improve knowledge of the individual customer, and the new dedicated "channels" will bring customers closer, by satisfying their specific requirements.
In the month of July, very specific attention began on the support activities carried out by the Remote Investment Managers, a group of 32 persons, which provide remote consulting to small branches on financial issues and portfolio allocations, while they also provide high level consulting to the branches. In the last half of 2012, the collaboration between the Directors of the Branches involved in the new process and the Remote Investment Managers increased significantly, with good results in terms of the consulting quality provided.
A new figure of major importance introduced in the first months of the year, is the Bankassurance Expert, a manager located in the large branches dedicated to safeguarding and pension benefits. The summer months were dedicated to finalizing the activities carried out by the Expert and the creation of an actual "community" aimed at increasing the penetration of the protection and benefit area with the customers, with particular reference to the safeguarding of people and assets and the range of open-ended pension funds and pension plans. The three fundamental assets focused on by the offer are those that belong to any Italian family: automobile, health and home. Transparent products with a clear value proposition are provided in the catalogue and supported by basic pre and post sales services in addition to the actual selling, all of which are completely integrated into the ABC platform. The new automobile insurance policy "ViaggiaConMe" [travel with me], developed by Intesa Sanpaolo Assicura, is a very innovative invention introduced in the "retail" project catalogue in the first quarter of 2012, which satisfies a further area comprised of a large portion of our clients. "ViaggiaConMe" introduces very strong technologically innovative elements, a high level of support to the insured party, and exclusive benefits such as the possibility of paying the premium in instalments without additional costs being incurred. In the third quarter, the territorial commercial initiative was initiated to propose a Multiple Loan characterized by a specific terms and conditions and a policy covering the loan.
In the last months of the year, the branches intensified their initiatives to its customers, in particular the Personal Segment, expanding the range of investment products offered with the insertion of four different types of mutual funds managed by SGR Eurizon Capital, in line with the financial profile and investment objectives of the individual customer in full compliance with the Mifid directive. In June, two meetings were held in this area, one in Florence and one in Rome, attended by approximately seven hundred Personal Managers. The "Tour del Risparmio Gestito" [asset management tour] created by the Private Marketing Division with the participation of Compagnia IntesaSanPaolo Vita and SGR Eurizon Capital represented a significant time of commercial focusing with the object of consolidating the trust in the "product factories," delving deeper into the financial context and presenting newly commercialized products, reaffirming the importance of the department and ensuring a good and long lasting relationship with customers.
Again with this objective, from September the appointments between customers and SGR Eurizon Capital through "financial cocktails," began again. This had initially started in the first half of 2012 and proves to be a winning formula that brings savers closer to the asset management company.
In September, the "Superflash Corners" were launched; these are areas dedicated to the sub-segment of the Young clientele, located in 38 branches of the Regional Division. The corners were created in order to place special attention on the Young clientele, based on the excellent returns in terms of the basic increase in clientele and cross selling achieved through the Superflash Stores. The communication with the Areas was focused on in order to achieve the necessary and fundamental involvement and immediate deployment of the Full Commercial Clientele Assistants, the main hub for the sale of small ticket products, such as SF SIM cards, auto insurance, O-keys, and services for migrant customers. From the end of September, the Superflash brand was extended also to telephone and internet communications with the SIM Superflash by Nòverca. The new telephone offer provides promotions and tariff options dedicated to the customers of the Group banks. To promote the new offer, in February a "Superflash to win" contest was held in which all the customers that subscribed to a Superflash card and/or a Superflash SIM card from 23 February to 19 May, could participate in a contest with prizes by registering through the Internet stations located in the branches.

After hosting the official presentation of the new Fiorentina team jerseys in July 2012, on 13 November 2012, the "Fiorentina Corner" was inaugurated in the same Florence Superflash Branch. This is an official point of sale, open to all, entirely managed by the technical sponsor of the team, in which the athletic clothing manufactured by Joma t is available.
Banca CR Firenze and FIGC (Federazione Italiana Giuoco Calcio) –Provincial Delegation of Florence, with the support of the Athletic Inspectorate of the city of Florence, promoted the "Il mio primo sport" [my first sport] project, aimed at promoting sports among children, as a fundamental educational method with positive effects on teaching, training and

public health. The project is tailored for children and adolescents registering with a soccer school for the first time in 2011-2012. The FIGC drew up a list of the winning young athletes who received prizes on 6 May at the "Cosimo Ridolfi" stadium of Florence with a voucher of € 60.00 to be converted exclusively for a prepaid Superflash or the Flash Pay Wave card at the Florence Superflash Store.
An important activity went on to support families with the bank partnering with Banca CR Firenze and the City of Florence, to provide overall support by facilitating access to credit for all families using the City Service Asili Nido and Spazi Gioco.
Following the natural disaster that hit certain areas of Tuscany, Umbria and Alto Lazio in November 2012, Banca CR Firenze (for the province of Grossetto), in agreement with Cassa di Risparmio di Pistoia e della Lucchesia for the provinces of Massa Carrara e Lucca, Casse di Risparmio dell'Umbria for the province of Terni, Cassa di Risparmio della Provincia di Viterbo and Cassa di Risparmio di Civitavecchia, adopted a series of provisions for families and economic operators that suffered damages from the flooding. In particular, at the Group level, an amount of € 100 million was set aside for medium to long term funding under particularly beneficial terms for the restructuring of the damaged buildings (homes, shops, offices, craftsmanship studios, buildings used for production and agriculture) as well as the materials therein. Furthermore, a moratorium period was granted of 12 months on the instalments on mortgages of homes damaged by the floods for the families of the provinces that were affected.
The agreement between Banca CR Firenze and "Caricentro Servizi SRL" was renewed in November. This agreement is for the provision of extra-banking services to the holders of the GIOTTO line with maintenance of services to 31 December 2014.
From November 2012, the preparation of a special offer for the granting of loans to private individuals is underway. Its purpose is the reconstruction of the buildings in the City of Prato and the Province of Arezzo, which involves Banca CR Firenze, the city of Prato and Confindustria di Arezzo.

The Commercial Network for the Small Business Segment is mainly dedicated to development:

- of Loans, mainly short term, through specific commercial initiatives with the major loan consortia pursuant to article 107, toward which special attention has been maintained for short-term loans, the shared rate tables are diversified depending on the credit rating of the customers, which had initially been abandoned due to the volatility of the financial markets which had been the present in the second half of 2011. The initiatives for contact with agricultural companies within Tuscany, whether customers or not, recipients of Common Agricultural Policy contributions to whom the advances were financed and the lead companies for integrated manufacturing chain projects within the same region in order to complete the funding needs of these companies and their segment.
- of the number of customer businesses – continuing with the promotion and relations with associations present in the territory also through the conclusion at the local level of national agreements (Rete Imprese Italia, National Council of Tax Advisors and Accounting Experts, Bar Association, etc.):
  -through participation in cycles consisting of four meetings, the first on 25 October, promoted by Confcommercio Toscana - Terziario donna, to promote the offer a dedicated to businesswomen such as Business Gemma, a project created specifically on the basis of the needs declared and which has already received awards for innovation. The dissemination of information about this offer also took place through targeted activity for development of business women in Lucca
  -through the promotion of a convention for the condominium administrators on 18 December through which we communicate our product and service offers, also in response to the new nature of this sector.
- commercial penetration –by taking advantage of the peculiarities of the new modular current account offer "Business Insieme", which involves an in-depth discussion with customers aimed at analyzing the existing or latent needs and illustrating the dedicated products and services that the bank has prepared to cover these needs. Again in terms of development, significant efforts were made to disseminate the insurance sector.
- lowering of the cost of credit through the SGFA guarantee acquisition initiative on existing agricultural credit lines upon expiration, to bring down the cost of credit while also allowing us to control the economic conditions that we provide to our customers.
- Initiatives in support of territorial companies through projects, commercial activities and participation in protocol; among these we remind you of the OMA [Osservatorio dei mestieri d'Arte – Art Professions Observatory] Project in support of the artisanal companies in the territory, the signature and activation of the new Protocollo Emergenza Economia [Emergency Economy Protocol] for the Tuscany region, the conclusion of a convention between the bank, Agriventure and Confagricoltura Arezzo and the initiative focusing on the allotted customers of the Tuscany Region competition "Investiamo in Agricoltura" [Let's Invest in Agriculture].

Among the activities carried out in 2012, we note the winning, effective from 1 January 2013 of the Estav Centro competition, which includes most of the health centres and hospitals in the centre of Tuscany, in addition to the municipalities of Marradi and Chianciano Terme.

In regard to the Business Segment, in 2012 a new innovative segmentation plan has been launched which is no longer exclusively based on the size of the companies, but on their conduct and needs on the one hand and the potential value, including future, of the customers on the other. The project originated from the objectives established by the business plan for 2012.
The guidelines which characterized the commercial actions on the business segment in the first half of the year aimed to:

- Monitor the relationship cycle with the customer: Acquisition, creation of value, retention
- Understand and satisfy the specific needs of customers
- Maximize customer value (EVA / RWA)

At the beginning of the year, an agreement was signed between Intesa Sanpaolo and Federturismo Confindustria (Federazione Nazionale dell'Industria dei Viaggi e del Turismo – the national travel and tourism federation), the objective of which was to develop the hospitality sector.
In 2012, the collaboration began on the basis of the aforementioned agreements between Intesa Sanpaolo and Confindustria Piccola Industria. A process aimed at reducing the asymmetrical nature of the information was implemented, thereby initiating a bank-business relationship based more and more on principles of transparency. The commitment is to improve the comprehension of the processes involved in assessing credit rating and promoting, through greater dialogue between businesses and banks, more in-depth knowledge of the business and the industrial perspectives of companies.
In 2012, numerous events were organized at the provincial level with the manufacturing and industrial associations, aimed at delving deeper into the major themes of growth of such as internationalisation, business networks, research and innovation.
The objective of supporting the internationalization of the Italian small to medium size businesses by facilitating their access to credit was encompassed in the agreement concluded in Milan between Intesa Sanpaolo, Mediocredito Italiano and SACE (credit insurance company for Italian exports). The agreement resulted in an amount of € 500 million which companies with turnover of no more than € 250 million, of which at least 10% generated abroad, have access to in order to fund their development plans outside the country. The objective of the partnership is to concretely support the processes of business internationalization which, now more than ever, the companies find to be indispensable due to the increasing competition pressures which require that foreign markets be one of their indispensable options.
At the local level, Banca CR Firenze and Metropoli, Azienda Speciale della Camera di Commercio di Firenze [a special company of the Florence Chamber of Commerce] concluded in April a memorandum of understanding in which they committed to share common initiatives supporting the internationalization of companies, business start ups, direct foreign investments, network contracts, training and research and development. On 22 October, a meeting was held which was named "Together we will win the growth challenge: at the bank's auditorium.
On 22 November, in association with the Florence Chamber of Commerce consortium for credit and finance, we organized a convention named "Credit Laboratory for Businesses," at which a significant comparison on the current credit evolution situation in Tuscany took place.
Furthermore, to support business start ups, the "Neo Impresa" web portal of the Intesa Sanpaolo Group was created to support, through recommendations, analysis and useful indications, aspiring business people who intend to launch and manage their own business. The portal is targeted to existing and potential customers of all segments, including private customers who wish to create a business or develop an already existing one. The portal is divided into three sections, corresponding to three crucial crossroads in initiating a new business activity: structuring of the business idea (Pensala – think it up); verification of the economic sustainability of the project (Creala – create it); assessment of the most effective forms of funding (Finanziala – finance it). The functionalities of the portal were also presented at an event organized at the Faculty of Economics of the University of Florence.
In June, initiatives in support of businesses located within the territory began in the form of projects and agreements:

- the SV.ET Project (Sviluppo Economico del Territorio –economic development of the territory): launching of funding projects with lower commissions from the CRF, aimed at promoting the development in the territories of Florence, Arezzo e Grosseto of those businesses which are able to maintain and increase employment through the projects they present.
- Advance of receivables due from Tuscan local health authorities and Estavs. Through Mediofactoring, this initiative makes it possible for companies to access credit via pre-financing by the bank while awaiting certification.

## Communication activity

The communication initiatives of Banca CR Firenze and its subsidiaries as of 31 December 2012 aimed to accomplish, in addition to the ordinary activity or relations with the press and institutional bodies, certain specific projects.

In agreement with the Parent Company, numerous press releases were disseminated, in relation to the approval of the 2011 financial statements and the 2012 quarterly and half-year reports of the banks operating within the scope of the Tuscany and Umbria Regional Management, with visibility in the national and local press. Particularly significant was the press release regarding the renewal of the Banca CR Firenze BoD, which hailed the incoming new chairman, professor Giuseppe Morbidelli, replacing Aureliano Benedetti, the chairman of Banca CR Firenze since 1994. In April, the establishment of the Fondazioni delle Biblioteche di Cassa di Risparmio di Firenze [foundation of libraries of the Cassa di Risparmio di Firenze], an institution created by the bank and Ente CR Firenze which will enrich the prestigious cultural and library panorama of Florence. In June the merger by incorporation of four Umbrian savings banks into CR Spoleto was announced, in view of the establishment of a single bank in Umbria, named Casse di Risparmio dell'Umbria. The announcement of the launching of the new bank was given at the end of November, on local and national media.
In July, the reorganization of the group on the territory of alta Toscana the was announced, with the Cassa di Risparmio di Pistoia e Pescia changing its name to Cassa di Risparmio di Pistoia e della Lucchesia, becoming a group bank that operates in the provinces of Pistoia, Lucca and Massa Carrara. Furthermore, the new chairman, Alessio Colomeiciuc, was appointed to replace Gabriele Zollo, in office since 2000.
In September, the local media showed great interest in the presentation of the SVET-Sviluppo Economico del Territorio [economic development of the territory] project which involves the common agreement of Banca CR Firenze, Ente Cassa di Risparmio di Firenze and Associazione Vobis to promote the facilitated funding initiatives for small and medium sized businesses and artisans in the provinces of Florence, Arezzo and Grosseto.
The return to a national image thanks to the communication surrounding the Agriventure convention "agricultural business for the economic relaunching of the country" was significant as it involved the participation of the then General Manager of Intesa Sanpaolo Marco Morelli, the Minister for Agricultural, Food and Forestry Policies Mario Catania and Paolo De Castro, the Chairman of the Committee on Agriculture of the European parliament.
Also in collaboration with the Parent Company (Study Service), extensive visibility was given to the Tuscany and Umbria District Monitors set up for Banca CR Firenze on a quarterly basis, which encouraged an updated reading of the territory's economic trend. Numerous relations were forged with the local press on the occasion of the more recent agreements with the provincial manufacturing and industrial associations with the "Obiettivo Crescita" [growth objective], which involves the joint effort of the Group and Confindustria in supporting the development and internationalization of small to medium sized businesses. Finally, the local press was informed of the inauguration of the new branches of Banca CR Firenze in Siena, CR Pistoia e Pescia in Montale, CR Città di Castello in Pistrino, San Giustino, La Tina and Riosecco, of CR Spoleto in San Giacomo. The visibility on the local press of CR Foligno and Intesa Sanpaolo Formazione [training] on the occasion of the launch of the training seminars on economy and finance in the secondary schools of Foligno, thanks to an agreement with the City of Foligno, was also significant. CR Provincia di Viterbo also had good press visibility due to the announcement the of the assignment of the treasury of the University of Tuscia, on the occasion of the Viterbo stop of the ABI territorial road show, which involved the participation of the General Manager Tito Nocentini.
The Tour Fiat 500 Superflash had excellent visibility on the local media and sports radio Radio Sportiva, involving numerous events in the branch and the banks of the regional area, in particular CR Civitavecchia, CR Foligno, CR Spoleto, CR Città di Castello, CR Terni e Narni and Banca CR Firenze.
Local media also followed the "financial cocktails" organize in the main urban Tuscan centres of Banca CR Firenze and CR Pistoia e Lucchesia, on their respective territories. Also interesting was the promotion and participation in the conferences organized by Banca CR Firenze and Cassa di Risparmio di Pistoia e della Lucchesia in association with provincial manufacturing and industrial entities of Arezzo and Luca, on the issue of corporate crisis management.
On the occasion of the tragic earthquake that struck Emilia Romagna, Banca CR Firenze and the other banks belonging to the Group that are present in that territory launched numerous communications aimed at communicating the support initiatives for the customers and the population affected. In November, the disaster of the flood in Central Italy once again saw the banks of the Group, in particular Banca CR Firenze, Cassa di Risparmio di Pistoia e della Lucchesia, Casse di Risparmio dell'Umbria, Cassa di Risparmio della Provincia di Viterbo e Cassa di Risparmio di Civitavecchia concluding an agreement with the Conferenza Regionale Toscana delle Misericordie, with the opening of a current account for the collection of funds, and the allocation of € 100 million of funding to assist the affected the populations, with mortgages for the restoration of the structures and the assets destroyed by the floods and a moratorium on the mortgages of families and the loans of affected companies.

Regarding it's interventions in the cultural sector, which promote the bank's image and marketing, Banca CR Firenze supported the inauguration of the "Sala del Fregio" of the Museo di Poggio a Caiano, an initiative promoted mainly by the parent company through the "Restoration" project. Once again this year, the cycle of "Note di Primavera" concerts took place in the Cosimo Ridolfi Auditorium, organized by the Fiesole School of Music. Again as part of the cultural initiatives, the Banca CR Firenze memorial publication "Ammannati e Vasari per la Città dei Medici" was presented at

the Uffizi Library. Also appreciated was the exhibition of works by young students of Florentine art institutions shown at the Superflash Store in Florence, with awards given on the occasion of Notte Bianca, a night on which the Piazza della Signoria branch was animated by music and events until late into the night. Again in the Superflash branch, in July a new ACF Fiorentina jersey was presented. ACF Fiorentina is the team sponsored by Banca CR Firenze, with a huge following. Banca CR Firenze renewed its support to Artigianato e Palazzo, at the Festival del Gelato [ice cream festival] together with Agriventure and Intercultura, the latter being a project which in 2013 provided a scholarship for a year of study abroad to four young Tuscan students. Beginning this year, the Florentine bank will support the Toscana Sun Festival, while Roberto Benigni announced a grand comeback, returning to the Piazza Santa Croce stage in 2012 after a six-year absence, with "Tuttodante," a show supported by Banca CR Firenze.
Banca CR Firenze is the main sponsor of the Palazzo Strozzi exhibition "Anni Trenta. Arte in Italia oltre il Fascismo" [the 1930s – art in Italy beyond fascism], allowing all the Group's customers to obtain a discounted ticket and making available guided tours for customers and organising, together with Fondazione Cesifin Alberto Predieri and Fondazione palazzo Strozzi a round of conferences on the stimuli from the worlds of culture, science, politics and society during the ten year fascist reign.
The presentation of the Cassa di Risparmio di Terni e Narni memorial publication was well publicised on the local press as was the artistic calendar 2013 of Cassa di Risparmio di Foligno.
Intesa Sanpaolo and Banca CR Firenze confirmed their support of Florens, an international biennial of cultural and environmental assets (Florence, 3-11 November 2012), intervening in the major communications and publicity initiatives of the programme.

Banca CR Firenze renewed its sponsorship of Educational Cup, the Firenze Marathon, the Circolo del Tennis with the international "Banca CR Firenze" trophy, the Assi Giglio Rosso trophy for light athletics and the 100 Km del Passatore, the Motomondiale al Mugello, and the sponsorship of ACF Fiorentina. As part of the promotion of its Superflash branch, in February Banca CR Firenze organised a meeting with a significant spokesperson, the Fiorentina ACF champion Steven Jovetic, which was attended by many guests including customers and the public at large, while in November the "Joma Corner" was inaugurated in the Superflash branch, with several Fiorentina players attending.
In July several classical music concerts were held, to which customers were invited: among the major ones were the "Omaggio all'Umbria" concert in Castelluccio di Norcia directed by Uto Ughi and the concerts at Orsanmichele and Bargello with the Orchestra da Camera Fiorentina directed by Giuseppe Lanzetta. Finally, in December the Christmas Concert was once again held in the Assisi Cathedral, attended by institutional guests and authorities of the highest level, as was the end of the year concert in Piazza Signoria, Florence.
There were numerous meetings held in the Banca CR Firenze auditorium, also due to the partnerships with the various organizing entities. Among the internal events, we reiterate the financial cocktails at Banca CR Firenze and Cassa di Risparmio di Pistoia e Pescia, the "children in the office' initiative in collaboration with the Parent Company and the "Focus Risparmio Gestito" Italian tour, which brought together many specialized colleagues in a double meeting, held in Florence and Rome.

## Process of integration into the Intesa Sanpaolo Group

### RATIONALISATION OF THE DISTRIBUTION NETWORK

The following interventions were carried out at the Branches of Banca CR Firenze:

- Opening of the following units: Pisa Frazione Tirrenia/Marina.
- Closure of the following units: Barberino di Mugello Sportello Outlet, Porto Santo Stefano 2 Sportello, Poggibonsi 4, Pontedera 2, Firenze 44 sportello, Figline Sportello Boehringer Ingelheim, Montevarchi 2 sportello, Colle Val D'elsa Sportello, Cecina Sportello, Pietramala Sportello, Filiale Imprese Arezzo, Distaccamento Imprese Livorno, Distaccamento Imprese Siena, Sportello Tesoreria Arezzo.
- Transformation of the following units into Desks: Ponte a Ema.
- Renaming of the following units: Barga 2 to Barga, San Gimignano 2 to San Gimignano, Montepulciano 2 to Montepulciano, Castellina in Chianti 2 to Castellina in Chianti, Ponte a Egola 2 to Ponte a Egola, Cascina 2 to Cascina, Stia 2 to Stia.
- Relocation of the following units: Pontedera Sportello, Pontedera 3, Barga, Imprese Firenze Est Branch, Imprese Firenze Ovest Branch.

The following interventions were carried out at the Branches of Cassa di Risparmio di Pistoia e Pescia:

- Closure of the following units: San Michele Agliana, Viareggio Sport. Mercato Ittico, Pistoia Sport. Confcommercio, Barga Sportello, Pistoia Sport. Centro Comm.le Panorama, Distaccamento Imprese Pistoia, Viareggio Sportello D'azeglio, Quarrata Via Montalbano, Valenzatico, Lucca Via Tagliate Terza, Montecatini Terme 2, Viareggio Via Aurelia, Lucca, Lucca San Concordio.
- Transformation of the following units into Desks: Marliana, Capostrada, San Leonardo Sportello, Villa Basilica Sportello, Altopascio Sportello.

- Renaming of the following units: Lucca Borgo Giannotti to Lucca Via Tagliate Terza.

The following interventions were carried out at the Branches of CR Ascoli Piceno:
- Relocation of the following units: Tortoreto

The following interventions were carried out at the Branches of CR Rieti:
- Transformation of the following units into Desks: Cottanello, Scandriglia

The following interventions were carried out at the Branches of CR Spoleto:
- Transformation of the following units into Desks: Caste dell'Aquila; Tavernelle, San Terenziano, Borgo Cerreto di Spoleto

TERRITORIAL REORGANIZATION
The following transfers took place on 23 July:
- sale of 10 branches from CR Pistoia to CR Firenze (provinces of Prato and Florence);
- sale of 12 branches from CR Pistoia to CR Bologna (province of Bologna);
- transfer of 18 branches from Intesa Sanpaolo to CR Pistoia (provinces of Pistoia, Lucca and Massa);
- transfer of 25 branches from CR Firenze to CR Pistoia (provinces of Pistoia, Lucca and Massa).

On 24 September, the following sales took place:
- 2 branches from CR Firenze to CR Ascoli Piceno (provinces of Rimini and Ravenna);
- 1 branch from CR Firenze to CR Ascoli Piceno (province of Aquila);
- 8 branches from CR Foligno to CR Ascoli Piceno (provinces of Macerata and Ancona);
- 2 branches from CR Spoleto to CR Ascoli Piceno (provinces of Macerata);
- 1 branch from CR Rieti to CR Ascoli Piceno (province of Aquila).

The following transfers took place on 8 October:
- transfer of 78 branches from Intesa Sanpaolo to CR Firenze and grouping of 16 branches and 8 conversions of Branches into Operating points;
- transfer of 1 branch from CR Terni and Narni to Intesa Sanpaolo;
- transfer of 1 branch from CR Castello to CR Firenze.

The following transfers took place on 12 November:
- 23 branches from CR Firenze to Intesa Sanpaolo;
- 32 branches from CR Firenze to CR Bologna;
- 1 branch from CR Firenze to CR Veneto;

CASSE DI RISPARMIO DELL'UMBRIA
Effective 26 November 2012, Casse di Risparmio dell'Umbria was established through the merger into Cassa di Risparmio di Spoleto of the other three Banks operating on the territory (Cassa di Risparmio di Foligno, Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Terni e Narni) with renaming of Cassa di Risparmio di Spoleto to Casse di Risparmio dell'Umbria;
Regarding the organizational structure of Casse di Risparmio dell'Umbria, the distribution and organization model for the "Single Area Banks" of the Banca dei Territori Division will be adopted.

In order to render the company's executive change coherent with that of the other Group' Banks, the Credit Committee, a board with decision making powers, was established pursuant to the resolution of the Board of Directors on 10 December 2012.
On that same date, the Board of Directors granted a mandate to the General Manager to take all necessary actions in order to progressively align the bank with the CIB customer target management model.

On 17 December the following interventions on the Network took place:
- transfer of 10 branches from Intesa Sanpaolo to Casse dell'Umbria and concurrent grouping of 3 branches;
- sale of 17 branches from CR Firenze to Casse dell'Umbria and concurrent grouping of 9 branches;

CASSA DI RISPARMIO DI PISTOIA E DELLA LUCCHESIA
On 23 July, concurrently with the territorial reorganization and in line with the new jurisdiction of the Cassa, Cassa di Risparmio di Pistoia e Pescia was rebranded as Cassa di Risparmio di Pistoia e della Lucchesia.

Furthermore, with reference to the Bank's new territorial structure, in order to render access to the commercial branch more effective and fluid, from 23 July the positions of retail Market Coordinator and Business Market Coordinator were introduced into CR Pistoia (based on the Board decision of 29 June).

Pursuant to the resolution of the Board of Directors on 11 June 2012 and the approval of the shareholders' meeting on 11 July, amendments were made to the articles of association, which provide, among other things, for simplified Governance which no longer requires the Executive Committee. In order to render the company's executive change coherent with that of the other Group' Banks, the Credit Committee, a board with decision making powers, was established.

In order to pursue continuously improving effective management of the credit recovery activities, starting form 1 July CR Pistoia adopted the target model in effect within the ISP Group which provides for outsourcing the handling of doubtful loans to the Parent Company's Credit Recovery Department and Italfondiario.

With its resolution of the Board of Directors on 29 June CR Pistoia approved the adoption of the target model for the management of Corporate clients which provides for the transfer of the management of the relation to the competent Intesa Sanpaolo CIB.

As the change to management of customers through the Group will take place gradually, from 23 July the Corporate clients who joined the CRP perimeter (from CRF or ISP) due to the territorial reorganizations and who were already managed by the Parent Company's CIB Relations Structures, will be managed by the CIB Division on behalf of CR Pistoia.

## EVOLUTION OF THE OPERATION OF THE BANK'S DISTRIBUTION MODEL

Upon the resolution of the Banca CR Firenze Boards of Directors and the subsidiary banks, the new operating procedures for the distribution model of the Banca dei Territori Division are currently being implemented. Their progressive application began from 1/1/2012.
Following are the main changes characterizing the new distribution model:

### REGIONAL MANAGEMENT

Through dedicated specialists within the Territorial Marketing and Strategies Coordination, Directors of Branches without a Personal Manager receive support in preparing investment proposals for Personal customers.

### AREAS

The Retail and Business Market Coordinators carry out their functions for Small, Medium Sized and Large Branches within their areas of competence.

### BRANCHES

The Branches are classified as: Small (up to a staff of 6 ), Medium (staff from 7 to 20 persons)and Large (staff of over 20 persons).

The following are activated within the Branches:

- Commercial Manager (in Large Branches), in charge of coordinating the commercial operations of the Branch insofar as the Small Business and Personal segments, supporting the Branch Manager in monitoring management of credit risks and coordinating the joint actions with Small Business Managers and Personal Managers;
- Commercial Coordinator (in Large and Medium Branches with a total of over 6 Customer Assistants and Family Managers) in charge of overseeing the commercial operations of the Family segment, receiving and assisting customers, optimal management of the savings banks and providing support to the Branch.

Concurrently, the Family Coordinators and Personal and Small Business Coordinators were phased out.

As part of the management of Private customers, particular emphasis is given to the sale of Bancassurance ( liabilities and welfare) through the training of Experts, who are in charge of analyzing and focusing on the needs of customers, as well as promoting the products according to the guidelines and commercial policies of the Bank.

### BUSINESS BRANCHES

Within the Business Branches, the Foreign Merchandise expert is renamed the Foreign Expert.

# Banca CR Firenze Sub-holding results for 2012

The main operations carried out in 2011 which affected the income trend and the financial position at 31 December 2012, described in this Report, are:

- recognition of tax benefits for freeing of goodwill: with regard to the conferral of the corporate divisions as part of the territorial reorganization, it is hereby noted that the transferee banks opted, pursuant to article 15, paragraphs 10 and 11 of Legislative Decree no. 185/29 November 2008, to realign the goodwill recognised through payment of a substitute tax of 16%, thereby achieving the deductibility for IRES and IRAP purposes of amortisation in ten constant annual instalments. The exercise of this option had a net positive effect on the income statement of 17.07% of the realigned goodwill, as a consequence of the immediate realignment on the same income statement of both the substitute tax of 16% and the deferred IRES and IRAP assets of 33.07%. This method of accounting recognition is in line with the Parent Company's accounting principles and has already been adopted in previous realignments. The net benefit recognised in the income statement as a result of the freeing of the goodwill amounted to € 12 million;

- recognition of tax benefits for reimbursement applications referring to prior taxes: art. 2, par. 1 of Legislative Decree no. 201/2011 made it possible to deduct from the income, according to the criteria set forth under article 99, par. 1 of the TUIR, an amount equal to the IRAP relating to the taxable portion of the personnel and similar expenses, net of the deductions allowed on the cost of labour pursuant to Legislative Decree 44/1997 (the "tax wedge"); this deduction is applicable from 2012. Article 4, par. 12 of legislative Decree no. 16/2012 subsequently integrated the aforementioned Legislative Decree no. 201/2011 providing, in particular, the possibility of submitting applications for reimbursement referring to the tax periods prior to the one underway as at 31 December 2012, for which, on the date that this last decree entered into effect, the term under art. 38 of the Presidential Decree 602/1973 is still pending (in practice, the IRAP payments made from 1/1/2007 to 31/12/2011). The amounts recognised in the 2012 financial statements for which reimbursement applications were filed amounted to € 20 million;

- recognition of impairment on certain minority shareholdings classified as AFS (mainly Immobiliare Novoli S.p.A. and Brain Technology S.p.A.) and certain UCITS amounting to a total of € 5 million;

- allocations made pursuant to the 29/07/2011 agreement on the Intesa Sanpaolo Group Business Plan and staff leaving incentives with a negative effect on net profits of € 7 million in the consolidated financial statements and € 5 million in the separate financial statements;

- following the ISP Group reorganization process, in QIV 2012, certain corporate transactions were carried out that involved the companies included in the perimeter of the Sub-holding Banca CR Firenze, resulting in the cessation of the condition of control (or association);

  - Merger of Banca CRF Romania into Intesa Sanpaolo Romania from 01.10.2012;
  - Spin off of CR Ascoli into Intesa Sanpaolo from 12.11.2012;

- Sale of Centro Factoring to Intesa Sanpaolo and Centro Leasing to Leasint from 21.12.2012.

To this end, the policy provides that "if reliable financial statements are not available on the date of the sale, the Group will deconsolidate the results of the consolidated income statement starting from the quarter immediately preceding the date of the sale, i.e., the loss of control. For sales taking place close to the closing date of the quarter, these rules are assessed according to the significance of the income statement of the entity that is acquired or sold. "
Thus, for the purpose of determining the contribution to the consolidated income statement of 2012, for Banca CRF Romania and CR Ascoli, the closing date of 30.09.2012 was used (consolidated full line by line consolidation of the income statement for the first 9 months). Regarding Centro Factoring and Centro Leasing, as the loss of control/association at the end of the period was close and due to the significance of the results of these companies, they were fully consolidated for the entire year 2012.
Regarding the balance sheet assets of the above companies, it is hereby noted that the consolidated balance sheet as at 31 December 2012 (deconsolidation) is not included, while the comparison data are reclassified under the item "Non-current assets and groups of assets being disposed."

In relation to the above, the comparative economic data relating to 31 December 2012 and 2011 indicated in this Consolidated Report on Operations is presented pro-forma, that is, restated to backdate to 1 January 2011 the effects of the following changes in the consolidation setting which took place after such date, in order to ensure consistent comparison:

- ✓ assignment to the Crédit Agricole Group of the business branch comprised of 11 branches of Banca CR Firenze, finalised on 28 March 2011;
- ✓ territorial reorganization activities carried out in 2012;
- ✓ Merger of Banca CRF Romania into Intesa Sanpaolo Romania from 01.10.2012;
- ✓ Spin off of CR Ascoli into Intesa Sanpaolo from 12.11.2012;

The net consolidated result as at 31 December 2012 was a loss of € 30 million, compared to profit of € 186 million as at 31 December 2011. This performance was undoubtedly influenced by the presence of the extraordinary transactions that took place in both years, without which the period just ended would have recorded a loss of € 28 million, with a reversal of € 37 million compared to the normalised comparison data (€ 9 million); moreover, this gap is entirely attributable to the greater amount of net value adjustments on loans recognised in 2012 (€ +124 million), as the operating result corrected for extraordinary components would be increased by 2.3%.

The comprehensive income, which combines the net income for the period with the income components classified under shareholders' equity and not in the income statement, went from the € 161 million of the figures published for 2011 to the € -9 million as of 31 December 2012, influenced by the negative performance of the net result for the year, the considerable increase of which was only partially offset by the fair value reductions recorded by securities classified in the "available for sale" portfolio.

Customer financial assets were € 35.5 billion, recording a reduction of approximately € 250 million (-0.7%), due to the drop in direct borrowing (€ -932 million, due also to the adoption of the group funding policies); conversely, indirect borrowing increased by approximately € 680 million.

Consumer loans due to an economic environment that continues to be extremely weak, contracted by 3.9%, confirming the trend which has affected the entire banking system.

Consolidated shareholders' equity amounted to € 1,383 million, down by € 238 million, essentially due to the net result achieved in 2011, which included € 180 million of profits distributed after approval of the Banca CR Firenze financial statements by the Shareholders' Meeting held on 24 April 2012.

## Summary income statement and balance sheet figures of Banca CR Firenze and its main subsidiaries (1)

*(millions of euros)*

| | Income statement figures | | | | | | | | Balance sheet and financial figures | | | | Earning ratios (%) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net operating income | | Operating costs | | Operating result | | Net profit (loss) | | Customer loans | | Customer financial | | Cost/Income (2) | | Annualised ROE (3) | |
| | 31 December 2012 | %change | 31 December 2012 | %change | 31 December 2012 | %change | 31 December 2012 | %change | 31 December 2012 | %change | 31 December 2012 | %change | 31 December 2012 | Absolute change | 31 December 2012 | Absolute change |
| Banca CR Firenze S.p.A. | 567.1 | -22.3% | 359.4 | -3.4% | 202.7 | -42.0% | 6.2 | -96.6% | 11,017 | -3.8% | 20,477 | -1.1% | 63.4% | 12.4% | 0.4% | -10.3% |
| Banca CR Firenze S.p.A. / normalised figures (4) | 567.1 | -1.6% | 359.4 | -3.4% | 202.7 | 1.5% | -5.3 | n.s. | 11,017 | -3.8% | 20,477 | -1.1% | 63.4% | -1.1% | -0.3% | -0.9% |
| Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. | 133.6 | 4.7% | -84.6 | -2.8% | 49.0 | 20.7% | 3.2 | n.s. | 2,862 | -2.3% | 5,368 | 0.8% | 63.3% | -4.9% | 1.2% | 4.7% |
| Cassa di Risparmio di Civitavecchia S.p.A. | 41.4 | -4.0% | -26.2 | 1.8% | 15.2 | -12.5% | 2.9 | -18.5% | 703 | -4.5% | 1,123 | 2.9% | 63.3% | 3.6% | 3.1% | -3.4% |
| Cassa di Risparmio della Provincia di Viterbo S.p.A. | 48.9 | -8.6% | -32.3 | 2.1% | 16.6 | -24.0% | 2.7 | -46.7% | 940 | -3.3% | 1,569 | -2.2% | 66.1% | 6.9% | 2.0% | -3.6% |
| Casse di Risparmio dell'Umbria S.p.A. | 154.4 | -3.5% | -99.0 | -1.1% | 55.5 | -7.4% | -14.6 | n.s. | 3,189 | -6.7% | 5,002 | 0.0% | 64.1% | 1.5% | n.s. | n.s. |
| Cassa di Risparmio di Rieti S.p.A. | 53.5 | -8.8% | -36.6 | 3.7% | 16.9 | -27.8% | 5.5 | -49.1% | 944 | -0.9% | 1,847 | -0.7% | 68.4% | 8.2% | 3.1% | -4.2% |
| Banca CR Firenze Romania S.A. (5) | 6.1 | 13.3% | -4.7 | -5.2% | 1.4 | n.s. | -0.3 | n.s. | - | - | - | - | 77.1% | -16.0% | n.s. | n.s. |
| Cassa di Risparmio di Ascoli Piceno S.p.A. (5) | 45.2 | -5.6% | -33.4 | -0.7% | 11.8 | -17.1% | -4.0 | n.s. | - | - | - | - | 73.8% | 3.6% | n.s. | n.s. |
| Centro Factoring S.p.A. | 70.4 | 50.8% | -12.9 | 0.2% | 57.5 | 70.1% | 17.4 | 41.8% | - | - | - | - | 18.4% | -9.3% | 18.2% | 2.0% |
| Infogroup S.c.p.A. | 78.1 | -2.4% | -76.6 | -1.7% | 1.5 | -28.7% | 1.1 | n.s. | - | - | - | - | n.s. | n.s. | n.s. | n.s. |
| Immobiliare Nuova Sede S.r.l. | 3.1 | -1.8% | -3.9 | 9.2% | -0.8 | n.s. | -1.6 | n.s. | - | - | - | - | n.s. | n.s. | n.s. | n.s. |

(1) Where necessary, the figures are presented proforma to backdate to 1 January 2012 and 1 January 2011 the effects of the area reorganisation transactions completed in 2012. The imbalance between costs and revenues generated on the separate income statements from the aforementioned proforma presentation was allocated with the opposite sign to "Gains (losses) from the sale of investments" in order to avoid any impact on net profit (loss).

(2) Operating costs/Net operating income.

(3) Net profit (loss) related to the average share capital, share premiums, reserves and valuation reserves during the period in question.

(4) The normalised figures do not include the impact of non-recurring transactions. In particular, note that from 2011 the capital gain from disposal of the investment in Findomestic (154 million euros) has been excluded, given the significant effect it had in comparison terms on the income statement and profit indicators stated in the table (for a full list of events normalised, see the Chapter "Net profit (loss) for the year of Banca CR Firenze", pages 245 and 246 of these financial statements).

(5) After their disposal, CR Ascoli and Banca CR Firenze Romania were consolidated only for the first three quarters of the year. The income statement figures for these two companies therefore refer to 30 September 2012 and any changes were calculated compared to 30 September 2011.

# Scope of consolidation

| Note | | Banca CR Firenze SpA (1) | CR Pistoia SpA | CR Civitavecchia SpA | Infogroup ScpA | Casse dell'Umbria SpA | Total |
|---|---|---|---|---|---|---|---|
| | Società partecipate almeno al 50% | | | | | | |
| (1) | Cassa di Risparmio di Civitavecchia SpA | 51.00% | | | | | 51.00% |
| (1) | Cassa di Risparmio di Pistoia e della Lucchesia SpA | 74.88% | | | | | 74.88% |
| (1) | Cassa di Risparmio Prov. di Viterbo SpA | 75.81%* | | | | | 75.81%* |
| (1) | Cassa di Risparmio di Rieti SpA | 85.00% | | | | | 85.00% |
| (1) | Casse di Risparmio dell'Umbria SpA | 87.85%* | | | | | 87.85%* |
| (1) | Immobiliare Nuova Sede Srl | 100.00% | | | | | 100.00% |
| (1) | Infogroup ScpA | 65.45% | 2.76% | 0.69% | | 0.01% | 68.91% |
| (1) | Tebe Tours SpA | 100.00% | | | | | 100.00% |
| | Other subsidiaries | | | | | | |
| (2) | CR Firenze Mutui Srl | 10.00% | | | | | 10.00% |
| | Comapnies held by at least 20% | | | | | | |
| (3) | Immobiliare Novoli SpA | 25.00% | | | | | 25.00% |
| | Unimatica SpA | | | | 25.00% | | 25.00% |
| (1) | Agriventure SpA | 20.00% | | | | | 20.00% |
| | Umbria Export Scrl | | | | | 33.87% | 33.87% |
| | | | | | | | |

* Banca CR Firenze's percentages with voting rights in CR Viterbo and CR Umbria are 82.02% and 88.28% respectively.

(1) The companies highlighted above are part of the Intesa Sanpaolo Banking Group.
(2) For CR Firenze Mutui Srl., a special purpose vehicle for the securitisation of performing loans, the control situation is recognised in accordance with IAS/IFRS (SIC 12) as well as to the extent envisaged by shareholders' agreements.
(3) Investment recorded in the accounts under financial assets available for sale (AFS) with regard to the characteristics of the investment.

NB: As part of the corporate reorganisation being carried out by the Parent Company, during the year certain corporate operations were carried out under common control which involved companies included in the sub-holding perimeter of Banca CR Firenze, which resulting in cessation of the condition of control (or association) existing at the end of the period. In brief, for Banca CR Firenze Romania and Cassa di risparmio di Ascoli Piceno, it is considered that the last accounting records to be used for contribution to the consolidated statement of income are those dated 30 September 2012 (full line by line consolidation in the income statements for the first 9 months). On the other hand, insofar as Centro Factoring and Centro Leasing are concerned, it is considered that due to the loss of control/association which took place close to the end of the year and the significance of the income statements of these companies they should be included in the consolidation for all of 2012.

# The macroeconomic scenario and the banking system

## The macroeconomic scenario

On the whole, 2012 was a year of moderate expansion of the world economy with strongly diversified timing: a positive start was followed by a slowdown in the spring and summer months, then the autumn saw a timid re-acceleration. Growth was driven by the trend in domestic demand in the United States and emerging countries.
The macroeconomic scenario was characterised by highly accommodating monetary policies both in terms of the low interest rates and the monetary expansion measures adopted by the Federal Reserve and by most central banks.
In the Eurozone the economic scenario remained weak. The GDP trend suffered a modest decline, driven by the recession that has hit peripheral EU countries and the Netherlands. The deceleration in growth rates reflects the consequences of extremely restrictive fiscal policies and financial conditions that have become unfavourable as a result of the debt crisis. The slower trend of the international cycle has in turn contributed to slowing down the development of foreign demand.
The sovereign debt crisis has affected market performance and the economic policy decisions of many European countries. After a temporary improvement associated with strong ECB cash injections, through three-year refinancing transactions in December 2011 and February 2012, tension has quickly increased once again. In March a second economic support programme was launched for Greece, associated with a profound restructuring of public debt in the private sector. However, the prolonged period of political instability resulting from the inconclusive outcome of the first elections has strengthened expectations of Greece's imminent exit from the Monetary Union. Spain saw a growing deterioration in tax positions, whilst quantification continued of banks' loan portfolio write-downs and the resulting need for capital. The increased need for funding in conditions of restricted market access led the Spanish Government to requesting support from the Eurozone in recapitalising the credit institutions, which was granted during the summer.

A significant improvement was seen in the financial markets climate from the end of July onwards. At its Executive Council meeting in August, the ECB announced the launch of a conditional programme for the purchase of government securities, known as OMT (Outright Monetary Transactions), with the aim of restoring standardised conditions for transmitting monetary policy within the area. Countries subject to support programmes, precautionary or otherwise, can benefit from this programme which envisages action on securities with a residual life of one to three years and has no predefined limit in terms of quantity. The ECB's announcement immediately drove the markets to downgrading their measurement of risk intrinsic in the public debts of Spain and Italy. In a second significant move, Germany completed its ratification of the European Stability Mechanism, which became operative in October. The European Council also confirmed its objective of completing the legislative procedure for launch of the single banking supervision mechanism by the end of 2013. Lastly, December saw a first easing of the repayment plan and of interest payments on the Greek debt to official bodies, paving the way for completion of the new steps toward lightening the burden of debt if a primary budget surplus should be achieved.
This set of measures triggered a virtuous circle of reducing risk premiums on the financial markets. Signs of improvement in the public accounts of Spain and Italy and the positive performance of the restructuring programmes in Ireland and Portugal have helped to consolidate progress.

Italy saw a year of deep economic recession, characterised by a -2.4% decrease in GDP according to annual ISTAT data announced on 1 March 2013, and an increase by more than two percentage points in the unemployment rate. The weak fixed investments and consumption were only partly offset by the improved balance of trade. The decrease in household spending, penalised by stronger fiscal pressure and the declining employment conditions, was more intense than that seen during the 2009 recession. The fiscal austerity measures introduced with the 2010 and 2011 budgets allowed a reduction in the deficit and the achievement of a considerable budget surplus. However, the debt-GDP ratio continued to increase, due to the recession and the effects of Italy's participation in European aid programmes.

In July, the European Central Bank cut official rates by 25 basis points: the rate on deposits was dropped to zero and the rate on major refinancing transactions was cut to 0.75%. Excess liquidity, which further increased as a result of three-year refinancing transactions, remained high throughout 2012. Consequently money market rates dropped without interruption. The 1-month Euribor, fixed at 1.15% at the start of the year, proved steady at around 0.10% in the last few months. A net downtrend also affected medium/long-term IRS rates.
On the Italian debt securities market, after the extensive fluctuations in January-July, the returns on government securities fell considerably, attributable more to a reduction in risk premiums than to the general process of falling European interest rates. On the 10-year securities, as at 31 December the return on BTPs (multi-year treasury bonds) was 4.53%, compared to 6.93% at the start of the year. The half-yearly return on BOTs, which at the start of the year

was 3.53%, had dropped to 0.8% by 31 December. Fears over the debt refinancing were calmed considerably. From August the government securities offer was more easily absorbed than in previous months and the decrease in net Bank of Italy liabilities to the rest of the Eurosystem in the last four months of 2012 was proof of a partial return of capital inflows on the Italian market.

The Euro recorded extensive fluctuation against the US Dollar, with the rate standing at around 1.30 at the start of the year. Lows of 1.20 euros to the dollar were seen in the second half of July, coinciding with the re-emergence of fears about Eurozone stability. The exchange later rose rapidly to return to the levels of the start of the year. On 31 December the rate was just under 1.32 USD to the euro. Stronger Eurozone stability also contributed to a modest recovery in the EUR-CHF exchange rate.

In 2012 the international equity markets recorded a positive performance on the whole, in a context of strong price volatility and strong discontinuity in index performances.
The year began with an upward sweep, the peaks for the year being recorded around mid-March. In the United States the uptrend was supported by an economic growth trend and a moderate improvement in corporate profits. In the Eurozone, on the other hand, it was mainly driven by liquidity (after the ECB's two LTROs) and by progress in handling of the sovereign debt crisis (a positive PSI outcome on the Greek debt).
Later, growing uncertainty regarding growth stability in the Eurozone, rekindled fears about the public accounts situation in certain peripheral Eurozone countries (most exposed to the effects of the austerity measures) and renewed tension in Greece (the political crisis) and Spain (the need to recapitalise the banking system) triggered a sharp adjustment to equity prices in Europe, more notable in the area's peripheral markets.
During the 3rd quarter, statements by the ECB Chairman, Draghi, at the end of July - followed at the beginning of September by the announcement of a new OMT programme from the ECB - significantly reversed the equity markets trend with a net decrease in investor risk aversion. The German Constitutional Court's positive decision on the ESM bail-out fund and the incentive measures announced by the FED helped to strengthen investor sentiment.
After touching new lows in the second half of July, the equity markets recorded important price recoveries, only partly offset towards the end of the quarter following new fears arose about the economy and corporate profits.
Lastly, towards the end of the year the share indices consolidated and generally strengthened the progress made in previous months in a scenario of stronger risk appetite of investors and a comeback in the fundamental trends (growth and corporate profits).

In 2012 the S&P 500 index recorded a rise of 13.4%. The performances of the main European indices were very positive on the whole: the EuroStoxx 50 closed the period up 13.8%; the CAC 40 rose by 15.2% and the DAX recorded a more marked uptrend (+29.1%). The Spanish equity market remained negative, with the IBEX 35 recording -4.7% (though improving on the mid-year figure of -17%), burdened by worries about the domestic banking sector. Outside the Eurozone the UK FTSE 100 index recovered (+5.8%), whilst the Swiss equity market closed the period with a +14.9% recorded by the SMI.
The main Asian equity markets recorded varying performances, albeit all positive: the SSE Composite index on the Chinese market closed the period with a marginal increase (+3.1%), reflecting forecasts of a slowing down of the economic growth rate, whilst the Nikkei 225 index rose by 22.9%.
The Italian equity market recorded a performance weaker than that of most Eurozone markets, apart from Spain, reflecting the persisting weakness of the domestic economy and investors' renewed fears regarding the sovereign debt crisis. The FTSE MIB closed the year up 7.8% and a similar result was seen in the FTSE Italia All Share performance (+8.4%). STAR segment securities instead recorded a performance much better than the blue chips: the FTSE Italia STAR index was up 1.6% at the end of the period.

In 2012 the European credit markets recorded a positive performance in all segments as a result of the exceptional monetary policies and abundant return-seeking liquidity. Investors' healthier risk appetite was triggered by the prompt ECB intervention which drastically reduced the risk of uncontrolled collapse of the Eurozone.
In the first quarter the main support factor was the cash injection by means of two exceptional three-year refinancing transactions. After this tone-setting quickly turned negative, it was only at the end of July that a gradual trend of stabilisation was seen following the ECB's announcement of the outright monetary transaction (OMT) programme to help the countries in difficulty. The strengthening of the "firewall" made the pessimistic scenarios less likely and also re-routed available funds towards the bonds of peripheral country issuers.
As a result of the rally continuing in the fourth quarter, the cash segment closed 2012 with an excellent balance and risk premiums at the minimum recorded during the year, characterised by a net overperformance of financial bonds compared to industrial bonds, and of speculative bonds compared to investment grade. It should be emphasised that the spread on financial issuers fell back to below that of industrials, indicated an upturn in the normalisation trend of the credit markets.
Also highly positive was the derivative segment performance, which closed 2012 with risk premiums at the lowest recorded during the year. The strongest squeezes were seen in the synthetic crossover and financial indices, particularly subordinated, and in hedging the insolvency risk of peripheral country corporate issuers.

## The emerging economies and markets

The deterioration of the cycle also affected emerging economies. According to International Monetary Fund estimates, the real GDP growth rate fell from 6.3% in 2011 to 5.1% (estimated) in 2012. The slowdown affected all the major geographic areas, albeit with different intensities. It was more limited in the Asian countries - up 6.6% (from 8% in 2011), Latin America - decelerating to 3% (from 4.5% in 2011) and the CIS countries - with growth slowing to 3.6% from 4.9% in 2011.
The slower economic growth was particularly strong, however, in the Central and South Eastern European countries, the hardest hit by the Eurozone recession. Based on recent European Bank for Reconstruction and Development (EBRD) data, GDP rose by only 1% in EEC countries (down considerably on the 3.5% of 2011) and remained essentially unchanged in the SEE Area (2.2% in 2011). The non-oil producing MENA countries (Middle East & North Africa) went against the overall trend, where the economy - also as a result of favourable comparison with a 2011 marked by the effects of political uprisings - actually accelerated.
In detail and based on EBRD preliminary estimates, among the EEC countries forecast to record a positive growth in 2012, Slovakia (+2.2%) stands alongside a drop in GDP in Slovenia (-2.1%) and Hungary (-1.5%), whilst in the SEE countries Albania's positive trend compares with a decrease in Bosnia, Croatia and Serbia. In the CIS countries growth is expected to slow to 3.4% in Russia and stand at 0.2% in the Ukraine. Lastly, in Egypt, in line with the other non-oil producing countries in the MENA Area, a growth for 2012 of 3.4% is estimated, after the 0.8% decrease of 2011.

The tendential rate of increase in prices in a composite basket including the main emerging economies slowed from 5.2% in December 2011 to 4.7% in December 2012. The slowdown was in part aided by the weakening economy and in part the result of gradual absorption of upward pressure on the more volatile components of energy and food.
As regards the SEE (South East European) countries in which the Intesa Sanpaolo Group operates through its subsidiaries, the inflation rate - which slowed overall in the EEC countries - recorded different trends: in Serbia, where the inflation rate accelerated by 7% in December 2011 to 12.2% at the end of 2012 and in Romania from 3.1% to 5% for the same dates. In the CIS (Commonwealth of Independent States) and MENA countries (Middle East & North Africa) the tendential inflation rate dropped considerably in the Ukraine, from 4.6% in December 2011 to -0.2% in December 2012 as a result of the tariff freeze and the recent weakness of domestic demand, and in Egypt (from 9.5% to 4.7%) following the lower upward pressure on the prices of goods subject to regulation and subsidies. The scenario was different in Russia, where after the low of 3.6% recorded in May (from 6.1% in December 2011, the result of a temporary freeze on tariffs) the price trend accelerated once again to close 2012 at 6.5%, above the Central Bank's target value (6%).

The signs of weakness in the economies and fears of a deterioration in the external scenario led to a monetary easing in almost all the emerging areas during the year. Rates were cut in Asia - in China, Korea, India, the Philippines and Vietnam, amongst others. In Latin America the Brazilian Central Bank cut the Selic rate from 11% in December 2011 to 7.25% by the end of 2012. A normalisation of tension in currency terms allowed a large cut in the maximum overnight lending rate (from 11.5% to 9%) in Turkey.
Monetary rates decreased in Croatia, Romania, the Ukraine and especially Hungary, where the second half of 2012 saw various cuts in policy rates from 7.0% at the end of 2011 to 5.75% by the end of 2012. Austerity measures were applied, however, in Serbia to offset the currency depreciation trend, and in Russia (+25 b.p. to 8.25% in September) after inflation overshot the Central Bank's target.
The more relaxed international financial market conditions offered tendentially positive trends on the equity and bond markets of emerging countries. The composite MSCI equity index in emerging countries rose by 13.9% in 2012, recovering most of the -14.9% lost in 2011. The EMBI+ (Emerging Markets Bond Index) composite spread in turn closed the year at around 260 basis points, no less than 160 b.p. narrower than that of the end of 2011. Among the countries in which the Group companies operate, the reduction in the spread was more extensive in Hungary (from over 600 basis points at the end of 2011 to 260 basis points at the end of 2012) but narrowed only very slightly in Serbia, due to worries about fiscal policy and exchange rate developments. The risk premium remains high, though improving on the figure from a year earlier, both in Egypt (around 500 basis points) and the Ukraine (600 basis points).

On the currency markets, the monetary policy decisions of the major central banks in advanced countries, extensive liquidity and a stronger investors' risk appetite helped appreciation of the currencies of various emerging countries. The dollar OITP (Other Important Trading Partners), a basket of currencies of the emerging countries that are the main trading partners of the United States, depreciated by 2.7%, returning to the levels recorded at the end of 2010 (end of 2011 appreciation of 2.8%). The strongest increases were recorded by currencies in a number of Asian countries (Korea, Singapore and Taiwan) and in Latin America (Mexico, Colombia, Peru and Chile). Going against the trend by depreciating against the dollar were the Indian rupee (-3.2%) and Brazilian real (-8.9%) as a result of fears regarding developments in the economic scenario.

In countries where the Group operates through subsidiaries, the Hungarian forint appreciated against the Euro (+6.3%), though slipping back somewhat at the end of the year, whilst the Serbian dinar depreciated overall against the Euro (-2.7%), benefiting from a partial recovery in the second half of 2012. In Russia, driven by the oil price increase, the ruble appreciated by 4.8% against the dollar, whilst in the Ukraine - as a result of Central Bank intervention, the hryvnia remained essentially stable. The currency reserves in Egypt, used by the Central Bank as support for the pound, recorded a consistent decrease, at year end dropping to around 10 billion dollars (net of gold and DSP), less than a third of the level achieved in December 2010 despite the financial support to Egypt from the Gulf countries (Qatar). In this context and in order to avoid a further drying-up of reserves, on 30 December the country's monetary authorities decided to allow the market a partial depreciation of the exchange rate (5.5% in reference to all of 2012).

Examining the agency ratings, downgrades have affected a number of countries where ISP operates, such as the Ukraine, Egypt and Hungary, in relation to fears about the capacity to finance the external deficit, Croatia (which has lost its investment grade) due to difficulties seen in implementing the structural reforms to raise growth potential, Slovenia which is burdened by weaknesses in the banking system, and Serbia due to worries concerning the sustainability of current account and budget deficits.

## The Italian lending system

### Rates and spreads

In 2012 bank interest rate trends were conditioned by developments in the sovereign debt crisis. The decrease seen in the first few months of the year as a result of the strong cash injection by the ECB was temporarily reversed as tension returned. It turned downwards again in the summer but bank rate changes later became more uncertain. The credit market conditions overall recorded an improvement compared to the peak seen in the tightening phase at the end of 2011/beginning of 2012, as a result of the significant easing of banks' liquidity positions and their strengthened level of capitalisation, counterbalanced however by the increase in credit risk.
The cost of deposits remained high. The rate for new funding through time deposits, though falling during the year compared to the peak at the start of 2012, was higher than the 2011 average. The rate on new fixed-rate bond issues fluctuated greatly around 4% even in the final quarter, confirming a higher average than in the second quarter but definitely lower than the peaks seen in January 2012. The current account rate remained essentially unchanged throughout 2012, recording an average not unlike that of 2011. Vice versa, the rate for total existing deposits saw a gradual increase, also as a result of the stronger incidence of time deposits. Combining this gradual increase with the marginal easing of the average rate on bond stock, the overall cost of customer deposits stabilised at high levels, the highest in the last four years[1].

At the same time, the normalisation of lending rates that began in the first part of the year later became more uncertain, firstly due to the increase in the sovereign risk premium and later due to credit quality impairment. The average rate on new loans to non-financial companies reduced considerably during the first quarter, then levelling out in line with the value achieved in March, lower than the average for the last quarter of 2011. The average rate performance was affected by fluctuations in the rate for new transactions of higher amounts (over 1 million euros) and rose slightly towards the end of the year. The rate on loans of up to 1 million euros instead saw a more regular decrease. Rates on new loans to households to purchase homes decreased, but the decline was gradual.
The rates on existing loans reduced gradually, affected by indexing to the low Euribor levels. The decline slowed in the fourth quarter of 2012. As almost all the previous year's increase has been absorbed, the average rate on the stock of loans to households and non-financial companies recorded an annual average value close to that of 2011 and an average in the final quarter down slightly on the previous period.

Given the high cost of existing deposits and the slight drop in lending rates during the year, the overall credit brokering margin has not stopped its decline though seeming to settle towards the end of the year. The gap between average rates on existing loans and deposits fell below 2% in the second half, reaching new lows (1.85% for the fourth quarter, 2.01% the 2012 average from 2.25% in 2011). The unit contribution of deposits, measured on short-term rates, recorded a negative figure from March onwards with values never before seen in available historic time series, affected by the very low Euribor rates against the resistance of current account rates (mark-down[2] on the 1-month Euribor at -0.43% for the fourth quarter and -0.20% the 2012 average from 0.68% in 2011). The mark-up[3] on the 1-month Euribor recorded high figures, exceeding 5% in the final quarter, the peaks for the historic time series available since 2003 (4.90% the 2012 average from 3.42% in 2011). Given the above trends, the short-term gap has remained high, though lower than the peaks of the first quarter of 2012 (-20 basis points in the last quarter compared to the first; 4.70% the 2012 average from 4.11% in 2011).

[1] The weighted average cost of deposits is calculated on volumes net of bonds held in Italian monetary financial institutions, deposits from central counterparties and the balancing entries for loans transferred but not yet eliminated.
[2] Difference between 1-month Euribor and the rate applied to household and company current accounts.
[3] Difference between rate applied to the total of households and companies for loans with a duration of less than one year and the 1-month Euribor.

## Loans

Lending activity has continued to weaken. In the second half of the year the drop in loans to non-financial companies became more marked. From September to November the rates of change to companies were the lowest of all time series available from the end of the 1990s. This performance was due to the decrease in short-term loans, the rate of change for which fluctuated wildly, and those of medium/long-term loans. A drop in medium/long-term loans to companies had never been seen in recent history, not even in the previous recession of 2009. The decrease recorded in 2012 set the pace for the drop in demand for credit for investments.
Though showing a stronger resilience, after a gradual slowing down loans to households also recorded a decrease. Among the aggregate items, home purchase loans recorded slightly negative changes towards the end of 2012 after remaining the only component showing an albeit modest growth for several months. On aggregate, loans to households and companies recorded a clear decrease, more marked in the second half of the year.

The decrease in loans was affected by falling demand resulting from the economic recession, the drop in investments, financial instability and the low level of confidence in the system from companies and households. 2012 saw an improvement in a number of supply-driving factors, as a result of the effectiveness of the liquidity support measures implemented by the ECB and from the effect of the capital strengthening achieved by the banks. Credit risk remained high, however. In 2012 all the credit quality measurement indicators showed a deterioration. In particular the rate at which loans to non-financial companies became problem loans rose to over 3%, a level not seen since the end of the 1990s. Therefore the credit market remains characterised by a highly cautious approach, though in a context less restrictive than the months of late 2011 and the start of 2012.

## Direct deposits

Bank deposits recorded a clear improvement, on the whole returning to a growth trend from September onwards, driven by developments in deposits from resident customers. During the second half of the year the deposits trend accelerated considerably, reaching a growth rate of over 6% yoy in the last few months of the year, as a result of the solidity of household deposits but also from an increase in deposits from non-financial companies.
Against the continuous year-on-year drop in current accounts, which also eased towards the end of 2012, the remarkable success of time deposits continued. In absolute value terms the increase in time deposits more than offset the decline in current accounts and repurchase agreements with ordinary customers.
Improvements were also seen in bond deposits. As a result of the more tranquil climate on the financial markets, in the second half a number of major Italian banks successfully returned to the international market of institutional investors with issues of unsecured equities and covered bonds. Nevertheless, the volume of outstanding securities continued to fall, if those held on the banks' trading books are excluded, among which are issues of government backed securities used as collateral in refinancing transactions through the Eurosystem.

## Asset management

After the considerable recovery seen in 2011, banks' administered deposits weakened at an increasingly faster pace. In particular, debt securities held on behalf of consumer households recorded a rapid deceleration in growth during the year to reach a negative change in the last few months, after the peak seen at the end of 2011-start of 2012. In absolute value terms, debt securities of consumer households deposited with bank declined continuously throughout the year. The cooling off of the trend also affected securities deposited by companies and family businesses, which recorded a significant drop year on year.
With reference to assets under management, during 2012 the disinvestment trend for Italian open-ended mutual funds market - that characterised the start of 2011 - seems to have reached an end and became positive again in the second half of the year. Foreign funds contributed to a particularly positive result in net deposits. Furthermore, in the second half the outflows from Italian funds slowed considerably. Measured across the entire year, cumulative deposits of open-ended funds amounted to 1.2 billion euros: bond funds accounted for most of the positive flows (over 23 billion euros), added to which was the more limited contribution from flexible funds (435 million euros), whilst the more consistent outflows involved cash funds (-12.6 billion euros) and equity funds (-7.1 billion euros). Also as a result of the good financial markets performance in 2012, the industry's AUM figure for open-ended mutual funds at year end reached 482 billion euros, up on the 419 billion euros of December 2011 (+15.1% year on year).

As regards insurance, the weakening production in the life segment did not come to a halt in 2012 (-10% compared to 2011), though some signs of improvement were seen in the second half of the year. The decline in premiums collected concerned traditional products, whilst products with a higher financial content, less widely distributed, achieved a growth in contracts underwritten. Among the distribution channels, in 2012 the decrease in new business was more marked in policies placed over the counter at banks and post offices (-17.1% yoy), which continue to represent just under two-thirds of the life market (64.8%).

## The reference territory economy

## Tuscany

In 2012 economic activities in Tuscany took on the features characteristic of a recession. All elements of domestic demand are expected to close the year with a negative sign, whilst the only sector that seems to show a remarkable resistance to decline in international trade is exports. Once again, in the third quarter of last year Tuscany outshone the other exporting regions, doubling the national tendential growth rate and confirming the gradual - though still slow - requalification of the local production system.
As already mentioned, this was not sufficient to offset falling domestic demand, seen in particular in the extremely negative trend in fixed investments and final consumption in Italy, giving a tendential change in regional GDP that the IRPET estimates at around -2.3%, in line with the consensus of forecasts for Italy as a whole.
The weakened demand for consumer goods is affected by uncertainties on the domestic and international scenarios - particularly as regards the identification of a model for solving the sovereign crisis in the Eurozone and the institutional reorganisation of the EU - and by the falling levels of confidence of households and companies, forced to adopt decidedly frugal consumption and investment behaviour.
An overall analysis of domestic final consumptions confirms this weak scenario, and fuels many doubts regarding the timing, paths and intensity of a future recovery of the cycle. On the one hand, in fact, retail sales have continued to decline, now involving all forms of commercial and large-scale retail business, and even the Christmas season closed with totally unsatisfactory sales volumes. On the other hand, inflation rates at both industrial output and final levels are dropping considerably, following a particularly steep downtrend from July 2012 onwards. This means that the real recovery of spending power is not sufficient at this point to encourage a more relaxed approach to consumption, given the forecast uncertainties mentioned above.
A more marked decrease in regional GDP has persisting effects on cyclic trends. In particular, its continuation into 2013 would be commensurate with a tendential trend of not less than -0.8%, and therefore it is extremely difficult to imagine a recovery this year. It is possible that towards the end of 2013, net of a potential re-emergence of external disturbance and assuming a partial recovery in the dynamics of the Asian and North American economies due to greater flexibility of regional GDP to exports, we could see a moderate stabilisation of aggregate demand, though not sufficient for a turnaround in the growth sign.
Therefore, as conjectured previously, in our scenario we can confirm a potential recovery in Tuscany, weak but slightly better than current forecasts, which could be seen from 2014 onwards, when the effect of the macroeconomic and budget adjustments under way in Italy will have reached an end and it is to be hoped that a solution will have been implemented for the problems that are blocking growth potential in the Eurozone, especially the extreme fragmentation of policy decisions which expose the entire area to frequent asymmetric shocks with detrimental effects on the reliability of national budgets.

**TUSCANY – FUNDING AND LENDING**
**(Rate of change as a % compared to previous year)**

| | 2009 | 2010 | 2011 | 2012* | 2013* | 2014* |
|---|---|---|---|---|---|---|
| Gross Domestic Product | -4.5% | 0.6% | 0.2% | -2.3% | -0.6% | 1.0% |
| Imports – Rest of Italy | -5.5% | 2.8% | 0.4% | -1.6% | 0.5% | 1.6% |
| Imports - International | -13.0% | 10.3% | 2.5% | -2.3% | 1.4% | 4.0% |
| | | | | | | |
| Household consumption | -3.0% | 1.0% | 0.6% | -3.1% | -1.7% | 0.4% |
| Production industry spending | -0.8% | 0.0% | -0.8% | -1.7% | -1.3% | -0.8% |
| Gross fixed investments | -9.2% | 1.2% | -3.4% | -5.6% | -2.7% | 1.1% |
| Exports – Rest of Italy | -7.6% | 3.1% | -0.1% | -1.4% | 0.5% | 1.7% |
| Exports - International | -9.1% | 7.0% | 6.4% | 3.4% | 4.4% | 5.3% |

* Source: In-house processing of IRPET data

The survey of the regional manufacturing industry, conducted by Unioncamere and Confindustria Toscana on a sample of manufacturing companies with at least 10 staff, indicated that the decline that began at the start of 2012 became more marked in Q3. In the period July-September, in fact, a further drop in production was recorded (-5.0% compared to the same period of the previous year), with a new slight deterioration in this indicator compared to that of the first part of the year.
The production decrease seen in the latter part of the year has an impact on the level of use of the plants, which dropped to 77.0% and settled two percentage points below the value recorded in the same period of 2011 (79.0%).
The further deterioration in the economic situation affected employment, which recorded a barely positive result (+0.5%). This figure, in addition to indicating a distinct halt compared to the April-June quarter, is affected by the

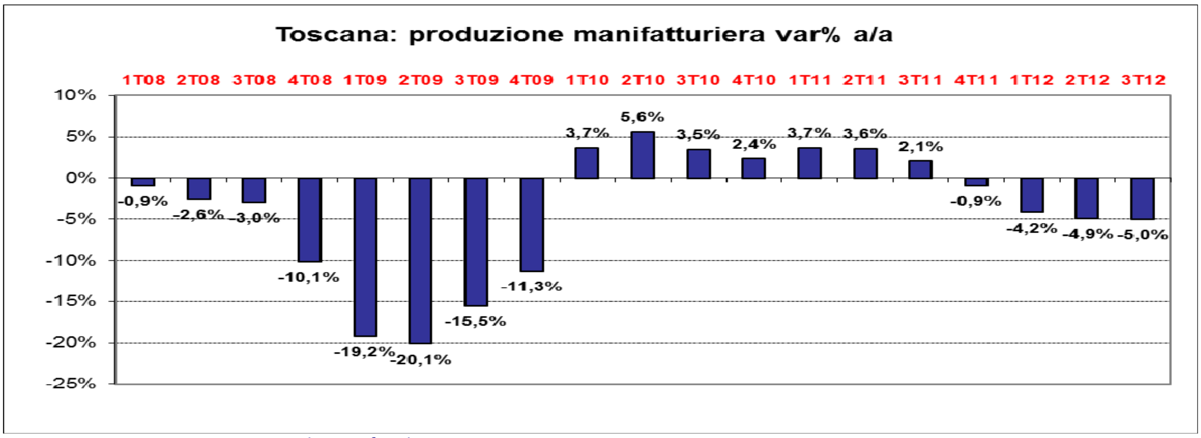
decisive contribution from the Redundancy Fund - as seen in previous figures - recourse to which was much stronger (+29.0% compared to the third quarter of 2011). Net of salary subsidies, in fact, the level of staff actually employed in production is estimated to have decreased (-1.9%), suggesting the start of a downward path in the labour factor used by Tuscan manufacturers.
The negative situation outlined by production indicators and other economic variables does not seem to preclude an imminent reversal of the cycle. Despite a recovery in orders from foreign markets recording a recovery and a slight easing of the decline in business volume, the signs of a possible future inversion of the cycle are still too weak and short-term hopes of business owners are still characterised by a negative outlook.

**THE MANUFACTURING INDUSTRY SCENARIO IN TUSCANY**

| *Tendential % changes* | 2010 | 2011 | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|
| **Indicator** | **average** | **average** | **2Q11** | **3Q11** | **4Q11** | **1Q12** | **2Q12** | **3Q12** |
| Production | 3.8% | 2.1% | 3.6% | 2.1% | -0.9% | -4.2% | -4.9% | -5.0% |
| Turnover | 4.9% | 3.1% | 3.8% | 2.7% | 1.1% | -3.5% | -6.1% | -5.5% |
| Total orders | 3.9% | 1.2% | 3.4% | 0.9% | -2.4% | -5.4% | -5.4% | -5.6% |
| of which: Foreign | 5.1% | 1.4% | 3.5% | -1.3% | 2.3% | -3.3% | -0.2% | 2.2% |
| Producer prices | 1.7% | 2.5% | 2.7% | 2.2% | 1.8% | 0.9% | 0.5% | 0.5% |
| Employment figures | -2.5% | 0.7% | 0.7% | 1.0% | 1.0% | 1.1% | 1.3% | 0.5% |
| Use of plants (1) | 73.5% | 78.5% | 79.9% | 79.0% | 78.1% | 77.6% | 77.8% | 77.0% |

Source: Unioncamere and Confindustria Toscana; (1) in % of installed production capacity

The negative production trend is still associated mostly with the weakness of demand indicators which continue to drop heavily. Turnover recorded -5.5% compared to the same period in 2011, though this decrease was slightly less than the -6.1% of the second quarter. The component related to the foreign market is still up (+1.8%) though more moderate than the +3.6% of the previous quarter, again indicating the strong negative impact played by the weak domestic demand on the trend for overall demand.
Orders also confirmed the negative performance seen since the start of 2012, with a considerable decline in the indicator as a whole (-5.6%). Inflows of orders from the international markets, however, recorded a slight recovery (+2.2%), emphasising the weakness of domestic demand.
Production guaranteed by the orders portfolio is affected by the new decline in orders, dropping to 63.1 days and so sliding further from the 64.4 recorded in September 2011.
Production prices confirm the slowdown seen since the start of 2012, with moderately higher levels than those of the second quarter (+0.5%) after the +0.9% of the start of the year and a 2011 average of +2.5%. This trend is strongly affected by the slowdown seen in raw materials prices and companies' adoption of renewed margin cutting policies to retain market shares in a phase of exceptionally weak demand.
Suffering most in this economic scenario are small businesses (production -6.2% and turnover -6.5%) and large businesses in the region (production -4.7% and turnover -8.4%). Vice versa, the medium-sized businesses in Tuscany are holding steady, with production recorded a more limited decrease of -1.6%, and likewise for turnover, down -1.3% after the -0.5% of the end of June.
According to the Bank of Italy survey conducted in the autumn on a sample of industrial companies with at least 20 employees, three out of ten businesses expected to record a nominal fixed-capital investment expense in 2012 lower than planned and another six confirmed the amount budgeted. In effect it is the considerable drop in the plant utilisation rate that recommends to manufacturing companies a postponement of investment plans, as has happened in recent years. Spending programmes for 2013 do not indicate a recovery.
In the current recession, the quarterly survey by Unioncamere and Confindustria Toscana reports a further, general backslide in all provisional indicators for the period October-December 2012. The businesses' own forecasts of the three-month production trend in fact show a deterioration in the optimistic-pessimistic balance for the fourth quarter, which drops to -11% from -9% in the previous quarter (a year earlier it stood at +8%). The level of confidence in domestic demand has also seen a further, decisive decline, with a balance dropping from -13% to -17%, whilst that forecast for foreign demand is more limited, decreasing to -6% from -5% in the previous two quarters. Lastly, employment prospects remain negative with 6% more businesses expecting a drop in employment levels than those forecasting an increase.




Source: Unioncamere Toscana and Confindustria Toscana
Key:
Toscana: produzione manifatturiera var% a/a – Tuscany: manufacturing production %change yoy
T - Q

The drop in production levels recorded in the third quarter of 2012 affects all sectors except pharmaceuticals (+16.6% from -10.6% in the second quarter) and miscellaneous manufacturing (+1.2%). All other manufacturing sectors recorded negative production trends, though of varying intensity: particularly negative were wood and furniture (-7.3%), textiles (-12.0%), non-metal bearing minerals (-10.0%), clothing (-8.6%), transport vehicles (-7.1%), metals (-7.3%), chemicals, rubber and plastic (-6.5%) and footwear (-6.1%).
The production indicator recorded smaller decreases in electronics (-0.8%), tanning and leather goods (-2.8%), the food industry (-3.1%) and mechanics (-4.5%).
The final ANCE and Unioncamere Toscana figures for the first half of 2012 show a significant deterioration in the building industry crisis.
Only 7.6% of the companies considered recorded an increase in their activities (measured in terms of actual hours worked) compared to the first half of 2011, whilst 59.7% saw a decrease and 32.7% maintained the same levels as the previous half year. Overall, the average decrease was 14.3%, more pronounced for small businesses (-15.2%) than for medium/large companies (-12.4%).
The percentage of businesses reporting activities up on the first half of 2011 was higher in the maintenance and recycling industry (8.1%), home building under private contract (7.1%) and non-residential building under private contract (5.4%).
The turnover trend also saw a strong decrease compared to the first half of 2011 (-16.6%), in this case, too, recording a less negative trend for medium/large companies (-3.6%) than for small businesses (-18%). In 64.9% of cases the orders portfolio of companies decreased, compared to 6.5% which in the first half of 2012 had recorded an increase compared to the first half of 2011. The months of activity guaranteed by the orders portfolio was for 82% of businesses less than six months at the end of the first half of 2012, whilst it was over a year for only 5.5%. It is worrying to note that 4.5% of businesses declared their orders portfolio to be incapable of guaranteeing activities, therefore indicating a highly critical situation that the company will find difficult to survive.
Lastly, the difficult position currently experienced by the building industry - in Tuscany just as in the rest of Italy - is reflected in companies' propensity towards investment. In this case, too, the percentage of companies that in the first half of 2012 increased its investment spending is lower (8.4%) than those reporting a decrease (32.9%).

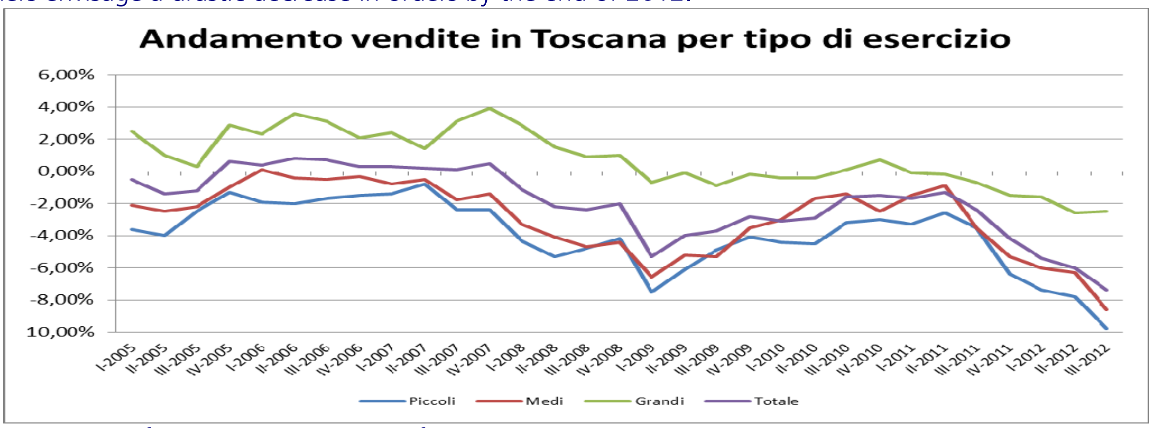
**The scenario in the building/construction segment**

| | III-2010 | IV-2010 | I-2011 | II-2011 | III-2011 | IV-2011 | I-2012 | II-2012 |
|---|---|---|---|---|---|---|---|---|
| Production of cement | -19.8% | -18.0% | 7.0% | 10.9% | -0.9% | 8.0% | -23.4% | -34.5% |
| Registered companies | 0.4% | 0.7% | 1.2% | 1.1% | 1.0% | 0.6% | -0.5% | -0.9% |
| Non-current borrowing for residential investments | 0.1% | -14.6% | -15.3% | -17.5% | -28.7% | -35.0% | -32.7% | -47.4% |
| Non-current borrowing for non-residential investments | 22.6% | 12.4% | -18.5% | -41.7% | -40.7% | -57.7% | -50.5% | -21.3% |
| Household home purchase loans | -5.0% | -10.9% | -27.5% | -29.7% | -14.4% | -31.3% | -32.7% | -46.5% |
| Loans for purchase of other properties | 5.7% | -45.5% | -47.5% | -61.7% | -2.4% | -31.7% | 26.8% | 8.8% |

Source: IRPET processing of MISE, Infocamere and Bank of Italy data

A number of future indicators, reported by IRPET, confirm the sector's difficulty. Cement production has dropped by 34.5% compared to June 2011, whilst consumption of this raw material has decreased further. The drop of construction raw materials on the market is accompanied by a reduction in the number of companies registered with the Chamber of Commerce (-0.9%), whilst household spending on investments and home purchases has fallen dramatically.

As regards employment, the average change in the number of employees in the first part of the year was -2.1%. In the period under review, considerably more companies decreased their workforce (23.8%) than those able to increase them (9.7%).
In the services sector the deterioration in the economic situation that began last year continued in the first part of 2012. Based on the results of the Bank of Italy survey on a sample of private non-financial services companies with at least 20 employees, the percentage of employers confirming a drop in turnover in the first 9 months of the year has almost doubled (48%) and those declaring an increase have diminished. Fixed investment spending, already forecast to drop at the beginning of the year, was reviewed downwards by almost 30% of companies, and raised by only 10%. The medium-term forecasts remain uncertain.
As regards retail trade, according to Unioncamere Toscana, the deteriorating economy, the increased tax burden and prices and the resulting erosion of spending power, along with uncertainties about the future in economic and employment terms, have affected the consumption habits of Tuscan families. In the July-September 2012 quarter, retail sales dropped in fact by 7.4% compared to the same period in 2011 (-8.3% at national level), the worst quarterly figure since 2005 (the year the figures were first read).
Yet again the more drastic decreases were recorded by small businesses (-9.8% on average for those with less than 6 employees), but not even the larger entities (20+ employees) managed to combat the effects of this long crisis, seeing their sales drop by 2.5% in the third quarter of 2012. Medium-sized companies (6-19 employees) lost 8.6% in turnover, in line with the trend for small businesses. The figures show a significant change in consumer spending methods, which in seeking to safeguard their diminishing spending power buy little and mainly use the large stores, where the choice of products is more varied and often at a discount.
Moving on to the merchandise sectors, in the third quarter of 2012 specialist foods lost 8.0% and saw the previous signs of the crisis become stronger. The non-food sector recorded a -8.9% decrease in turnover, driven downwards by homeware and electrical appliances (-9.1%), clothing and accessories (-7.6%) and by the complete collapse of other non-food products (-9.4%) such as pharmaceutical products, books, newspapers and stationery. The only growing segment was therefore the series of de-specialised operators (hypermarkets, supermarkets and department stores) with turnover up +0.6% between July and September 2012, also as a result of price containment policies.
Confirming the consumption squeeze are the reports of business owners on inventories held in the third quarter of 2012: only 6% consider them to be low compared to 73% that believe the level to be adequate and 21% that claim a surplus (this figure higher than in the previous quarter).
Tuscan traders' expectations regarding the final part of the year show a persisting unfavourable situation, especially for businesses with less than 20 employees (both food and non-food). Given the weak domestic demand, however, the climate of confidence begins to waver even for the larger and well-established commercial businesses. In particular, most traders envisage a drastic decrease in orders by the end of 2012.




In-house processing of Unioncamere Toscana figures
Key:
Sales trend in Tuscany by business type Piccoli/Medi/Grandi/Totale – Small/Medium/Large/Total

With regard to tourism, after two years of growth, for the first half year of 2012 Tuscany Regional Government estimates on provisional data indicate a decrease both in arrivals and overnights. In particular, in the second quarter of 2012 the number of overnight stays in the region by tourists decreased (-3.0%). The figure concerning the Italian component was particularly negative (-4.7%), but even the foreign visitors figure decreased (-1.6%). According to the Bank of Italy survey on international tourism, the average nominal expenditure per night for foreign visitors increased by 1.3% compared to the same period of 2011.

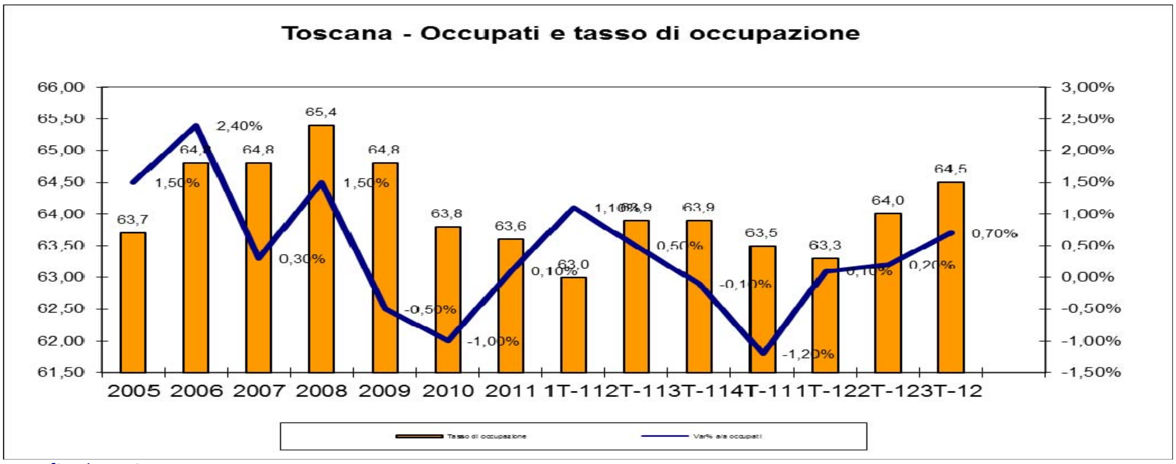
**Movimento turistico** (1)
*(variazioni percentuali sull'anno precedente)*

| PERIODI | Arrivi | | | Presenze | | |
|---|---|---|---|---|---|---|
| | Italiani | Stranieri | Totale | Italiani | Stranieri | Totale |
| 2010 | -1,2 | 12,7 | 5,6 | -1,9 | 7,9 | 2,6 |
| 2011 (2) | 3,3 | 7,9 | 5,7 | 0,4 | 7,8 | 4,0 |
| 2012 – 1° sem. (2) | -2,2 | 1,3 | -0,4 | -4,3 | 0,2 | -2,0 |

Fonte: Regione Toscana.
(1) I dati fanno riferimento ai flussi regionali registrati negli esercizi alberghieri ed extra-alberghieri. – (2) I dati relativi al 2011 sono provvisori, quelli relativi al 2012 corrispondono a stime su dati provvisori.

Source: Tuscany Regional Government data
Key:
Movimento turistico – Tourist flows
variazioni percentuali sull'anno precedente - % changes from previous year
Periodi – Periods
Arrivi – Arrivals Presenze – Overnight stays
Italiani/Stranieri/Totale – Italian/Foreign/Total
1° sem. – 1H
Notes (1) the figures refer to regional flows recorded by hotels and non-hotel accommodation – (2) The figures for 2011 are provisional; those for 2012 correspond to estimates on provisional data.

Based on ISTAT's Workforce Measurement, in the third quarter of 2012 employment increased by 0.7% in Tuscany on a tendential basis, recording a good retention capacity above all thanks to the services sector contribution. Due to seasonal effects, the figure also recovered compared to the previous quarter. In this phase the independent workforce appears to be more dynamic, whilst recruitments recorded a slight increase. The unemployment rate, though recording a considerable increase over the figures for a year earlier (7.3% compared to 5.7% in the third quarter of 2011), dropped compared to the first two quarters of 2012 (when it reached 8.4% and 7.7%, respectively). In addition, the regional unemployment rate was much more limited than the national rate (9.8%). The number of job hunters (130,000) also decreased by 15,000 in Tuscany from the previous quarter.
At sector level, total industry employment figures have fallen (-2.6%), especially due to the strong decrease in the number of building industry employees (-7.3%), whereas a more limited drop was seen in industry as a whole (-0.5%). The services sector recorded an overall significant increase in the workforce (+2.3%), in line with previous figures. Lastly, the number of agricultural employees dropped (-6.2%), in any event characterised by strong seasonal elements.




Source: Confindustria Toscana
Key:
Toscana – Occupati e tasso di occupazione – Tuscany – Employed and the employment rate
1T/2T – Q1/Q2 etc.
Tasso di occupazione – Employment rate
Var% a/a occupati - % change yoy in no. employed

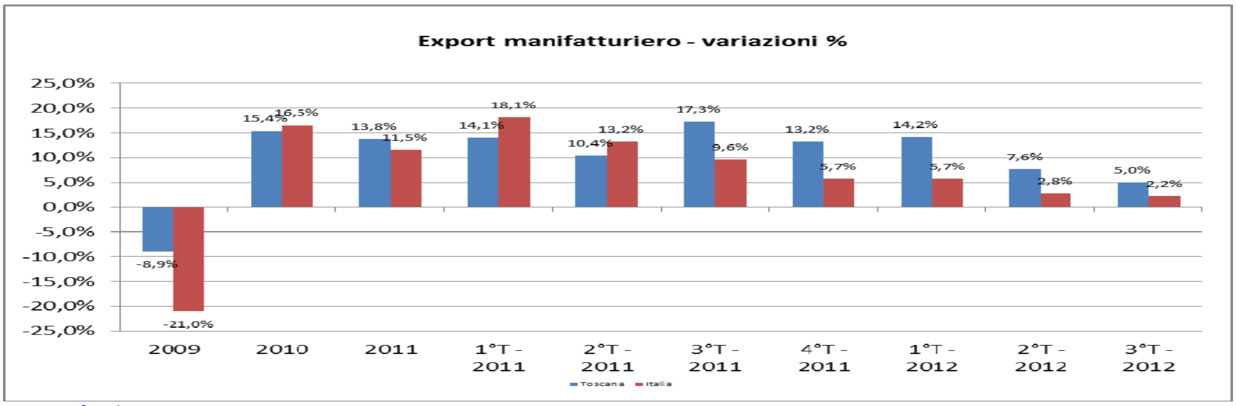
Based on INPS data, the number of hours' use of the Redundancy Fund (CIG) authorised in Tuscany in the third quarter of 2012 recorded a decisive increase compared to the corresponding period of 2011 (+28.0%), confirming the trend already seen from the second quarter of 2012 onwards. In absolute terms the number of hours authorised were over 13.3 million, with a tendential increase of 2.9 million hours. The increase in ordinary recourse to the CIG continued at a steady pace (+37.0%), but even more worrying is the increase in extraordinary CIG use (+50.1%), a clear sign that

many corporate crises continue with thousands of jobs at risk. Recourse to the CIG as an exception remains high and similar in absolute terms to the extraordinary recourse, even though the tendential change for the quarter was lower (+7.3%). At sector level, in the third quarter of 2012 the industry recorded an increase in CIG recourse of around 25% year on year, when a dramatic increase was seen in the number of hours authorised especially in the steel (+455%), paper processing (+177%), construction-related systems (+127%) and clothing industries (+72%). The decrease in hours was seen in the textiles (-33%), leather, leather goods and footwear (-29%) and mechanics industries (-15%).
As regards CIG recourse as an exceptional measure, in the first nine months of 2012 the number of applications increased by 67.8% year on year. The hours requested increased considerably compared to 2011 (+17.9%), whilst the number of workers affected by the exception rose by 36.6%, triggering an average drop in the number of hours per worker. In any event these are significant increases in tendential terms.

| Authorised hours for CIG Redundancy Fund - Total | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Absolute values (thousands of hours) | | | | | % chg. yoy | % chg. yoy | % chg. yoy |
| **Type** | **2008** | **2009** | **2010** | **2011** | **3Q 2012** | **1Q 2012** | **2Q 2012** | **3Q 2012** |
| Ordinary | 4,363 | 21,641 | 14,025 | 10,195 | 3,214 | -32.1% | 16.6% | 37.0% |
| Extraordinary | 2,534 | 7,634 | 18,367 | 16,826 | 5,097 | 0.8% | -6.2% | 50.1% |
| Exceptional | 2,415 | 4,833 | 21,761 | 20,282 | 5,003 | -10.6% | 5.6% | 7.3% |
| Total | 9,312 | 34,108 | 54,153 | 47,304 | 13,314 | -12.3% | 3.3% | 28.0% |

Source: INPS and Confindustria Toscana

With regard to foreign trade, between July and September 2012 a marked slowing of Tuscan exports was seen, up +5.0% on the same quarter of the previous year, though better than the national figure (+2.2%). This performance, aided by the price movements in energy products and precious metals, also allows Tuscany to retain its leadership among Italian exporting regions. Imports during the quarter fell by 2.0%, especially due to the collapse of domestic demand.
Over half the growth in regional exports was determined by changes in three components - precious metals (+6.3%), refined oil products (+28.9%) and general purpose machinery (+17.5%). The remainder of the growth was instead associated with sectors more characteristic of the regional economy: non-metal bearing minerals (+10.0%), precision engineering (+15.0%), gold and silverware (+17.3%, aided by the price trends), leather and leather goods (+7.7%) and agri-food (+6.8%). Decidedly negative, however, the performances of transport vehicles, particularly cars (-3.4%) and especially sea-going craft (-33.0%) and motorcycles (-11.0%).
The European economic recession had a negative impact on the regional sales performances in EU countries (-3.7%), with a decline seen in all the major target markets (UK -17.0%; Germany -7.8%; Belgium -12.8%). The trend in sales to non-EU countries was positive, however (Turkey +35.0%, mainly exports of refined oil products, precision engineering, gold and silverware), whilst a decrease was recorded in the Russian market (-9.0%). The non-EU markets all made a positive contribution to the growth of regional exports: in particular the Asian markets (+15.0%), as a result of the growth in exports to Japan (+19.8%), Hong Kong (+14.1%), UAE (+19.5%) and Saudi Arabia (+23.3%). Vice versa, the trends recorded a negative sign for exports to China (-0.2%) and especially India (-8.7%). The Americas again recorded an increase (+3.5%) as a result of the USA and Canada's performance, whilst exports to Central and South America were of a negative sign. The flow of exports to North Africa remained steady (+28.1%), whilst those to Oceania tripled compared to the same quarter of 2011 as a result of multi-year contracts in the mechanics sector (general purpose machinery).




Source: Confindustria Toscana

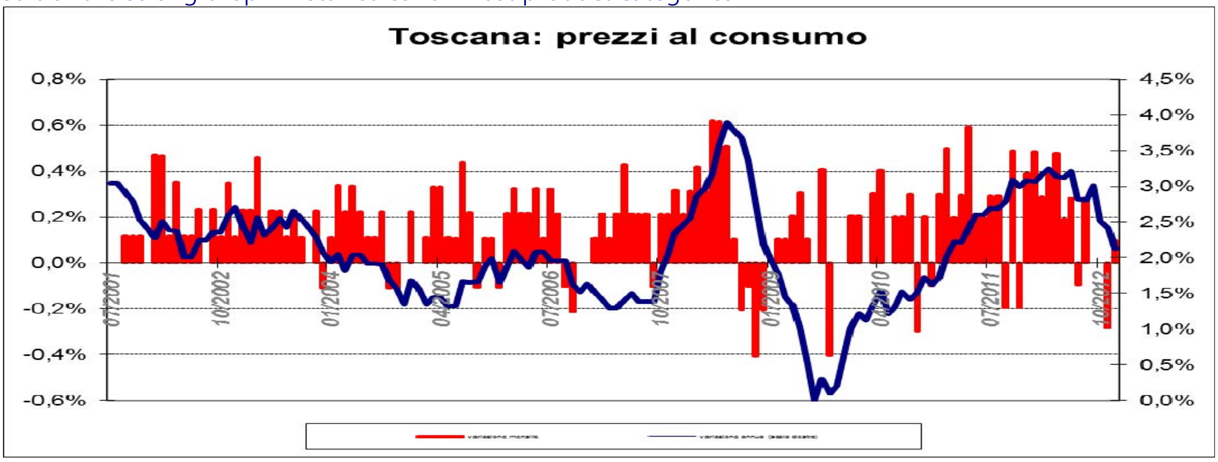
Key:
Export manifatturiero – variazioni % - Manufacturing exports - % change
1°T/2°T – Q1/Q2 etc
Toscana - Tuscany

The second quarter of 2012 confirmed the slowing pace of growth in the Tuscan entrepreneurial fabric. After the average increases of 1.2% in 2010 and 1.0% in 2011, growth halted at 0.5% between April and June, slightly above the national average (+0.4%). In absolute numbers, the companies registered with the Tuscany Chambers of Commerce at the end of 2012 reached 417,184. Business start-ups remained steady at the levels seen in the first quarter, standing at 6.8%, lower than the 7.4% recorded in the second quarter of 2011 and below the historic average since 2008 when registration rates were generally above 7.5%. Business closures increased further, reaching 6.3% after the 6.2% recorded at the beginning of the year and the 5.9% of 2011.

Amongst the company types, growth in the regional entrepreneurial fabric is still sustained by corporations (+2.1%), though in this respect the public limited companies continue to decline (-1.4%). The figure for partnerships was down slightly (-0.3%) whilst sole proprietorships remained steady. The growth in “other legal formats” continued, recording +3.2% also as a result of the contribution from cooperatives (+1.7%). The growth of foreign companies was significant (+4.8%) with an impact increasing to 11.2% of the total due to steady increases in all the company types.

As regards inflation, production prices recorded a decline, which became more marked in the summer of 2012, to the point of dropping to 0.5% in the third quarter as a result of falling raw materials prices and companies’ adoption of margin cutting policies.

Consumer prices in December in Tuscany highlighted a tendential change of +2.1%. In more recent months the index has shown positive tendential changes that are declining more rapidly after peaking at the end of June. Particularly from the third quarter of 2012 final consumer prices began to record a more marked slowdown in Tuscany, especially as a result of the strong drop in retail sales for most product categories.




Source: ISTAT

Key:
Toscana: prezzi al consumo – Tuscany: consumer prices
variazione mensile – change mom
variazione annua (scala destra) – change yoy (right scale)

As regards financial brokerage, after the gradual slowdown recorded in 2011 in the first part of 2012 bank lending to the Tuscan economy as a whole began to decline. The annual rate of change, net of doubtful loans and repurchase agreements, and adjusted for disposals and reclassifications, was -1.1% at the end of June (compared to +0.8% in December 2011). This decline was mainly affected by the net decrease in credit to companies (-4.7%), regardless of their size. Loans to households continued to slow in the first half of 2012, essentially the same as in June last year (+0.2%). According to the Bank of Italy these trends continued through the summer months. The decrease recorded in June also reflects the loans to the regional economy reclassified as problem loans. For businesses, however, loans would have decreased even if the problem loans had been included.

**Prestiti bancari per settore di attività economica** (1)
*(variazioni percentuali sui 12 mesi)*

| PERIODI | Ammini-strazioni pubbliche | Società finanzia-rie e assicurative | Imprese | | | | Famiglie consumatrici | Totale (4) |
|---|---|---|---|---|---|---|---|---|
| | | | | medio-grandi | piccole (2) | | | |
| | | | | | | famiglie produttrici (3) | | |
| Dic. 2010 | 1,5 | -6,5 | 1,8 | 2,3 | 0,3 | 1,7 | 5,4 | 2,5 |
| Dic. 2011 | 0,7 | 2,9 | -0,1 | 0,7 | -3,1 | -2,3 | 2,4 | 0,8 |
| Mar. 2012 | -2,6 | 4,5 | -3,3 | -2,9 | -4,6 | -3,9 | 1,4 | -1,3 |
| Giu. 2012 | -1,4 | 23,6 | -4,7 | -4,5 | -5,6 | -4,4 | 0,2 | -1,1 |
| | | | **Consistenze di fine periodo in milioni di euro** (5) | | | | | |
| Giu. 2012 | 5.156 | 9.962 | 69.643 | 54.107 | 15.537 | 8.165 | 35.347 | 120.837 |

Fonte: segnalazioni di vigilanza.
(1) Le variazioni sono calcolate sui prestiti al netto delle sofferenze e dei pronti contro termine e sono corrette per le cartolarizzazioni e le riclassificazioni. – (2) Società in accomandita semplice e in nome collettivo, società semplici, società di fatto e imprese individuali con meno di 20 addetti. – (3) Società semplici, società di fatto e imprese individuali fino a 5 addetti. – (4) Include anche le istituzioni senza scopo di lucro al servizio delle famiglie e le unità non classificabili o non classificate. – (5) I dati includono i pronti contro termine e le sofferenze.

Source: Bank of Italy, supervisory reporting

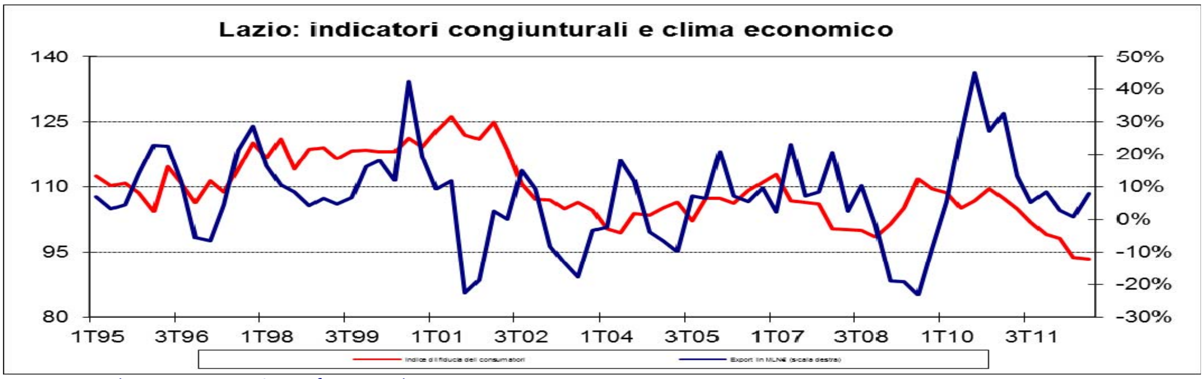
Key:
Prestiti bancari per settore di attività economica – Bank loans by business sector
variazioni percentuali sui 12 mesi - % change yoy
Imprese – Company type PERIODI – PERIODS Amministrazione pubbliche – Public administration
Società finanziarie e assicurative – Financial and insurance companies
piccole – small medio-grandi – medium/large famiglie produttrici – family businesses
Famiglie consumatrici – Consumer households Totale – Total Dic./Mar./Giu. – Dec./Mar./Jun.
Consistenze di fine periodo in milioni di euro – Closing balances in millions of euro
Notes: (1) The changes were calculated on loans net of doubtful loans and repurchase agreements and were adjusted for securitisations and reclassifications – (2) Partnerships and joint ventures, non-capital companies, de facto corporations and sole proprietorships with less than 20 employees – (3) Non-capital companies, de facto corporations and sole proprietorships up to 5 employees – (4) Also includes non-profit institutions serving households and entities not classifiable or unclassified. – (5) Figures include repurchase agreements and doubtful loans.

In line with the weakening economy seen from autumn 2011 onwards, bank and financial company lending as a whole to business customers recorded a 5.4% decrease. This decrease affected all the main business sectors but was more marked in the building industry (-9.4%) and manufacturing (-7.0%). It spanned all the main technical forms, including loans associated with trading portfolio management, linked to the drop in sales. The forms with maturities (mortgages and leasing), which represent four fifths of loans to the production sector, fell by 4.8% reflecting the decrease in fixed capital investments.
In the first half of 2012 the short-term interest rates for all companies rose on average by 0.5% to reach 7.1% at the end of June. The increase in borrowing costs affected all production sectors and proved slightly more expensive for smaller companies.
At the end of the first half of 2012 consumer household loans granted by banks and financial companies remained steady, with a tendential annual rate of change of +0.1%. Bank loans for home purchases, which represent over 60% of credit volumes disbursed to households, slowed in the first part of 2012 (to +1.4% from the +3.3% recorded at the end of December 2011). Affecting this performance was the continued decline of new mortgages, which fell by around 40% year on year. Consumer credit as a whole recorded a 0.7% decrease.
The greater spreads applied to mortgages led to an increase in interest rates for residential property purchases in the first quarter of 2012. In the second quarter, also due to the effect of monetary expansion policies, the rates gradually fell to 4.2% at the end of June.
On average over the four quarters ending June 2012 the percentage of performing loans that became problem loans (the default rate) was 2.7%, lower than that recorded in 2011 but much higher than pre-crisis levels. The default rate remained high in the production sector (3.9%), whilst greater difficulties were seen in the building industry (8.1%). The default rate in the manufacturing industry rose to 3.6%, whilst in the service industry it fell to 3.0%.
The other doubtful positions also increased during the first half of 2012: at the end of June the total of problem loans or restructured loans in the production sector accounted for 7.1% of total loans, up by around 0.3 percentage points on the December 2011 figure.
For consumer households the default rate remained at 1.1%, a particularly low figure in historic terms. A slight deterioration was seen in problem loans and restructured loans, the total of which rose by 0.2 percentage points compared to December 2011 to reach 2.0% of total loans. According to Bank of Italy estimates, in June the percentage of loans with suspended payments was around 5.0%, similar to that of 2011.

In the first six months of the year bank deposits from customers resident in the region increased slightly (+1.6%). The value of securities deposited with the banking system reduced for all components except government securities. Consumer household deposits in the first half of 2012 saw a turnaround in the negative trend of the previous year, recording any annual growth of 4.4% achieved as a result of the increase in time deposits, compared to the net decrease in current accounts (-6.6% at the end of June). As regards securities deposits, during the half year government securities recorded a 10.9% increase, versus a declining stock of bank bonds (-2.1%), shares (-20.8%), corporate bonds (-12.8%) and UCIT units (-9.8%).

### *Lazio*

From the second half of 2011 economic activities in Lazio swiftly declined, associated with the financial turbulence and weakening of the international economic cycle. The recession was particularly intense in the first half of 2012, in line with other geographic areas of Italy. Bank of Italy surveys conducted in September-October show that economic activities remained limited also in the third quarter of the year, along with still uncertain prospects of a future economic recovery.
According to preliminary Unindustria Lazio data, the regional GDP fell by -1.8% in 2012, whilst the main economic watchdogs expect to see a further decrease by around 0.4% in 2013.
In industry, the turnover, investments and employment levels all declined in the first three quarters of 2012. Only exports continued to record growth, aided by a regional specialisation based on media and hi-tech sectors.
In the building industry business continued to reduce, with particularly negative trends in the residential segment.
As a consequence, regional employment figures show a worrying downtrend, with a significant increase in youth unemployment and progressively greater recourse to CIG redundancy funds. The uncertainties associated with adverse developments on the labour market have had a heavy impact on domestic final consumption, also significantly affected by the stronger, persisting drop in the confidence level of households and businesses.




*Source: In-house processing of ISTAT data*
Key:
Lazio: indicatori congiunturali e clima economico – Lazio: performance indicators and economic climate
1T/3T – Q1/Q3
Indice di fiducia dei consumatori – Consumer confidence index
Export in MLN€ (scala destra) – Exports in EUR/m (right scale)

Investments in physical capital remained limited, also as a result of the reduced plant usage level.
According to the ISTAT quality survey, after the significant decline that continued until mid-2012, weak signs of a stabilisation of production emerged in the third quarter for industrial companies in central Italy, a third of whose value added comes from Lazio companies.
The Bank of Italy survey conducted on a sample of industrial companies with at least 20 employees shows that, in the preliminary figures for 2012, a little over one third of companies based in Lazio recorded an increase in nominal turnover, compared to 60% a year earlier. The decrease was seen mainly in sales on the domestic market. The percentage of companies that expect to increase the value of their sales remains limited in forecasts for the next few months.
The deterioration in the economy is reflected in the investments made by industrial companies. At the start of 2012 less than a quarter of the companies interviewed by the Bank of Italy planned to increase their gross fixed investments during the year, and one third confirmed a decrease. The preliminary figures for 2012 recorded in the September-October survey, showed a further downward adjustment of industrial investments during the year compared to the level planned. The review is associated with the weak demand for goods, the low level of plant usage and also difficulties in access to credit. In this context, the companies also show report lower profits in their 2012 financial statements. For 2013, in a scenario of strong uncertainty, industrial companies in Lazio show no signs of a recovery in investments.
The sample survey conducted by the Lazio CNA in July on around 700 local industry companies showed particular production difficulties in the region's small and micro businesses. This was dependent upon the more restricted access to foreign demand by small businesses and the more widespread role of sub-suppliers.

As mentioned previously, in Lazio exports continued to be the main growth factor in the demand for industrial products, even if their impact on the national total foreign sales is limited (4.5%), apart from being concentrated in a small number of large companies. However, from the first half of 2012 regional exports slowed, reflecting the trends of international trade. This change was more marked in the third quarter of last year, which confirmed the slowing trend seen in the first half of the year. Between January and September, in fact, Lazio exports (13.1 billion euro in volumes) grew by 3.8% in tendential terms, in line with the national average.
The main destination of the region's goods continues to be the EU 27, with 61.1% of the total; this is followed by East Asia (8.3%), non-EU countries (8.2%) and North America (6.9%).
Observing the incidence of individual sector exports on the regional total, the strongest products are: pharmaceutical and bio-medical (32.3%), chemical (11.2%), coke and refined oil products (10.8%) and transport vehicles (10.1%).

In the first half of 2012, as for the national average, the strong drop continued in the level of economic activities in Lazio's building industry, the main contributor to this decrease being the unfavourable performance of the residential segment. In particular, according to the Construction Workers' Association, ANCE Lazio-Urcel, real investments in the regional residential construction sector would decline further. This not only due to an accelerated decline in investments in new homes, but also to the inversion of the rebuilding and upgrading market, which after three years of a positive trend for the first time showed negative percentages. According to the CRESME, in 2012 the construction market as a whole amounted to 10 billion 840 million euros, with a real tendential decline of 10.5%. In 2008 the value had been 13,295 million euros. Adding together the individual negative trends, compared to 2008 a real decline in the market of 29.5% would be recorded, according to CRESME expected to reach 32% in 2013 if the forecast of a further real drop of 2.5% proves correct.
Of particular impact on the lower investments figures was the decrease in new residential construction. In absolute terms this market segment, which today is worth 1,514 million euros, was valued at 2,840 million euros in 2008.
According to Lazio Construction Workers' Association figures, in the first half of 2012 the number of hours worked fell by more than 15.0% compared to the previous half year, whilst the number of construction companies active in the region fell by around 4.0%.
CRESME figures show that in the first half of 2012 the value of public works tenders to be awarded and completed in the next few years in the region had remained stable and at historically low levels. The tendency to concentrate public demand into tenders with a higher average unit value also continued. The construction workers' association points out the difficulty of small local businesses of participating in such works and the persisting serious delays in payments from public administration.

**INVESTIMENTI IN COSTRUZIONI NEL LAZIO** - *Valori a prezzi correnti - Milioni di euro*

| | 2008 | 2009 | 2010 | 2011 | 2012* |
|---|---|---|---|---|---|
| **Totale** | **13.295** | **13.013** | **12.335** | **11.741** | **10.840** |
| Di cui residenziali | | | | | |
| > *nuovo* | *2.840* | *2.187* | *1.920* | *1.826* | *1.514* |
| > *rinnovo* | *4.319* | *4.805* | *5.182* | *5.408* | *5.353* |
| **Totale investimenti residenziali** | **7.159** | **6.992** | **7.102** | **7.234** | **6.867** |

**INVESTIMENTI IN COSTRUZIONI NEL LAZIO** - *Variazioni % su valori a prezzi costanti*

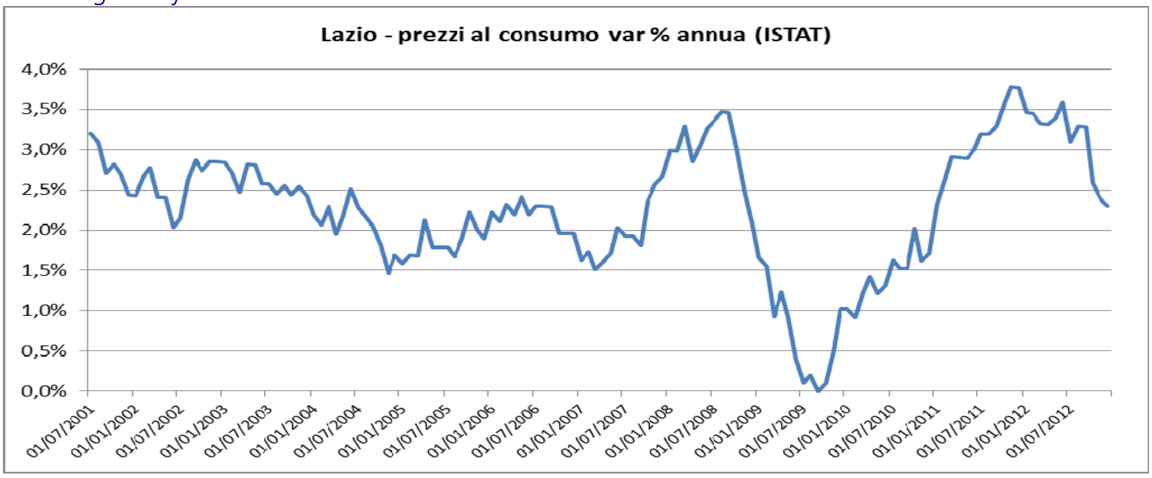
| | 2009/2008 | 2010/2009 | 2011/2010 | 2012*/2011 | 2013*/2012 |
|---|---|---|---|---|---|
| **Totale** | **-3,2** | **-7,2** | **-8,6** | **-10,5** | **-2,5** |
| Di cui residenziali | | | | | |
| > *nuovo* | *-23,7* | *-14,0* | *-8,5* | *-19,5* | *-4,0* |
| > *rinnovo* | *10,3* | *5,6* | *0,4* | *-3,9* | *-1,3* |
| **Totale investimenti residenziali** | **-3,2** | **-0,5** | **-2,0** | **-7,9** | **-1,9** |

Source: Cresme for Ance Lazio. *Forecasts

Key:
INVESTIMENTI IN COSTRUZIONI NEL LAZIO – INVESTMENTS IN CONSTRUCTION IN LAZIO
Valori a prezzi correnti – Milioni di euro – Values at current prices – in millions of euro
Variazioni % su valori a prezzi costanti - % change based on like-for-like prices
Totale – Total
Di cui residenziali – Of which residential
nuovo – new rinnovo – refurbishment
Totale investimenti residenziali – Total residential investments

Between September and October 2012, the Bank of Italy carried out a climate survey of around 500 construction companies with at least 20 employees, which for Lazio mainly refers to large companies and those involved in public

works. In the preliminary figures for all of 2012, the indications of a drop in production value from Lazio companies interviewed exceed those claiming growth. The same trend also emerged in the public works segment.
In the first nine months of 2012 the services sector, which accounts for over three-quarters of regional production, was also affected by the recession. In Lazio the decline was most seen in segments associated with household consumption such as trade. Only foreign tourism and international air transport continued to grow in the first half of 2012.
The economic survey conducted by the Bank of Italy on private non-financial service companies with at least 20 employees shows a strong decrease in sales in the preliminary 2012 figures. The percentage of Lazio-based companies with an increase in nominal turnover has declined to around 40% from 58% in 2011.
Investments were affected by the recession trends. At the start of 2012 companies that planned to increase investment spending accounted for a very limited percentage and much lower than those that forecast a decrease. The September-October survey showed that almost half the companies reviewed the investment spending downwards during the year. Even for 2013 no signs have emerged of a recovery in investments in private services.
In the last year the considerable reduction in households' spending power, measured in real terms, has caused a decline in the level of consumer confidence. The quality indicator recorded by ISTAT for households in central Italy fell rapidly in the spring of 2012, touching the minimum values seen in the last 15 years, and levelled out only during the summer. In this context the decrease in durable purchases was highly significant: vehicle registrations halved in the first nine months of 2012, this drop being stronger than the national average.
In the Unioncamere economic survey of the production system in Lazio, most businesses saw a decrease in business volume in the first two quarters of 2012. Expectations for the second part of the year remain stationary. According to Confesercenti the regional figures show the highest drop in sales of small businesses, especially in the food sector. In the first six months of 2012 the number of commercial businesses closing down in the region increased. The balance between company registrations and closures, as a ratio of active companies, was around -1.0%.
In the first six months of 2012 tourism continued to increase. According to the Bilateral Authority figures for the sector, overnight stays at hotels in the province of Rome were up by 2.0% on the first half of 2011. The increased presence of foreign tourists (+3.5%) was accompanied by a slight drop in Italian visitors (-0.5%). The average stay of tourists remained steady at limited numbers. The initial figures for July and August 2012 show a further growth in foreign tourism in Rome, but a drop in the number of Italians in the region's coastal resorts.
The Bank of Italy survey on international tourism shows that in the first seven months of the year spending at current prices by foreign tourists in Lazio fell by almost 5.0%, despite the slightly higher number of arrivals. This figure was affected by the decrease in business arrivals, the discount policy applied by the major hotel chains and the increased number of overnight stays in non-hotel accommodation.




Source: ISTAT
Key:
Lazio: prezzi al consumo var % annua (ISTAT) – Lazio: consumer prices % change yoy (ISTAT)

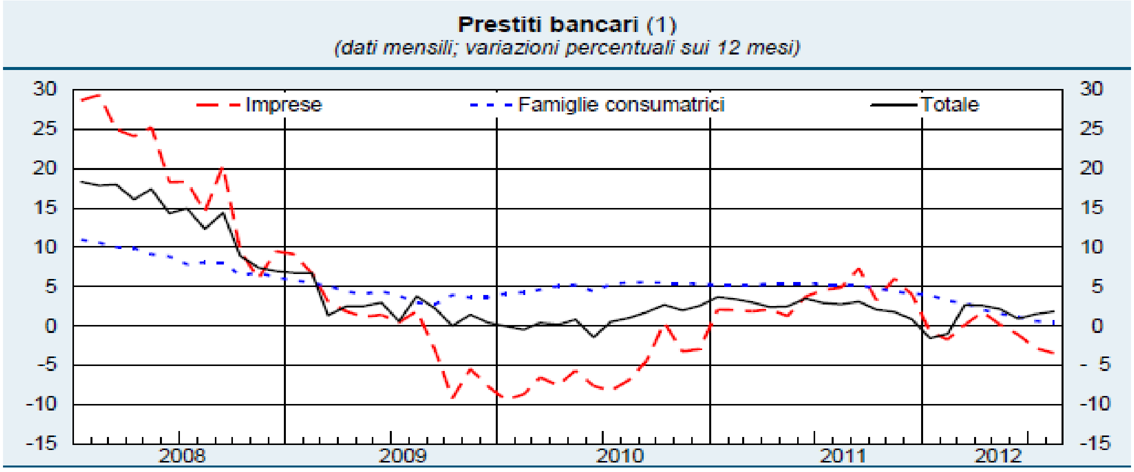
In the autumn figures, the consumer inflation rate in Lazio dropped quickly and significantly, in line with the national trends and especially as a result of the strong decrease in retail sales. The period September-December saw a drop of around 1.0% in the price index, from 3.3% to 2.3%, and this trend shows no sign of changing in the short term.
As regards the job market, for over a year the employment level in Lazio has shown a tendency to decrease, after having shown better resistance than other regions to the effects of the crisis. In the first half of 2012 the number of hours worked declined and recourse to the CIG Redundancy Fund once again increased considerably. Based on the Bank of Italy survey of industrial and services companies, the falling demand for labour continued into the third quarter of 2012. Furthermore, from the beginning of 2012 the number of corporate crisis procedures increased for businesses located in the region. The number of unemployed according to ISTAT's Workforce Measurement, which also includes workers laid off, fell by 0.7% in the first quarter of 2012 and by 0.4% in the second quarter. The decrease is concentrated in the building and industrial sectors, mainly affecting younger workers and freelancers.

In the first ten months of 2012 the CIG Redundancy Fund usage was more extensive in Lazio than the national figure (+29%, from 55.7 million to 71.9 million hours). A growing trend was recorded in use of the ordinary CIG fund: total hours rose by 10.4 million to 16.9 million, up +63.2%. The ordinary CIG hours authorised for industry increased significantly, from 6.3 million to 11 million (+73.1%), as did the total hours authorised for the building sector (+47.6%, from 4 million to 5.9 million). The extraordinary CIG figure remains essentially stable at 29 million hours (-0.3%). The number of extraordinary CIG hours increased in the building sector (+3.6% from 1.6 million to 1.7 million) and commerce (+33.1%, from 2.3 million to 3.1 million). The number of CIG hours for industry reduced by 3.7% from 25.1 million to 24.2 million. Lastly, exceptional recourse to the CIG fund recorded an increase much higher than the national figure (+59.4%): in fact, total hours rose from 16.3 million to 26 million.


Source: EUROSTAT

Key:
Lazio: tasso di disoccupazione – Lazio: unemployment rate
T3 – Q3

The decline in economic activity conditioned the credit trend in Lazio in the first part of 2012. At the end of June loans to customers resident in the region, net of doubtful loans and repurchase agreements, rose slightly (+0.9%), in line with 2011 year-end figures. In the same period, however, loans to the non-financial private sector in the region (households and businesses) recorded a 0.3% decrease year on year.
The trend for loans to the private sector was a reflection of the drop in loans to businesses (-1.1%) and the modest increase in loans to households (+1.2%). According to Bank of Italy forecasts, in the summer months the decline in business loans would continue at a more intense rate (-3.5%) whilst loans to households would remain stationary.
Bank of Italy findings showed that the decrease in bank lending to businesses at the end of the first half of 2012 affected all company sizes, more intense for small businesses (-2.3%) than for large companies (-1.0%). The bank lending trend is still affected by the gap between the decrease in loans granted by the top five banking groups (-8.5% at the end of June 2012) and the increase in loans granted by other banks (+6.9%), a phenomenon that does not depend on the size of the borrowing company. The results of the Bank of Italy survey in October 2012 on a sample of manufacturing and services companies from Lazio show that in the first half of the year, 75% of companies interviewed had not changed its demand for loans compared to the second half of 2011, whilst the percentage of companies that had increased their demand was lower than that of the previous survey (from 31% to 19% of the sample). 27% of those interviewed reported harsher lending criteria (33% in the previous survey), whilst 6% reported an easing of criteria.
Taking into account not only bank loans, but also those of financial companies, in June 2012 credit to the production sector fell by 1.2% on a tendential basis. Among the various business sectors, the decrease in loans was greater in the services sector (-4.6%). The reduction was weaker in the manufacturing sector and loans to the building industry proved stationary. Analysis of the loans trend by type shows that the decrease affected those with maturities (mortgages and leasing), due to downsizing of fixed capital investments, and new overdraft facilities; however, recourse to business loans associated with trading portfolio management increased. In the second quarter of 2012, short-term interest rates on existing loans to companies increased to 7.2%, up 0.7% compared to the final quarter of 2011. The increase was seen in the first three months of the year. During the summer the cost of credit to businesses fell, in July benefiting from the drop in official rates and later from the spread on the sovereign debt.




Fonte: segnalazioni di vigilanza.
(1) I dati escludono le sofferenze e i pronti contro termine. Il totale include anche le Amministrazioni pubbliche, le società finanziarie e assicurative, le istituzioni senza scopo di lucro al servizio delle famiglie e le unità non classificabili o non classificate.

Source: Bank of Italy Statistical Bulletin

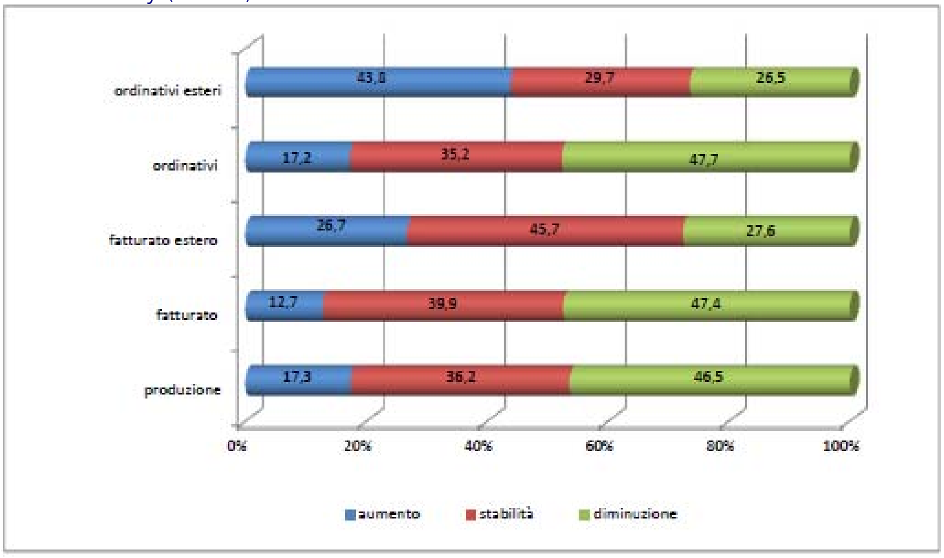
Key:
Prestiti bancari – Bank loans
dati mensili; variazioni percentuali sui 12 mesi – monthly figures; % changes yoy
Imprese – Businesses
Famiglie consumatrici – Consumer households
Totale – Total
Notes (1) The figures exclude doubtful loans and repurchase agreements. The total also includes public administrations, financial and insurance companies, non-profit institutions serving households and entities not classifiable or unclassified.

Taking into consideration the loans granted by financial companies, at the end of the first half of 2012, the growth in loans to households was almost zero (+0.6%). The decline in property sales and purchases is reflected in the slowing down of home purchase loans (+2.1% in June 2012 compared to +4.3% in December 2011). Consumer credit, on the other hand, declined (-2.1%) as did credit for other purposes (-2.8%).
In the second quarter of 2012 the average rates on new home purchase loans dropped to 4.4%, down on the peak recorded in the first three months of the previous year (4.7%).
With regard to credit quality, the average for the four quarters ending June 2012 showed a flow of new doubtful loans of 2.0% of total loans, slightly higher than that recorded at the end of 2011 (1.9%). The continuation of the economic crisis is reflected in the default rates, which for businesses rose to 2.9% at the end of June 2012, with a significant increase in the building industry (5.4% in June compared to 4.1% in December 2011). For households, the flow of loans becoming doubtful remained low, in line with the figure recorded at the end of 2011 (1.1%).
The difficulties experienced by businesses in maintaining repayment regularity were also seen in the growth of the incidence of non-performing and restructured loans on total loans. Between December 2011 and June 2012 this ratio was 7.5%, up 1.0% compared to the end of 2011. Though common to all sectors, the increase was greater in the building industry (from 9.0% to 10.5%). In the first six months of 2012 the percentage of loans in temporary difficulty increased also for consumer households (from 1.8% to 2.1%).
In the first part of 2012, inflows (deposits and bonds) to banks from households and businesses resident in Lazio remained essentially stable. The reduced inflows from businesses (-2.7% in June 2012), due to the further decline in deposits, was offset by the increase in flows from households (+1.0%). Deposits from consumer households, which account for almost 60% of total deposits, remained stationary. The decrease in current accounts, continuing from the second half of 2011, was offset by the increase in other deposit forms characterised by a higher rate of return.
Among the various type of financial activity, the percentage investment in government securities increased (27.9% from 23.8% a year earlier), whereas the incidence of shares recorded a strong decrease (from 13.3% to 8.8% of the total).

## *Umbria*

The signs of a backward slide emerged towards the end of 2011, coinciding with the heightening of tension on the financial markets, and became more marked during 2012. The effect was mainly due to weak domestic demand. According to Bank of Italy surveys, the percentage of companies recording a drop in turnover in the first nine months of 2012 was higher among those least oriented towards the international markets. Investments declined further.
In the first half of 2012, regional exports grew at a stronger rate than the national average, supported especially by metal sales. One third of exporting companies interviewed by the Bank of Italy indicated a higher turnover in 2012. The companies most open to global trading are also the only ones in 2012 to have reported an accumulation of fixed capital in line with their plans and are predicting a slight increase in 2013.

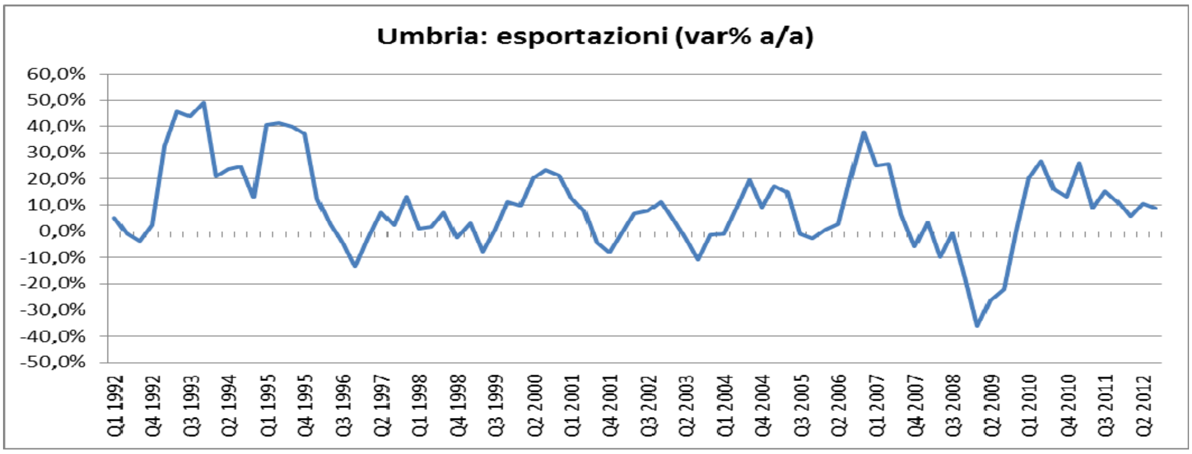
Based on this scenario, the preliminary forecasts of the main economic watchdogs indicate a drop in regional GDP of around -2.0% in 2012, essentially in line with the national average.
The economic position survey conducted in October by the Bank of Italy on a sample of regional companies with at least 20 employees indicates that in the first nine months of the year turnover tended to be down for about half the industrial companies, concentrated in the non-metal ore processing and chemical sectors. The balance between reported increases and decreases in sales was negative on the whole by 24%.
A higher percentage of companies has not yet returned to the production levels achieved before the crisis. In a generally weak scenario, some signs of a recovery emerged only among companies more open to the international markets. Among the companies exporting at least one third of their turnover, the balance between increases and decreases in sales at current prices was positive by 7.0%, better than the Italian average and that of regions in Central Italy.
The continued weakness in demand and uncertainties regarding developments in the general economic scenario have continued to affect companies' accumulation of capital. According to the Bank of Italy survey one out of three will not manage to make the investments planned for 2012.
The difficult economic trend, in fact, recorded a further deterioration in regional manufacturing in the third quarter of 2012 compared to the previous quarter. The results of the quarterly survey conducted on a sample of 400 regional industrial companies and processed by Unioncamere Umbria showed a negative trend that was more limited than at national level and that of Central Italy. Manufacturing in Umbria has seen a consistent decrease (-5.6%) compared to the same quarter of the previous year, which is in any event considerably lower than the decrease recorded at national level (-6.9%) and in Central Italy (-7.5%).




Source: Unioncamere Umbria processing of a quarterly survey by Centro Studi Unioncamere Umbria
% distribution of responses from the companies interviewed, 3rd quarter 2012.
Key:
ordinativi esteri – foreign orders
ordinativi – domestic orders
fatturato estero – foreign turnover
fatturato – domestic turnover
produzione – production
aumento – increase
stabilità – stable
diminuzione - decrease

The drop in turnover compared to the same period in 2011 (-5.7%) was also more than 1.0% lower than that calculated for all of Italy (-6.3%) and for regions in Central Italy (-6.7%). A situation of greater stability was recorded for foreign revenue which, after a slight decrease recorded in the previous quarter, turned positive once again with a 0.4% increase on the same period of 2011. However, this result should be read alongside the fact that at national level the increase was 1.8% and in Central Italy 1.9%.
With regard to orders, the figures show a decrease of 5.3% on the same quarter of 2011, but orders from the international market continue to record a positive trend, manifested with a constant intensity on average throughout the first nine months of 2012 (2.0%). In a general context heading towards a decline in the regional production system, the number of weeks of production guaranteed by the extent of the orders portfolio as at the end of the third quarter was confirmed as the same level recorded three months earlier (7 weeks).
The plant usage level fell by 2.5%, from 74.7% in the second quarter to 72.7% in the third, lower than both the national level (74.2%) and the average for central regions.
The forecasts of business owners interviewed for the next quarter show a prevalence of negative opinions as regards production, orders and turnover, whilst opinions on international market orders are a little more optimistic.

In the first half of the year Umbrian businesses exported goods and services for a value of almost 2 billion euro, up 8.5% on the same period in 2011. Growth, however, though stronger than the national average slowed from the 15.3% recorded in 2011. Preliminary figures for the third quarter of 2012 confirm that the tendential growth rate for exports stands at the same level as for the first half (+8.4%). Regional exports benefited from a good performance of metals and metal products, the sales for which increased by over 20% year on year. As a result the sector increased its weighting on the overall exports segment to reach 37.1%. Among the other specialist sectors, textiles and chemicals grew by a more modest extent (around 7.0%). Food products, after the strong increase recorded in recent years, fell slightly (-2.2%). Analysis by target area shows that the growth in exports in the first half of the year was sustained by demand from non-EU countries (+29.4%), which offset the drop in sales within the EU (-4.5%). In line with the national figure, imports decreased (-11.2%), recording a negative performance which according to preliminary estimates became more marked in the third quarter (-12.3%).




Source: ISTAT

Key:

esportazioni (var% a/a) – exports (% change yoy)

In the first half of 2012 the decline of the construction industry continued. A much stronger recourse to social buffers accompanied the drop in employment levels in this sector (-5.9% year on year). The balance between cancellations and registrations in the Register of Companies was negative (-1.1% compared to the number of companies active at the start of the period). Based on data gathered by the Public Works Observatory, in 2012 investments in public works showed no significant change from the low levels seen in 2011. Private construction was conditioned by the poor level of companies' investments in production and by the weak spending power of households. Figures published by the Property Market Observatory indicate that in the first half of the year purchases and sales of residential properties fell by 21.7% compared to the corresponding period in 2011, with prices decreasing by 1.2% in real terms. More than half the companies in this segment, among those with at least 20 employees contacted as part of the Bank of Italy survey, reported a decrease in production volume during the year, higher for smaller sized operators. Forecasts for 2013 are marked by a strong degree of uncertainty: almost 80% of companies predict that production volumes will remain stable.

The decline in business in the first half of 2012 also affected services companies, especially small businesses. According to the Bank of Italy survey on private, non-financial services companies with 20 or more employees, the balance between declared increases and decreases in turnover in the first nine months of 2012 was negative by around 15%. This figure reflects the good performance of the larger companies.

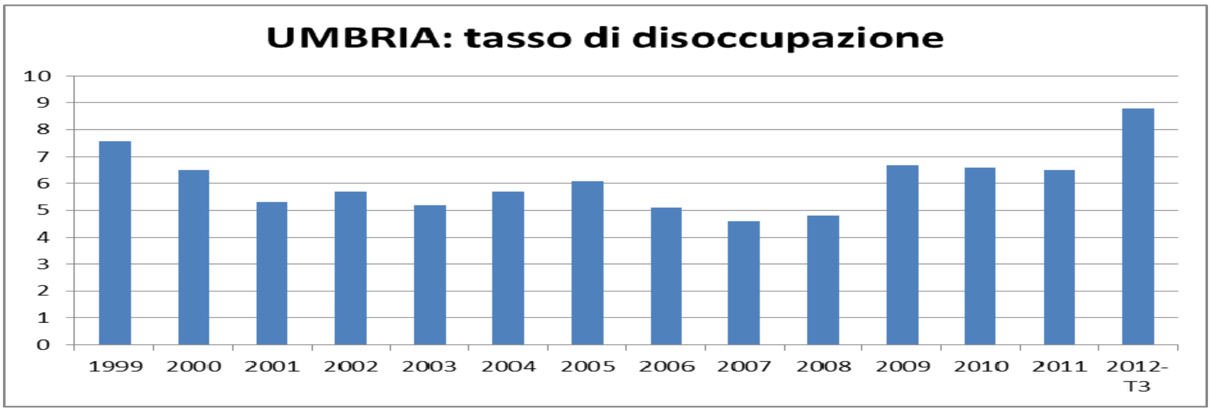
Based on the quarterly survey by Unioncamere, in the third quarter of 2012 50% of commercial companies interviewed reported a general decline in sales (the figure was 43% in the second quarter), against 9% that indicated an increase (14% in the second quarter). Total sales saw an 8.4% decrease on the same period of 2011, a result in line with the national figure (-8.3%) and indicating an intensification of the squeeze on activities since the decrease of 6.7% recorded in the previous quarter. The sectors analysed showed different performances, confirming the trend already emerging in the first six months of 2012: large-scale retailers in Umbria manage to limit the effects of the crisis better than other types of operator.

In the food and non-food retail segments the pace of the decline in sales seems to have become faster: in particular, in the food sector the decrease was 8.5% and for non-food 10.8%, 1.5% more than in the previous quarter.

The Bank of Italy survey showed that half the commercial businesses with 50 or more employees recorded a recovery in sales in the first nine months of the year. The difficulties were concentrated in the durables segment: the Italian Automotive Industry Association data indicate that new vehicle registrations in the first nine months of 2012 were down by 23.2%.

The sales forecasts of Umbrian business owners for the fourth quarter appear to be less optimistic than those reported at national level. Alongside the 48% of operators interviewed that reported a stable situation, 34% indicated a

decrease and the remaining 18% an increase. In this case, too, a better performance is confirmed for the large sellers, but only 9% of business owners reported a growth in sales whilst 18% indicated a decrease.
With regard to tourism, provisional figures from the Umbria Regional Government indicate that, after the growth seen in 2011, arrivals slowed in the first seven months of 2012 (0.5%) and the number of overnight stays decreased (-1.0%). For the latter, the decrease in this component at national level (-4.1%) was only partly offset by the increase in the number of foreign visitors (+4.7%) and only referred to hotels (-4.5%).
According to ISTAT's Workforce Measurement, the region's employment level in the first half of 2012 recorded a 0.7% decrease on the same period of 2011. The recomposition of jobs in favour of graduates and fixed-term or part-time employment contracts continued, growing by 7.6% and 5.1%, respectively. Among the production sectors, the increase in industry (+1.5%) was offset by a strong decrease in the building industry (-5.9%).




Source: EUROSTAT
Key:
tasso di disoccupazione – unemployment rate
T3 – Q3

The expansion of the job market (the activity rate grew by almost 2.0% to 68.6%) contributed to the considerable increase in the unemployment rate, which in the first half of the year reached an average 9.5%. The value rises to 17.4% in the 15-34 age range and to 32.2% among under 25s.
INPS data indicate that in the first nine months of the year over 22 million hours of use of the Redundancy Fund were authorised, 41.0% more than in the same period of 2011. The increase affected both the ordinary component (+82.3%) and the extraordinary component and exceptional recourse (+31.5%), accounting for around three quarters of the total. Among the region's specialist sectors, the increased use of the CIG was more marked in the mechanics and building industries (+54.2% and +41.0%, respectively).
In the first half of 2012 the regional credit market showed signs of a strong backward slide, also compared to the weak national trends: in the twelve months ending in June, bank loans to customers resident in Umbria, net of doubtful loans, reduced by 3.7%. The decline reflects the negative trend for loans disbursed by the top five national banking groups (-6.7%), whilst loans through other intermediaries have remained stable. According to Bank of Italy estimates on provisional figures, the decrease in loans continued during the summer months (-5.8% year on year for business loans, -0.7% in loans to households).

**Prestiti bancari per settore di attività economica** (1)
*(variazioni percentuali sui 12 mesi)*

| PERIODI | Amministrazioni pubbliche | Società finanziarie e assicurative | Imprese | | | | Famiglie consumatrici | Totale (4) |
|---|---|---|---|---|---|---|---|---|
| | | | | medio-grandi | piccole (2) | | | |
| | | | | | | famiglie produttrici (3) | | |
| Dic. 2010 | -0,4 | 42,4 | 4,3 | 3,9 | 5,3 | 2,8 | 4,4 | 4,2 |
| Dic. 2011 | -1,0 | -20,4 | -0,8 | -0,7 | -1,2 | 0,7 | 2,2 | 0,1 |
| Mar. 2012 | -0,4 | -18,9 | -3,2 | -3,3 | -2,7 | -0,9 | 1,1 | -1,7 |
| Giu. 2012 | -2,4 | -17,6 | -5,6 | -5,9 | -4,7 | -3,4 | -0,1 | -3,7 |
| | | | Consistenze di fine periodo in milioni di euro (5) | | | | | |
| Giu. 2012 | 1.006 | 59 | 13.895 | 10.075 | 3.820 | 1.834 | 6.844 | 21.925 |

Fonte: segnalazioni di vigilanza.
(1) Le variazioni sono calcolate sui prestiti al netto delle sofferenze e dei pronti contro termine e sono corrette per le cartolarizzazioni e le riclassificazioni. – (2) Società in accomandita semplice e in nome collettivo, società semplici, società di fatto e imprese individuali con meno di 20 addetti. – (3) Società semplici, società di fatto e imprese individuali fino a 5 addetti. – (4) Include anche le istituzioni senza scopo di lucro al servizio delle famiglie e le unità non classificabili o non classificate. – (5) I dati includono i pronti contro termine e le sofferenze.

Source: Bank of Italy Statistical Bulletin
Key:
Prestiti bancari per settore di attività economica – Bank loans by business sector
variazioni percentuali sui 12 mesi - % change yoy

Imprese – Company type
PERIODI – PERIODS
Amministrazione pubbliche – Public administration
Società finanziarie e assicurative – Financial and insurance companies
piccole – small medio-grandi – medium/large famiglie produttrici – family businesses
Famiglie consumatrici – Consumer households
Totale – Total
Dic./Mar./Giu. – Dec./Mar./Jun.
Consistenze di fine periodo in milioni di euro – Closing balances in millions of euro
Notes: (1) The changes were calculated on loans net of doubtful loans and repurchase agreements and were adjusted for securitisations and reclassifications – (2) Partnerships and joint ventures, non-capital companies, de facto corporations and sole proprietorships with less than 20 employees – (3) Non-capital companies, de facto corporations and sole proprietorships up to 5 employees – (4) Also includes non-profit institutions serving households and entities not classifiable or unclassified. – (5) Figures include repurchase agreements and doubtful loans.

With regard to businesses, also considering loans disbursed by financial companies, in June 2012 the drop in loans was 3.5% on average. The decline was reported to be higher in the building industry (-6.7%) and the manufacturing industry (-6.6%). Credit associated with trading portfolio management was affected by the weak economic situation, falling by 3.8%, whilst the weakness of fixed capital investments conditioned loans with maturities (-3.0%).
The reduced flow of lending was associated with increasing costs for businesses. In the first half of 2012 the short-term borrowing rate was 7.3% on average. The cost of credit was higher for the smaller-sized companies (9.7%).
Taking into consideration lending both from banks and financial companies, in June 2012 the growth in loans to households came to a halt. The slight drop in consumer credit (-0.4%) was associated with the slowing down of growth in bank mortgages for home purchases (3.6% from 5.8% in December 2011), coinciding with the decline in new disbursements (over one third less year on year) and the increase in related costs (to 4.5%, 40 basis points higher than in December 2011).
In the twelve months ending June 2012 the flow of new doubtful loans adjusted in relation to existing loans rose to 3.1% from 2.5% in December 2011. The deterioration in this indicator mainly affected businesses, the default rate for which reached 4.0% (3.1% in December 2011). The percentage of positions in temporary difficulty also increased, to 5.8% in June (9.2% in the building industry). For consumer households the default rate diminished slightly (from 1.4% to 1.3%), but an increase was recorded in non-performing positions (from 2.4% to 2.6%).
At the end of June 2012 bank deposits increased by 2.3% year on year. For households, which account for over 80% of deposits in the private, non-financial sector, deposits increased by 3.1%. The drop in current accounts was more than offset by the acceleration in other components. The phenomenon also reflects the banks' commercial policies, which in the first half of 2012 increased the remuneration on time deposits. Among the securities deposited with banks by Umbrian households and businesses, the total of Italian government securities increased by 10.3%.

### *Marche*

2012 saw a heightening of the recession that hit the Marche region economy in the latter part of 2011. Demand targeting regional industry weakened, affected by the drop in the domestic component. In the first half of the year industrial output declined, especially in the mechanics industry and those associated closest with the building industry. Economic activity again drew upon support from foreign demand. However, Marche region exports, unlike the Italian average, still remain below the peak levels achieved before the crisis.
According to preliminary figures of the main economic watchdogs, GDP could have decreased by around 1.9%, just below the values recorded by Italy as a whole.
The Bank of Italy's autumn survey shows that for approximately half the Marche businesses interviewed orders declined in the third quarter of the year. The short-term predictions of the operators are that the economic difficulties will persist.

**Quarterly economic survey - Total industry**

| | IV trim 2011 | I trim 2012 | II trim 2012 | III trim 2012 |
|---|---|---|---|---|
| Produzione | -4,0 | -2,4 | -5,2 | -4,1 |
| Vendite | | | | |
| -mercato interno | -4,2 | -5,8 | -9,2 | -6,1 |
| -mercato estero | -1,4 | -0,2 | 0,6 | 1,3 |
| Prezzi | | | | |
| -mercato interno | 1,9 | 1,2 | 1,5 | 1,8 |
| -mercato estero | 2,0 | 1,4 | 1,9 | 2,0 |
| Costi materie prime | | | | |
| -mercato interno | 1,5 | 1,7 | 2,3 | 1,9 |
| -mercato estero | 2,6 | 1,8 | 2,7 | 2,1 |
| Tendenza delle vendite* | | | | |
| -mercato interno | in diminuzione | in diminuzione | in diminuzione | in diminuzione |
| -mercato estero | in diminuzione | stazionaria | stazionaria | stazionaria |

*Source: Confindustria Marche Centro Studi, tendential percentage changes*
**Operators' forecasts for the next quarter*

Key:
IV trim/I trim/ecc – Q4/Q1/etc
Produzione – Production
Vendite – Sales
mercato interno/estero – domestic/international market
Prezzi – Prices
Costi materie prime – Raw materials prices
Tendenza delle vendite – Sales trend
in diminuzione – decreasing stazionaria - stationary

Indications of a considerable decline in production and trading emerge from periodic surveys on trends in the regional manufacturing industry for the third quarter of 2012.
According to results of the Confindustria Marche Quarterly Survey, in the quarter July-September 2012 industrial output fell by 4.1% compared to the same period of the previous year (-7.2% in Italy), with negative changes affecting all sectors of the regional economy, stronger in the following sectors: non-metal minerals (-9.5%), footwear (-5.2%), wood and furniture (-4.9%) and textiles-clothing (-4.1%). The figures for the third quarter of 2012 confirm the forecasts of a slowing down caused by the uncertain climate emerging in the last few months of 2011 and rising again in the middle part of the year. Expectations of a rapid recovery in demand remain negative, particularly in the domestic component due to difficult conditions in terms of liquidity and credit and especially as a result of the forecasts on income and employment published for the end of 2012.
In this scenario, the production system is feeling the effects of the persisting difficult economic context that particularly affects the domestic market, with an especially difficult situation for businesses in general. Vice versa, conditions on the international market have improved.
The operators interviewed confirm that the difficulties characterising the first part of 2012 remain, though faint optimistic signals emerge. Compared to figures for the first half, a marginal increase was seen in the percentage of companies reporting an improvement in activities (27% compared to 25% in the previous survey), whilst - though moderate - operators reporting a drop in production levels decreased (48% vs. 51% in the previous survey).
Commercial activities as a whole declined further in the third quarter of 2012. The sales trend decreased by 2.0% year on year (5.7% in the second quarter of 2012): domestic market sales recorded a 6.1% drop with negative changes seen in all sectors. Compared to the previous survey, the percentage of companies reporting improved sales remained limited (27% vs. 26% in the second quarter of 2012), whilst there was little change in the percentage of interviewees reporting a decline in activity levels (64% compared to 67% in the previous survey). Foreign sales showed a recovery (+1.3%), but with negative changes for the non-metal minerals, textiles-clothing and rubber and plastics industries. All other sectors were positive, particularly footwear (+4.7%) and wood and furniture (+3.1%). Worrying signs were noted, however, in relation to the stability of demand: compared to the second quarter of 2012 the percentage of companies reporting positive results was down (38% vs. 40%), whilst those reporting a decline remained stable (41% vs. 40% in the survey for the second quarter).
The level of plant usage was also down to 73.4% of the entire production capacity. The decrease is mainly attributable to the smallest-sized companies (1-9 employees), which reported a plant usage of 68.5%, whilst companies with 10-49 employees recorded 73.7% usage and those with 50-499 employees 77.3%.
The uncertainties characterising the current economic scenario are associated with a fairly stable price trend, with increases of 1.8% on domestic prices and 2.0% on international prices. Raw materials purchase costs increased visibly on the domestic market (1.9%) and more so on the international market (2.1%).
Operators' forecasts regarding the sales trend for the next few months seem to indicate a continuation of the difficulties, particularly on the domestic market. However, though still largely confined to certain segments and specific niche markets, the forecasts for foreign demand are more optimistic.
The investment appetite of the industrial companies remains at very low levels. Based on the Bank of Italy survey, 60% of companies have kept up with the 2012 investment plans, though modest. 27% reviewed their plans downwards, especially as a result of the financial difficulties and unexpected changes in demand. 30% of companies stated their intention to decrease investments further in 2013, double the number that instead plan to increase their investments.

**Principali risultati del sondaggio congiunturale sulle le imprese industriali** (1)
*(composizione percentuale e saldo delle risposte)*

| VOCI | Andamento congiunturale | | | Saldo tra le risposte |
|---|---|---|---|---|
| | In calo | Stabile | In aumento | |
| Spesa per investimenti nel 2012 rispetto a quella programmata a fine 2011 | 27,4 | 60,3 | 12,3 | -15,1 |
| Spesa per investimenti programmata per il 2013 | 29,8 | 55,1 | 15,1 | -14,7 |
| Variazione fatturato nei primi tre trimestri del 2012 rispetto allo stesso periodo del 2011 | 60,9 | 17,7 | 21,4 | -39,5 |
| Andamento degli ordini a fine settembre 2012 rispetto a fine giugno 2012 | 48,2 | 35,9 | 16,0 | -32,2 |
| Ordini previsti a fine marzo 2013 rispetto a fine settembre 2012 | 35,5 | 42,3 | 22,1 | -13,4 |
| Andamento della produzione previsto nel quarto trimestre del 2012 rispetto al terzo | 37,2 | 43,8 | 19,0 | -18,2 |

Fonte: Banca d'Italia, *Sondaggio congiunturale sulle imprese industriali.*
(1) Sondaggio condotto su un campione regionale di 168 imprese dell'industria in senso stretto con almeno 20 addetti. Stima delle percentuali al netto della risposta "non so, non intendo rispondere", effettuata usando per ogni impresa un coefficiente di ponderazione che, per le distribuzioni totali di classe dimensionale e settore di attività, tiene conto del rapporto tra le numerosità del campione e dell'universo.

Source: Bank of Italy, industrial companies survey

Key:
Principali risultati del sondaggio congiunturale sulle le imprese industriali – Main results of the industrial companies survey
composizione percentuale e saldo delle risposte – percentage breakdown and balance of responses
Andamento congiunturale – Economic trend
VOCI – ITEMS
in calo/stabile/in aumento – decreasing/stable/increasing
saldo tra le risposte – balance of responses
Spesa per investimenti nel 2012 rispetto a quella programmata a fine 2011 – Investment spending in 2012 compared to that planned at the end of 2011
Spese per investimenti programmata per il 2013 – Planned investment spending for 2013
Variazione fatturato nei primi tre trimestri del 2012 rispetto allo stesso periodo del 2011 – Change in turnover in the first three quarters of 2012 compared to the same period in 2011
Ordini previsti a fine marzo 2013 rispetto a fine settembre 2012 – Orders forecast at the end of March 2013 compared to the end of September 2012
Andamento della produzione previsto nel quarto trimestre del 2012 rispetto al terzo – Production performance forecat for the fourth quarter of 2012 compared to the third quarter
Notes (1) Survey conducted on a regional sample of 168 industrial companies with at least 20 employees. Estimate of percentages net of "don't know/don't wish to answer" responses, performed using a weighting for each company which, for the total distribution by size and business sector, take into account the ratio between the extent of the sample and the total.

In the first half of 2012 a further decline in construction industry activities was seen in the Marche region. According to Confindustria Marche data, production was down by around 10.7% in real terms and year on year in the first half of 2012.
In the residential construction segment, the first half of 2012 recorded a decrease in production of approximately 7.2% compared to January-June 2011. The decline in this segment drove the entire building industry to a negative performance given its importance in terms of production volumes and employment. The decrease in house building reflects the very weak performance of the public component (-12.7%). The private component also recorded a further decrease (-3.8%), particularly driven by the component working to tender (-18.6%) and third party contractors (-6.6%), despite the contribution of tax incentives and aid for refurbishment of existing residential assets.
A further strong contraction in non-residential building production was seen, recording a considerable drop in the first half of 2012 (-22.1%). This decrease, following on from the negative figure recorded in the second half of 2011, confirms the continuing high degree of uncertainty in the expansion plans of many manufacturing companies, particularly hard hit in relation to medium/long-term decisions by the stagnation of domestic and international demand.
A further decline was also seen in public works, which recorded a 14.1% decrease in production levels compared to the first half of 2011.
The weak economic trend seen in the sector during the half-year is reflected in the levels of employment, which pursued the downtrend seen in previous half-yearly periods. According to Confindustria Marche estimates, employment fell for blue collars (-0.6%) and - to a lesser extent - for white collars (-0.2%). The lower employment level

is matched by a further marked drop in the number of hours worked with respect to the first half of 2011 (-22.9%) and to the second half of the same year (-8.4%). In the first half of 2012, recourse to the CIG Redundancy Fund was up by 57.5% compared to the first half of 2011, of which 37.6% the increase in the ordinary component, 334.7% in the extraordinary component and 126.3% in the figure for exceptional recourse to the fund.
With regard to production trends, the operators' forecasts indicate that the difficult conditions will continue in the next few months. The percentage of operators reporting an increase in production remains low (1%), whilst the percentage envisaging stationary production has risen (33% vs. 30% in the previous survey). Compared to the second half of 2011, the companies considering the level of demand to be high remains more or less zero, whilst the percentage of operators reporting weak demand has risen slightly (95%).
Marche region Building Industry - Value of Production (tendential % change)

| PRODUZIONE | II semestre 2011 | I semestre 2012 |
|---|---|---|
| **Edilizia abitativa** | **-5,5** | **-7,2** |
| Pubblica | -3,1 | -12,7 |
| Privata | -5,7 | -3,8 |
| - c/proprio | -12,7 | 0,2 |
| - c/terzi | 1,2 | -6,6 |
| - convenzionata | -3,3 | -18,6 |
| **Edilizia non abitativa** | **-5,6** | **-22,1** |
| **Lavori pubblici** | **-14,6** | **-14,1** |
| Altro | -14,1 | -7,2 |
| **Totale** | **-8,1** | **-10,7** |

Source: Confindustria Marche
Key:
PRODUZIONE – PRODUCTION
I/II semestre – H1/2
Edilizia abitativa/non abitativa – Residential/Non-residential construction
Pubblica/Privata – Public/Private
c/proprio – own account c/terzi – as contractors convenzionata – under tender
Lavori pubblici – Public works
Altro – Other
Totale – Total

The services sector has felt the negative effects of a weak consumer demand. Based on the Bank of Italy's economic survey on non-financial services companies, in the first nine months of the year the number of decreases in turnover compared to the corresponding period in 2011 (55% of companies) dominated the number of cases reporting an increase (25%). The unfavourable economic scenario has had a negative impact on trade, tourist inflows and on goods and passenger transport.
Based on data provided by the Italian Automotive Industry Association, in the first nine months of the year car registrations fell by 23.3%, more than the national average (-20.4%). In the first half of the year light commercial vehicle registrations decreased by 37%, in line with the national figure.
According to figures published by the Marche Regional Government, the flow both of Italian and foreign tourists in the first six months of the year remained essentially stable compared to the same period in 2011, but the flow of tourists to hotels decreased. The Italian international tourism survey, conducted by the Bank of Italy for its balance of payments, showed a 2.0% drop in spending by foreign tourists in the region.
The Confindustria Marche survey shows that in the first nine months of 2012 regional exports grew by 4.8%, a figure higher than the national average (+3.5%) but lower than that of regions in Central Italy (+6.6%).
The increase in regional exports mainly referred to non-EU27 markets (+10.6%), whilst the EU markets recorded a 1% increase. In the top 20 target countries, the first four places are taken by France (+1.6%), Germany (+7%), Belgium (+9.3%) and Russia (+18.7%). Strong results were seen for the United States (+44.6%), the UAE (+31.6%), Hong Kong (+31.4%) and China (+21.9%), whilst exports decreased to Portugal (-21.6%) and Spain (-15.1%).
At sector level, positive performances higher than the regional average were recorded in machinery and equipment (+11.8%), pharmaceutical products (+11.1%), furniture (+7.2%), food products (+13.3%), computers, electronic and optical devices (+6%), oil products (+12.6%), textile products (+10.1%), cars (+16.1%) and wood and cork products (+19.4%). Increases were also seen in base metals and metal products (+4.8%), clothing (+4.7%), paper and paper products (+4.7%), leather goods and footwear (+4.1%) and chemical substances and products (+4.1%). Exports were down for electrical appliances (-2.2%), other means of transport (-24%) and rubber and plastic products (-0.5%).

Based on preliminary data published by the March Region Labour Market Observatory, in the third quarter of 2012 employment levels increased by approximately 1.0% (around 6,600 more to reach 651,784) compared to the same period in 2011. The overall rate of activity rose by 1.9% to stand at 68.6%, a figure slightly lower than that of the

Northern regions but considerably higher than the average for regions in Central Italy (66.8%) and the country as a whole (63.1%).
The manufacturing industry saw the loss of around 4,300 jobs (-2.2%) and the figure for the agricultural sector was also very high (approx. -33%). However, both the building industry (+1.9%) and the services industry (+5.0%) show a marked expansive trend with over 20 thousand employees more than in the same quarter of 2011. Nevertheless, the number of unemployed continues to rise, standing at just under 57 thousand (+24.0%). The unemployment rate is at 8.0%, up 1.4 percentage points in tendential terms. The number of unemployed in the 15-64 age range diminished considerably, by 6.8% compared to the same period in 2011 (23 thousand less). The same segment, however, saw a considerable increase in the numbers available for work, i.e. those that have ceased or slowed their search for a job but still declare themselves available for work (+13.0%). The rate of 15-64 inactivity fell from 32.2% to 31.4% (national rate 36.9%).
In the third quarter of 2012 the number of ordinary and extraordinary hours of recourse to CIG funds authorised as a whole in the region increased to just under 6 million, up 72.3% on the same period of the previous year. This trend relates both to the ordinary component, in which industry recourse increased by 86.2%, and to the extraordinary component, with equal intensity. The sectors in most difficulty are wood-furniture which recorded a 236.9% increase to reach an impact of almost 20% on the total number of hours authorised for the entire region. Mechanics recorded a more limited trend (+57.7%), but was the sector recording the highest recourse to the Redundancy Fund with a quota of 47.4%. There was also a strong increase in the number of hours authorised in the chemicals-rubber-plastics segment which reached a threshold of almost 300 thousand from the previous figures of 147 thousand hours (+103.7%). Fashion industry figures also rose, both in the textile-clothing sector (+40.8%) and leather and footwear (+31.8%). Exceptional use of the Redundancy Fund by the region also increased considerably. The number of hours authorised rose from around 2.5 million in the third quarter of 2011 to exceed the 4 million threshold, up 62.5%.

After the deceleration that began in summer 2011, bank loans in the Marche region diminished from the first few months of 2012. In June, loans (net of doubtful loans and repurchase agreements) fell by 3.6% compared to the same period of the previous year. This trend mainly affected the drop in loans to businesses (-5.4% year on year), stronger with regard to smaller-sized businesses (-6.9%). Loans to households gradually decelerated, remaining stationary in June (+0.1% from +2.0% at the end of 2011).
The decline in credit was more marked for the top five banking groups (-5.0% in June) than for other lenders (-2.9%). The Bank of Italy estimates that, based on the latest available figures, the decrease in loans also continued during the summer months (-3.4% year on year in August).

**Prestiti bancari per settore di attività economica** (1)
*(variazioni percentuali sui 12 mesi)*

| PERIODI | Amministrazioni pubbliche | Società finanziarie e assicurative | Imprese | | | | Famiglie consumatrici | Totale (4) |
|---|---|---|---|---|---|---|---|---|
| | | | | medio-grandi | piccole (2) | | | |
| | | | | | | famiglie produttrici (3) | | |
| Dic. 2010 | -1,4 | -8,4 | 1,8 | 2,3 | 0,7 | 2,6 | 3,5 | 1,6 |
| Dic. 2011 | -1,6 | -6,2 | 0,1 | 1,2 | -2,8 | -2,7 | 2,0 | 0,3 |
| Mar. 2012 | -3,6 | -7,9 | -1,9 | -0,7 | -5,3 | -4,9 | 1,1 | -1,4 |
| Giu. 2012 | -3,6 | -4,5 | -5,4 | -4,8 | -6,9 | -6,6 | 0,1 | -3,6 |
| | | | Consistenze di fine periodo in milioni di euro (5) | | | | | |
| Giu. 2012 | 2.033 | 2.096 | 27.572 | 20.465 | 7.107 | 3.682 | 13.501 | 45.378 |

Fonte: segnalazioni di vigilanza.
(1) Le variazioni sono calcolate sui prestiti al netto delle sofferenze e dei pronti contro termine e sono corrette per le cartolarizzazioni e le riclassificazioni. – (2) Società in accomandita semplice e in nome collettivo, società semplici, società di fatto e imprese individuali con meno di 20 addetti. – (3) Società semplici, società di fatto e imprese individuali fino a 5 addetti. – (4) Include anche le istituzioni senza scopo di lucro al servizio delle famiglie e le unità non classificabili o non classificate. – (5) I dati includono i pronti contro termine e le sofferenze.

Source: Bank of Italy Statistical Bulletin
Key:
Prestiti bancari per settore di attività economica – Bank loans by business sector
variazioni percentuali sui 12 mesi - % change yoy
Imprese – Company type
PERIODI – PERIODS
Amministrazione pubbliche – Public administration
Società finanziarie e assicurative – Financial and insurance companies
piccole – small medio-grandi – medium/large famiglie produttrici – family businesses
Famiglie consumatrici – Consumer households
Totale – Total

Dic./Mar./Giu. – Dec./Mar./Jun.

Consistenze di fine periodo in milioni di euro – Closing balances in millions of euro

Notes: (1) The changes were calculated on loans net of doubtful loans and repurchase agreements and were adjusted for securitisations and reclassifications – (2) Partnerships and joint ventures, non-capital companies, de facto corporations and sole proprietorships with less than 20 employees – (3) Non-capital companies, de facto corporations and sole proprietorships up to 5 employees – (4) Also includes non-profit institutions serving households and entities not classifiable or unclassified. – (5) Figures include repurchase agreements and doubtful loans.

Taking into account not only bank loans, but also those of financial companies, in June 2012 credit to the production sector fell by 3.4% year on year. The decline was greater among manufacturing companies (-6.9%) and construction companies (-6.5%), and more limited for services companies (-2.4%). The decrease in loans also continued during the summer months (-3.0% in August, according to the most recent Bank of Italy estimates).

Among the various loan types, associated with the drop in turnover levels, loans for trading portfolio management such as advances and factoring recorded a decrease (-3.3% in June). Current account overdraft facilities also fell (-6.5%) as did loans with maturities (-2.9%).

The average cost of business loans, which has increased since the end of 2010, rose yet again. In the second quarter of 2012 the average rate on short-term borrowing reached 6.9%, six percentage points higher than the last quarter of 2011. The increase was stronger for small businesses and construction companies.

Taking into account all intermediaries, loans disbursed to consumer households in the region remained stable throughout the year (-0.1% in June from 2.0% in December 2011). The stability mainly reflects the strong slowing down in home loans (which represent 60% of household debt), which increased year on year by 1.6% from the 3.5% recorded in December 2011.

The interest rates applied on new loans began to decrease slightly only in the second quarter of the year, coinciding with the improvement in banks' liquidity positions, to reach 4.1%. The decrease was more marked in the fixed-rate component.

Consumer credit disbursed by banks and financial companies decreased (-2.7% in June), accentuating the negative trend recorded since the start of the first half of 2012. The component most heavily penalised was loans for durable goods, in line with the weak consumption trend. Bank loans for purposes other than property purchases and consumer credit were also down (-2.6%).

The stagnation of economic activities was reflected in credit quality. In June 2012 the flow of new doubtful loans to regional customers, in relation to existing loans, rose to 2.8% from 2.3% at the end of 2011. The default rate increased only among business loans (from 2.8% at the end of 2011 to 3.5% in June 2012), particularly to the building industry (7.4%). The rate decreased, however, for households (from 1.6% to 1.4%). An increase was also seen in non-performing and restructured positions, which in June 2012 represented 5.4% of active loans (+1.0% compared to the end of 2011). In this case, too, the increase concerned business loans, the weight of these exposures rising to 6.7% from 5.3% in December 2011. In the building industry the impact was 10.3% (8.0% in December). For households, however, the weight of non-performing and restructured loans on total loans increased by a lesser extent (from 3.0% to 3.3%).

In June 2012 bank deposits from retail customers resident in the region grew by 1.9% year on year, above all the result of the increase in deposits (+5.2%). The performance of bank bonds, weak throughout 2011, turned negative. In terms of deposits, the number held by households increased (+6.3%), whilst those of businesses remained unchanged (+0.5%). Among technical forms, current accounts (-4.9%) and repurchase agreements (-68.5%) diminished, whilst there was an increase in time deposits. The growth in deposits continued during the summer months at a slower pace (+3.9% in August).

# Economic results

## General aspects

The "Exhibits" to the financial statements present the reclassification criteria and the reconciliation statement between the reclassified consolidated income statement and the Bank of Italy income statement layout.
As mentioned earlier, in order to favour comparison with the figures as of 31 December 2012, the income statement as of 31 December 2011 have been presented proforma to take into account the different scope of consolidation.

### Reclassified consolidated income statement

(millions of euros)

| | 31.12.2012 PF (*) | 31.12.2011 PF (*) | changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Net interests | 708 | 698 | 10 | 1.4 |
| Dividends and gains (losses) from equity investments valuated under the equity method | -18 | -1 | -17 | n.s. |
| Net commissions | 356 | 356 | - | - |
| Result from trading | 17 | 168 | -151 | -89.9 |
| Other operating income (expenses) | 82 | 83 | -1 | -1.2 |
| **Net operating income** | **1,145** | **1,304** | **-159** | **-12.2** |
| Staff costs | -410 | -417 | 7 | -1.7 |
| Other administrative expenses | -318 | -326 | 8 | -2.5 |
| Value adjustments/write backs on property, plant and equipment and intangible assets | -24 | -23 | -1 | 4.3 |
| **Operating costs** | **-752** | **-766** | **14** | **-1.8** |
| **Operating result** | **393** | **538** | **-145** | **-27.0** |
| Provisions for risks and charges - net | -1 | -7 | 6 | -85.7 |
| Value adjustments/write-backs for worsening of loans | -409 | -285 | -124 | 43.5 |
| Value adjustments/write-backs for worsening of other assets | -6 | -5 | -1 | 20.0 |
| Gains (Losses) on financial assets held to maturity and other investments | 7 | 61 | -54 | -88.5 |
| **Gains (losses) from current operations, including taxes** | **-16** | **302** | **-318** | **n.s.** |
| Income taxes for the year on current operations | 9 | -58 | 67 | n.s. |
| Integration-related costs and resignation incentives (net of taxes) | -10 | -47 | 37 | -78.7 |
| Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | 5 | -5 | -100.0 |
| Minority interest net profit/(loss) | -13 | -16 | 3 | -18.8 |
| **Net profit (loss)** | **-30** | **186** | **-216** | **n.s.** |

(*) The figures are presented proforma to backdate to 1 January 2011 the effects of the area reorganisation transactions completed in 2012. Furthermore the 2011 figures are presented proforma excluding the contribution of the 11 branches, assigned to Cariparma in March that year, from the individual items. The imbalance caused by these transactions was reclassified to "Minority interest net profit/(loss)" in order to maintain the same net result.

# Quarterly evolution of the reclassified consolidated income statement

(millions of euros)

| Items | 2012 PROFORMA (*) | | | | 2011 PROFORMA AND RESTATED (*) | | | |
|---|---|---|---|---|---|---|---|---|
| | 4th quarter | 3rd quarter | 2nd quarter | 1st quarter | 4th quarter | 3rd quarter | 2nd quarter | 1st quarter |
| Net interests | 156 | 186 | 185 | 181 | 168 | 181 | 174 | 175 |
| Dividends and gains (losses) from equity investments valuated under the equity method | -7 | -7 | -2 | -2 | -2 | - | 2 | - |
| Net commissions | 92 | 90 | 90 | 84 | 87 | 83 | 89 | 97 |
| Result from trading | 12 | 2 | 0 | 2 | 2 | -2 | 159 | 8 |
| Other operating income (expenses) | 22 | 17 | 22 | 21 | 27 | 17 | 22 | 17 |
| **Net operating income** | **275** | **288** | **296** | **286** | **282** | **280** | **445** | **297** |
| Staff costs | -96 | -99 | -109 | -106 | -94 | -106 | -110 | -106 |
| Other administrative expenses | -76 | -77 | -83 | -81 | -80 | -83 | -84 | -78 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | -7 | -6 | -6 | -6 | -6 | -6 | -6 | -6 |
| **Operating costs** | **-178** | **-183** | **-198** | **-193** | **-180** | **-196** | **-199** | **-191** |
| **Operating result** | **97** | **105** | **98** | **93** | **101** | **84** | **246** | **107** |
| Provisions for risks and charges - net | -3 | -0 | 2 | 0 | -3 | 1 | -3 | -2 |
| Value adjustments/write-backs for worsening of loans | -134 | -82 | -104 | -89 | -102 | -48 | -80 | -56 |
| Value adjustments/write-backs for worsening of other assets | -4 | 0 | -2 | - | -5 | - | - | - |
| Gains (Losses) on financial assets held to maturity and other investments | 5 | 0 | -0 | 2 | -3 | 2 | - | 62 |
| **Gains (losses) from current operations, including taxes** | **-39** | **23** | **-6** | **5** | **-12** | **40** | **164** | **111** |
| Income taxes for the year on current operations | 17 | -16 | 19 | -10 | 21 | -21 | -25 | -32 |
| Integration-related costs and resignation incentives (net of taxes) | -9 | -0 | -1 | -0 | -47 | - | - | - |
| Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | - | - | - | -3 | - | -2 | 10 |
| Minority interest net profit/(loss) | -2 | -12 | 2 | -1 | 4 | -6 | -5 | -9 |
| **Net profit (loss)** | **-33** | **-5** | **14** | **-6** | **-39** | **13** | **132** | **80** |

(*) The figures are presented proforma to backdate to 1 January 2011 the effects of the area reorganisation transactions completed in 2012. The 2011 figures are also presented proforma to exclude the contribution of the 11 branches, transferred to Cariparma in March that year, from the individual items and were restated where necessary following the change in the recognition principle for actuarial gains and losses relating to staff severance pay and pension funds. The imbalance caused by these transactions was reclassified to "Minority interest net profit/(loss)" in order to comply with the no-change criterion of the original net profit.

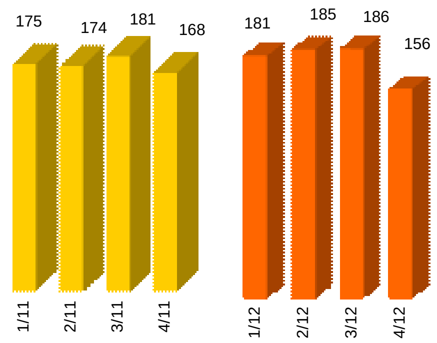
# Net operating income

## *Net interests*

(millions of euros)

| Items | 31.12.2012 Proforma | 31.12.2011 Proforma | changes absolute | changes % |
|---|---|---|---|---|
| Relations with customers | 725 | 772 | -47 | -6.1 |
| Outstanding securities | -23 | -57 | 34 | -59.6 |
| Margins on hedging derivatives | 18 | 12 | 6 | 50.0 |
| **Customer trading** | **720** | **727** | **-7** | **-1.0** |
| Financial assets held for trading | 1 | 1 | - | - |
| Financial assets held for trading | 2 | 2 | - | - |
| Financial assets available for sale | 18 | 19 | -1 | -5.3 |
| **Financial assets** | **21** | **22** | **-1** | **-4.5** |
| Relations with banks | -93 | -84 | -9 | 10.7 |
| Impaired assets | 67 | 43 | 24 | 55.5 |
| Other net interests | -7 | -10 | 3 | -30.0 |
| **Net interests** | **708** | **698** | **10** | **1.4** |

Quarterly evolution Net interests




**Quarterly evolution of net interest**

Compared to 2011, net interest increased by € 10 million (+1.4%). "Customer trading" decreased by € 7 million and was predominantly affected by the reduction in interest rates throughout the second half of 2012, which had a negative impact on the returns of medium/long-term lending (which account for approximately 63% of the entire loan portfolio and are for the most part index-linked). The decrease in interest rates affected also short-term lending, partially curbing the re-pricing actions taken several times during the year to mirror more closely the higher risks for customers. This negative trend was almost entirely offset by the lower interest income on securities borrowing (€ -40 million, including differentials on hedging derivatives) favoured by the physiological reduction of bond stocks, while the relations with banks established in place of borrowing on bonds generated higher net charges for € 9 million.
The growth of this aggregate, therefore, was made possible by higher interest from the actualisation of loans (€+24 million), while the contribution by the owned securities portfolio was essentially steady.
The quarterly performance of this caption deserves a special mention. The last quarter of 2012 was characterised by particular events which led to a slight decrease in the contribution, namely: the deconsolidation (only for the last quarter) of Cassa di Risparmio di Ascoli Piceno and Banca CR Firenze Romania (impact of € -13 million), the reversal of interest erroneously collected also in previous years on mortgages subject to moratorium in accordance with the Family Plan (€ -5 million) and recording of the unwinding on hedging derivatives after some agreements no longer applied (€ -4 million); as one can see, the € 30 million decrease occurred between the third and the fourth quarter of 2012 was due to the events described above (for € 22 million) while the remaining part was due to the adjustment of the rates applied to a portion of the loans.

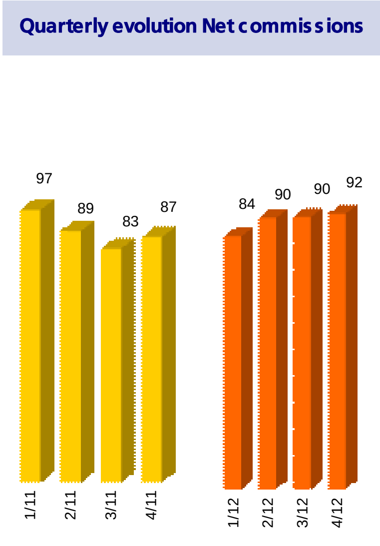
## *Dividends and gains (losses) from equity investments valuated under the equity method*

At 31 December 2012, the caption in question was negative by € 18 million, clearly worse than the balance, also negative, of € 1 million recorded in 2011. The breadth of the change was almost entirely determined by the different contribution of Centro Leasing S.p.A., a company consolidated using the equity method which, during the year that has just ended, produced a negative result for Banca CR Firenze of about € 20 million, against a loss of € 3 million in 2011.

## *Net commissions*

(millions of euros)

| Items | 31.12.2012 Proforma | 31.12.2011 Proforma | changes absolute | changes % |
|---|---|---|---|---|
| Guarantees given | 10 | 10 | 0 | - |
| Collection and payment services | 22 | 21 | 1 | 4.5 |
| Current accounts | 126 | 106 | 20 | 19.2 |
| Credit and debit card service | 16 | 17 | -1 | -7.4 |
| **Commercial banking activity** | **174** | **154** | **20** | **13.2** |
| Dealing and placement of securities | 77 | 88 | -11 | -12.8 |
| Currency trading | 4 | 5 | -1 | -11.3 |
| Portfolio management | 6 | 6 | -0 | - |
| Distribution of insurance products | 41 | 50 | -9 | -19.4 |
| Other dealing / management commissions | 5 | 5 | 0 | - |
| **Management, dealing and consultancy activities** | **133** | **154** | **-21** | **-14.1** |
| Other commissions | 49 | 48 | 1 | 3.0 |
| | | | - | |
| **Net commissions** | **356** | **356** | **-** | **0.0** |



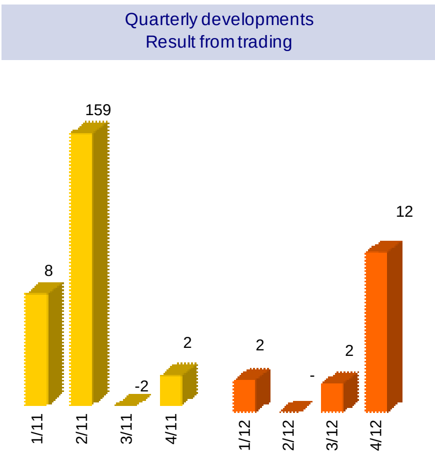

**Quarterly evolution of net commissions**

Net commissions are substantially aligned to the previous year's values, although this performance derives from alternating dynamics in the various segments. In fact, while in the context of "Current accounts" there was a decisive increase in revenues (€ +20 million, connected particularly to the new regime of the commission for funds availability), the contribution by the distribution of insurance products decreased by € 10 million and "Dealing and placement of securities" contributed by € 11 million. The latter segment was heavily affected by the lower commissions collected on the placement of the Parent Company's bonds (€ -18 million, with volumes going from € 2.6 billion to € 1.1 billion), net of which it would have increased by € 7 million, thanks to the massive placement of the mutual investment funds of the "Active Management" line. The contributions by the other segments were essentially steady.
With regards to the quarterly performance, it is worth highlighting that, as can be seen from the graphs and charts, the last three months of 2012 showed a return to a contribution above € 90 million (lower only to that of the first quarter of 2011), despite the missing contribution (estimated in € 5 million) by CR Ascoli Piceno and Banca CR Firenze Romania following their partial deconsolidation.

## *Result from trading*

(millions of euros)

| Items | 31.12.2012 Proforma | 31.12.2011 Proforma | changes absolute | changes % |
|---|---|---|---|---|
| *Trading result (securities and derivatives, currencies, financial derivatives)* | *7* | *7* | *0* | *4.8* |
| *Other financial assets/liabilities: exchange differences* | *5* | *4* | *1* | *40.0* |
| *Result from hedging* | *2* | *0* | *2* | *n.s.* |
| Total gains (losses) on financial assets/liabilities held for trading | 14 | 11 | 3 | 30.5 |
| Gains (Losses) from disposal of financial assets available for sale and repurchase of financial liabilities | *3* | *156* | -153 | -98.1 |
| Dividends and similar income on AFS securities | - | *1* | -1 | -100.0 |
| **Result from trading** | **17** | **168** | **-151** | **-89.9** |



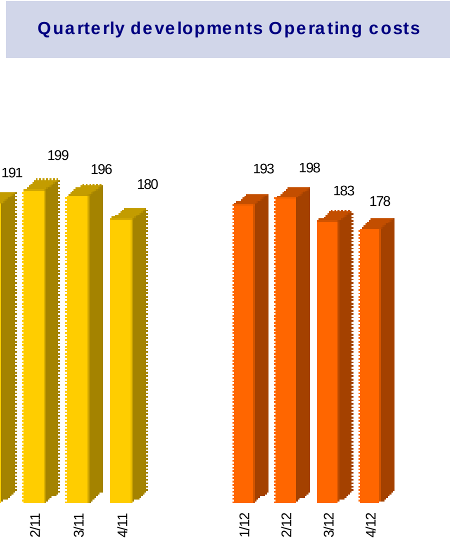

**Quarterly evolution of Result from trading**

The significant decrease in the caption in question is almost entirely determined by the capital gain obtained in the previous year from the sale of the last 25% of the investment held in Findomestic Banca by Banca CR Firenze, amounting to approximately € 154 million (gross of taxes).

## Operating costs

(millions of euros)

| Items | 31.12.2012 Proforma | 31.12.2011 Proforma | changes absolute | % |
|---|---|---|---|---|
| Wages and salaries | 288 | 293 | -5 | -1.8 |
| Social security charges | 77 | 80 | -3 | -3.6 |
| Other | 45 | 44 | 1 | 3.1 |
| **Staff costs** | **410** | **417** | **-7** | **-1.7** |
| Information technology costs | 33 | 36 | -3 | -8.5 |
| Management of real estate assets | 59 | 59 | -0 | -0.4 |
| General structure costs | 33 | 35 | -2 | -4.4 |
| Legal and professional costs | 20 | 18 | 2 | 12.5 |
| Advertising and promotional costs | 8 | 8 | -0 | -2.9 |
| Indirect staff costs | 4 | 7 | -3 | -41.5 |
| Other costs | 149 | 151 | -2 | -1.4 |
| Indirect duties and taxes | 65 | 66 | -2 | -2.8 |
| Recovery of expenses and charges | -52 | -53 | 1 | 2.6 |
| **Other administrative expenses** | **318** | **326** | **-8** | **-2.5** |
| Property, plant and equipment | 23 | 23 | - | - |
| Intangible assets | 1 | - | 1 | - |
| **Amortisation/depreciation** | **24** | **23** | **1** | **4.3** |
| **Operating costs** | **752** | **766** | **-14** | **-1.8** |




**Quarterly evolution of Operating costs**

Operating costs decreased by 1.8%, marking the first descent, on a quarterly basis, under € 180 million of the last two years. Staff costs decreased by € 7 million, mainly due to the reduction in the average number of staff, while the € 8 million decrease in other administrative expenses affected almost every type of cost, with savings that were more consistent for IT service costs and indirect staff costs.

## Operating result

The operating result amounts to € 393 million, down 27% on the same period of last year, due to lower net operating income (€ -159 million) and despite the simultaneous reduction in operating costs (€ -14 million). Therefore, the cost/income ratio increases by 8 points, from 58.7% to 65.7%. Moreover, even excluding from the income for 2011 the capital gain deriving from the sale of the investment in Findomestic Banca, the margin in question would record an increase of € 9 million (+2.3%), while the cost/income would record a reduction of two percentage points, settling at 64.6% compared to the 66.6% recorded in December 2011.

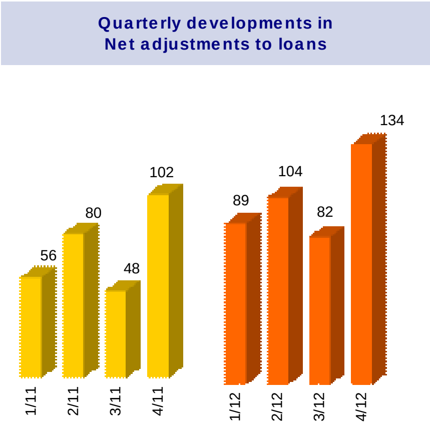
## Provisions for risks and charges - net

The caption in question was much more contained compared to last year, passing from € 7 million to € 1 million, due to fewer necessities and the reduction in provisions allocated in previous years which have become excess to requirements.

## Value adjustments/write-backs for worsening of loans

(millions of euros)

| Items | 31.12.2012 Proforma | 31.12.2011 Proforma | changes absolute | changes % |
|---|---|---|---|---|
| Doubtful loans | 168 | 125 | 43 | 34.8 |
| Non-performing and restructured loans | 157 | 118 | 39 | 32.7 |
| Expired/overdue loans | 75 | 36 | 39 | |
| Performing loans | 9 | 5 | 4 | 80.5 |
| **Net value adjustments to loans** | **409** | **284** | **125** | **44.2** |
| **Net adjustments for guarantees and commitm** | **-** | **1** | **-1** | |
| **Value adjustments/write-backs for worsening of loans** | **409** | **285** | **124** | **43.5** |




**Quarterly evolution of Value adjustments for worsening of loans**

2012 closes with an adjustment value decidedly higher than that of 2011, with an increase close on 40%. This trend can be attributed to increased write-backs on doubtful loans (€+43 million), on non-performing/restructured and expired/overdue loans (€ +39 million in both cases), while there was an increase in adjustments to performing loans of € 4 million.
The contribution of the fourth quarter to the caption in question is by far the highest of the last 24 months, settling at levels approx. 45% above those of the average value of the first three quarters of the year (€ 92 million).

## Value adjustments/write-backs for worsening of other assets

The caption in question recorded a negative balance of € 6 million, falling even further compared to the balance, also negative, of approximately € 5 million recorded in 2011; in the year that has just ended, these adjustments comprise of the write-down of the investment held by Banca CR Firenze in Immobiliare Novoli S.p.A. and Brain Technology S.p.A. (classified in the AFS portfolio), of some instrumental properties and certain UCITS held in the property portfolio, while in 2011 the write-downs consisted almost exclusively of the value adjustments to the same investment in Novoli S.p.A.

## Gains (Losses) on financial assets held to maturity and on other investments

At the end of 2012, the caption in question amounts to € 7 million and includes gains from the sale of properties for € 3 million and a further € 3 million deriving from the capital gain on the sale of the investment in Centro Leasing and Centro Factoring held by Banca CR Firenze (despite being carried out between entities under common control, this transaction showed economic substance as it involved purchasing the minorities interests in the aforesaid companies held by business outside the Group). In 2011, the gains in question amounted to € 61 million and particularly comprised, gross of the tax effect, profit deriving from the sale to Ente Cassa di Risparmio di Firenze of the property in Via Bufalini in Florence and the assignment to Cariparma of eleven branches of Banca CR Firenze, for amounts of € 25 million and € 33 million respectively.

## Gains/(Losses) from current operations, including taxes

As a result of the above, the margin in question was negative for € 16 million at the end of 2012 (€ 302 million in 2011). The extent of this gap was predominantly due to the considerable capital gains from sales in the previous year, but even if we assumed their exclusion, the gap would still amount to over € 100 million, due to the higher net value adjustments on loans.

## Income taxes for the year on current operations

The value of income taxes is positive for € 9 million, essentially due to the presence of positive components of an extraordinary nature amounting to € 32 million. They derive from the entry of receivables (€ 20 million) corresponding to the amount of taxes and related to the years from 2007 to 2011, which were subject to requests for refunds in accordance with Legislative Decree no. 201/2011 (so-called “Monti Decree”) and Legislative Decree no. 16/2012 for the recognition of deductibility for IRES purposes of the higher portion of IRAP on staff costs and from the freeing of goodwill arisen from the geographical reorganisation through the assignment method (€ 12 million).

## Gains (Losses) associated with groups of assets being disposed (net of taxes)

At 31 December 2012, the caption in question amounts to zero, while at the end of 2011 it comprised, net of the relative tax effect, the capital gain on the sale of the investment held in Cassa di Risparmio della Spezia to Cariparma (€ 5 million).

## Integration-related costs and resignation incentives (net of taxes)

The costs in question, sustained in 2012, considered gross of taxes, amount to € 14 million, clearly down on the € 67 million of the previous year. During the year that has just ended, this caption is comprised mainly (€ 12 million) of costs of resignation incentives deriving from the agreement signed on 29 July 2011 by Intesa Sanpaolo S.p.A. (in the capacity of Parent Company) and by the national Trade Unions, within the scope of the 2011-2013/2015 Business Plan, and of the costs related to the geographical reorganisation (€ 2 million); at the same time, in 2011 the caption was mainly comprised of costs of resignation incentives (€ 59 million). The impact of the costs in question net of the tax effect in 2012 and in 2011 was € -10 million and € -47 million respectively.

## Net Result

Due to the trends performances described above, 2012 records a net loss of € 30 million, decidedly down on the net profit of € 186 million of the same period of 2011. Moreover, to make it easier to compare the results of the two periods, it would be best to “normalise” them, eliminating the cost and income components of non-recurrent nature, as follows:

- from the 2012 result, the write-downs due to impairment on the minority interests AFS and on instrumental properties, the capital gain from the sale of the investment in Centro Leasing and Centro Factoring, the portion of the loss deriving from the consolidation of Centro Leasing under the equity method, the tax benefits as described in the paragraph on income taxes and the costs of integration and resignation incentives sustained, with a positive impact totalling € 2 million;
- from the 2011 result, the net result of the sale of the investment held in Findomestic Banca and of the properties (particularly that in Via Bufalini in Florence) and of the assignment of 11 branches to Cariparma, booked to "Profit (loss) on financial assets held to maturity", of the income components referring to the investment held in CR Spezia, booked to "Profits on non-current assets under disposal", the tax benefit deriving from the freeing of the goodwill booked by Banca CR Firenze, the value adjustment on the AFS investment held by Banca CR Firenze in Immobiliare Novoli S.p.A., certain provisions made by Banca CR Firenze against legal disputes and the costs of integration and resignation incentives sustained, with a negative impact totalling € 177 million;

The application of these normalisation factors would lead to the recording in 2012 and 2011 of a net loss of € 28 million and a net profit of € 9 million respectively, with a consequent decline for the current year of € 37 million.

## Roe and other ratios

The Roe, equating to the net result related to the average of the equity, the share premium, the reserves and evaluation reserves, is -2.0%, falling considerably from the 11.8% of 31 December 2011, with the same setting. Moreover, applying to both years the standardisation factors indicated in the previous paragraph, the ratio in question would be -1.9% in 2012 and 0.6% in 2011.

As regards the performance of certain economic ratios, the following changes can be noted compared to 31 December 2012:

- the cost/income, calculated by relating operating expenses to net operating income, goes from 58.8% to 65.7%. If we excluded the capital gain from the sale of Findomestic Banca from 2011 and the loss deriving from the consolidation of Centro Leasing under the equity method from 2012, the normalised cost/income would fall from 66.6% to 64.6%, due to the increase in net operating income and the simultaneous reduction of operating costs;
- the influence of staff costs and other administrative expenses on the asset total climbs from 1.64% to 1.71% and from 1.28% to 1.32% respectively, with an increase due exclusively to the reduction of the asset total.

# Balance sheet aggregates

## General aspects

The "Exhibits" to the financial statements present the reclassification criteria and the reconciliation statement between the reclassified consolidated balance sheet and the Bank of Italy balance sheet layout.
As mentioned earlier, in order to favour comparison with the figures as of 31 December 2011, the comparative figures have been presented proforma to take into account the different scope of consolidation.

## Reclassified consolidated balance sheet

(millions of euro)

| Assets | 31.12.2012 | 31.12.2011 CF (*) | absolute changes | % |
|---|---|---|---|---|
| Financial assets held for trading | 195 | 173 | 22 | 12.6 |
| Financial assets measured at fair value | - | - | - | - |
| Financial assets available for sale | 715 | 923 | -208 | -22.5 |
| Financial assets held to maturity | 39 | 39 | 0 | - |
| Amounts owing by banks | 1,240 | 1,845 | -605 | -32.8 |
| Customer loans | 19,532 | 20,316 | -785 | -3.9 |
| Equity investments | 112 | 123 | -11 | -8.9 |
| Property, plant and equipment and intangible assets | 754 | 732 | 22 | 3.0 |
| Tax assets | 442 | 384 | 58 | 15.1 |
| Non current assets and groups of assets being disposed | 2 | 2 | -0 | -20.9 |
| Other assets | 954 | 845 | 109 | 12.9 |
| **Financial liabilities** | **23,983** | **25,381** | **-1,398** | **-5.5** |
| **Liabilities** | **31.12.2012** | **31.12.2011 CF (*)** | **absolute changes** | **%** |
| Amounts due to banks | 6,717 | 7,056 | -339 | -4.8 |
| Customers deposits and outstanding securities | 14,064 | 14,996 | -933 | -6.2 |
| Financial liabilities held for trading | 192 | 165 | 27 | 16.4 |
| Financial liabilities measured at fair value | - | - | - | - |
| Tax liabilities | 45 | 43 | 2 | 3.7 |
| Liabilities associated with groups of assets being disposed | - | - | - | - |
| Other liabilities | 1,077 | 681 | 397 | 58.3 |
| Provisions for specific purpose | 334 | 365 | -30 | -8.3 |
| Share capital | 831 | 829 | 0 | - |
| Reserves | 603 | 648 | -45 | -6.9 |
| Valuation reserves | -21 | -43 | -21 | -49.7 |
| Minority interest | 170 | 455 | -285 | -62.7 |
| Parent Company net profit | -30 | 186 | -216 | n.s. |
| **Total liabilities and shareholders' equity** | **23,983** | **25,381** | **-1,399** | **-5.5** |

(*) The comparable data are presented pro-forma or restated to backdate to 1 January 2011 the effects of territorial reorganisation operations carried out during 2012.

## Quarterly evolution of the balance sheet figures

(millions of euros)

| **Assets** | **Year 2012** | | | | **Year 2011 (*)** | | | |
|---|---|---|---|---|---|---|---|---|
| | **31/12** | **30/9** | **30/6** | **31/3** | **31/12** | **30/9** | **30/6** | **31/3** |
| Financial assets held for trading | 195 | 165 | 148 | 140 | 173 | 166 | 143 | 143 |
| Financial assets available for sale | 715 | 816 | 815 | 845 | 923 | 973 | 1,002 | 1,543 |
| Financial assets held for trading | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Amounts owing by banks | 1,240 | 1,065 | 1,029 | 1,405 | 1,845 | 2,151 | 2,435 | 2,605 |
| Customer loans | 19,532 | 19,681 | 19,878 | 20,024 | 20,316 | 20,095 | 20,302 | 20,396 |
| Equity investments | 112 | 110 | 116 | 120 | 123 | 125 | 127 | 127 |
| Property, plant and equipment and intangible assets | 754 | 727 | 719 | 727 | 732 | 728 | 731 | 737 |
| Tax assets | 442 | 457 | 437 | 381 | 384 | 319 | 305 | 300 |
| Non current assets and groups of assets being disposed | 2 | 6 | 6 | 2 | 2 | 2 | 3 | 0 |
| Other assets | 954 | 814 | 794 | 718 | 845 | 679 | 766 | 709 |
| **Total assets** | **23,983** | **23,878** | **23,981** | **24,400** | **25,381** | **25,276** | **25,852** | **26,598** |

| **Liabilities** | **Year 2012** | | | | **Year 2011** | | | |
|---|---|---|---|---|---|---|---|---|
| | **31/12** | **30/9** | **30/6** | **31/3** | **31/12** | **30/9** | **30/6** | **31/3** |
| Amounts owing to banks | 6,717 | 6,688 | 6,617 | 6,373 | 7,056 | 5,950 | 5,970 | 6,595 |
| Customers deposits and outstanding securities | 14,064 | 14,121 | 14,449 | 14,774 | 14,996 | 15,524 | 16,107 | 16,485 |
| Financial liabilities held for trading | 192 | 199 | 179 | 169 | 165 | 157 | 130 | 126 |
| Tax liabilities | 45 | 60 | 36 | 61 | 43 | 79 | 61 | 59 |
| Other liabilities | 1,077 | 678 | 567 | 570 | 681 | 1,102 | 1,105 | 937 |
| Provisions for specific purpose | 334 | 324 | 333 | 362 | 365 | 283 | 296 | 304 |
| Share capital | 831 | 829 | 829 | 829 | 829 | 829 | 829 | 829 |
| Reserves | 603 | 614 | 613 | 833 | 648 | 684 | 689 | 718 |
| Valuation reserves | -21 | -24 | -26 | -22 | -43 | -30 | -15 | -11 |
| Minority interest | 170 | 387 | 373 | 457 | 455 | 471 | 468 | 476 |
| Parent Company net profit | -30 | 3 | 8 | -6 | 186 | 227 | 212 | 80 |
| **Total liabilities and shareholders' equity** | **23,983** | **23,878** | **23,981** | **24,400** | **25,381** | **25,276** | **25,852** | **26,598** |

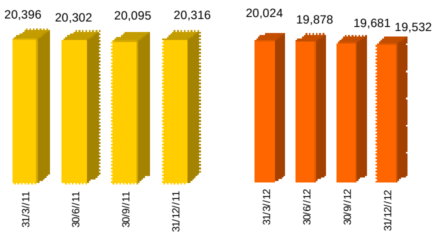
(*) The comparison figures are presented proforma to backdate to 1 January 2011 the effects of the area reorganisation transactions completed in 2012.

## Customer loans

(millions of euros)

| Items | 31.12.2012 | % incidence | 31.12.2011 PF | % incidence | changes absolute | changes % |
|---|---|---|---|---|---|---|
| Current accounts | 3,151 | 16.1 | 2,942 | 14.5 | 209 | 7.1 |
| Mortgages | 10,958 | 56.1 | 11,605 | 57.1 | -647 | -5.6 |
| Advances and loans | 3,364 | 17.2 | 4,097 | 20.2 | -733 | -17.9 |
| **Receivables from commercial activity** | **17,473** | **89.4** | **18,644** | **91.8** | **-1,171** | **-6.3** |
| **Loans repesented by securities** | **31** | **0.2** | **45** | **0.2** | **-14** | **-31.1** |
| **Impaired loans** | **2,028** | **10.4** | **1,627** | **8.0** | **401** | **24.6** |
| **Customer loans** | **19,532** | **100.00** | **20,316** | **100.0** | **-784** | **-3.9** |

Quarterly evolution
Customer loans




**Quarterly evolution Customer loans**

Customer loans record a decrease of € 784 million compared with the end of 2011. The most significant decline was shown by "Advanced and loans" (€ -733 million) and "Mortgages" (€ -647 million), while "Current accounts" increased by € 209 million and impaired loans by € 401 million.
As regards the quarterly evolution of the aggregate in question, compared with the figure as of 30 September, customer loans have decreased by € 149 million, in line with the trend of the entire banking sector, which in the last quarter of 2012 saw a slight reduction in demand for loans from manufacturing companies, particularly in the medium/long-term segment.

## Customer loans: loan portfolio quality

(millions of euros)

| Items | 31.12.2012 Gross exposure | 31.12.2012 Total value adjustments | 31.12.2012 Net exposure | 31.12.2012 Coverage ratio % | 31.12.2011 PF Gross exposure | 31.12.2011 PF Total value adjustments | 31.12.2011 PF Net exposure | 31.12.2011 PF Coverage ratio % | Changes Net exposure |
|---|---|---|---|---|---|---|---|---|---|
| Doubtful loans | 2,056 | -1,196 | 860 | 58.2 | 1,683 | -1,006 | 677 | 59.8 | 183 |
| Non-performing and restructured loans | 1,198 | -226 | 972 | 18.9 | 1,042 | -202 | 860 | 19.4 | 112 |
| Expired/overdue loans | 215 | -19 | 196 | 8.8 | 121 | -11 | 110 | 9.1 | 86 |
| **Impaired assets** | **3,469** | **-1,441** | **2,028** | **41.5** | **2,846** | **-1,219** | **1,627** | **42.8** | **401** |
| Performing loans | 17,652 | -148 | 17,504 | 0.84 | 18,842 | -153 | 18,689 | 0.81 | -1,185 |
| **Customer loans** | **21,121** | **-1,589** | **19,532** | **7.52** | **21,688** | **-1,372** | **20,316** | **6.33** | **-784** |

The growth of net impaired assets in 2012 compared with December 2011 involved all the components of this aggregate, affecting more significantly doubtful loans (€ +183 million) and, to a lesser extent yet still considerably, non-performing and restructured loans (€ +112 million) and expired and overdue loans (€ +86 million). Performing loans decreased mainly due to the contraction in gross exposure.
The economic situation, still very weak, suggested maintaining a high level of monitoring of the credit risk, particularly by raising the hedging degree of the performing component (from 0.81% to 0.84%) and overall loans, which went up by over one percentage point, from 6.33% to 7.52%.

## Customer financial assets

(millions of euros)

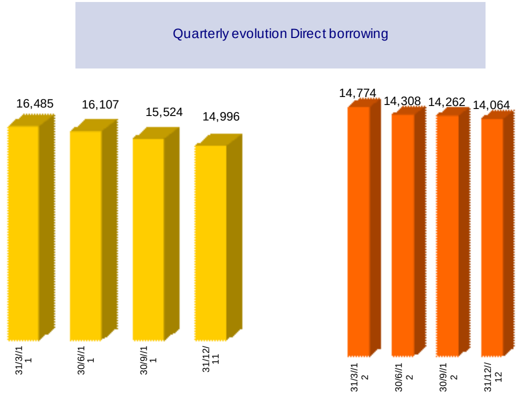
| Items | 31.12.2012 | % incidence | 31.12.2011 PF | % incidence | changes absolute | changes % |
|---|---|---|---|---|---|---|
| Direct borrowing | 14,064 | 39.6 | 14,996 | 41.9 | -932 | -6.2 |
| Indirect borrowing | 21,443 | 60.4 | 20,760 | 58.1 | 683 | 3.3 |
| **Customer financial assets** | **35,507** | **100.0** | **35,757** | **100.0** | **-249** | **-0.7** |

Customer financial assets record a decrease by approximately € 250 million, determined by the contraction in direct borrowing (€ -932 million), only partially offset by the growth of indirect borrowing (€ +683 million), as explained in the following paragraphs.

### *Direct borrowing*

(millions of euros)

| Items | 31.12.2012 | % incidence | 31.12.2011 PF | % incidence | changes absolute | changes % |
|---|---|---|---|---|---|---|
| Current accounts and deposits | 12,910 | 91.9 | 12,876 | 86.0 | 34 | 0.3 |
| Repurchase agreements and securities lending | 19 | 0.1 | 139 | 0.9 | -120 | -86.3 |
| Bonds | 552 | 3.9 | 1,011 | 6.7 | -459 | -45.4 |
| of which: measured at fair value | - | - | - | - | - | - |
| Certificates of deposit | 46 | 0.3 | 93 | 0.6 | -47 | -50.5 |
| Subordinated liabilities | 284 | 2.0 | 483 | 3.2 | -199 | -41.2 |
| Other borrowing | 253 | 1.8 | 394 | 2.6 | -141 | -35.8 |
| of which: measured at fair value | - | - | - | - | - | - |
| **Direct borrowing** | **14,064** | **100.0** | **14,996** | **100.0** | **-932** | **-6.2** |




**Quarterly evolution of Direct borrowing**

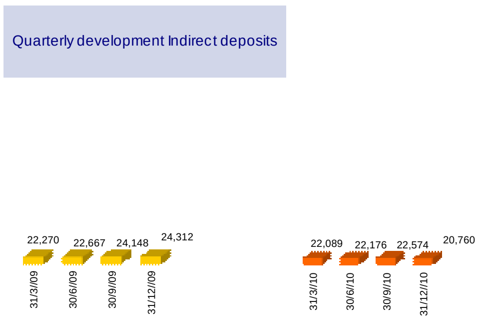
Direct borrowing amounts to € 14,064 million, down 6.2% on the end of 2011, mainly due to the structural contraction in the stock of subordinated bonds and liabilities (€ -658 million), linked to the reimbursements made during the year without an issue of new bonds to replace mature securities (as envisaged by the Group policy). Within the aggregate in question, worth highlighting is the reduction in repurchase agreements (€ -120 million) and the residual forms of borrowing (€ -141 million, essentially consisting of cashier's cheques), while the positive note is represented by the € 34 million increase in current and deposit accounts.

## *Indirect borrowing*

(millions of euro)

| | 31.12.2012 | % breakdown | 31.12.2011 PF | % breakdown | Changes amount | Changes % |
|---|---|---|---|---|---|---|
| Mutual funds | 4,060 | 18.9 | 3,696 | 17.2 | 364 | 9.8 |
| Open-ended pension funds and individual pension plans | 290 | 1.4 | 251 | 1.2 | 39 | 15.3 |
| Portfolio management | 876 | 4.1 | 819 | 3.8 | 57 | 7.0 |
| Life technical reserves and financial liabilitie | 3,843 | 17.9 | 3,707 | 17.3 | 136 | 3.7 |
| Relations with institutional customers | - | - | - | - | - | - |
| Assets under management | 9,069 | 42.3 | 8,474 | 39.5 | 596 | 7.0 |
| Assets under administration and in custody | 12,374 | 57.7 | 12,287 | 57.3 | 87 | 0.7 |
| Indirect customer deposits | 21,443 | 100.0 | 20,760 | 96.8 | 683 | 3.3 |

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation and discontinued operations.




**Quarterly evolution of Indirect borrowing**

Compared with the end of 2011, indirect borrowing increased by € 683 million (+3.3%). The most significant increase in absolute as well in percentage terms, was shown by asset management (€ +596 million), particularly thanks to the higher volumes of mutual investment funds (€ +364 million, resulting from the considerable placement of "Active Management" products in the second half of the year) and insurance products. Also the administered component was marked by a positive performance, increasing by approximately € 90 million.

## Financial assets held for trading

(millions of euros)

| Items | 31.12.2012 | 31.12.2011 PF | changes absolute | changes % |
|---|---|---|---|---|
| Bonds and other debt securities held for trading | 17 | 19 | -2 | -10.5 |
| **Securities and financial assets held for trading other than derivatives** | **17** | **19** | **-2** | **-10.5** |
| Net value of financial derivatives (positive fair value) | 178 | 58 | 120 | |
| Net value of financial derivatives (negative fair value) | -192 | -69 | -123 | |
| **Net value of derivative contracts for trading** | **-14** | **-11** | **-3** | **27.3** |
| **Net financial Assets/Liabilities held for trading** | **3** | **8** | **-5** | **-62.5** |

The decrease in the aggregate in question was due, almost equally, to its two segments.

## Financial assets available for sale

(millions of euros)

| Items | 31.12.2012 | % incidence | 31.12.2011 PF | % incidence | changes absolute | changes % |
|---|---|---|---|---|---|---|
| Bonds and other debt securities | 637 | 89.1 | 847 | 91.8 | -210 | -24.8 |
| Equities and UCITS units | 78 | 10.9 | 76 | 8.2 | 2 | 2.6 |
| **Financial assets available for sale** | **715** | **100.0** | **923** | **100.0** | **-208** | **-22.5** |

The decrease in the assets in question, exclusively due to the bond segment, was determined by the repayment of the debt securities which reached their maturity (€ 260 million).

## Net interbank position

The net interbank position as of 31 December 2012 presents net debt for € 5,477 million, up € 266 million compared with 31 December 2011.

## Shareholders' equity

(millions of euros)

| Items | 31.12.2012 | 31.12.2011 PF | Changes absolute | Changes % |
|---|---|---|---|---|
| Share capital | 831 | 829 | 2 | 0.2 |
| Valuation reserves | -210 | -43 | 22 | 51.2 |
| Other reserves | 603 | 648 | -45 | -6.9 |
| **Share capital and Reserves** | **1,413** | **1,434** | **-21** | **-1.5** |
| Net profit (loss) | -30 | 186 | -216 | n.s. |
| **Shareholders' equity** | **1,383** | **1,620** | **-237** | **-14.6** |

The decrease in the aggregate in question, compared with the end of 2011, was mainly due to the difference between the net results in the two periods, even though the value of the shareholders' equity as of 31 December 2011 included profit for € 180 million which was distributed after the approval of the financial statements of Banca CR Firenze by the Shareholders' Meeting held on 24 April 2012. Valuation reserves increased by € 21 million thanks to the increase in the fair value of government and bank bonds held in the owned securities portfolios, while the amount of the other reserves was affected by the geographical reorganisation and, above all, by the organisational restructure (sale of the controlling investments in CR Ascoli, Centro Factoring and Banca CR Firenze Romania), as better specified in part F of the Notes to the Financial Statements.

## Statement of reconciliation between Banca CR Firenze shareholders' equity and net profit (loss) for the year and the corresponding values of the consolidated financial statements

(millions of euros)

| Items | Shareholders' equity | of which: net profit (loss) as at 31 December 2012 |
|---|---|---|
| **Banca CR Firenze balances as at 31 December 2012** | **1,583** | **6** |
| Effect of consolidation of subsidiaries | -180 | 3 |
| Effect of valuation at equity of significant equity investments | -20 | -20 |
| Dividends collected during the period | | -19 |
| **Consolidated balances as at 31 December 2012** | **1,383** | **-30** |

# Segments results

On the basis of EC Regulation no. 1358/2007, as of the first annual financial statements closing after 1st January 2009, companies which observe the IAS/IFRS to prepare their corporate reports must implement IFRS 8 "Operating segments", in place of IAS 14 "Segment reporting" implemented previously.
Consequently, Banca CR Firenze has changed the content of its report by business segments to apply the new standards, in order to acknowledge the evolution of the operating segments following the reorganisation of business activities pursuant to entry into the Intesa Sanpaolo Group.
IFRS 8 establishes that the operating segments subject to financial statement reporting must be identified on the basis of internal reports, which are viewed by the Chief Operating Decision Maker in order to assess the performance of the various segments and allocate resources among them, thus marking a substantial difference compared to the approach of IAS 14, based on "risks and benefits", which envisaged the breakdown of the figures into homogeneous segments in relation to risks and sources of profitability.
In paragraph 5, IFRS 8 states that "An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
c) for which discrete financial information is available."

Operating segments also represent the maximum dimension that can be assumed by the Cash Generating Unit ("CGU") on the basis of which the impairment test envisaged by IAS 36 is carried out.
Given the above and considering the fact that:

- during 2009 and 2010 operations were realised to redefine the organisational and investment arrangements made so far, which implicated the centralisation of Finance, treasury department and other operating activities with the Parent Company and the sale to the latter of certain interests previously held by Banca CR Firenze and the network banks controlled by it in non-banking companies or business branches, as extensively described earlier in this document;
- for the purposes of Intesa Sanpaolo Group segment reporting, Banca CR Firenze and its subsidiaries are all part of the "Banca dei Territori" Division and that the above-mentioned Group has identified the CGU for the purposes of the impairment test with the operating divisions represented in the report by business segments;
- Banca CR Firenze has carried out its impairment test activity in relation to the CGU represented by the complex of the subholding and its subsidiaries consistently with the method used by the Parent Company (for more details, please refer to Part A – Accounting policies of the notes to the financial statements);
- the reports periodically submitted to the Bank's Board of Directors (which represents the highest operating decision-making level, as referred to in paragraph 5, section b) of IFRS 8) does not envisage a further re-articulation of the financial report by sub-segments of business;

the breakdown of the figures shown in these consolidated financial statements by operating segments is not considered to be applicable.

# Other information

## Shareholders base

As of 31 December 2012, the share capital amounted to € 831,364,347, fully represented by 831,364,347 shares with a nominal value of one euro, broken down as follows:

| Shareholder | No. of shares | Percentage |
|---|---|---|
| Intesa Sanpaolo S.p.A. | 746,087,399 | 89.74% |
| Ente Cassa di Risparmio di Firenze | 85,276,948 | 10.26% |
| Total | 831,364,347 | 100.00% |

## Relevant events during the period

1 January 2012: As resolved by the Parent Company's Board of Management on 6 December 2011, the Tuscany-Umbria Regional Management was renamed the Tuscany, Umbria, Lazio and Sardinia Regional Management, including within its jurisdiction the Lazio Area and Banca di Credito Sardo, excluding Cassa di Risparmio di Ascoli Piceno; the responsibility of the above Management was assigned to Luciano Nebbia and, as of the same date, Luca Severini took over the role of General Manager of Banca CR Firenze.

19 January 2012: Upon delegation from the shareholders' meetings of 22 May 2009 and 18 November 2010, the Board of Directors of Fidi Toscana S.p.A., recalled the last tranche of the € 52 million share capital increase which amounted to € 35.8 million.
Banca CR Firenze participated in the capital increase incurring an expense of approximately € 3.0 million to which are added approximately € 0.5 million applicable to CR Pistoia for a total commitment of approximately € 3.6 million, which was paid in two instalments of 25% and 75% respectively, in the months of April and May 2012, thereby maintaining the ownership percentage essentially unchanged at 10.48%, of which 1.58% is held by Cassa di Risparmio di Pistoia e della Lucchesia S.p.A.
On 30 September 2012, the deadline ended for the exercise of the options for subscription to a further capital increase of approximately € 20 million targeted to operations. Banca CR Firenze and CR Pistoia did not participate in this increase.

22 February 2012: The investee company Sviluppo Imprese Centro Italia Sgr S.p.A. recalled the first 30% of the "Rilancio e Sviluppo" closed-end mutual fund amount subscribed in full by Banca CR Firenze and Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. (a total of € 5 million of which € 4 million covered by Banca CR Firenze S.p.A. and € 1 million by Cassa di Risparmio di Pistoia e della Lucchesia); Banca CR Firenze therefore paid € 1.2 million and Cassa di Risparmio di Pistoia e della Lucchesia € 0.3 million.

Beginning of 2012: Banca CR Firenze, CR Terni, CR Foligno, CR Rieti and CR Viterbo participated in an offer to sell the shares they held in Siteba S.p.A., representing a total of 1.5% of the capital, to the Istituto di Credito delle Banche Popolari against a total amount of approximately € 150 thousand. The transaction was completed on 18 June 2012.

16 March 2012: Banca CR Firenze transferred four shares of Intesa Sanpaolo Group Services ScpA to Cassa di Risparmio di Terni e Narni (€ 10 thousand) to allow the Umbrian bank to use the services of the company as a consortium member.

On 20 March 2012: agreements were concluded by and between Intesa Sanpaolo and the Foundations of CR Città di Castello, CR di Foligno, CR di Spoleto and CR di Terni e Narni, with which the Casse di Risparmio dell'Umbria Project and the relative procedures for its realization were also shared. These agreements furthermore provided that Intesa Sanpaolo and/or CR Firenze the (and/or another subsidiary as indicated by ISP) were to acquire all the shareholdings held by the Foundations in the four Umbrian banks and, insofar as CR Spoleto, also the ordinary shares of the minority shareholders. The transactions were subject to the Foundations obtaining the necessary ministerial authorizations. On 28 June 2012, as the aforementioned condition no longer applied, Banca CR Firenze made the following acquisitions:

- from the Fondazione Cassa di Risparmio di Città di Castello; no. 8,457,687 of ordinary Cassa di Risparmio di Città di Castello shares at a price per share of € 1.538 and a total consideration of € 13,007,922.61;
- from the Fondazione Cassa di Risparmio di Foligno: no. 7,233,756 of ordinary Cassa di Risparmio Foligno S.p.A. shares at a price per share of € 3.77 and a total consideration of € 27,271,260.12;
- from the Fondazione Cassa di Risparmio di Spoleto: no. 10,877,618 ordinary shares and no. 792,380 preferred Cassa di Risparmio di Spoleto shares at a price per share (ordinary and preferred) of € 2.91 for a total consideration of € 33,959,694.18;
- from the private, minority shareholders of Cassa di Risparmio di Spoleto S.p.A., no. 322,400 ordinary shares at the same price as the price paid to the Foundation for a total consideration of € 938,184.00.
- from the Fondazione Cassa di Risparmio di Terni e Narni; no. 875,000 ordinary CR Terni e Narni new shares at a price per share of € 45.95 and a total consideration of € 40,206,250.00;

Due to the above transactions, Banca CR Firenze came to hold 100% of the CR Città di Castello and CR Terni e Narni and percentages of approximately 90% in the other two banks.

24 April 2012: The ordinary shareholders meeting of Banca CR Firenze S.p.A. was held, at which the financial statements for 2011 were approved as was the payment of a unit dividend of € 0.21717202958 per share on 27 April 2012. This shareholders' meeting also elected the new Board of Directors for the three year period from 2012 to 2014.

15 May 2012: Banca CR Firenze complied with the agreements for the regulation of the price adjustment procedures deriving from the agreement concluded with Cariparma/Credit Agricole for the sale of CR della Spezia (concluded on 3 January 2011) and the transfer of eleven Banca CR Firenze branches to Cariparma (effective from 28 March 2011), which provided for price adjustment mechanisms upon determination of the definitive assets on the closing date.
With regard to the sale to CR Spezia, the provisional price adjustment mechanism of € 288 million, based on the difference between the contractually estimated assets and the amounts due to customers and the final amounts recorded as of 31 December 2010, resulted in a negative price adjustment of approximately € 9.9 million.
Regarding the transfer of the eleven branches, the final price was lower by approximately € 3.7 million plus interest, compared to the provisional price of € 52 million; the negative adjustment was due to the difference between the contractually estimated amounts due to customers and the actual amounts as of 27 March 2011.
On 18 April 2012, pursuant to the agreements concluded by the Parent Company, Banca CR Firenze also paid the amounts agreed to Cariparma/Credit Agricole of € 13.6 million plus interest that due to the lower price and also settled, for the branches transferred, the equity imbalance and other adjustments of € 26.5 million approximately, plus interest. The indicated amounts had already been recognized in the 2011 financial statements and therefore the effect on the statement of income in 2012 was limited to the interest paid for the portion of 2012 and an additional amount of € 1.3 million due to the closure of the "attrition risk" procedure.

1 June 2012: The company Sviluppo Industriale Pistoia S.p.A., of which CR Pistoia held approximately 28%, was placed under liquidation following the resolution of the extraordinary shareholders meeting held on 1 June 2012.

11 June 2012: Banca CR Firenze and Fondazione Cassa di Risparmio di Pistoia e Pescia, together with Intesa Sanpaolo, signed an agreement supplementing and amending the agreement between the same parties concluded on 1 December 2011, both aimed, following authorization from the bank of Italy, at restructuring the share capital and consequently redefining the governance and also reorganizing the activity of the bank and the territorial structure, with a change of the name of Cassa di Risparmio di Pistoia e Pescia "Cassa di Risparmio di Pistoia e della Lucchesia S.p.A." or, "CR Pistoia e Lucchesia" for short. On the same date the parties signed a contract for the purchase and sale of the savings shares. The transaction was concluded on 12 June 2012 with the purchase by Banca CR Firenze of 15,200,000 CR Pistoia e Pescia S.p.A. savings shares at the price of € 1.89 each, for a total consideration of € 28,728,000.00. These shares are a part of the total of 44,275,505 ordinary and/or savings shares representing, upon conversion of the savings shares, approximately 19.6% of the share capital that the Foundation committed to sell in order to allow the equity investment of Banca CR Firenze S.p.A. in the bank to reach 80%.

28 June 2012: the company Tebe Tours SpA, 100% owned by Banca CR Firenze decided to transform the company into a limited company.

29 June 2012: after obtaining the necessary authorizations, the Umbrian banks resolved to carry out the merger by incorporation and related transactions which in the second half of 2012 gave rise to "Casse di Risparmio dell'Umbria S.p.A."
In execution of the Board's resolution of 30 July 2012, Banca CR Firenze purchased in the second half of the year from the minority shareholders of Cassa di Risparmio di Foligno, the 1,565,100 preferred shares outstanding for a total amount of approximately € 5.9 million, at the unit price of Euro 3.77.

11 July 2012: In execution of the agreements concluded between Banca CR Firenze, Intesa Sanpaolo and Fondazione CR Pistoia e Pescia, Banca CR Firenze S.p.A acquired from the Fondazione Cassa di Risparmio di Pistoia e Pescia 29,075,505 ordinary Cassa di Risparmio di Pistoia e Pescia shares at the price of € 1.89 each against a total amount of approximately € 54.9 million.
The equity interest of Banca CR Firenze in the ordinary share capital increased from 60% to 75.7%.
The shareholders meeting of CR Pistoia e Pescia S.p.A. resolved in an extraordinary session to (i) increase the share capital from € 141,987,825.00 to € 171,846,279.99 by issuing 47,394,373 new shares, of which 22,108,183 for Intesa Sanpaolo against the transfer of the division consisting of 18 branches and 25,286,190 shares to Banca CR Firenze against the transfer of the division consisting of 25 branches (ii) the conversion of the remaining shares in the Foundation into "B Shares" with the consequent amendments to the articles of association (iii) the mandatory and enforced conversion of the savings shares into ordinary shares and (iv) the approval of the new articles of association which contains, among other changes, the change in the company name to "Cassa di Risparmio di Pistoia e della Lucchesia S.p.A."
Again on 11 July 2012, the extraordinary meeting of the holders of CR Pistoia savings shares was held to approve the resolution made by the extraordinary shareholders' meeting regarding the enforced and mandatory conversion of the savings shares into ordinary shares.

20 July 2012: in execution of the share capital increase described above, Intesa Sanpaolo and Banca CR concluded the agreements for the transfer of the aforementioned business units to Cassa di Risparmio di Pistoia e della Lucchesia. On the same date, again as part of the overall plan for the territorial restructuring, the contract for the purchase and sale of the division through which Banca CR Firenze acquired 10 branches of CR Pistoia and the contract for the purchase and sale of the division through which CR Pistoia sold 12 branches to Cassa di Risparmio in Bologna were signed. The transactions became effective on 23 July 2012.
As already mentioned, in its extraordinary shareholders' meeting of 11 July 2012, Cassa di Risparmio di Pistoia e Lucchesia resolved to convert the savings shares into ordinary shares and legitimated the savings shareholders who had not agreed with the resolution of the special shareholders meeting to exercise the withdrawal right pursuant to article 2437, paragraph 1.g) of the Italian Civil Code. Banca CR Firenze, which had resolved to repurchase the savings shares involved in the withdrawal, held 204,259,373 shares, representing an equity interest of 74.883% after this transaction.

25 September 2012: the extraordinary shareholders' meeting of the ISGS Consortium resolved to increase the share capital from € 272,057,000 to € 272,157,000 by issuing 12,194 new shares, assigned to Intesa Sanpaolo against the transfer of the division representing the overall assets, service contracts and any other legal relations and resources organized for the exercise of the administration and training of personnel, General Services, legal services and credit recovery services. The transaction resulted in an insignificant dilution of Banca CR Firenze's equity interest which involves only 20 shares that correspond to 0.01%.

On 1 October 2012, the merger by incorporation of Banca CR Firenze Romania SA into Banca Comercialà Intesa Sanpaolo Romania S.A. with headquarters in Arad (Romania) entered into effect. The merger took place against an exchange value of 0.5049854 shares of B.C. Intesa Sanpaolo Romania S.A. to be issued in exchange for one share of Banca C.R. Firenze Romania S.A. To service the merger the incorporating bank increased its share capital from Ron 814,111,110 to RON 886,639,410; the share of Banca CR Firenze SpA in the incorporating company amounts to 8.18%.

On 3 October 2012, the Intesa Sanpaolo business unit consisting of 78 branches and amounting to approximately € 342.8 million was transferred, effective from 8 October 2012, to Banca CR Firenze, through a transfer in relation to which the shareholders meeting was called to approve the share capital increase of the conferring company only. To service the conferral, Banca CR Firenze issued in favour of the conferring shareholder 104,435,524 ordinary shares with a unit value of € 1.00 each added overall the subscription price totalling € 191,532,000, corresponding to the shareholders' equity of the conferred company, as the transaction was supposed to be recognized on a going concern basis.

On 3 October 2012, the CR Terni e Narni business unit consisting of one branch located in the province of Viterbo was transferred, effective from 8 October 2012, to Intesa Sanpaolo through a deed of sale at the price of € 400 thousand.

On 3 October 2012, the CR Castello business unit consisting of one branch located in the province of Arezzo was transferred, effective from 8 October 2012, to Banca CR Firenze through a deed of sale at the price of € 1 million.

On 4 October 2012, Banca CR Firenze acquired from Fondazione CR Ascoli Piceno 93,160 ordinary shares of Cassa di Risparmio di Ascoli Piceno SpA which are equivalent to 34% of the share capital at a unit price of € 751.40. The ownership percentage of Banca CR Firenze SpA increased to 100%.

On 12 November 2012, the partial spinoff of Banca CR Firenze in favour of Intesa Sanpaolo SpA, Cassa di Risparmio del Veneto SpA and Cassa di Risparmio in Bologna SpA entered into effect. Regarding the division which was spun off, in addition to 23 branches located in Lombardy and Lazio, the 100% equity interest that Banca CR Firenze held in CR Ascoli Piceno which consisted of 274,000 shares of € 258.23 each was transferred.

On 26 November 2012: On this date, the Casse di Risparmio dell'Umbria was established. This is the bank resulting from the merger by incorporation of the three Casse operating in the Umbria region (Cassa di Risparmio di Foligno, Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Terni e Narni) into Cassa di Risparmio di Spoleto which concurrently token the new name. Regarding the organizational structure of the new bank, the distribution and organization model for the "Single Area Banks" of the Banca dei Territori Division will be adopted.

Finally, on 17 December 2012, the partial spinoff of Banca CR Firenze in favour of Casse di Risparmio dell'Umbria SpA entered into effect. With this spinoff, the division consisting of 17 branches located in the Umbria region was transferred.

In December 2012, in order to pursue the rationalization of its own equity interests and coherently with the similar Group process regarding product companies, Banca CR Firenze sold equity investments which were not directly related to the banking activity, as follows:
- On 19 December 2012, 1.939% of the share capital of Caricese Srl at the total price of € 54,102.00 (57,000 shares);
- On 21 December 2012, 30.10% of the share capital of Centro Leasing SpA at the total price of € 25,440,599.94 (13,181,658 shares at the unit price of € 1.93);
- On 21 December 2012, 41.77% of the share capital of Centro Factoring SpA at the total price of € 55,383,939.17 (2,631,316 shares at the unit price of € 21.048);

In summary, during 2012 Banca CR Firenze and the subsidiary banks made the resolutions required for activation of the plan for the reorganization of the Intesa Sanpaolo Group Brands, aimed at completing the Banca dei Territori organizational model which, as is known, provides for a uniform brand at the territorial level. The main changes for each region handled by Banca CR Firenze and its subsidiaries, are indicated below:

- Tuscany: in Tuscany where there were branches belonging to the Group's three banks (Banca CR Firenze, CR Pistoia and Intesa Sanpaolo), the plan provided for redefinition of the areas in which CR Firenze and CR Pistoia e Lucchesia were to be present. In particular, CR Firenze is to be the only reference bank in the province of Tuscany, except for the provinces of Pistoia, Lucca and Massa which will be handled exclusively by CR Pistoia e Lucchesia. To this end, Intesa Sanpaolo assigned to Banca CR Firenze, effective from 8 October 2012, its seventy eight branches in Tuscany, Banca CR Firenze purchased from CR Pistoia ten branches and assigned twenty five to its subsidiary which received, again through assignment, also eighteen branches of Intesa Sanpaolo;
- Emilia Romagna: in Emilia Romagna, a territory in which the Group has many banks, the plan provided for transfer of a total of forty six CR Firenze and CR Pistoia e Lucchesia branches to Carisbo and CR Forlì e Romagna, depending on their province of competence;
- Lombardy and Veneto region: there were branches of CR Firenze in the two Regions for which the plan indicated transfer by merger, respectively to Intesa Sanpaolo (7 branches) and CR Veneto (1 branch);
- Marche and Abruzzo: the twelve branches of Banca CR Firenze and subsidiary banks operating in the two regions were transferred to CR Ascoli Piceno;
- Umbria: simplification in the region of the current six Group brands through the establishment of a single bank following the merger by incorporation of CR Foligno, CR Terni e Narni and CR Città di Castello into CR Spoleto which was renamed "Casse di Risparmio dell'Umbria S.p.A."; to the latter were transferred by assignment and

merger the branches, respectively, of Intesa Sanpaolo (10 branches) and CR Firenze (17 branches) present in the region;

- Lazio: Sixteen Banca CR Firenze branches in Lazio which are part of the same division which includes the Lombardy branches, are to be transferred, through a merger, to Intesa Sanpaolo.

## Put options existing on the closing date of the financial statements

### Cassa di Risparmio di Pistoia e della Lucchesia S.p.A.

On 1 December 2011, the Fondazione CR Pistoia e Pescia and Intesa Sanpaolo/Banca CR Firenze SpA signed an agreement, which was subsequently supplemented and amended with a letter dated 11 June 2012, replacing the shareholders' agreement signed on 22 November 2004 between the same Foundation and Banca CR Firenze SpA.
Upon signature of the Agreement, the Intesa Sanpaolo Group and the Foundation granted each other an option for the future purchase and sale of the entire equity investment held by the latter entity in the share capital of CR Pistoia e Lucchesia SpA. The sale option but can be exercised by the Foundation in several steps during the period between the sale of the first 20% of the share capital (a transfer of which took place on 11 July 2012) and 30 June 2020. If on 1 July 2020, the Foundation were still to be a shareholder of Cassa di Risparmio di Pistoia e Lucchesia S.p.A. on such date, the Intesa Sanpaolo Group can exercise the option to purchase all (and no less than all) of the shareholdings still owned by the Foundation by 1 July 2022.

The shares under option shall be valid from 1 January of the year in which the option is exercised.
Furthermore, a co-sale clause it is provided in favour of the Foundation if the Intesa Sanpaolo Group assigns control of CR Pistoia e Lucchesia to another non- related acquiring entity during the period set for exercise of the reciprocal options.

## The sub-holding structure

As of 31 December 2012, the staff of the companies falling within the scope of consolidation numbered 6,168 resources, 6,164 of which on permanent contracts and 4 on temporary contracts, with an overall decrease of 364 units. This decrease is the result of the sale of Banca CR Firenze Romania (174 units) and the merger of 100% of CR Ascoli (351 units), which consequently exited the integral scope of consolidation; without these transactions, the total staff would increase by 161 units, essentially on account of the resources acquired the following the territorial reorganization operations.

| Staff of Banca CR Firenze and subsidiaries | 31/12/2012 | | | 31/12/2011 | | |
|---|---|---|---|---|---|---|
| | Permanent resources | Temporary resources | Total employees | Permanent resources | Temporary resources | Total employees |
| Banca CR Firenze | 3,123 | 3 | 3,126 | 3,206 | 6 | 3,212 |
| CR Pistoia e Lucchesia | 761 | 0 | 761 | 567 | 1 | 568 |
| CR Civitavecchia | 214 | 0 | 214 | 219 | 1 | 220 |
| Banca CR Firenze Romania | 0 | 0 | 0 | 170 | 4 | 174 |
| Centro Factoring | 96 | 1 | 97 | 98 | 4 | 102 |
| Infogroup | 483 | 0 | 483 | 472 | 0 | 472 |
| CR Ascoli Piceno | 0 | 0 | 0 | 351 | 0 | 351 |
| CR Viterbo | 291 | 0 | 291 | 311 | 0 | 311 |
| CR Terni e Narni | 0 | 0 | 0 | 231 | 1 | 232 |
| CR Spoleto | 0 | 0 | 0 | 184 | 0 | 184 |
| CR Foligno | 0 | 0 | 0 | 236 | 0 | 236 |
| CR Città di Castello | 0 | 0 | 0 | 120 | 0 | 120 |
| CR Rieti | 336 | 0 | 336 | 349 | 1 | 350 |
| Casse di Risparmio dell'Umbria | 860 | 0 | 860 | 0 | 0 | 0 |
| Total | 6,164 | 4 | 6,168 | 6,514 | 18 | 6,532 |

The presence on the reference territory is ensured through 627 retail branches spread throughout 15 Provinces (4 Regions); there are furthermore 37 business banking centres, 8 private banking centres and 3 entity and treasury branches in operation.

| Province | BANCA CR FIRENZE | CR CIVITAVECCHIA | CR PISTOIA | CR RIETI | CR VITERBO | CASSE DELL'UMBRIA | TOTAL |
|---|---|---|---|---|---|---|---|
| Florence | 145 | | | | | | 145 |
| Arezzo | 44 | | | | | | 44 |
| Grosseto | 23 | | | | | | 23 |
| Livorno | 18 | | | | | | 18 |
| Lucca | | | 31 | | | | 31 |
| Massa-Carrara | | | 7 | | | | 7 |
| Perugia | | | | | | 83 | 83 |
| Pisa | 25 | | | | | | 25 |
| Pistoia | | | 49 | | | | 49 |
| Prato | 21 | | | | | | 21 |
| Rieti | | | | 26 | | | 26 |
| Rome | | 30 | | 17 | 4 | | 51 |
| Siena | 29 | | | | | | 29 |
| Terni | | | | | | 32 | 32 |
| Viterbo | | 4 | | | 39 | | 43 |
| RETAIL BRANCHES | 305 | 34 | 87 | 43 | 43 | 115 | 627 |
| BUSINESS CENTRES | 13 | 2 | 6 | 2 | 2 | 12 | 37 |
| PRIVATE CENTRES | 0 | 0 | 2 | 1 | 1 | 4 | 8 |
| ENTITY AND TREASURY CENTRES | 1 | 1 | 1 | | | | 3 |
| TOTAL | 319 | 37 | 96 | 46 | 46 | 131 | 675 |

## Report on corporate governance and ownership structures

### *Foreword – Regulatory references*

Art. 123 bis of the TUF – Consolidated Financial law, establishes the obligation for companies issuing property value admitted for trading on regulated markets to register a section of the report on operations to the matter of corporate governance and ownership structures.
For companies that do not issue shares admitted to trading on regulated markets or in multilateral trading systems, the 5th paragraph of this article particularly envisages that the disclosure obligation be limited to the "main characteristics of the risk management and internal audit systems existing in relation to the financial reporting process, also at consolidated level."
The following paragraph focuses on the financial reporting process, supplying the indications required by the provision of law, as specified in paragraph 2b of art. 123 bis of the Consolidated Financial Law.

### *Manager in charge of the preparation of the company accounting documents and financial reporting*

In its capacity as "originator listed with Italy as its member state of origin" as defined by the Consolidated Law on Finance, art. 1-quater, letter w), Banca CR Firenze SpA, is required to appoint a specific Director, effectively envisaged by art. 23 of the Articles of Association.
The Manager in charge of the preparation of the company accounting documents supervises the internal auditing system relating to accounting and financial reporting and certifies with a special declaration:

- ✓ the acts and notices released by the Company onto the market and relating to the reporting on accounts, including interim reports, correspond to the results contained in the documents, books and accounts;
- ✓ together with a specially delegated director, in a special report annexed to the annual and consolidated financial statements and the abbreviated consolidated half-year report, the adequacy and effective application of the administrative and accounting procedures, the correspondence of the corporate accounting documents to the results of the books and accounting entries and their suitability to supply a correct and truthful representation of the economic, equity and financial situation of the Company and that of the companies included within the scope of consolidation, and that the report on operations comprises a reliable analysis of the performance and result of operation, as well as the situation of the issuer and the companies included within the scope of consolidation, together with the description of the main risks and uncertainties to which they are exposed.

In the capacity of banking company belonging to a listed group, Banca CR Firenze also falls within the "sensitive setting" of audits aimed at the issue of certification on the consolidated financial statements of Intesa Sanpaolo by the Director assigned by the Parent Company. Consequently it is obliged to pursue the work plan required for the fulfilment of this obligation.
The Parent Company's Board of Management, with the favourable opinion of the Monitoring Board, approved the Company "Guidelines for administrative and financial governance" regulating the governance model which allows the

Director assigned to constantly check the adequacy and effective application of the administrative and accounting procedures at Group level.
In turn, the Board of Directors of our company approved the same document, which forms the combination of rules and procedures used by Banca CR Firenze to check the adequacy of the accounting information process used by the sub-holding companies.
The Company "Guidelines for administrative and financial governance" implemented by the companies of the Intesa Sanpaolo Group, regulate:

- the governance model required by the Manager in charge for the preparation of the company accounting documents or to constantly check the adequacy and effective application of administrative and accounting procedures at Group level;
- the system of reporting flows and relations with the other corporation functions of the Parent Company and with the subsidiaries, so as to allow the Manager in charge for the preparation of the company accounting documents to receive the information needed to fulfil his duties;
- the system of certifications to the Director delegated signatory power and the Manager in charge of the preparation of the company accounting documents by the other Corporate Functions, the Parent Company and the subsidiaries, regarding the observance of the regulatory obligations where applicable;
- the flows of communication from the Manager in charge of the preparation of the company accounting documents to the Corporate bodies and exchanges of information with the Independent Auditors.

The Manager in charge of the preparation of the company accounting documents plays a role of address and coordination of the subsidiaries, focusing on administrative and accounting issues and the supervision of the internal auditing system functional to the accounting and financial reporting activities. The subsidiaries of Banca CR Firenze have also implemented the instructions adopted by our Cassa, adapting them to their own corporate contexts, and link up with the Manager in charge for the preparation of the company accounting documents in order to provide adequate supervision of the procedures used to draw up the financial statements and every other financial notification, guaranteeing the Manager in charge for the preparation of the company accounting documents all the information and data required to fulfil his task and issue the certifications envisaged.
To allow the Board of Directors to oversee the effective respect of the administrative and accounting procedures, every six months the Manager in charge for the preparation of the company accounting documents supplies it with the results of the activities performed within the internal auditing system with regard to accounting and financial reporting, functional to the certifications required by the legislation, to be supplied by the Board of Directors and the Manager in charge for the preparation of the company accounting documents.
This information is presented to the Supervisory Body to enable performance of the supervisory functions relating to the adequacy of the accounting reporting system envisaged by the Law and by the Articles of Association.

***Internal audits relating to accounting and financial reporting***

Following incorporation into the Intesa Sanpaolo Group, Banca CR Firenze implemented the Parent Company's administrative and accounting processes, assigning it the supervision of the Reporting System for the appropriate synergies.
In line with the Parent Company Intesa Sanpaolo, the reference model identified to check the adequacy and effective application of the internal audits related to accounting and financial reporting is based on the COSO and COBIT Frameworks, which set the reference standards usually accepted at international level.[1].The model provides for:

- an adequate internal auditing system at corporate level, in order to reduce the risks of errors and incorrect conduct. This is achieved by checking the presence of elements such as adequate governance systems, behavioural standards inspired by integrity, effective organisational structures, clear assignment of delegations and responsibilities, adequate risk policy, staff disciplinary systems, effective codes of conduct and fraud prevention systems, administrative and
  accounting procedures for drawing up the financial statements and, in general, financial reports, with long-term observation of their adequacy and effective application. In addition to administrative and accounting processes in the traditional sense, this category also includes processes of business, address and control, and support, estimated to have a significant impact on the accounts;
- rules of governance of technological infrastructure and applications relating to administrative and accounting procedures, with long-term observation of their adequacy and effective application.

[1] The COSO Framework was. elaborated by the Committee of Sponsoring Organizations of the Treadway Commission, a United States organisation which aims to improve the quality of corporate reporting, by defining ethical standards and an effective system of corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology, is a series of rules drawn up by the IT Governance Institute, a United States organisation which aims to improve corporate standards in the IT sector

The model is applied according to a risk-based logic, selecting the companies, administrative and accounting procedures and the rules of governance of the Reporting System considered relevant for the purposes of accounting and financial reports of the Group and of Banca CR Firenze and its subsidiaries.
The check on the presence of an adequate internal auditing system at corporate level is carried out on the basis of the evidence presented by the Internal Auditing Structures. The check on the adequacy and effective application of the administrative and accounting procedures and the rules of governance of the Reporting System takes place partly using specific methods borrowed from the auditing standards supervised by the Manager in charge of the preparation of the company accounting documents, with dedicated structures, and partly on the basis of the evidence of Internal Auditing, Compliance and the other Company Functions with auditing responsibilities, with a view to maximising organisational synergies. For the processes centralised with the Parent Company Intesa Sanpaolo, the check is carried out by the equivalent structures of the Parent Company, which certify the result of the audits performed to the Manager in charge of the preparation of the company accounting documents of Banca CR Firenze. The observance of the regulatory obligations on the matter is also ensured thanks to the system of certifications issued to the Manager in charge of the preparation of the company accounting documents by the other Company Functions of Banca CR Firenze and its subsidiaries.

## Management and coordination

Pursuant to articles 2497 et seq. of the Italian Civil Code, the Parent Company, Intesa Sanpaolo S.p.A. exercises powers of management and coordination over Banca CR Firenze S.p.A. and its subsidiaries. Banca CR Firenze S.p.A. performs, on behalf of the Parent Company Intesa Sanpaolo S.p.A., the management and coordination of its direct and indirect subsidiaries and is required to observe and ensure observance by its subsidiaries of the instructions issued by the Parent Company in the management and coordination activity, also in the execution of instructions issued by the Bank of Italy in the interests of Group stability.
As required by the Italian Civil Code, the annexes to these financial statements include a statement of the summarised figures of relating to the last financial statements approved.

## Transactions with related parties

Transactions with related parties are regulated at Intesa Sanpaolo Group level by regulations drawn up in conformity to that indicated in Consob resolution no. 17221 dated 12 March 2010 (and subsequent amendments) implemented by Intesa Sanpaolo S.p.A. and by all the Italian and foreign companies controlled directly or indirectly by the latter and which establishes, with reference to relations with related parties:

- criteria for the identification of the counterparties to be included in the setting of the consolidated parties;
- the rules for identifying transactions with related parties;
- the procedures for the preliminary operations, the proposal and the resolution of transactions with related parties;
- the precautionary measures necessary to guarantee reporting to the market of transactions with related parties, consistent with the periodical financial reporting.

Transactions with Intesa Sanpaolo and its subsidiaries are mostly governed by the conditions under which the Parent Company accesses the reference markets and which are applied in observance of the principles of substantial correctness, with the aim of creating value for the Group.
As regards relations with the Parent Company during the management and coordination activity, and the effects that this has had on operation and on the economic and equity results commented on in these financial statements, as well as relations with subsidiaries, associated companies and other companies belonging to the Intesa Sanpaolo Group, please see Part H,
"Information on compensation and transactions with related parties" of the notes to the financial statements. The above-mentioned Part H of the notes to the financial statements also includes, in compliance with the requirements of paragraphs 16 and 18 of IAS 24 "Transactions with Related Parties", the fees and compensation paid to Directors, Statutory Auditors, General Managers and Executives with strategic responsibilities of Banca CR Firenze and its subsidiaries.

## **Significant events occurring after the period**

On 28 January 2013, the Board of Directors of Banca CR Firenze approved the merger by incorporation of Immobiliare Nuova Sede Srl (an instrumental company 100% owned by the Bank), which will be finalised during 2013.

# Social and environmental responsibility

In 2012 the activities aimed at promoting social and environmental responsibility as a distinctive characteristic of the Intesa Sanpaolo Group continued. The management model for corporate social responsibility (CSR) continued to operate through two areas of implementation: The Ethical Code and the Social Report.

The Ethical Code contains the corporate values and principles of conduct to stakeholders and defines the mechanisms of activation and verification by the highest governance bodies so that the values remain alive and concretely operating in corporate life. To this end, continuous communication is provided both on the ordinary operation as well as the handling of unexpected situations, thereby ensuring immediate identification of possible critical areas and the definition of potential processes for improvement. The Ethical Code is inspired by a model based on the self-responsibility of the structures that pursue and defend the reputation-based value of a socially responsible behaviour. To this end, the “CSR Contacts” who are delegated by the managers of structures that cooperate with the CSR Units and who report to the Delegated Director in ordered to implement the principles of sustainability in the various areas of their competence, are fundamental.

In 2012, activation of the decentralized system for managing reports of failure to observe the Code was consolidated.

Monitoring of the activation of the Ethical Code was focused for Stakeholder Customers on the network structures with 27 interviews with sales managers and credit managers. Suppliers were evaluated through 10 interviews with staff in charge of procurement. The issues of health and safety of the staff were handled through documentary analysis and three interviews with corporate managers.

New policies were issued but that integrate the criteria for sustainability of the corporate operations. The standards, communicated to the public on the Group website, provide for an annual report on the state of their application and refer to:

- the environmental and energy policy rules updated in 2012 to take into account the new energy certification UNI CEI EN ISO 50001:2011 obtained from the Integrated Environment and Energy Management System;
- the rules for realization of sustainable branches, which define the criteria for reduction of the environmental footprint of the bank through careful control of consumption for heating, cooling, lighting and through the promotion of appropriate rules for the management of waste, use of water, and selection of materials for furnishings.

The Social Report presents the activities and tangible commitments of the Bank to society and to all the stakeholders, on the basis of the values expressed in the Ethical Code and the strategic business objectives. The process on which the preparation of this report is based originates from listening to and discussing with the stakeholders that are periodically involved in the engagement process.

Significant efforts continued in disseminating the culture of responsibility both in terms of knowledge as well as awareness of the significance of the commitments assumed through the Ethical Code which must then be transferred into daily work.

In an environment that is difficult for the country and the international market, during 2012 we continued to provide innovative financial solutions to respond to the requirements of citizens in particularly difficult situations or who belong to emerging social groups such as young people and immigrants.

The Family Plan initiative promoted by the ABI [Italian Banking Association] and the main consumer associations which makes it possible them to suspend payment of mortgage instalments for 12 months, continued. In July 2012, the Parent Company participated in the new “Percorso Famiglie” [Family Journey] agreement protocol which defines a harmonious group of facilities for families (purchase of home, birth of children, etc.) and, in activation of the Salva Italia [Save Italy] decree, quickly implemented a free of fees Basic Account for limited transactions for citizens in particularly difficult situations.

For persons of over 60 years of age, a range of special offers has been developed which includes a new savings booklet and a rechargeable name bearing prepaid card which includes typical current account services in addition to the functionalities of pay cards.

In terms of the environmental and social emergencies of 2012. Banca CR Firenze stood by the families and economic operators hit by the earthquake in Emilia Romagna and the floods in Tuscany, Umbria and Alto Lazio.

Discussions with SMEs continued to allow the bank to be at their side in order to assist them in overcoming the crisis. The agreement between Sanpaolo and Confindustria Piccola Industria in November 2011 was significant as it makes available an amount of 10 billion for investments in strategic areas to sustain the competitiveness of Italian companies. Also significant is the participation in 2012 in the “New credit measures for SMEs,” an institutional agreement that provides for the suspension of loans and leases, the expansion of the duration of loans, bank advances and expirations of farm loans, as well as lending connected to increases in the capital funds of small and medium sized businesses. Furthermore, to support a specific sector of the Italian economy which was particularly hit by the economic crisis, the Intesa Group also entered into an agreement with the Associazione Nazionale Costruttori Edili [National Association of Building Constructors] which makes available to the associated companies an amount of 2 billion for the development of construction initiatives, with particular attention to the enhancement and requalification of existing buildings.

Thanks to the collaboration between Gucci and Banca CR Firenze, in 2012 an innovative project was developed at the group level the objective of which was to make access to credit easier for companies belonging to a production chain through the sharing of information between the bank and the leading company of that chain. The initiative presented in January 2013 to a further 600 suppliers and sub-suppliers of the chain “Gucci finished leather product,” protects and helps the Tuscan luxury leather goods industry to grow. Through Banca CR Firenze, Intesa Sanpaolo enriches the quantitative information on the financial statements with qualitative information provided by Gucci, including the reliability of the supplier and the quality of the supplier’s performance, so as to also evaluate the intangible aspects of the company in terms of the rating assigned to it and the conditions applied for the granting of credit.

Thanks to the continuous improvement of the Parent Company's Supplier Portal, once again in 2012 the transparency in the relation with suppliers and the procurement process characterized the management of the relations with Suppliers. Indeed, the Portal provides for an online negotiations system: all candidates are required to register online where they can follow, if invited to submit a tender, all the phases of the process in a transparent manner. Transparency and correctness are the main guidelines also for the activities of the development of the passive cycle of the management process.

Through the application of its Environmental and Energy Policy, Intesa Sanpaolo Group has been involved for some time in the prevention, management and reduction of the environmental impacts generated by its activity (direct impacts) and by those of customers and suppliers (indirect impacts).

The Group's commitment in this sector is oriented towards the use of energy produced from renewable sources and towards the achievement of energy saving objectives, progressive improvements in terms of energy efficiency and consequent reduction of emissions of CO2. The monitoring of this activity has been assigned to a dedicated Environmental Sustainability team coordinated by the Energy Manager in collaboration with the Mobility Manager who is supported by 10 Territorial Contacts.

Following the issuing of the corporate policy regarding purchases and the internal use of paper and derivatives based on sustainability criteria, in 2012 the use of recycled paper and certified low environmental impact paper reached the significant percentage of 85%, of the total used. The usual dematerialization activities of certain specific printer phases and the continuously increasing online reporting have made it possible at the group level to avoid using over 984 tons of paper, corresponding to lower CO2 emissions by 1,840 tons.

The Mobility Management function is in charge of defining the strategies and guidelines regarding sustainable mobility and their coordination at the Group level, in compliance with the social and environmental responsibility policies. The updated reports of the Commuting Plans submitted to the municipal authorities' of the 11 locations involved (Milan, Naples, Parma, Rome, Turin, Moncalieri, Vicenza, Padua, Florence, Venice and Bologna) show the results and the implementation status of the key initiatives planned last year.

Thanks to the expertise of Agriventure, a company dedicated to the farming, agro-alimentary and agri-energy sector, which provides consulting to companies throughout the chain from the primary sector up to the first transformation sector, in 2012 it was possible to hold a significant convention in Vercelli, where the new potential opportunities for the rice chain were focused on, through more awareness of the issue of environmental sustainability and the correct use of the resources for the production of renewable energy.

During 2012, Banca CR Firenze also launched numerous projects aimed at promoting social and cultural growth, facilitating cohesion and producing collective and value and well being.

The commitment continued to create and disseminate projects for in-depth studies in art, music, history and the traditions of the referenced territories, with the aim to protect, disseminate and make them publicly available.

In 2012 the publishing tradition of Banca CR Firenze continued with the publication of a monograph dedicated to the sea and its representation in Florentine art and renaissance painting.

The commitment to promote social inclusion and employment opportunities is visible also in the micro credit projects. Numerous activities were carried out in partnership with local foundations and ONLUS [Italian not for profit, social organizations] A new form of loan was introduced aimed at launching or sustaining entrepreneurial activities.

As in previous years, the donations were selected and authorized by the competent bodies of the various banks, adopting intervention lines that followed the consolidated paths for communal support. This path is founded on the pillar of solidarity and coordination with the not for profit world (third sector operators, foundations, local public entities, religious entities) for enhancement of the projects considered to be the most effective insofar as satisfying the fundamental needs of each person, in particular those that are the weakest. Once again in 2012 the donations were aimed at covering the requirements of the territory that are not covered by the actions of the reference foundations, especially for small and medium sized organizations and projects of a cultural nature or that support "social needs."

In terms of sponsoring, once again activities enhancing and disseminating culture and supporting athletic activities were the most significant. The commitment in these areas is expressed both with initiatives realized autonomously indirectly or through partnerships and sponsoring supporting projects that have been created and promoted by third parties. These initiatives represent a concrete expression of the active participation of the bank in the life of the country, a contribution to its social and civil development, in addition to its economic development, and an opportunity to develop and consolidate relations in the territories in which the bank operates.

# Main risks and uncertainties

The information on risks and uncertainties to which Banca CR Firenze and its subsidiaries are exposed are explained in detail in this Report on operations and in the notes to the financial statements.
Particularly, the risks linked with the trend in the global economy, financial markets and the choices made by Supranational Bodies and Governments to fight the recession are exposed in the introduction to the Report on operations: the chapter on the economic setting and the subsequent chapter on the outlook for the year, indicate the assumptions on which the evaluations and forecasts made are based.
Risks connected to the stability of equity and the business as a going concern are considered in detail in the part of this Report on operations regarding the economic and equity situations, while further information is contained in Part F of the notes to the financial statements.
Detailed information on financial risks and operating risks is given in Part E of the notes to the financial statements.

# 2013 Outlook

The moderate expansion phase of the global economy will extend to the year underway as well. Economic activity will remain weak in the Euro zone, though a slight recovery is expected in the second half of the year. Similar performance is expected in Italy as well, where the fiscal restrictions and the consequences of the financial crisis will continue to adversely affect the performance of the economy at least in the first half of the year. Actual recovery of economic activity has been postponed to 2014. The monetary policies will continue to be accommodating in Europe as well. The official rates of the ECB will probably remain unchanged throughout 2013.

In 2013, due to the continuing weakness of the economies in the developed countries, particularly the Euro area, the GDPs of all emerging economies is forecasted by the International Monetary Fund to be increasing at approximately 5.5%, only slightly higher than 5.1% estimated for 2012. In further detail, the growth rate will continue to stay above 7% in Asia, 3% in Latin America, the Middle East and North Africa (MENA) and the Confederation of Independent States (CIS), while remaining lower in Central and South Eastern European countries, based on recent forecasts by the EBRD, the European bank for Reconstruction and Development, of just above 1%.

Regarding only the Central European and South-eastern European countries in which the Group operates through subsidiaries, during 2013 the cyclical phase for the central European countries, indicates that the recession in Slovenia and Hungary will continue while the slowdown will continue in Slovakia while in the Southern European countries, Albania and Romania will begin to recover, while the recovery in Croatia and Serbia might still continue to lag behind.

In Egypt, forecasts indicate further recovery, but uncertainties remain regarding political developments and the possibility of an agreement for financial support by the International Monetary Fund.

On the monetary front, for Eastern European countries the short term interest rates are expected to remain stable overall or slightly down due to the slower than expected growth rate of the economies, the low inflationary pressures and the accommodating attitudes of the central banks, with certain exceptions, including Serbia, the central bank of which could increase interest rates in order to promote inflation.

Activity in the Italian banking sector continues to be very strongly affected by the weakness of the Italian macroeconomic environment and the consequences of the sovereign debt crisis. The auspicated gradual relaxation of the cost of borrowing from households and loan rates, in line with the accommodating conditions set by the monetary policy and the compression of the monetary rates, will be dependent on the performance of the spreads on government securities. Furthermore, the high credit risk will continue to adversely affect loan rates. The continuation of the recessionary economic environment for most of 2013 will continue to negatively influence the credit quality and dynamics of loans to customers, with any signs of recovery to appear only toward year-end. In terms of borrowing from customers, increased deposits from families are expected.

# Certification of the consolidated financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned, Giuseppe Morbidelli, representing the Board of Directors and Egidio Mancini, in his capacity as the manager in charge for the preparation of the company accounting documents of Banca CR Firenze, hereby certify, pursuant to art. 154 bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness of the financial statements with regard to the nature of the bank and
   - the effective application of administrative and accounting procedures in preparing the consolidated financial statements during 2012.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures to draw up the consolidated financial statements as of 31 December 2012 took place on the basis of methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems[1].

3. The undersigned also certify that:

3.1 The consolidated financial statements as of 31 December 2012:

- have been prepared in compliance with applicable International Financial Reporting Standards recognised by the European Community pursuant to European Parliament and Council Regulation n. 1606/2002 of 19 July 2002;
- correspond to the entries in the books and accounting records;
- give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and of the companies included in the scope of consolidation.

3.2 The report on operations includes a fair review of the development and operating result, as well as of the position of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties that they face.

Florence, 4 March 2013

For the Board of Directors
The Chairman
[signature]
Giuseppe Morbidelli

Manager in charge for the preparation of the company accounting documents
[signature]
Egidio Mancini

[1] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

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**Relazione della società di revisione ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39 e dell'art. 165 del D.Lgs. 24 febbraio 1998, n. 58**

Agli Azionisti della
Banca CR Firenze S.p.A.

1 Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dallo stato patrimoniale consolidato, dal conto economico consolidato, dal prospetto della redditività complessiva consolidato, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario consolidato e dalla relativa nota integrativa consolidata, della Banca CR Firenze S.p.A. e sue controllate ("Gruppo Banca CR Firenze") chiuso al 31 dicembre 2012. La responsabilità della redazione del bilancio consolidato in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05, compete agli amministratori della Banca CR Firenze S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione emessa da altro revisore in data 12 marzo 2012.

3 A nostro giudizio, il bilancio consolidato del Gruppo Banca CR Firenze al 31 dicembre 2012 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa del Gruppo Banca CR Firenze per l'esercizio chiuso a tale data.

4 La responsabilità della redazione della relazione sulla gestione in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della Banca CR Firenze S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e della specifica sezione denominata "Relazione sul

governo societario e gli assetti proprietari", limitatamente alle informazioni di cui al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98 presentate nella specifica sezione sono coerenti con il bilancio consolidato del Gruppo Banca CR Firenze al 31 dicembre 2012.

Firenze, 15 marzo 2013

KPMG S.p.A.

Andrea Rossi
Socio

# Consolidated financial statements

In accordance with the current regulations, Banca CR Firenze S.p.A. is required to prepare the Separate financial statements in compliance with EC Regulation no. 1606/2002, Legislative Decree no. 38 of 26 February 2005 ("IAS Decree") and the Bank of Italy's Circular Letter no. 262 of 22 December 2005 and subsequent update on 18 November 2009 - "Financial statements of Banks: formats and rules for compilation".

The consolidated financial statements as of 31 December 2012 of Banca CR Firenze S.p.A. are accompanied by the Report on Operations, and are made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements, which have been drawn up in the form required by the Circular Letter indicated above.

In accordance with the regulations issued by the Bank of Italy and Consob, the financial statement formats are drawn up in euro units, whereas the notes to the financial statements have been prepared in millions of euro, since the Bank's total assets significantly exceed the figure of € 10 billion identified in this regard by the Bank of Italy. Furthermore, prior year comparative figures are given for all documents, where required by the aforementioned regulations or where deemed appropriate to provide more accurate information.

The consolidated financial statements of Banca CR Firenze S.p.A. as of 31 December 2012 are audited by the accounting firm KPMG S.p.A., which was appointed by the 22 December 2011 Annual General Meeting of Shareholders as auditors for the 2012/2020 period.

## Consolidated balance sheet

(thousands of euro)

| Assets | | 31.12.2012 | 31.12.2011 | changes | |
|---|---|---|---|---|---|
| | | | | Absolute | % |
| 10. | Cash and cash on hand | 352,622 | 293,061 | 59,561 | 20.3 |
| 20. | Financial assets held for trading | 195,303 | 164,755 | 30,548 | 18.5 |
| 30. | Financial assets measured at fair value | 171 | - | 171 | |
| 40. | Financial assets available for sale | 714,620 | 943,197 | -228,577 | -24.2 |
| 50. | Financial assets held to maturity | 38,635 | 38,664 | -29 | -0.1 |
| 60. | Amounts owing by banks | 1,239,627 | 1,889,035 | -649,408 | -34.4 |
| 70. | Customer loans | 19,531,629 | 22,170,430 | -2,638,801 | -11.9 |
| 80. | Hedging derivatives | 125,095 | 113,633 | 11,462 | 10.1 |
| 90. | Fair value change of financial assets in hedged portfolios (+/-) | - | - | - | |
| 100. | Equity investments | 111,712 | 128,150 | -16,438 | -12.8 |
| 110. | Actuarial reserves of reinsurers | - | - | - | |
| 120. | Property, plant and equipment | 385,171 | 415,808 | -30,637 | -7.4 |
| 130. | Intangible assets<br>of which: | 369,073 | 315,842 | 53,231 | 16.9 |
| | *- goodwill* | *349,312* | *314,683* | *34,629* | *11.0* |
| 140. | Tax assets | 441,647 | 410,129 | 31,518 | 7.7 |
| | *a) current* | *78,804* | *68,106* | *10,698* | *15.7* |
| | *b) deferred* | *362,843* | *342,023* | *20,820* | *6.1* |
| | *- of which convertible in tax credit (Law no. 214/2011)* | *280,081* | *243,315* | *36,766* | *15.1* |
| 150. | Non current assets and groups of assets being disposed | 1,748 | 2,211 | -463 | -20.9 |
| 160. | Other assets | 475,624 | 523,093 | -47,469 | -9.1 |
| Total assets | | 23,982,677 | 27,408,008 | -3,425,331 | -12.5 |

(thousands of euro)

| Liabilities and Shareholders' equity | | 31.12.2012 | 31.12.2011 | changes | |
|---|---|---|---|---|---|
| | | | | Absolute | % |
| 10. | Amounts owing to banks | 6,717,027 | 9,707,088 | -2,990,061 | -30.8 |
| 20. | Customer deposits | 13,181,691 | 12,844,896 | 336,795 | 2.6 |
| 30. | Outstanding securities | 881,922 | 1,595,060 | -713,138 | -44.7 |
| 40. | Financial liabilities held for trading | 192,147 | 117,292 | 74,855 | 63.8 |
| 50. | Financial liabilities measured at fair value | - | - | - | |
| 60. | Hedging derivatives | 51,925 | 34,519 | 17,406 | 50.4 |
| 70. | Fair value change of financial liabilities in hedged portfolios (+/-) | 83,855 | 47,404 | 36,451 | 76.9 |
| 80. | Tax liabilities | 44,742 | 47,078 | -2,336 | -5.0 |
| | *a) current* | *15,803* | *27,509* | *-11,706* | *-42.6* |
| | *b) deferred* | *28,939* | *19,569* | *9,370* | *47.9* |
| 90. | Liabilities associated with groups of assets being disposed | - | - | - | |
| 100. | Other liabilities | 941,636 | 713,573 | 228,063 | 32.0 |
| 110. | Provision for staff termination pay | 148,320 | 145,511 | 2,809 | 1.9 |
| 120. | Provision for risks and charges | 186,044 | 228,225 | -42,181 | -18.5 |
| | *a) provisions for pensions and similar obligations* | *29,120* | *36,056* | *-6,936* | *-19.2* |
| | *b) other provisions* | *156,924* | *192,169* | *-35,245* | *-18.3* |
| 130. | Actuarial reserves | - | - | - | |
| 140. | Valuation reserves | -21,391 | -42,511 | -21,120 | -49.7 |
| 150. | Reimbursable shares | - | - | - | |
| 160. | Equity instruments | - | - | - | |
| 170. | Reserves | 413,857 | 545,904 | -132,047 | -24.2 |
| 180. | Share premiums | 189,357 | 102,261 | 87,096 | 85.2 |
| 190. | Share capital | 831,364 | 828,836 | 2,528 | 0 |
| 200. | Own shares (-) | - | - | - | |
| 210. | Minority interest (+/-) | 169,880 | 306,749 | -136,869 | -44.6 |
| 220. | Net profit/(loss) | -29,699 | 186,123 | -215,822 | |
| Total liabilities and Shareholders' equity | | 23,982,677 | 27,408,008 | -3,425,331 | -12.5 |

# Consolidated income statement

(thousands of euro)

| Items | | 31.12.2012 | 31.12.2011 | changes Absolute | % |
|---|---|---|---|---|---|
| 10. | Interest earned and similar income | 859,733 | 889,109 | -29,376 | -3.3 |
| 20. | Interest expense and similar charges | -214,699 | -242,737 | -28,038 | -11.6 |
| **30.** | **Interest margin** | **645,034** | **646,372** | **-1,338** | **-0.2** |
| 40. | Commissions earned | 355,257 | 355,675 | -418 | -0.1 |
| 50. | Commissions expense | -22,311 | -20,687 | 1,624 | 7.9 |
| **60.** | **Net commissions** | **332,946** | **334,988** | **-2,042** | **-0.6** |
| 70. | Dividends and similar income | 2,250 | 2,702 | -452 | -16.7 |
| 80. | Net result from trading | 10,410 | 8,252 | 2,158 | 26.2 |
| 90. | Net result from hedging | 1,966 | 435 | 1,531 | |
| 100. | Gains/(Losses) from sale or repurchase of : | -1,645 | 152,897 | -154,542 | |
| | *a) loans* | *-4,717* | *-3,068* | *1,649* | *53.7* |
| | *b) financial assets available for sale* | *-55* | *155,965* | *-156,020* | |
| | *c) financial assets held to maturity* | | *-* | *-* | |
| | *d) financial liabilities* | *3,127* | *-* | *3,127* | |
| 110. | Net result of financial assets and liabilities measured at fair value | 42 | - | 42 | |
| **120.** | **Net banking revenues** | **991,003** | **1,145,646** | **-154,643** | **-13.5** |
| 130. | Value (adjustments)/write-backs for worsening of: | -342,646 | -243,006 | 99,640 | 41.0 |
| | *a) loans* | *-338,698* | *-236,538* | *102,160* | *43.2* |
| | *b) financial assets available for sale* | *-4,184* | *-5,466* | *-1,282* | *-23.5* |
| | *c) financial assets held to maturity* | | *-* | *-* | |
| | *d) other financial transactions* | *236* | *-1,002* | *1,238* | |
| **140.** | **Net result from financial activities** | **648,357** | **902,640** | **-254,283** | **-28.2** |
| 150. | Net premiums | - | - | - | |
| 160. | Other income from/(expense to) insurance activities | - | - | - | |
| **170.** | **Net result from financial and insurance activities** | **648,357** | **902,640** | **-254,283** | -28.2 |
| 180. | Administrative expenses: | -766,496 | -832,791 | -66,295 | -8.0 |
| | *a) staff costs* | *-416,324* | *-470,051* | *-53,727* | *-11.4* |
| | *b) other administrative expenses* | *-350,172* | *-362,740* | *-12,568* | *-3.5* |
| 190. | Provision for risks and charges - net | -953 | -7,410 | -6,457 | -87.1 |
| 200. | Value (adjustments)/write-backs to property, plant and equipment | -24,222 | -23,050 | 1,172 | 5.1 |
| 210. | Value (adjustments)/write-backs to intangible assets | -1,048 | -486 | 562 | |
| 220. | Other operating (expense)/income | 126,608 | 128,061 | -1,453 | -1.1 |
| **230.** | **Operating costs** | **-666,111** | **-735,676** | **-69,565** | **-9.5** |
| 240. | Gains/(Losses) from equity investments | -16,541 | -2,436 | 14,105 | |
| 250. | Net result of valuation of property, plant and equipment and intangible assets at fair value | - | - | - | |
| 260. | Impairment on goodwill | - | - | - | |
| 270. | Gains/(Losses) from sale of investments | 3,279 | 60,529 | -57,250 | -94.6 |
| **280.** | **Gains/(Losses) from current operations, including taxes** | **-31,016** | **225,057** | **-256,073** | |
| 290. | Income taxes for the year on current operations | 11,081 | -35,536 | 46,617 | |
| **300.** | **Gains/(Losses) from current operations, net of taxes** | **-19,935** | **189,521** | **-209,456** | |
| 310. | Gains/(Losses) associated with groups of assets being disposed, net of taxes | - | 5,094 | -5,094 | |
| **320.** | **Net profit/(loss)** | **-19,935** | **194,615** | **-214,550** | |
| 330. | Minority interest net profit/(loss) | -9,764 | -8,492 | 1,272 | 15.0 |
| **340.** | **Parent Company net profit /(loss)** | **-29,699** | **186,123** | **-215,822** | |

## Statement of consolidated comprehensive income

*(thousands of euro)*

| | | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| **10.** | **NET PROFIT/(LOSS)** | **-19,935** | **194,615** |
| | Other income components net of taxes: | | |
| 20. | Financial assets available for sale | 30,937 | -20,447 |
| 30. | Property, plant and equipment | - | - |
| 40. | Intangible assets | - | - |
| 50. | Hedging of foreign investments | - | - |
| 60. | Cash flow hedge | 194 | - |
| 70. | Foreign exchange differences | 9 | -18 |
| 80. | Non-current assets held for sale | - | - |
| 90. | Actuarial gains (losses) on defined benefit plans | -14,166 | -6,379 |
| 100. | Changes in valuation reserve from equity investments valuated under the equity method | 4,209 | 432 |
| 110. | Total other income components net of taxes | 21,183 | -26,412 |
| **120.** | **COMPREHENSIVE INCOME (ITEM 10 + 110)** | **1,248** | **168,203** |
| 130. | Consolidated comprehensive income attributable to minority interests | 9,790 | 7,144 |
| 140. | Consolidated comprehensive income attributable to Parent Company | -8,542 | 161,059 |

## Statement of changes in shareholders’ equity as of 31 December 2012

(thousands of euro)

| | 31.12.2012 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Share premium reserve | Reserves | | Valuation reserves | Capital instruments | Treasury shares | Net profit / (loss) | Shareholders’ equity | *Group shareholders' equity* | *Minority interests* |
| | ordinary shares | saving shares | | retained earnings | others | | | | | | | |
| **SHAREHOLDERS' EQUITY AS OF 1.1.2012** | **936,794** | **-** | **143,943** | **698,696** | **-11,575** | **-35,111** | **-** | **-** | **194,615** | **1,927,362** | ***1,620,613*** | ***306,749*** |
| **ALLOCATION OF NET PROFIT FROM PREVIOUS PERIOD** | | | | | | | | | | | | |
| **Reserves** | **-** | **-** | **-** | **5,159** | **-** | | | | **-5,159** | **-** | | |
| **Dividends and other allocations (a)** | | | | | | | | | **-189,456** | **-189,456** | ***-180,904*** | ***-8,552*** |
| **CHANGES IN THE PERIOD** | | | | | | | | | | | | |
| **Changes in reserves** | **-33,027** | | **-19,406** | **-128,561** | **-99,953** | **-5,531** | | | | **-286,478** | ***-137,304*** | ***-149,174*** |
| **Operations on shareholders' equity** | | | | | | | | | | | | |
| Issue of new shares | 104,436 | - | 98,127 | - | - | | | - | | **202,563** | ***191,532*** | ***11,031*** |
| Purchase of treasury shares | - | - | | - | | | | - | | **-** | | |
| Extraordinary dividends | | | | - | - | | | | | **-** | | |
| Change in equity instruments | | | | | | | - | | | **-** | | |
| Derivatives on treasury shares | | | | | - | | | | | **-** | | |
| Stock options | | | | | - | | | | | **-** | | |
| Other changes | -101,871 | | | | | | | | | **-101,871** | ***-101,907*** | ***36*** |
| **Comprehensive income as of 31 December 2012** | | | | | | **21,183** | | | **-19,935** | **1,248** | ***-8,542*** | ***9,790*** |
| **SHAREHOLDERS' EQUITY AS OF 31.12.2012** | **906,332** | **-** | **222,664** | **575,294** | **-111,528** | **-19,459** | **-** | **-** | **-19,935** | **1,553,368** | ***1,383,488*** | ***169,880*** |
| **- Group** | **831,364** | | **189,357** | **575,294** | **-161,437** | **-21,391** | | | **-29,699** | **1,383,488** | | |
| **#NOME?** | **74,968** | | **33,307** | | **49,909** | **1,932** | | | **9,764** | **169,880** | | |

**(a) The item comprises the dividends and amounts destined to the Reserve available to the Banca CR Firenze S.p.A. Shareholders' Assembly, as well as the dividends of the consolidated companies belonging to third parties.**

## Statement of changes in shareholders’ equity as of 31 December 2011

(thousands of euro)

| | 31.12.2011 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Share premiums reserve | Reserves | | Valuation reserves | Capital instruments | Own shares | Net profit / (loss) | Shareholders’ equity | *Group shareholders' equity* | *Minority interests* |
| | ordinary shares | saving shares | | retained earnings | others | | | | | | | |
| **SHAREHOLDERS' EQUITY AS OF 1.1.2011** | **967,712** | **-** | **153,240** | **690,781** | **68,684** | **-8,274** | **-** | **-** | **11,624** | **1,883,767** | ***1,524,594*** | ***359,173*** |
| **ALLOCATION OF NET PROFIT FROM PREVIOUS PERIOD** | | | | | | | | | | | | |
| **Reserves** | - | - | - | -27,448 | - | | | | 27,448 | - | | |
| **Dividends and other allocations (a)** | | | | | | | | | -39,072 | -39,072 | *-22,803* | *-16,269* |
| **CHANGES IN THE PERIOD** | | | | | | | | | | | | |
| **Changes in reserves** | -30,918 | | -9,297 | 35,363 | -80,259 | -425 | | | | -85,536 | *-42,237* | *-43,299* |
| **Operations on shareholders' equity** | | | | | | | | | | | | |
| Issue of new shares | - | - | - | - | - | | | - | | - | | - |
| Purchase of treasury shares | - | - | | - | | | | - | | - | | |
| Extraordinary dividends | | | | - | - | | | | | - | | |
| Change in equity instruments | | | | | | | - | | | - | | |
| Derivatives on treasury shares | | | | | - | | | | | - | | |
| Stock options | | | | | - | | | | | - | | |
| **Comprehensive income as of 31 December 2011** | | | | | | -26,412 | | | 194,615 | 168,203 | *161,059* | *7,144* |
| **SHAREHOLDERS' EQUITY AS OF 31.12.2011** | **936,794** | **-** | **143,943** | **698,696** | **-11,575** | **-35,111** | **-** | **-** | **194,615** | **1,927,362** | ***1,620,613*** | ***306,749*** |
| **- Group** | 828,836 | | 102,261 | 698,696 | -152,792 | -42,511 | | | 186,123 | 1,620,613 | | |
| **- Minority interests** | 107,958 | | 41,682 | | 141,217 | 7,400 | | | 8,492 | 306,749 | | |

(a) The item comprises the dividends and amounts destined to the Reserve available to the Banca CR Firenze S.p.A. Shareholders' Assembly, as well as the dividends of the consolidated companies belonging to third parties.

# Consolidated cash flow statement

(thousands of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. OPERATING ACTIVITIES | | |
| 1. Operations | 184,819 | 362,571 |
| - net profit /(loss) (+/- ) | - 29,699 | 186,123 |
| - capital gains/losses on financial assets held for trading | - 13,696 | 11,785 |
| and on assets and liabilities measured at fair value (- /+) | - | - |
| - capital gains/losses on hedging activities (- /+) | - 86,605 | 47,199 |
| - value (adjustments)/write- backs for worsening (+/- ) | 385,307 | 272,887 |
| - value (adjustments)/write- backs to property, plant and equipment and intangible assets (+/- ) | 11,570 | 34,635 |
| - net provisions for risks and charges and other costs/revenues (+/- ) | 953 | 7,410 |
| - net premiums to be collected (- ) | - | - |
| - other uncollected insurance income/charges (- /+) | - | - |
| - unpaid taxes and duties (+) | - 11,081 | 35,536 |
| - net adjustments/write- backs on groups of assets being disposed | | |
| net of taxes (- /+) | | |
| - other adjustments (+/- ) | - 71,930 | - 233,004 |
| 2. Net cash flow from/for financial assets | 3,117,232 | 1,899,945 |
| - financial assets held for trading | - 16,852 | - 13,831 |
| - financial assets measured at fair value | - | - |
| - financial assets available for sale | 228,577 | 601,319 |
| - amounts owing by banks | 649,408 | 1,444,621 |
| - customer loans | 2,253,494 | - 185,429 |
| - other assets | 2,605 | 53,265 |
| 3. Net cash flow from/for financial liabilities | - 3,095,934 | - 2,571,441 |
| - amounts owing to banks sight | - | - |
| - amounts owing to banks | - 2,990,061 | 606,066 |
| - customer deposits | 336,795 | - 1,472,375 |
| - outstanding securities | - 704,637 | - 1,480,708 |
| - financial liabilities held for trading | 74,855 | 8,253 |
| - financial liabilities measured at fair value | - | - |
| - other liabilities | 187,114 | - 232,677 |
| Net cash flow from/for operating activities | 206,117 | - 308,925 |
| B. INVESTING ACTIVITIES | | |
| 1. Net cash flow from | 59,454 | 377,344 |
| - disposals of equity investments | 462 | 287,330 |
| - dividends collected on equity investments | - | - |
| - sales/reimbursements of financial assets held to maturity | - | - |
| - disposals of property, plant and equipment | 8,121 | 39,727 |
| - disposals of intangible assets | - | - |
| - sales of business branches | 50,871 | 50,287 |
| 2. Net cash flow for | - 16,554 | - 22,792 |
| - purchases of equity investments | - 3,046 | - 4,827 |
| - purchases of financial assets held to maturity | - | - |
| - purchases of property, plant and equipment | - 8,221 | - 17,627 |
| - purchases of intangible assets | - 5,287 | - 338 |
| - purchases of business branches | - | - |
| Net cash flow from/for investing activities | 42,900 | 354,552 |
| C. BORROWING ACTIVITIES | | |
| - issues/purchases of treasury shares | - | - |
| - issues/purchases of equity instruments | - | - |
| - distribution of dividends and other purposes | - 189,456 | - 39,072 |
| Net cash flow from/for borrowing activities | - 189,456 | - 39,072 |
| NET CASH FLOW FROM/FOR THE YEAR | 59,561 | 6,555 |
| RECONCILIATION | | |
| Financial statements' items | | |
| Cash and cash on hand at beginning of year | 293,061 | 286,506 |
| Net cash flow from/for the year | 59,561 | 6,555 |
| Cash and cash on hand at end of year | 352,622 | 293,061 |

LEGEND: (+) from (–) for

# Notes to the consolidated financial statement

# Part A – Accounting policies

## A.1 – GENERAL CRITERIA

### SECTION 1 – STATEMENT OF COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

The consolidated financial statements of the Banca CR Firenze S.p.A. and of its subsidiaries comply with the International Accounting Standards IAS/IFRS, issued by the International Accounting Standards Board ("IASB") and adopted by the European Union by EC Regulation No. 1606/2002 and transposed into our law by Legislative Decree No. 38 of 26 February 2005 (the "IAS Decree") and by the Bank of Italy's Circular Letter No. 262 of 22 December 2005 and subsequent update on 18 November 2009 – "Financial statements of Banks: formats and rules for compilation", also taking into account further amendments issued by the Bank of Italy on 7 August 2012 and 15 January 2013, as well as, for the applicable cases, the interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").
The aforementioned Circular letter sets out the balance-sheet statements and related preparation modalities, as well as the contents of the Notes to the financial statements.
The IAS/IFRS criteria, endorsed and in force as of 31 December 2012 (including SIC and IFRIC interpretation documents) have been applied while preparing these financial statements. These principles are listed in the attachments to the Bank's separate financial statements.
The following table shows the new international accounting criteria or the amendments on accounting principles already in force, with the related endorsement regulations issued by the European Union and in force since 2012;

**The international accounting principle in force as from 2012**

| Regulations for endorsement | Title |
|---|---|
| 1205/2011 | Amendment to IFRS 7 - Financial instruments: disclosures - Transfers of financial assets |

The following table shows the new international accounting criteria or the amendments to accounting principles already in force, with the related endorsement Regulations issued by the European Commission, the application of which is mandatory for reporting periods beginning on or after 1 January 2013 - in case of financial statements coincident with the calendar year - or following date.

**International accounting criteria with application after 31 December 2012.**

| Regulation for endorsement | Title | Effective date |
|---|---|---|
| 475/2012 | Amendment of IAS 1 Presentation of FInancial Statements - Presenting the other components of the comprehensive income Amendment to IAD 19 Employee benefits | 01/01/2013 First financial year starting on after 01/01/2013 |
| 1254/2012 | IFRS 10 Consolidated Financial Statements IFRS 11 Joint Arrangements IFRS 12 Disclosure of Interests in Other Entities IAS 27 Separate Financial Statements IAS 28 Investments in Associates and Joint Ventures | 01/01/2014 First financial year starting on after 01/01/2014 |
| 1255/2012 | Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standard - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters Amendment to IAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets IFRS 13 Measurement at Fair Value IFRS Interpretation no. 20 Stripping Costs in the Production Phase of a Surface Mine | 01/01/2013 First financial year starting on after 01/01/2013 (*) |
| 1256/2012 | Amendments to IFRS 7 - Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32 Financial Instruments: Disclosure - Offsetting Financial Assets and Liabilities | 01/01/2013 First Financial Statements beginning on or after 01/01/2013 (for amendments to IFRS 7) 01/01/2014 First Financial Statements beginning on or after (for amendments to IAS 32) |

(*) The companies apply the amendments to IFRS 1 and IAS 12 at the latest starting from the date of the first financial statements on or after the effective date of the Regulations (third day from the EU Official Gazette).

By reason of the key importance of new regulations, the contents of some Regulations shown in the table are described hereunder.
With Regulation no. 475/2012, the European Commission endorsed some amendments to IAS 1 envisaging a greater clarity with respect to the table Other Comprehensive Income - OCI, through the grouping of entries, which in the future will not be subject to reversal to income statement and entries, which can be subject to reversal to income statement upon occurrence of specific conditions. The same Regulation endorsed the new version of IAS 19 standard, which envisages to

favour comprehension and comparability of financial statements, above all with reference to defined benefit plans.
The most relevant novelty is the cancellation of the "corridor method"; the aggregate profitability of the changes in value of bonds and assets underlying the plan are therefore immediately recognised in the statement. This method has in any case been applied by the Bank since 2011.
Some novelties were introduced as for consolidation in Regulation no. 1254/2012, through the endorsement of some accounting principles (IFRS 10, IFRS 11, IFRS 12) and the following introduction of amendments to already existing standards ( IAS 27 and IAS 28).
IFRS 10 aims at providing one single model for the consolidated financial statements, in which a "control" is envisaged as consolidation basis of all types of entity. The principle provides a definition of an investor's control in a company. According to IFRS 10, in fact, there is a control only if the investor:

- is entitled to make decision of the activities of the investee;
- is exposed to the variability of profits of the investee in which it has made investments;
- is able to have an influence, through its powers, on future profits of the investee.

The IFRS 10 standard, therefore, sets out that, to have a control on a company, the investor, due to a de jure or de facto situation, must have the capacity to significantly influence the type of managerial choices on key business of the investee and has to be exposed to the variability of profit/loss.
The IFRS 11 standard outlines, instead, the accounting criteria of entities which are party in jointly controlled agreements, under the form of either a joint venture (representing a share of net assets and equity accounted) or a joint operation i.e. a transaction on which the parties having a joint control have rights to assets and obligations for liabilities, accounted for accordingly.
Lastly, IFRS 12 combines, strengthens and subsides disclosure obligations for subsidiaries, joint control agreements, associated companies and not consolidated structured entities. This principle was developed with the aim of unifying and improving the disclosure requirements, also through the introduction of some novelties in terms of required disclosures, as set out by the previous IAS 27, 28 and 31.

With Regulation no. 1255/2012, the European Commission endorsed the IFRS 13 standard. The new standard does not enlarge the application field of fair value measurement, but provides guidance on how entities should measure the fair value of financial instruments and non financial assets and liabilities, when fair value measurement is already required or allowed by other accounting standards. This standard aims at "concentrating" the rules for fair value measurement in one single principle, while these rules were set out in various standards, sometimes setting out provisions which were not mutually consistent.

In any case, no European Regulations for the adoption of international accounting principles endorsed during the reference period had an impact on the preparation of the 2012 Financial statements. As already shown in the table, these are new standards (or amendments to already existing standards) which shall be applied to accounting periods beginning on or after 1 January 2013.

It should be also noted that, during 2012, IASB amended some IAS/IFRS standards previously issued.
The following table shows the amended accounting standards with a specification of the issue or object of the amendments. By reason of the fact that no endorsement has been made by the European Commission to date, none of these amendments have been applied to the Bank's financial statements.

| **Title/ Interpretation** | **Amendments** | **Date of issue** |
|---|---|---|
| IFRS 1 | Government Loans | 13/03/2012 |
| IFRS 1 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 1 | Improvements to IFRSs (2009-2011 cycle) Statements | 17/05/2012 |
| IAS 16 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 32 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 34 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IFRS 10 | Transition Guidance | 28/06/2012 |
| IFRS 11 | Transition Guidance | 28/06/2012 |
| IFRS 12 | Transition Guidance | 28/06/2012 |
| IFRS 10 | Investment Entities | 31/10/2012 |
| IFRS 12 | Investment Entities | 31/10/2012 |
| IAS 27 | Investment Entities | 31/10/2012 |

SECTION 2 – GENERAL PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The foregoing principles are the following:

a. company's ongoing concern: assets, liabilities and "off-balance sheet" transactions are measured on the basis of the working values, since being long-term;
b. accrual basis of accounting: costs and revenues are recognised on an accruals basis, in relation to the underlying services received and supplied, irrespective of the date of the relevant money settlement;
c. consistency of presentation: to guarantee comparability of figures and information shown in financial statements schedules, presentation and classification criteria are maintained, unless their change is required by an international accounting standard or its interpretation, or unless their change is designed to provide a more significant and reliable presentation of the values; whenever a specific presentation or classification method is changed, the new method applies - if possible - retroactively, detailing the reasons and nature in the notes to the financial statements and indicating the effects on the presentation of the financial statements;
d. materiality and aggregation: each material class of elements showing similar nature or functions is shown separately in the balance sheet and income statement formats; elements showing different nature or functions, if material, are recognised separately;
e. prohibition of offsetting elements: this rule applies, unless it is provided for or allowed by international accounting standards or by their relevant interpretation;
f. comparison with preceding financial year: the financial statements schedules include figures from the preceding period, adapted where possible and necessary, to ensure their comparability.

## SECTION 3 – **SCOPE OF CONSOLIDATION AND METHODS**

### Consolidation criteria and methods

The figures relating to the parent bank and its subsidiaries are consolidated by combining the assets, liabilities, shareholders' equity, "off-balance sheet" transactions, costs and revenues, whatever kind of business activity they perform, to the pertinent items and sub-items of the consolidated financial statements, using the line by line consolidation method indicated by IAS 27, except for the elimination of participating interests in subsidiaries and the corresponding portions of equity of such companies, as well as the other inter-group balance sheet and profit and loss account relations. Any positive difference arising from the comparison between the carrying value of each participating interest and the corresponding portion of the equity of the subsidiary is entered as goodwill and subject to impairment test associated with the impairment of the company's overall economic or financial position, or with circumstances that might similarly affect the future prospects of the company itself and the presumed realisable value. If the foregoing difference is negative, such value is entered as revenue in the consolidated profit and loss account.

### Scope of consolidation

The scope of consolidation includes the Parent Company and the companies it either directly or indirectly controls, the scope also including companies operating in lines of business other than the Parent Company's; likewise, the foregoing perimeter also includes SPVs set up in the frame of the securitisation transactions, whenever the requirements provided for by the IAS/IFRS standards and their interpretations apply, with special reference to SIC 12 in the case of a control position.
The scope of consolidation includes therefore the following companies:

| Companies | Registered office | Type of holding (1) | Investing Company relationship | % held | % of votes (2) available |
|---|---|---|---|---|---|
| A. Companies | | | | | |
| Cassa di Risparmio di Firenze S.p.A. | Florence | | | | |
| **A.1 Companies consolidated on a line-by-line basis** | | | | | |
| 1. Cassa di Risparmio di Pistoia e della Lucchesia S.p. | Pistoia | 1 | Cassa di Risparmio di Firenze | 74.88 | |
| 2. Cassa di Risparmio di Civitavecchia S.p.A. | Civitavecchia (RM) | 1 | Cassa di Risparmio di Firenze | 51.00 | |
| 3. Infogroup S.c.p.A. | Florence | 1 | Cassa di Risparmio di Firenze | 65.45 | |
| | | | Cassa di Risparmio di Pistoia e della Lucchesia | 2.76 | |
| | | | Cassa di Risparmio di Civitavecchia | 0.69 | |
| | | | Other minorities | 0.01 | |
| | | | | 68.91 | |
| 4. Immobiliare Nuova Sede S.r.l. | Florence | 1 | Cassa di Risparmio di Firenze | 100.00 | |
| 5. Cassa di Risparmio Provincia di Viterbo S.p.A. | Viterbo | 1 | Cassa di Risparmio di Firenze | 75.81 | 82.02 |
| 6. Casse di Risparmio dell'Umbria S.p.A. | Terni (TR) | 1 | Cassa di Risparmio di Firenze | 87.85 | 88.28 |
| 7. Cassa di Risparmio di Rieti S.p.A. | Rieti | 1 | Cassa di Risparmio di Firenze | 85.00 | |
| Companies consolidated with equity method | | | | | |
| 8. CR Firenze Mutui S.r.l. | Conegliano Veneto (TV) | 8 | Cassa di Risparmio di Firenze | 10.00 | |

It should be noted that, during the year, some transactions were concluded, which resulted in the loss of control in Banca CR Firenze Romania S.A., Centro Factoring S.p.A., Cassa di Risparmio di Ascoli Piceno S.p.A., as well as the loss of relation with the company Centro Leasing S.p.A.. As of 31 December 2012, the consolidation of these companies by Banca CR Firenze is therefore limited to the income statement until the date in which the control or relation have ceased.

Legend:
(1) Type of holding:
1 = majority of voting rights at ordinary shareholders' meeting
2 = dominant influence at ordinary shareholders' meeting
3 = agreements with other shareholders
4 = other forms of control
5 = management on a unified basis pursuant to Article 26, paragraph 1, of "Legislative Decree No. 87/1992"
6 = management on a unified basis pursuant to Article 26, paragraph 2, of "Legislative Decree No. 87/1992"
7 = joint control
8 = majority of risks and benefits (SIC 12)

(2) Effective availability of votes in the ordinary shareholders' meeting

It is specified that there are no restrictions on exercise of voting rights.

## SECTION 4 - EVENTS AFTER THE YEAR-END

This Section reports events that occurred after the closing date of the financial year which, based on the requirements of IASs/IFRSs and the Bank of Italy, must be mentioned in the notes to the financial statements to explain, where possible, the nature and estimated effects of the equity, financial and economic position of Banca CR Firenze and its subsidiaries; to this regard, it should be noted that, on 28 January 2013, the Board of Directors of Bank CR Firenze approved the merger by incorporation of Immobiliare Nuova Sede Srl (instrumental company, 100% owned by the Bank), which will be concluded in 2013.

SECTION 5- OTHER ASPECTS

No other issues are to be reported in this section.

## **A.2 –** MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 1. Financial assets held for trading

(a) Criteria for recognition
Financial assets held for trading are initially entered upon settlement date for debt and equity securities, and upon subscription date for derivative contracts; upon initial recognition, financial assets held for trading are valued at fair value, namely the cost of the instrument, without taking into account trading costs or income directly attributable to the instrument itself.
In accordance with that envisaged by CE rule 1004/2008 which adopted the amendments to IAS 39 and IFRS 7 issued by the IASB in the presence of unusual events (so called "rare circumstances"), such as the phase of financial turbulence for example, which had characterised the markets in the second half of 2008, the non-derivative financial instruments no longer held for trading may be reclassified under other categories contemplated in IAS 39, namely financial assets held to maturity, financial assets available for sale, loans and receivables booking them on the basis of the fair value at the time of reclassification and if, after reclassification, the assets recognised at amortised cost are reviewed in terms of an increase in expected cash flow, this increase must be recognised as a re-calculation of the effective interest rate instead of a change in the book value of the instrument, with a contra-entry in the income statement; furthermore, derivative contracts held for trading may be used, subsequent to their initial purchase, for risk hedging purposes, as is the case for derivative instruments initially used for risk hedging purposes, subsequently transferred to the trading portfolio when the foregoing purposes no longer apply.
(b) Criteria for classification
Financial assets held for trading include securities purchased for ordinary purchase/sale or treasury transactions, as well as derivative instruments with a positive fair value (other than hedging instruments), including those embedded in structured financial instruments, for which the conditions laid down for separate accounting from the underlying financial instruments apply.

(c) Measurement criteria
Subsequent to initial recognition, financial assets held for trading are measured at fair value; as for financial instruments listed on active markets, the fair value is equal to the closing market prices.
For financial instruments not listed on active markets, fair value is calculated by taking into consideration the market quotations of similar instruments (if available) or the present value of expected cash flows, considering the range of risk profiles typical of the instruments themselves, and through discount rate adjustment or cash flow adjustment-type approaches; expected losses are calculated in accordance with the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis, whereas interest rates are determined by adopting zero-coupon rate curves. With reference to OTC derivative contracts on interest rates and inflation denominated in Euro, the market parameter to be used to discount future flows is represented by an EONIA based discounting curve, for collaterals, and an EURIBOR bases curve for the other instruments which are not supported by collaterals.
Equity securities, whose fair value cannot be reliably measured, though applying the foregoing guidelines, are maintained at cost.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities are materially transferred to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues. Incoming and outgoing transfers of trading securities are governed by the "settlement date" method, whereas derivative instruments are recognised in accordance with the "trade date" criterion; interest on securities is determined by adopting the nominal interest rate, whereas trading profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method.

(e) Criteria for recognition of income components

Interest and dividends on securities are entered, respectively, under "interest earned and similar income" and under "dividends and similar income"; trading profits and losses and capital gains and losses from valuation are entered under "net result from trading".

## 2. Financial assets available for sale

(a) Criteria for recognition
Financial assets are initially entered upon settlement date for debt or equity securities and at fair value, being intended as cost of such asset; if entry arises from a reclassification of assets held to maturity, the relevant value is the fair value upon transfer.

(b) Criteria for classification
Financial assets available for sale include securities purchased also for investment purposes, without excluding their transfer; such securities are mainly from the company's treasury, as well as equity securities representing minority interests. Securities are included in the portfolio available for sale upon purchase and cannot be subsequently transferred into other portfolios, except for exceptions permitted under IAS 39 and the innovations introduced by the said Regulation (EC) 1004/2008; the amendments concern the possibility of reclassifying financial instruments for which there is the intention and the capacity to hold for the foreseeable future or to maturity as "loans and receivables" and in this case, the considerations hold good that are set out in the part on financial assets for trading as regards the value of the instrument at the time of reclassification and possible revised estimated future cash flows. Incoming and outgoing transfers of financial assets available for sale are governed by the "settlement date" method; interest is determined by adopting the internal rate of return, whereas trading profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method.
Structured securities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(c) Measurement criteria
Measurements subsequent to initial recognition are made at fair value. As for securities listed on active markets, the fair value is equal to the closing market prices while for debt and equity securities not listed on these markets, the fair value is calculated by taking into consideration the market quotations of similar instruments (if available) or the present value of expected cash flows, considering the range of risk profiles typical of the instruments themselves, and through discount rate adjustment or cash flow adjustment-type approaches; expected losses are calculated in accordance with the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis, whereas interest rates are determined by adopting zero-coupon rate curves.
In regard to unlisted participating interests, the fair value is calculated on the basis of the company's most appropriate measurement methods, taking into account the business carried on by each related concern; such assets are maintained at their accounting value if their fair value cannot be reliably measured. Securities available for sale are also subject to impairment test, should circumstances arise hinting the existence of losses in value deriving from impairment of the issuers' solvency and from other indicators provided for by IAS 39.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities are materially transferred to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues.

(e) Criteria for recognition of income components
Interest and dividends on securities are entered, respectively, under "interest earned and similar income" and under "dividends and similar income"; trading profits and losses are entered under "gains/losses from sale or repurchase of financial assets available for sale"; capital gains and losses arising from the securities available for sale measured at fair value are entered under the "AFS Reserve" (within the "Valuation reserve") in the shareholders' equity, and allocated to the income statement upon transfer of such securities, whereas any losses arising from the application of impairment procedures are recorded under "value (adjustments)/write-backs for worsening of financial assets available for sale". If the reasons for impairment no longer apply as a result of an event that occurs after the reduction in value has been recognised, write-backs are charged to income statement for debt securities and charged to equity for equity securities. If financial instruments are reclassified as loans and receivables, the "crystallised" positive or negative reserves are amortised along the life of the investment according to the amortised cost criterion if they refer to assets with preset maturity dates, otherwise they remain in suspense in the reserve until they are sold, subject to impairment or derecognised.

## 3. Financial assets held to maturity

(a) Criteria for recognition
Financial assets are initially entered upon settlement date.
Upon initial recognition, financial assets classified under this category are recognised at fair value, being intended as the cost of such asset, inclusive of any costs or income directly attributable. If recognition in said category is made through reclassification of Assets available for sale, the fair value of the asset, upon reclassification date, is taken as the new amortised cost of the asset itself.

(b) Criteria for classification
This category includes securities purchased for long-term investment purposes, which cannot be sold or transferred into other portfolios, without prejudice to the exceptions permitted under IAS 39. Incoming and outgoing transfers of securities held to maturity are governed by the "settlement date" method; interest is determined by adopting the internal rate of return, whereas transfer profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method. Structured securities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(c) Measurement criteria
Measurements subsequent to initial recognition are made in accordance with the amortised cost method, by subjecting the securities to impairment test, should circumstances arise hinting the existence of losses in value deriving from impairment of the issuers' solvency and from other indicators provided for by IAS 39.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues which are connected, respectively, with the aforementioned liabilities and transferred securities.

(e) Criteria for recognition of income components
Interest on securities is entered under "interest earned and similar income", while transfer profits and losses are entered under "gains/losses from sale or repurchase of financial assets held to maturity"; any losses arising from impairment tests are recorded under "value (adjustments)/write-backs for worsening of financial assets held to maturity".

## 4. Loans

(a) Criteria for recognition
A receivable is initially entered upon its grant date or, for debt instruments, upon their settlement date, based on the fair value of the financial instrument, which is equal to the amount granted or to the subscription price, inclusive of costs/income directly attributable to each loan, as far as longer than short-term loans are concerned, determinable from inception, although paid out subsequently; the costs excluded are those that, although having said characteristics, are paid back by the borrower or are classifiable as ordinary internal administrative costs. For loans entered into at conditions other than market conditions, the fair value is calculated by using proper valuation techniques; the difference, with respect to the amount granted or to the subscription price, is entered in the income statement. Loans are entered in said portfolio upon granting and cannot be subsequently transferred into other portfolios; interest is determined by adopting the internal rate of return.

(b) Criteria for classification
The receivables portfolio includes amounts owing by banks and customer loans directly granted or acquired from third parties, entailing fixed or otherwise determinable payments, which are not listed on an active market. Receivables also include capitalisation insurance certificates and securities originating from a transaction for the securitisation of regular loans carried out by Banca CR Firenze S.p.A. in 2002.

(c) Measurement criteria
Measurements subsequent to initial recognition are made in accordance with the amortised cost method, by testing the securities for impairment, to verify the existence of any losses in value deriving from impairment of the issuers' solvency; in particular, the procedure for assessing the state of the impairment test is split up into two stages:
1) individual assessments to select the impaired loans (problem loans) and define the presumed realisable value ascribable to such loans;
2) collective assessments for the lump-sum estimate of expected losses on regular loans.
Impaired loans subject to individual assessment are formed by the following types of irregular loans:
a) doubtful loans;
b) non-performing loans;
c) restructured exposures;

d) overdue or overdraft exposures for over 90 days.
Losses in value on single irregular loans are balanced to the negative difference between the respective recoverable discounted-back value and the corresponding amortised cost; such value is equal to the present value of cash flows expected for capital and interest calculated on the basis of:
1) the value of contractual cash flows, net of expected losses, estimated by taking into account any guarantee;
2) expected recovery time, estimated by also taking into account the procedures put in place for the recovery itself;
3) the discount rate, equal to the internal rate of return.

For collective assessments, losses in value of regular loans, broken down by homogeneous risk categories, are balanced to the expected losses on such loans calculated on the basis of the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event the transferees are materially transferred all the risks and benefits or actual control of such securities; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues which are connected, respectively, with these liabilities and transferred securities.

(e) Criteria for recognition of income components
Interest on receivables are entered under "interest earned and similar income", whereas any losses arising from the application of impairment procedures are recorded under "Value (adjustments)/write-backs for worsening of: (a) loans" and transfer profits or losses are entered under "gains/losses from sale or repurchase of: (a) loans"; if the reasons that have caused an adjustment to be made no longer apply, the original value of the receivables is restored in subsequent periods; the reversal of value, which is recognised in the above item, "Value (adjustments)/write-backs for worsening of: (a) loans" may in no event exceed the amortised cost of the receivable if there had been no previous write-downs.

## 5. Financial assets measured at fair value

It is worth noting that, starting from 2012, the "fair value option" was exercised as set out by IAS 39 with the only purpose of reducing the mismatch accounting between asset and liability entries resulting from the Bank's acquisition and accounting of shares owned by the Parent Company in favour of the "Incentive system based on financial instruments". In particular, the activation of the Fair Value Option allows the "netting" of the negative (positive) effect on the Income Statement resulting from an increase (decrease) in value of the accounts payable to employees who benefit from an incentive plan, while recording - always in the Income Statement - the corresponding increase (decrease) of the share value.
Therefore, this portfolio includes only shares of the Parent Company Intesa Sanpaolo, which are being measured based on the closing prices of the Italian Stock Exchange.

## 6. Hedging transactions

(a) Criteria for recognition
There are three types of hedging relationships:
1) fair value hedging: hedging of the exposure to the changes in fair value of assets and liabilities booked to the financial statements or portions of them, of groups of assets/liabilities, irreversible commitments and portfolios of financial assets and liabilities, including core deposits, as allowed by IAS 39 approved by the European Commission, attributable to a specific risk and which might affect the income statement;
2) hedging of cash flows: hedging of the exposure to the fluctuations of cash flows attributable to a specific risk associated to recognised assets or liabilities (nearly all or only some of future interest payments on a floating rate debt) or to a highly probable transaction planned which might affect the income statement;
3) hedging of a net investment in a foreign entity.

Each hedging relationship is formally documented and regularly tested for its retrospective and perspective effectiveness, in order to assess its strength.

(b) Criteria for classification
Hedging transactions are finalised at neutralising any potential losses attributable to market risks and/or interest rate risks on a certain element or group of elements the hedged financial instruments are exposed to; only instruments involving a counterpart external may be designated as hedging instruments.

(c) Measurement criteria
Hedging derivative instruments are measured at fair value, as well as hedged positions; such measurements are carried out by adopting models similar to those used for unlisted financial instruments.
In case of cash flow hedging, the changes in the fair value of the derivative instrument are registered under shareholders' equity to the extent of the portion of the hedge considered as effective; hedging of an investment expressed in foreign currency are recorded in accordance with the accounting principles provided for the hedging of cash flows.
A valuation of the effectiveness of the hedging is performed at the end of every annual financial statements via:
- prospective tests to justify the application of hedge accounting, in that the tests demonstrate the expected effectiveness;
- retrospective tests to identify the efficiency level achieved by the hedge in the reference period and, in other terms, to measure the extent to which actual results differ from the perfect hedge.

(d) Criteria for derecognition
Hedging transactions are derecognised upon conclusion, revocation or early termination or whenever they fail to pass the effectiveness tests; in the event that the tests do not confirm the effectiveness of the hedging, from that moment accounting of such transaction in accordance with the method described above is suspended, the hedging agreement is reclassified under trading derivatives and the hedged financial instrument shall again be valued in accordance with the criteria corresponding to its classification in the financial statements.

(e) Criteria for recognition of income components
Capital gains and losses from hedging derivative instruments and from hedged positions are entered under "net result from hedging", whereas differentials accrued on hedging derivative instruments are recognised under "interest earned and similar income" or "interest expense and similar charges"; in hedging cash flows, the variations in the fair value of the derivative instrument are recognised in the income statement, with reference to the item hedged, only upon appearance of the change in cash flows to be offset, or when the relevant hedging results to be ineffective.

## 7. Equity investments

(a) Criteria for recognition
Upon first-time entry date of each equity investment, calculation is made of the difference between cost - inclusive of any additional charges - and the portion of fair value pertaining to the identifiable net assets of the related concern; the foregoing difference, if positive, is kept included in the cost of equity investments as goodwill and is not amortised, whereas any difference, if negative, is recorded as revenues in the income statement.

(b) Criteria for classification
The equity investments portfolio includes interests in joint ventures, as well as in associated companies, over which a remarkable control is exercised by fully consolidated companies; such a control, unless proven otherwise, is presumed to represent at least 20% of voting rights in the underlying companies, taking account of equity investments of the respective Group; the existence of considerable control is usually evidenced by the occurrence of one or more of the following circumstances: the company's representativeness in the Board of Directors or similar body of the investee, the participation in the decision making process, including the participation to the decisions concerning dividends or any other kind of profit distribution, the occurrence of relevant transactions between the investee and the investing company, the mutual exchange of executive personnel and the provision of key technical information.

(c) Measurement criteria
Equity investments are valued at equity; subsequent to the acquisition date, the initial value of each equity investment is either increased or decreased of the relevant portion of the period's economic results of the related concern and decreased of dividends paid. Should a related concern be affected by economic-financial impairment, the relevant equity investment tested for impairment to verify the existence of any permanent losses in value.

(d) Criteria for derecognition
Equity investments are derecognised from the balance sheet when the rights on the related financial flows of the assets themselves no longer apply, or when the equity investment is disposed of by substantially transferring all the relevant risks and benefits.

(e) Criteria for recognition of income components
The negative differences in shareholders' equity arising upon the first-time entry of equity investments, the subsequent changes corresponding to the relevant portion of the period's economic results of the related concerns, as well as any losses arising from the application of impairment procedures, are recorded under "gains/losses of equity investments"; under this item are also registered, at the moment of the execution of the agreement, the capital gains or losses deriving from the sale.

## 8. Property, plant and equipment

(a) Criteria for recognition
Property, plant and equipment are initially entered on the basis of their relevant purchase costs, inclusive of any additional charges; extraordinary expenses subsequently incurred are entered to increase initial costs, if they increase the value, the useful life or the production capacity of the underlying assets.

(b) Criteria for classification
Property, plant and equipment include both assets used for own use and those held for investment, to be used in the production or supply of goods and services; said item also includes assets used in finance lease contracts, even though their legal ownership remains in the hands of the lessor.

(c) Measurement criteria
Subsequent measurements of property, plant and equipment for own use and held for investment of definite life are made on the basis of the cost principle set out according to the requirements of IAS 16 and written down for depreciation; the value of underlying land, not to be depreciated since classified as a permanent asset, is separated from the book value of real property to be depreciated by adopting appropriate estimates for real property purchased before the effective date of IASs/IFRSs.
The duration of the depreciation is balanced to the useful life of the assets to be depreciated and the relevant time span is determined on a straight-line basis; in agreement with the provisions under IASs/IFRSs, the duration of such useful life is checked at the end of each calendar year. Property, plant and equipment are also tested for impairment, should circumstances arise hinting the existence of impairment.

(d) Criteria for derecognition
A tangible asset is derecognised from the balance sheet upon its disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

(e) Criteria for recognition of income components
Regular depreciation and any permanent losses of value of property, plant and equipment for own use are entered under “value (adjustments)/write-backs to property, plant and equipment”; profits and losses resulting from the transfer of all tangible assets are registered under “Gains/(Losses) from sale of investments”.

## 9. Intangible assets

(a) Criteria for recognition
Intangible assets are initially entered on the basis of their relevant purchase costs, inclusive of any additional charges; expenses subsequently incurred are entered to increase initial costs, if they increase the value or the production capacity of the underlying assets. Goodwill is entered for an amount equal to the positive difference between costs incurred to acquire the companies or underlying business complexes and the corresponding portion of shareholders’ equity.

(b) Criteria for classification
Intangible assets include non-physical production factors with a long-term useful life, whose cost can be reliably measured, provided said elements are identifiable, that is, legally protected or traded separately from other corporate assets.

(c) Measurement criteria
Subsequent measurements of intangible assets of definite duration are made on the basis of the cost principle written down for amortisation. The duration of the amortisation is balanced to the useful life of the assets to be amortised and the relevant time span is determined on a straight-line basis; intangible assets are also tested for impairment, should circumstances arise hinting the existence of impairment. Goodwill and intangible assets with indefinite life, therefore not subject to amortisation, are regularly subject to impairment test, balancing the losses of value to any negative difference between the book value of shareholders’ equity and the recoverable value of each individual asset or of the Bank's industry, calculated in accordance with business segmentation criteria underlying the segment information each goodwill or intangible asset belongs to; the recoverable value is the higher of the value in use and the value in exchange (current value net of transaction costs) of the business segment in question, both measured on the basis of the most appropriate measurement criteria according to industry.

(d) Criteria for derecognition
An intangible asset is derecognised from the balance sheet upon its disposal and no future economic benefits are expected.

(e) Criteria for recognition of income components
Regular amortisation is recorded under “net value adjustments to intangible assets”, while permanent losses of value ascribable to goodwill and to intangible assets with indefinite life are entered, respectively, under “value adjustments to goodwill” and “net value adjustments to intangible assets”; profits and losses deriving from the transfer of intangible assets are registered under “Gains/(Losses) from sale of investments”.

## 10. Non current assets and groups of assets being disposed

(a) Criteria for recognition
(b) Criteria for classification
These assets and groups of assets that are being disposed and the individual non-current assets, cash generating units, their groups or individual parts of them, are classified under this item when their sale is deemed highly probable.

(c) Measurement criteria
(d) Criteria for derecognition
Non-current assets and groups of these assets are valued at the lower of book value and fair value, net of any selling costs; should the assets being disposed be amortizable, the amortization process ceases starting from the period when they are classified under this category.

(e) Criteria for recognition of income components
The results of the measurement of the individual assets being disposed, as well as the results deriving from their subsequent sale, are entered under the relevant items in the income statement related to the type of assets; the balance, whether positive or negative, of income and charges relating to “groups of non-current assets and liabilities” being disposed, net of any related current and deferred taxes, is entered in the appropriate income statement item.

## 11. Current and deferred taxes

(a) Criteria for recognition
(b) Criteria for classification
(c) Measurement criteria
(d) Criteria for derecognition

The effects relating to current, prepaid and deferred taxes are recognised by applying the currently applicable tax rate. Income taxes are recorded in the income statement, except for those relating to items debited or credited directly to shareholders' equity. Provisions for income taxes are calculated on the basis of a prudent forecast of the current, anticipated and deferred tax charges, and are registered net of the advances paid and other tax credits for deductions paid. Prepaid and deferred taxes are calculated, without any time limits, based on the temporary differences between the value assigned to an asset or liability according to the criteria for the preparation of the financial statements, and the corresponding values assumed for tax purposes.
Assets for prepaid taxes are recorded in the financial statements to the extent in which there is the likelihood of their recovery, assessed on the basis of the ability of the interested company or of the group of member companies to continuously generate positive taxable revenues, due to the election of the option for the consolidated taxation. Liabilities for prepaid taxes are recorded in the financial statements, with the sole exception of the deferred tax reserves, given that the amount of reserves available already taxed allows to reasonably believe that no transaction will be carried out which would lead to their taxation. Prepaid and deferred taxes are accounted for, in the balance sheet, as open balances and are not offset, by including the first under "tax assets" and the latter under "tax liabilities". Assets and liabilities recognised for prepaid and deferred taxes are valued systematically in order to account for both the changes occurred in the regulations or in the tax rates, as well as any possible different objective situation of the company.

(e) Criteria for recognition of income components
Either current or deferred tax assets and liabilities are recorded against "Income taxes for the year on current operations", unless they can be recognized in shareholders' equity or in goodwill, since being related, respectively, to transactions whose results directly involve net shareholders' equity or related to business combinations.

## 12. Provision for risks and charges

(a) Criteria for recognition
(b) Criteria for classification
(c) Measurement criteria
(d) Criteria for derecognition
Provisions for risks and charges reflect certain or likely liabilities, the amount or timing of which is uncertain; such provisions are comprised of:
a) Pensions and funds for similar obligations, represented by defined benefit and defined contribution supplementary pension funds, provided that there is a legal or substantive Bank guarantee regarding the return of the capital and/or a yield for the beneficiaries; provisions are allocated in implementation of corporate agreements and the relevant commitment is determined as follows:
- current value of the obligation for defined benefits or contributions assumed as of the date of the financial year or period end;
- plus (minus) every profit (loss) not recognised arising from adoption of the actuarial method;
  - minus any social security costs related to previous services yet to be recognised;
  - plus (minus) the fair value of assets servicing the defined-benefit plan upon the closing date;
b) Other provisions for risks and charges, which include provisions related to current obligations, generated by a past event, for which it is possible to make a reliable estimate of the amount of the payment expected in connection with the performance of the obligation; where the time value is material, provisions are discounted back by adopting current market rates. The line also includes obligations connected to long-terms employee benefits, the amount of which is determined with the same actuarial criteria described for pension funds.

(e) Criteria for recognition of income components
The components in question, connected to pension funds and other obligations relating to employees are booked to "staff costs", apart from profits and losses referred to the above-mentioned funds and linked to the adaptation to the results of calculations made by an independent actuary, which are booked to "Valuation reserves" and immediately recognised in a special caption of the statement of comprehensive income, without passing through the income statement; allocations relating to other provisions for risks and charges and any excesses of such provisions formed previously, are booked to "provisions for risks and charges - net".

## 13. Payables and outstanding securities

(a) Criteria for recognition
Financial liabilities are initially entered upon receipt of the sums deposited or at the issue of debt securities; initial entry is made on the basis of the fair value of such liabilities, which is usually equal to the amount collected or the issue price, adjusted by any additional costs and/or income directly attributable to the individual funding or issuing transaction, not reimbursed by the funding counterpart; internal administrative costs are excluded. The fair value of the foregoing financial liabilities in case issued at conditions other than market conditions is appropriately estimated and the difference from the market value is directly taken to the income statement. Incoming and outgoing transfers of the foregoing financial liabilities, consequent to issue or spot transactions, are governed by the "settlement date" method; liabilities issued and subsequently repurchased are derecognised from liabilities. Interest is determined by adopting the internal rate of return; profits and losses from repurchase of liabilities are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method. Re-placement on the market of own securities

subsequent to repurchase, is considered a new issue, with recognition at the new placement price, carrying no effects on the income statement.
Structured financial liabilities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(b) Criteria for classification
Payables and outstanding securities, including subordinated debt, include all debt financial liabilities, other than liabilities held for trading, representing the typical forms of fund raising, either from customers or banks, or embedded in securities, net of any repurchased amount; payables recorded by the lessee in the frame of finance lease transactions are also included.
The foregoing financial liabilities are transferred into said portfolio upon acquisition of the funds, and cannot be subsequently transferred to liabilities held for trading, as is the case for liabilities held for trading, which cannot be transferred to the foregoing financial liabilities.

(c) Measurement criteria
After initial recognition, the foregoing financial liabilities are valued at amortised cost, based upon the actual interest rate method, except for short-term liabilities, which are stated at collected amount.

(d) Criteria for derecognition
The financial liabilities in question are derecognised from the balance sheet when they have expired or extinguished, as well as in case of repurchase of securities previously issued; the difference between the book value of the liability and the amount paid for purchase is recorded in the income statement.

(e) Criteria for recognition of income components
Interest is entered under "interest expense and similar charges"; while profits and losses from repurchase of liabilities are entered under "Gains/losses from sale or repurchase of financial liabilities".

## 14. Financial liabilities held for trading

(a) Criteria for recognition
(c) Measurement criteria
(d) Criteria for derecognition
(e) Criteria for recognition of income components
The same criteria established for financial assets held for trading apply.

(b) Criteria for classification
The above mentioned financial liabilities include technical overdrafts arising from securities trading and all the derivative instruments with a negative fair value, other than those used for risk hedging purposes, including derivative instruments embedded in structured financial instruments for which the conditions laid down for separate accounting from the underlying financial instruments apply.

## 15. Financial assets measured at fair value

No financial liabilities measured at fair value are currently present in portfolio.

## 16. Transactions in foreign currency

(a) Criteria for recognition
(b) Criteria for classification
(d) Criteria for derecognition
Upon initial recognition, foreign currency transactions are translated into euro, by applying to the foreign currency amount the exchange rate prevailing at the date of such transactions.

(c) Measurement criteria
Upon the reference date, transactions in foreign currency are translated into euro by adopting the following criteria:
1. for monetary items (receivables, debt securities, financial liabilities), using the spot exchange rates prevailing at the closing date;
2. for non-monetary items (equity securities) valued at cost, based upon the spot exchange rates prevailing at the date of the underlying transactions (historical exchange rates), except for losses arising from adoption of impairment procedures, for the translation of which closing spot exchange rates apply;
3. for non-monetary items (equity securities) measured at fair value, using the spot exchange rates prevailing at the closing date.

(e) Criteria for recognition of income components
Exchange differences are recorded under "net result from trading", except for differences related to revaluation reserves of securities available for sale, which are recorded directly in such reserves.

## 17. Other information

*Treasury shares*
Any treasury shares held are directly deducted from equity. Similarly, their original cost and the profits or losses deriving from their subsequent sale are recorded in equity

*Leasehold improvements*
The costs sustained for restructuring property belonging to third parties are capitalised in consideration of the fact that for the duration of the rental contract the using company has control of the assets and may receive their future economic benefits. These costs, recorded in "Other assets", as provided for by the instructions of the Bank of Italy, are amortised over a period which must not exceed the duration of the rental contract.

*Staff termination pay*
Staff termination pay is recorded by the actuarial value, calculated annually and based upon estimates made by an external independent actuary; for discounting-back purposes, the projected unit credit method is adopted, which envisages future obligations on the basis of historical-statistical analyses, the demographic curve and the financial discounting-back of such flows based upon a market interest rate. The contributions paid in each financial year are considered separately, and recognised and measured individually to determine final obligation; provisions for staff termination pay, are allocated to the income statement under "staff costs" and, in cases in which the timing element is important, the above-mentioned allocations are actualised using the current market rates, while the profits and losses resulting from calculations made by an independent actuary are booked to "Valuation reserves" and immediately recognised in a special caption of the statement of comprehensive income, without passing through the income statement.

*Liabilities related to assets being disposed*
The same criteria are applied as for non-current assets and groups of assets being disposed.

*Guarantees and commitments*
The guarantees given and the commitments to make payment of money representing credit risks have been entered at the nominal value of the commitment made, net of cash drawings and any value adjustments recognised, on both an analytical and collective basis in relation to an estimate of the possible payments connected to the credit risk, under "Value adjustments/write-backs for worsening of: (d) other financial transactions", which are entered in "Other liabilities" in the balance sheet.

*Put options*
Commitments arising from put options granted by Banca CR Firenze S.p.A. on minority interests in the equity of subsidiaries, are entered in the balance sheet under "customer deposits" for a value equal to the present value of the relevant exercise prices.

*Revenue and cost recognition*
Revenues are recognised when collected or, in any case, when it is probable that the future benefits will be received and such benefits may be reliably determined; in particular:
- default interest is recorded in the income statement only upon actual collection;
- revenues arising from dealing financial instruments held for trading, determined by the difference between the transaction price and the fair value of the instrument, are recognized in the income statement upon recognition of the transaction, if the fair value is determinable by referring to parameters or transactions recently reported on the same market on which the instrument is traded, whereas income from financial instruments, for which the foregoing measurement cannot be applied, is recorded in the income statement over the life of the transaction.

Commission earned and expense relating to investment contracts not included in the IFRS 4 application field and contracts linked to the value of UCITS units or internal insurance funds or index-linked have been recognised as revenues and costs in the income statement at the moment of the assignment of the number of units.
Costs are booked to the income statement in the periods in which the relative revenues are booked to accounts. If the association between costs and revenues can be made generally and indirectly, the costs are booked over several periods using rational procedures and on a systematic basis. Costs that cannot be associated to income are recognised immediately to the income statement.

*Method of measurement of the fair value of financial instruments*
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction; consequently, it is fundamentally important for the parties to the transaction not to be in a position whereby they must liquidate, reduce their business significantly or undertake transactions on unfavourable terms.
The fair value of a financial instrument is calculated by using quoted financial market prices for instruments listed on active markets, or using internal measurement techniques in other cases. A market is considered active if the list prices, reflecting actual regular market transactions during an appropriate period of time, are readily and regularly available through the stock market or through other authorised intermediaries; in this case the financial assets and liabilities are respectively valued on the basis of the offer price ("bid price") and the price requested ("ask price"), taking the quotations from the most advantageous market to which there is access at the end of the reference period.

As already stated in the paragraphs regarding financial assets held for trading and financial assets available for sale, in the context of the financial turmoil that occurred during 2008, international accounting standards bodies intervened to regulate "dislocated" market situations, namely markets characterised by a lack of liquidity or distorted prices caused by conditions that were out of the ordinary, such as those described above. In the light of the historical trend of the above phenomena, when an issuer is considered, the market price criterion ("effective market quotes" or level 1) must be abandoned if there are substantial reductions in volumes traded, discontinuous transactions, a considerable bid price-ask price spread, marked price volatility and above all a CDS (credit default swap) curve with an inverted trend (an indicator that implies greater risk of default in the short term than in the long term); models have to be applied whose objective is to establish the price of a hypothetical transaction in an arm's length exchange motivated by normal commercial conditions. These models include:

a) reference to market values that can be indirectly related to the instrument to be measured, taken from products that are similar in risk characteristics ("comparable approach", or level 2); the calculation methodologies used enable the prices of listed instruments on active markets to be reproduced (calibration of the model) without including discretionary factors to such an extent as to have a significant effect on the final valuation;
b) valuations carried out also making use of sources not arising from parameters that can be observed on the market, which therefore need some power of discretion in selecting estimates and assumptions ("mark to model approach", or level 3); these internal models are based on the discounting of expected cash flows applying appropriate correctives and thus carefully weighting the rate in order to take into account both the credit risk attached to the counterpart and the component related to the liquidity of the financial instruments.

It must be borne in mind, however, that the measurement techniques described above must be applied in hierarchical order, so that if official prices set by an active market are available, one of the other approaches may not be adopted. Level 1, therefore, applies to the calculation of the fair value of debt instruments, mutual funds, options and shares listed in a market which may be described as active because it has the features specified above.

The fair value of unlisted bonds is measured on the basis of the current market values of similar financial instruments, while the fair value of unlisted capital instruments is estimated on the basis of the most pertinent methodologies according to the sector of business in which the company whose instrument is being measured operates. In general, these are methods based on the discounting of cash flows or methods entailing the application of suitable market multiples; shares with a significant range of fair value estimates but whose probable fair value cannot be reliably measured retain their cost price.

The fair value of over-the-counter trading derivatives is calculated using the most common measurement techniques, namely discounted cash flow for interest rate swaps, Black & Scholes for options and Monte Carlo for embedded derivatives separated from the structured derivatives; the external factors referred to in these measurement techniques (interest rate curves, volatility matrices, etc.) are given by leading international providers.

The fair value, for the purposes of the financial statements or as shown in the Notes to the Financial Statements, of loans reported in the financial statements at cost or at amortised cost, is calculated as follows:

a) medium- and long-term assets are mainly measured by means of a model that estimates the theoretical value of an instrument by discounting future cash flows, which is carried out by using a market interest rate plus a credit spread according to the PD, LGD and mean term classes to which the asset being measured belongs;
b) for assets at sight with short-term or undetermined maturity, the carrying value net of the analytic/collective write-down is a good approximation of fair value.

*Business Combinations*

The transfer of control of a business or a business segment constitutes a business combination transaction. According to IFRS 3, the purchaser is the entity that acquires more than half of the voting rights of another business, either directly or indirectly by virtue of arrangements with other investors or clauses in the articles of association. The acquisition, and therefore the first consolidation of the entity that has been acquired, must be recorded on the date on which the purchaser actually gains control over the business that has been bought. The cost of a business combination transaction is the sum of the fair values of the assets sold, the liabilities incurred or assumed and any capital instruments issued by the purchaser to gain control on the date of the transaction. For accounting purposes, the acquisition is recognised according to the acquisition cost method, envisaging the recognition of the assets, liabilities and contingent liabilities of the purchased company at their respective fair values on the acquisition date, third parties' shares in the purchased company, in proportion to their interest in the fair values of the above elements, and the relevant goodwill, which is calculated as the difference between the cost of the business combination and the net fair value of assets, liabilities and identifiable contingent liabilities, according to the portion of shares held.

Financial transactions are not considered to be business combinations if their purpose is to control one or more businesses that do not constitute a company activity, to gain temporary control or, finally, if the business combination is acquired in order to reorganise it, namely if it involves two or more businesses or company activities already belonging to the same Group and if no changes in the control structure are entailed, regardless of the percentage of third parties' rights before and after the transaction (known as "combinations of businesses under common control"). These transactions are not considered to have any economic substance and consequently, failing any specific instructions in IAS/IFRS principles and in compliance with the presumptions of IAS 8, which requires a business to use its own judgement in applying an accounting principle that provides relevant, reliable, prudent information reflecting the economic substance of the transaction, they must be accounted for safeguarding the continuity of the amounts reported in the purchaser's financial statements. This is also in line with the instructions in Document OPI 1 issued by the Italian Association of Auditors, Assirevi, regarding businesses transferred within their own group, particularly with reference to "Transactions that do not have a significant impact on the future cash flows of the net assets transferred". This document also states that, for reasons of symmetry, any difference between the price of the transaction and the pre-existing carrying value of the assets transferred should be reported in shareholders' equity in the seller's financial statements, aligning the transaction to one carried out in the capacity of a shareholder, as set forth in paragraph 7 of IAS 18 and paragraph 98 of IAS 1.

*Impairment test of goodwill and equity investments*

Goodwill, which is an asset with indefinite useful life, is not subjected to a linear amortisation, although it is periodically tested for impairment to check the consistency of the related book value of goodwill. The impairment test is carried out every year (or any time a loss in value is reported).

In compliance with IAS 36, for the purposes of checking any impairments, the goodwill acquired in a business combination must, on the date of acquisition, be allocated to every Cash Generating Unit ("CGU") or to groups of cash generating units which are expected to benefit from the aggregation, regardless of how the other assets and liabilities acquired are assigned to said units or groups of units. Moreover, every unit or group of units to which the goodwill is allocated in this way must represent the minimum level within the entity at which goodwill is monitored for the purposes of internal business and planning management and not be greater than an operating segment determined in compliance with IFRS 8 "Operating segments". Moreover, the recoverable value of goodwill should be calculated, which is the higher of the value of CGU, less any sales costs, and the related value in use (current value of estimated cash flows for the operating years of the CGU and resulting from its dismissal at the end of its useful life). The estimation criteria applied to obtain the recoverable amount of goodwill must be also explained, if this value is identified on the basis of the value in use of fair value, carrying out a "sensitivity" analysis to calculate the surplus of the recoverable amount compared to the book value of the goodwill.

If the recoverable value of the CGU is lower than the book value of the CGU to which the goodwill was allocated, an impairment will be recognised. The loss, recognised to income statement, is equal to the difference between the book value of the asset and the recoverable value. The impairment of goodwill cannot be recovered in future years. In order to identify the level at which the goodwill impairment test must be carried out, importance is taken on by internal organisation and the business management and planning methods. Having identified the management model it is necessary to check the minimum level of aggregation at which it is possible to guarantee the reasonable breakdown of the synergistic flows between the different groups, which is set by the lower level at which the internal audit system supplies economic data for monitoring and management to the company management, while the maximum level is represented by the methods of separation of the business for the purposes of external reporting (segment reporting). The CGU must be identified using the same criteria from year to year, unless the change is not justified by organisational changes defined by the pertinent structures within the company, disclosing them in the notes to the financial statements.

IAS 36 states that it is necessary to correlate the level at which goodwill is tested and the internal reporting level at which management controls the growth and reduction dynamics of said value. Under this profile, the definition of this level strictly depends on the organisational models and the attribution of managerial responsibilities within the banking and financial groups for the purposes of defining the addresses of operating activities and consequent monitoring. These models can do without the articulation of the legal entities through which operations are developed and they are very often related to the definition of the operating segments of the business which are at the basis of segment reporting as envisaged by IFRS 8. These considerations, with reference to the criteria for the definition of the CGU for the goodwill impairment test are also consistent with the definition of recoverable amount, the determination of which is at the basis of the impairment tests. In the Basis for conclusion (paragraph BCZ17) it emerges that "assessing the recoverable amount of an asset, the amount that an enterprise can expect to recover from that asset, including the effect of synergy with other assets, is relevant". Therefore, the amount recoverable for the purposes of the impairment tests of the CGU to which the goodwill is allocated must include the valorisation of the synergies, not only those which are external (universal) but also the internal synergies which the specific buyer can withdraw from the integration of the activities acquired in the business combinations, obviously depending on the business operating models defined. It is also worth noting that the interdependence between the activities that make up a CGU and prevent a disaggregation into smaller CGU or groups of CGU must be under the control and governance of the company.

The Intesa Sanpaolo Group has identified the CGU with the operating divisions represented in the segment reporting In the Intesa Sanpaolo Group, the CGUs identified at consolidated level are represented in some cases (Banca dei Territori and Corporate & Investment Banking) by activities performed directly by the Parent Company and by some subsidiaries, in other cases (foreign banks) by combinations of subsidiaries, and, in other cases, (Banca Fideuram, Eurizon Capital, Bank of Alexandria and Pravex) they coincide with the juridical entities of reference.

The sub-holding Banca CR Firenze and the companies falling within its scope of consolidation are encompassed within the Banca dei Territori CGU. Indeed, as regards goodwill and equity investments, which are not considered as single assets, being combined in a single, bigger CGU, the related values are subject to impairment tests with reference to the entire sub-holding. Consequently the controlling investments booked to the sub-holding's separate financial statements must not be analytically tested for impairment as single assets but at common equity investment level, and therefore checked indirectly on the basis of the comprehensive value of the holding company, unless the need for impairment testing for the CGU to which the holding company belongs turns out to be necessary at Intesa Sanpaolo consolidated financial statement level. In this case, this aspect, representing an impairment ratio, makes it necessary to carry out the impairment test at single subsidiary level. An exception to this criterion is represented by the case in which the subsidiary has recorded losses during the year and consequently the consolidated book value, which has been lowered due to the losses recorded in the consolidated financial statements, is lower than the separate book value in the financial statements of the holding company. In this case it is worth checking whether the losses reported by the investee are structural, i.e. destined to be replied in the following years (therefore likely to have a significant impact on the recoverable value of the same), or they are connected with contingent situations destined to be solved in the short period. In the first case, the recoverable value of the investee should be verified, while in the second case, this is not necessary.

*Use of estimates and assumptions in preparing the financial statements (with special reference to provisions set out by IAS 1, par. 125 and the Document jointly issued by the Bank of Italy/ Consob / Isvap no. 4 of 3 March 2010.*
The use of subjective evaluations by the Company's management are more likely to be:
a) the quantification of losses in value of receivables and, in general of other financial assets;
b) the evaluation of the value consistency of goodwill, equity investments and other intangible assets;
c) the use of evaluation models for the fair value measurement of financial instruments not listed on active markets.

*Contractual clauses of mid/long-term financial debts*
The bond securities relating to the Bank's international funding were issued, until February 2006, against Programmes of "Euro Medium Term Notes", which were renewed from time to time and after said date, the issues have made reference to the "Base Prospectus" in accordance with Art. 5.4 of Directive 2003/71/EC; both the "Offering Circular" and the "Base Prospectus" of reference of the international issues contain standard contractual clauses, such as:
- the Negative Pledge clause with reference to the Senior issues;
- the Event of Default clauses with specific provisions for subordinated issues and Senior issues; the latter are also subject to Cross Default clauses.

No cases of failure to observe the above-mentioned contractual clauses resulting in the expiry of the benefit of term were recorded, nor is it assumed that there are tangible risks of such expiry occurring in the immediate future; as regards bond securities placed on the domestic retail market, the informative prospectuses of reference define the ranking of senior issues as follows:
"The obligations arising from Bonds charged to the issue are not subordinate to other liabilities of the same, apart from those accompanied by privileges. Consequently the credit of bearers towards the issue will be satisfied at the same time as the issuer's other claims by general creditors. No other charges, conditions or burdens of any kind which might affect the rights of the bearers of securities are envisaged".

*Renegotiation of loans with customers*
The phenomenon of mortgage renegotiation now represents a permanent possibility guaranteed to customers, which can be exploited in relation to the performance of interest rates.
On this matter, remember that loans disbursed to customers in the technical form of mortgages are booked to the financial statements at cost or amortised cost, comprehensive of the effect of hedges where applicable; the early repayment options granted to customers are not subject to hiving off at source, insofar as they allow repayment they take place at values close to the amortised cost of the instrument as of the dates on which the option is exercised and è it has been established that, should the renegotiation be granted by the bank (alternatively to statutory substitution) to performing customers at the time of renegotiation, essentially for commercial reasons other than the financial difficulties of the debtor and the new rate applied to the renegotiation is a market rate, in line with the conditions applied by the bank, on the same date, to new customers, renegotiation has the same accounting consequences as a cancellation of the old mortgage and the opening of a new one at the new conditions agreed to between the parties.
In order to assess the accounting impacts, an organic and detailed examination of the numerous commercial initiatives underway on the subject of suspension of payments realised by the Group to aid customers in difficulty due to the current recession has been launched.
These initiatives are added to that envisaged by the law or by interbank agreements such as the suspension of the debts of SMEs in August 2009 and the so-called "Family Plan", in support of the retail market (reserved for holders of home mortgages who have lost their jobs, but also in the case of death, lack of self-sufficiency, suspension or reduction of working hours for at least 30 days) and these initiatives can have different effects:
- drifting of the amortisation plan and waiving of interest for the period of suspension. In this case the economic effects of renegotiation usually implicate the need for a write-down of the loan, with an impact on the income statement in which the renegotiation has taken place;
- drifting of the amortisation plan, with subsequent recovery of interest accrued during the period of suspension. This renegotiation can have a financial effect only, which must be assessed and, when found to be significant, booked to the income statement offsetting the write-down of the loan;
- drifting of the amortisation and payment plan, during the period of suspension, of the interest only (e.g.: Moratorium in favour of SMEs. In this case, the moratorium does not determine any substantial effect at either financial or economic level.

The theme of the restructuring of the debt, with particular reference to renegotiation of the terms of the agreement originally subscribed by the customer, leads to reflection on the characteristics of the main conventions entered into by the Intesa Sanpaolo Group, illustrated below.

"Family Plan"
In January 2010, Banca CR Firenze and its subsidiaries adhered to the agreement signed on 18 December 2009 between the ABI and the main consumer associations; the initiative is destined to support people who are finding it hard to meet their mortgage payments. It envisages the possibility for customers to ask suspension of payment of their mortgage instalments for 12 months, when the mortgage has been granted for the purchase, construction or refurbishing of their home, when certain events affecting their repayment capacity arise. The suspension of the mortgage payment, which may regard the principal amount only or the whole instalment, including interest, lasts 12 months and can be applied for by customers once only. 991 applications for suspension were accepted between February 2010 and 31 December 2012; against a residual debt of about € 83 million, the extended debt amounts to about € 4.1 million.

## A.3 – FAIR VALUE DISCLOSURE

### A.3.1 Transfers between portfolios
During this financial year, no transfers between portfolios occurred.

### A.3.2 Fair value hierarchy

#### *A.3.2.1 Accounting portfolio: breakdown by levels of fair value*

(millions of euro)

| Financial assets/liabilities measured at fair value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Financial assets held for trading | 17 | 178 | - | 55 | 110 | - |
| 2. Financial assets measured at fair value | - | - | - | - | - | - |
| 3. Financial assets available for sale | 622 | 57 | 36 | 854 | 52 | 37 |
| 4. Hedging derivatives | - | 125 | - | - | 114 | - |
| Total | 639 | 360 | 36 | 909 | 276 | 37 |
| 1. Financial assets held for trading | - | 192 | - | - | 117 | - |
| 2. Financial assets measured at fair value | - | - | - | - | - | - |
| 3. Hedging derivatives | - | 52 | - | - | 35 | - |
| Total | - | 244 | - | - | 152 | - |

#### *A.3.2.2 Annual changes in financial assets measured at fair value (level 3)*

(millions of euro)

| | FINANCIAL ASSETS | | | |
|---|---|---|---|---|
| | held for trading | measured at fair value | available for sale | for hedging |
| 1. Opening balance | - | - | 37 | - |
| 2. Increases | - | - | 4 | - |
| 2.1 Purchases | - | - | 3 | - |
| 2.2 Profits allocated to: | - | - | - | - |
| 2.2.1 Income statement | - | - | - | - |
| - of which capital gains | - | - | - | - |
| 2.2.2 Equity | X | X | - | - |
| Transfers from other levels | - | - | - | - |
| 2.4 Other changes | - | - | 1 | - |
| 3. Decreases | - | - | -5 | - |
| 3.1 Sales | - | - | -1 | - |
| 3.2 Redemptions | - | - | - | - |
| 3.3 Losses allocated to: | - | - | -4 | - |
| 3.3.1 Income statement | - | - | -2 | - |
| - of which capital losses | - | - | -2 | - |
| 3.3.2 Equity | X | X | -2 | - |
| 3.4 Transfers from other levels | - | - | - | - |
| 3.5 Other reducing changes | - | - | - | - |
| 4. Closing balance | - | - | 36 | - |

#### *A.3.3.3 Information on the so-called "Day one profit/loss"*

Banca CR Firenze and its subsidiaries do not perform any business which would generate a "Day one profit/loss"

# ASSETS

## SECTION 1 - CASH AND CASH ON HAND - LINE 10

### 1.1 Cash and cash on hand: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| a) Cash | 353 | 260 |
| b) Free deposits with Central Banks | - | 33 |
| TOTAL | 353 | 293 |

## SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - LINE 20

### 2.1 Financial assets held for trading: breakdown by product

(millions of euro)

| | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| A. Cash assets | | | | | | |
| 1. Debt securities | 17 | - | - | 55 | 2 | - |
| 1.1 structured securities | - | - | - | 3 | 2 | - |
| 1.2 other debt securities | 17 | - | - | 52 | - | - |
| 2. Equities | - | - | - | - | - | - |
| 3. UCITS units | - | - | - | - | - | - |
| 4. Loans | - | - | - | - | - | - |
| 4.1 repurchase agreements | - | - | - | - | - | - |
| 4.2 other | - | - | - | - | - | - |
| Total A | 17 | - | - | 55 | 2 | - |
| B. Derivatives | | | | | | |
| 1. Financial derivatives | - | 178 | - | - | 108 | - |
| 1.1 held for trading | - | 178 | - | - | 108 | - |
| 1.2 linked to the fair value option | - | - | - | - | - | - |
| 1.3 other | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 held for trading | - | - | - | - | - | - |
| 2.2 linked to the fair value option | - | - | - | - | - | - |
| 2.3 other | - | - | - | - | - | - |
| Total B | - | 178 | - | - | 108 | - |
| TOTAL (A+B) | 17 | 178 | - | 55 | 110 | - |

## 2.2 Financial assets held for trading: breakdown by debtors/issuers

(millions of euro)

| Items/values | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A) CASH ASSETS | | |
| 1. Debt securities | 17 | 57 |
| a) Governments and Central Banks | 13 | 52 |
| b) Other public agencies | - | - |
| c) Banks | 4 | 5 |
| d) Other issuers | - | - |
| 2. Equities | - | - |
| a) Banks | - | - |
| b) Other issuers | - | - |
| - insurance companies | - | - |
| - financial companies | - | - |
| - non-financial companies | - | - |
| - other | - | - |
| 3. UCITS units | - | - |
| 4. Loans | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public agencies | - | - |
| c) Banks | - | - |
| d) Other entities | - | - |
| Total A | 17 | 57 |
| B) DERIVATIVES | | |
| a) Banks | 12 | 5 |
| - fair value | 12 | 5 |
| b) Customers | 166 | 103 |
| - fair value | 166 | 103 |
| Total B | 178 | 108 |
| TOTAL (A+B) | 195 | 165 |

## 2.3 Financial assets held for trading: annual changes

(millions of euro)

| | Debt securities | Equities | UCITS units | Loans | Total |
|---|---|---|---|---|---|
| A. Opening balance | 57 | - | - | - | 57 |
| B. Increases | 4 | - | - | - | 4 |
| B.1 purchases | 1 | - | - | - | 1 |
| of which business combinations | - | - | - | - | - |
| B.2 positive changes in fair value | 2 | - | - | - | 2 |
| B.3 other changes | 1 | - | - | - | 1 |
| C. Decreases | -44 | - | - | - | -44 |
| C.1 sales | -43 | - | - | - | -43 |
| of which business combinations | -39 | - | - | - | -39 |
| C.2 redemptions | - | - | - | - | - |
| C.3 negative changes in fair value | - | - | - | - | - |
| C.4 transfers to other portfolios | - | - | - | - | - |
| C.5 other changes | -1 | - | - | - | -1 |
| D. Closing balance | 17 | - | - | - | 17 |

## SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE - LINE 30

The tables have not been drawn up as of 31 December 2012 as the item under evaluation is lower than € 1 million. In particular, the caption under evaluation, created exclusively for "natural hedge" purposes, comprises Level 1 equity securities, equal to around € 171 thousand, issued by the parent bank Intesa Sanpaolo and purchased by Banca CR Firenze for the incentive-driven plan provided for some employees, as per resolution of the Shareholders' General Meeting held in 2012.

## SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - LINE 40

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

(millions of euro)

| Items/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Debt securities | 619 | 18 | - | 851 | 16 | - |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 619 | 18 | - | 851 | 16 | - |
| 2. Equities | 3 | 12 | 36 | 3 | 5 | 37 |
| 2.1 Measured at fair value | 3 | 12 | 33 | 3 | 5 | 33 |
| 2.2 Measured at cost | - | - | 3 | - | - | 4 |
| 3. UCITS units | - | 27 | - | - | 31 | - |
| 4. Loans | - | - | - | - | - | - |
| TOTAL | 622 | 57 | 36 | 854 | 52 | 37 |

The equities shown under point 2.2 were evaluated at cost as it was not possible to gain a reliable determination of the fair value.
They are equity investments (less than 15%) held in industrial or service companies operating almost exclusively at local level. It was not possible to gain a reliable determination of the fair value as there is no active market for these instruments, and it was not possible to apply evaluation models because there are no future cash flows estimates. The book value of these instruments is about € 3 million.
Banca CR Firenze and its subsidiaries do not intend to sell these financial instruments and any sales of such instruments in the past have not determined significant profits or losses.

### 4.2 Financial assets available for sale: breakdown by debtors/issuers

(millions of euro)

| Items/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Debt securities | 637 | 867 |
| a) Governments and Central Banks | 452 | 656 |
| b) Other public agencies | 4 | 4 |
| c) Banks | 131 | 158 |
| d) Other issuers | 50 | 49 |
| 2. Equities | 51 | 45 |
| a) Banks | - | - |
| b) Other issuers | 51 | 45 |
| - insurance companies | - | - |
| - financial companies | 20 | 19 |
| - non-financial companies | 31 | 26 |
| - other | - | - |
| 3. UCITS units | 27 | 31 |
| 4. Loans | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public agencies | - | - |
| c) Banks | - | - |
| d) Other entities | - | - |
| TOTAL | 715 | 943 |

### 4.3 Financial assets available for sale: assets subject to specific hedge

As of 31 December 2012, there are no financial assets available for sale subject to specific hedge.

### 4.4 Financial assets available for sale: annual changes

(millions of euro)

| | Debt securities | Equities | UCITS units | Loans | Total |
|---|---|---|---|---|---|
| A. Opening balance | 867 | 45 | 31 | - | 943 |
| B. Increases | 50 | 12 | 3 | - | 65 |
| B.1purchases | 2 | 11 | 2 | - | 15 |
| of which business combinations | - | 1 | - | - | 1 |
| B.2 positive changes in fair value | 48 | - | - | - | 48 |
| B.3 write-backs recognised in: | - | - | - | - | - |
| - income statement | - | X | - | - | - |
| - shareholders' equity | - | - | - | - | - |
| B.4 transfers from other portfolios: | - | - | - | - | - |
| - financial assets held for trading | - | - | - | - | - |
| - financial assets held to maturity | - | - | - | - | - |
| B.5 other changes | - | 1 | 1 | - | 2 |
| C. Decreases | -280 | -6 | -7 | - | -293 |
| C.1sales | -20 | -1 | - | - | -21 |
| of which business combinations | -20 | - | - | - | -20 |
| C.2 redemptions | -260 | - | -3 | - | -263 |
| C.3 negative changes in fair value | - | -2 | -3 | - | -5 |
| C.4 write-downs for impairment recognised in: | - | -3 | - | - | -3 |
| - income statement | - | -3 | -1 | - | -4 |
| - shareholders' equity | - | - | - | - | - |
| C.5 transfers to other portfolios | - | - | - | - | - |
| C.6 other changes | - | - | - | - | - |
| D. Closing balance | 637 | 51 | 27 | - | 715 |

With reference to debt securities, the sub-caption B.2 includes the higher value reported in the portfolio owned by Banca CR Firenze, compared to the end of 2011, respectively in the amount of about € 24 million on bank issues and about € 23 million on Italian Government bonds. Sub-caption C1 comprises debt securities which were held by Banca CR Firenze Romania at the end of 2011; the company, in fact, left the scope of consolidation in the 4th quarter of 2012. Sub-caption C.2 substantially comprises the repayment of Italian government securities for about € 211 million and of securities issued by banks for about € 47 million.

With regard to equity securities, sub-caption B.1 discloses the translation of some credit lines being restructured, pursuant to Art. 82 of the Fin. Law, in share financial instruments in the amount of around € 8 million and the increase in capital subscribed by Banca in Fidi Toscana S.p.A. for the amount of around € 3 million. Lastly, sub-caption C.4 substantially includes the value adjustment to the investment held in Immobiliare Novoli S.p.A., un the amount of around €1.7 million and in Brain Technology S.p.A., in the amount of around € 1.4 million.

## SECTION 5 - FINANCIAL ASSETS HELD TO MATURITY - LINE 50

### 5.1 Financial assets held to maturity: breakdown by product

(millions of euro)

| | 31.12.2012 | | | | 31.12.2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | Fair value | | | Book value | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| 1. Debt securities | 39 | 39 | - | - | 39 | 39 | - | - |
| Structured securities | - | - | - | - | - | - | - | - |
| Other | 39 | 39 | - | - | 39 | 39 | - | - |
| 2. Loans | - | - | - | - | - | - | - | - |
| TOTAL | 39 | 39 | - | - | 39 | 39 | - | - |

### 5.2 Financial assets held to maturity: breakdown by debtors/issuers

(millions of euros)

| Type of assets/values | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Debt securities | 39 | 39 |
| a) Governments and Central Banks | 36 | 36 |
| b) Other public agencies | - | - |
| c) Banks | 3 | 3 |
| d) Other issuers | - | - |
| 2. Loans | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public agencies | - | - |
| c) Banks | - | - |
| d) Other entities | - | - |
| TOTAL | 39 | 39 |
| TOTAL FAIR VALUE | 39 | 39 |

### 5.4 Financial assets held to maturity: annual changes

(millions of euro)

| | Debt securities | Loans | Total |
|---|---|---|---|
| A. Opening balance | 39 | - | 39 |
| B. Increases | - | - | - |
| B.1 purchases | - | - | - |
| of which business combinations | - | - | - |
| B.2 write-backs | - | - | - |
| B.3 transfers from other portfolios | - | - | - |
| B.4 other changes | - | - | - |
| C. Decreases | - | - | - |
| C.1 sales | - | - | - |
| of which business combinations | - | - | - |
| C.2 redemptions | - | - | - |
| C.3 write-downs for impairment | - | - | - |
| C.4 transfers to other portfolios | - | - | - |
| C.5 other changes | - | - | - |
| D. Closing balance | 39 | - | 39 |

## SECTION 6 - AMOUNTS OWING BY BANKS - LINE 60

### 6.1 Amounts owing by banks: breakdown by products

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Amounts owing by Central Banks | - | - |
| 1. Fixed deposits | - | - |
| 2. Compulsory reserve | - | - |
| 3. Resale agreements | - | - |
| 4. Other | - | - |
| B. Amounts owing by banks | 1,240 | 1,889 |
| 1. Current accounts and free deposits | 486 | 130 |
| 2. Fixed deposits | 136 | 258 |
| 3. Other loans | 31 | 155 |
| 3.1 Resale agreements | 19 | 145 |
| 3.2 Financial lease | - | - |
| 3.3 Other | 12 | 10 |
| 4. Debt securities | 587 | 1,346 |
| 4.1 Structured | - | - |
| 4.2 Other | 587 | 1,346 |
| TOTAL (book value) | 1,240 | 1,889 |
| TOTAL (fair value) | 1,240 | 1,889 |

As of 31 December 2012, current accounts and free deposits included around € 179 million of accounts receivables from the parent company Intesa Sanpaolo, recorded by Banca CR Firenze for the disposal of the business unit occurred in the last quarter of 2012 and being settled in 2013.

It is worth noting that the obligation of a compulsory reserve set out by the Bank of Italy was fulfilled indirectly through the Parent company Intesa Sanpaolo, where a special deposit of Banca CR Firenze and its subsidiaries was created and amounted to € 130 million as of 31 December 2012.

The significant change in the sub-caption "Other debt securities", down from € 1,346 million as of 31 December 2011 to around € 587 million as of 31 December 2012, is mainly due to the reimbursement, occurred in 2012, of debt securities held by Cassa di Risparmio di Firenze and its subsidiaries.

As of 31 December 2012, the exit from the scope of consolidation of Cassa di Risparmio di Ascoli S.p.A., Banca CR Firenze Romania S.A. and Centro Factoring S.p.A. resulted in a decrease in item "Amounts due from banks" by reason of the fact the total contribution of these companies as of 31 December 2011 amounted to around € 45 million euro.

### 6.3 Financial lease

Not applicable.

## SECTION 7 - CUSTOMER LOANS - LINE 70

### 7.1 Customer loans: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | | Performing | Non-performing | |
| | | purchased | other | | purchased | other |
| 1. Current accounts | 3,151 | - | 464 | 3,232 | - | 376 |
| 2. Reverse repurchase agreements | - | - | - | - | - | - |
| 3. Mortgages | 10,959 | - | 1,273 | 12,386 | - | 986 |
| 4. Credit card loans, personal loans and transfer of one fifth of salaries | 218 | - | 6 | 239 | - | 5 |
| 5. Finance leases | - | - | - | - | - | - |
| 6. Factoring | - | - | - | 1,532 | - | 157 |
| 7. Other loans | 3,145 | - | 285 | 3,016 | - | 196 |
| 8. Debt securities | 31 | - | - | 45 | - | - |
| 8.1 Structured securities | - | - | - | - | - | - |
| 8.2 Other debt securities | 31 | - | - | 45 | - | - |
| TOTAL (book value) | 17,504 | - | 2,028 | 20,450 | - | 1,720 |
| TOTAL (fair value) | 17,626 | - | 2,028 | 20,248 | - | 1,720 |

The decrease in mortgages is substantially due to the ordinary amortisation, not offset by new issues.
The "Other loans" sub-caption contains advances on bills with recourse and on imports/exports, as well as other forms of finance not managed in current accounts.

It is noted that as of 31 December 2012 there are no loans issued with funds made available by public entities, with the risk borne by Banca CR Firenze and its subsidiaries.

Item Customer loans, equal to € 17.5 billion as of 31 December 2012, recorded a drop compared to the previous year due to the exit from the scope of consolidation of Cassa di Risparmio di Ascoli S.p.A., Banca CR Firenze Romania S.A. and Centro Factoring S.p.A., which, as of 31 December 2011, reported a contribution of around € 1.9 billion.

### 7.2 Customer loans: breakdown by debtors/issuers

(millions of euro)

| Type of transaction/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | | Performing | Non-performing | |
| | | purchased | other | | purchased | other |
| 1. Debt securities | 31 | | - | 45 | | - |
| a) Governments | - | | - | - | | - |
| b) Other public agencies | - | | - | 2 | | - |
| c) Other issuers | 31 | | - | 43 | | - |
| - non-financial companies | - | | - | - | | - |
| - financial companies | 5 | | - | 6 | | - |
| - insurance companies | 26 | | - | 37 | | - |
| - other | - | | - | - | | - |
| 2. Loans | 17,473 | | 2,028 | 20,405 | | 1,720 |
| a) Governments | 124 | | - | 117 | | - |
| b) Other public agencies | 372 | | 1 | 967 | | 16 |
| c) Other counterparties | 16,977 | | 2,027 | 19,321 | | 1,704 |
| - non-financial companies | 11,153 | | 1,728 | 12,774 | | 1,423 |
| - financial companies | 381 | | 3 | 420 | | 5 |
| - insurance companies | 21 | | - | 20 | | - |
| - other | 5,422 | | 296 | 6,107 | | 276 |
| TOTAL | 17,504 | | 2,028 | 20,450 | | 1,720 |

### 7.3 Customer loans: assets subject to specific hedging

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Loans to customers with specific fair value hedges | 1,074 | 1,317 |
| a) Interest rate risk | 1,074 | 1,317 |
| b) Foreign exchange risk | - | - |
| c) Credit risk | - | - |
| d) Sundry risks | - | - |
| 2. Loans to customers with specific cash flow hedges | - | - |
| a) Interest rate risk | - | - |
| b) Foreign exchange risk | - | - |
| c) Other | - | - |
| TOTAL | 1,074 | 1,317 |

The caption at point 1. comprises the fixed rate commitments with respect to customers for which special hedging was provided (Interest rate Swaps and Options on interest rates), with the aim of covering the value changes caused by shift sensitivity, in compliance with provisions set out by "Guidelines for the Group Finance" and in full compliance with risk thresholds set out by the Group Financial Risk Committee (GFRC). The activity is carried out in service by the Treasury Direction of the Parent Company.

**7.4 Financial lease**

As of 31 December 2012, there are no financial lease loans.

## SECTION 8 - HEDGING DERIVATIVES - LINE 80 IN THE ASSETS

### 8.1 Hedging derivatives: breakdown by type of hedging and by levels

(millions of euro)

| | Fair value 31.12.2012 | | | Notional value 31.12.2012 | Fair value 31.12.2011 | | | Notional value 31.12.2011 |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A) Financial derivatives | - | 125 | - | 3,614 | - | 114 | - | 3,429 |
| 1) fair value | - | 124 | - | 3,444 | - | 114 | - | 3,429 |
| 2) cash flows | - | 1 | - | 170 | - | - | - | - |
| 3) foreign investments | - | - | - | - | - | - | - | - |
| B) Credit derivatives | - | - | - | - | - | - | - | - |
| 1) fair value | - | - | - | - | - | - | - | - |
| 2) cash flows | - | - | - | - | - | - | - | - |
| Total | - | 125 | - | 3,614 | - | 114 | - | 3,429 |

Financial derivatives relate to specific hedging derivatives of fair value on fixed rate loans to customers, macrohedging derivatives of fair value on core deposits (Model of customer-originated items, i.e. a financial disclosure of these items aimed at adequately reflecting the behavioural characteristics, mass stability and partial and delayed reactivity of changes in market rates, defining the amount of customer-originated items which, by reason of their characteristics, are to be deemed as stable and at fixed rate) and cash flow hedging derivatives on floating rate commitments to customers, all concluded with the target of mitigating the interest rate risk profile of the Bank within the shift sensitivity limits, as set out by the Group Financial Risk Committee (GFRC).

### 8.2 Hedging derivatives: breakdown by hedged portfolios and by type of hedging (book value)

(millions of euro)

| Transactions/Type of hedge | Fair value | | | | | | Cash flow | | Foreign investments |
|---|---|---|---|---|---|---|---|---|---|
| | Specific | | | | | | | | |
| | interest rate risk | foreign exchange risk | credit risk | price risk | various risks | Generic | Specific | Generic | |
| 1. Financial assets available for sale | - | - | - | - | - | X | - | X | X |
| 2. Loans | 34 | - | - | X | - | X | - | X | X |
| 3. Financial assets held to maturity | X | - | - | X | - | X | - | X | X |
| 4. Portfolio | X | X | X | X | X | - | X | 1 | X |
| 5. Other transactions | - | - | - | - | - | X | - | X | - |
| Total assets | 34 | - | - | - | - | - | - | 1 | - |
| 1. Financial liabilities | 5 | - | - | X | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | 68 | X | 17 | X |
| Total liabilities | 5 | - | - | - | - | 68 | - | 17 | - |
| 1. Expected transactions | X | X | X | X | X | X | - | X | X |
| 2. Financial assets and liabilities portfolio | X | X | X | X | X | - | X | - | - |

## SECTION 10 - EQUITY INVESTMENTS - LINE 100

### 10.1 Equity investments in companies subject to joint control (carried at equity) or significant influence: information on investments

| Companies | Registered Office | Type of holding (a) | Investing: Investing company | Investing: % held | % of votes available |
|---|---|---|---|---|---|
| B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE | | | | | |
| 1. Unimatica S.p.A. | Bologna | 8) | Infogroup S.c.p.A. | 25.00 | |
| 2. Agriventure S.p.A. | Firenze | 8) | Banca CR Firenze S.p.A. | 20.00 | |
| 3. Tebe tours S.p.A. | Mirandola (MO) | 8) | Banca CR Firenze S.p.A. | 100.00 | |
| 4. CR Firenze Mutui S.r.l. | Conegliano Veneto | 8) | Banca CR Firenze S.p.A. | 10.00 | |
| 5. Intesa Sanpaolo Formazione S.c.p.A. | Napoli | 8) | Banca CR Firenze S.p.A. | 20.00 | |
| 6. Sviluppo Industriale S.p.A. | Pistoia | 8) | Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. | 28.27 | |
| 7. Umbria Export S.c.r.l | | 8) | Casse di Risparmio dell'Umbria S.p.A. | 33.87 | |

(1) Type of relation expressed according to the coding set out by the Bank of Italy, where, pursuant to IAS 28, 8) relates to the associated company.

### 10.2 Equity investments in companies subject to joint control and in companies subject to significant influence: information on investing relations

(millions of euro)

| Companies | Total assets | Total revenues (2) | Profit (Loss) | Shareholders' Equity (3) | Consolidated book value | Fair value (4) |
|---|---|---|---|---|---|---|
| A. COMPANIES MEASURED UNDER THE EQUITY METHOD | | | | | | |
| A.2. subject to significant influence (1) | | | | | | |
| | | | | | | X |
| 1. Unimatica S.p.A. | 1 | 2 | | | | X |
| 2. Agriventure S.p.A. | 10 | 8 | 1 | 5 | 1 | X |
| 3. Tebe tours S.p.A. | | | | | | X |
| 4. CR Firenze Mutui S.r.l. | | | | | | X |
| 5. Intesa Sanpaolo Formazione S.c.p.A. | | | | | | X |
| *Total companies measured under the equity method* | | | | | *1* | |
| Other equity investments | | | | | | |
| Banca d'Italia | | | | | 79 | X |
| Intesa Sanpaolo Romania S.A. Commericial Bank | 1,140 | 94 | -25 | 200 | 28 | X |
| Centro Factoring S.p.A. | 1,794 | 80 | 17 | 102 | 2 | X |
| Minority interest | | | | | 2 | X |
| *Total Other equity investments* | | | | | *111* | *X* |
| Total | | | | | 112 | |

Where no value is indicated, the amount is lower than € 1 million.

(1) Accounting data are inferred from the financial statements as of 31 December 2012.
(2) Total revenues indicate the overall amount of the income components showing a positive sign including taxes.
(3) Shareholders' equity includes the net profit of the year.
(4) The fair value is not indicated as there are no listed companies subject to a significant influence.

### 10.3. Equity investments: annual changes

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Opening balance | 128 | 131 |
| B. Increases | 31 | - |
| B.1 purchases | 29 | - |
| of which business combinations | - | - |
| B.2 write-backs | - | - |
| B.3 revaluations | - | - |
| B.4 other changes | 2 | - |
| C. Decreases | -47 | -3 |
| C.1 sales | -41 | - |
| C.2 value adjustments (a) | - | -3 |
| C.3 other changes | -6 | - |
| D. Closing balance | 112 | 128 |
| E. Total revaluations | - | - |
| F. Total adjustments | - | - |

Sub-caption B.1 primarily relates to the book value of the interest in Intesa Sanpaolo Romania S.A. Commercial Bank held by Banca CR Firenze S.p.A. following the merger of Banca CR Firenze Romania into the above-mentioned company.
Sub-caption C.1 comprises the effects of the exit from the balance-sheet scope of consolidation of Centro Leasing S.p.A.. As of 31 December 2011, this company was consolidated under the equity method.
Sub-caption C.3 comprises the effects of the exit from the balance-sheet scope of consolidation of Cassa di Risparmio di Ascoli S.p.A.. As of 31 December 2011, the above-mentioned company was consolidated on a line-by-line basis and under item "Equity investments" accounted for around € 5.6 million due to the interest held in the Bank of Italy.

### 10.4 Commitments relating to investments in jointly-controlled companies

### 10.5 Commitments relating to investments in companies subject to significant influence

As of 31 December 2012, no commitments referring to equity investments in companies subject to significant influence were reported.

## SECTION 12 - PROPERTY, PLANT AND EQUIPMENT - LINE 120

### 12.1 Property, plant and equipment: breakdown of assets valued at cost

(millions of euro)

| Assets/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Assets held for own use | | |
| 1.1 owned | 345 | 362 |
| a) land | 85 | 87 |
| b) buildings | 221 | 238 |
| c) furniture | 25 | 24 |
| d) electronic equipment | 6 | 5 |
| e) other | 8 | 8 |
| 1.2 acquired under financial lease | - | 5 |
| a) land | - | 2 |
| b) buildings | - | 3 |
| c) furniture | - | - |
| d) electronic equipment | - | - |
| e) other | - | - |
| Total A | 345 | 367 |
| B. Assets held for investment | | |
| 2.1 owned | 40 | 49 |
| a) land | 14 | 17 |
| b) buildings | 26 | 32 |
| 2.2 acquired under financial lease | - | - |
| a) land | - | - |
| b) buildings | - | - |
| Total B | 40 | 49 |
| TOTAL (A + B) | 385 | 416 |

### 12.2 Property, plant and equipment: breakdown of assets measured at fair value or revalued

There are no property, plant and equipment carried at fair value or revalued.

### 12.3 Property, plant and equipment held for own use: annual changes

(millions of euro)

| | Land | Buildings | Furniture | Electronic equipment | Other | Total |
|---|---|---|---|---|---|---|
| A. Gross initial carrying amount | 89 | 452 | 75 | 80 | 48 | 744 |
| A.1 Total net adjustments | - | -211 | -51 | -75 | -40 | -377 |
| A.2 Net initial carrying amount | 89 | 241 | 24 | 5 | 8 | 367 |
| B. Increases | 3 | 13 | 8 | 3 | 4 | 31 |
| B.1 Purchases | - | 2 | 4 | 1 | 3 | 10 |
| of which business combinations | - | 2 | - | - | - | 2 |
| B.2 Capitalised expenses for improvement | - | 1 | - | - | - | 1 |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Positive changes in fair value recognised in: | - | - | - | - | - | - |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Transfer from investment property | - | - | - | - | - | - |
| B.7 Other changes | 3 | 10 | 4 | 2 | 1 | 20 |
| C. Decreases | -7 | -33 | -7 | -2 | -4 | -53 |
| C.1 Sales | -7 | -19 | -3 | - | - | -29 |
| of which business combinations | -3 | -10 | -1 | - | - | -14 |
| C.2 Depreciation | - | -13 | -3 | -2 | -3 | -21 |
| C.3 Value adjustments from impairment recognised in: | - | -1 | - | - | - | -1 |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | -1 | - | - | - | -1 |
| C.4 Negative changes in fair value recognised in: | - | - | - | - | - | - |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Transfer to: | - | - | - | - | - | - |
| a) investment property | - | - | - | - | - | - |
| b) non-current assets held for sale and discontinued operations | - | - | - | - | - | - |
| C.7 Other changes | - | - | -1 | - | -1 | -2 |
| D. Net final carrying amount | 85 | 221 | 25 | 6 | 8 | 345 |
| D.1 Total net adjustments | - | 213 | 47 | 63 | 37 | 360 |
| D.2 Gross final carrying amount | 85 | 434 | 72 | 69 | 45 | 705 |
| E. Measurement at cost | - | - | - | - | - | - |

Based on impairment testing of real estate properties of Banca CR Firenze, as of 31 December 2012, the necessity arose to adjust the value of come assets for a total amount of around € 1 million.
In sub-captions A.1 and D.1 the amounts relating to the amortisation funds and value adjustments booked in order to align the book value of the asset to its recoverable amount are shown.
Sub-caption “E – Measurement at cost” contains no value as, in compliance with the instructions of Bank of Italy, it is only filled in for property, plant and equipment carried in the financial statements at fair value.
The detail of sub-caption C.1 "of which business combination" include the effects resulting from the exit from the scope of consolidation of Cassa di Risparmio di Ascoli S.p.A., Banca CR Firenze Romania S.p.A. and Centro Factoring S.p.A..

### 12.4 Property, plant and equipment held for investment: annual changes

(millions of euro)

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Land | Buildings | Land | Buildings |
| A. Opening balance | 17 | 32 | 17 | 33 |
| B. Increases | - | 9 | - | 1 |
| B.1 Purchases | - | - | - | - |
| of which business combination | - | - | - | - |
| B.2 Capitalized costs for leasehold improvements | - | - | - | - |
| B.3 Positive fair value changes | - | - | - | - |
| B.4 Write-backs | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - |
| B.6 Transfers from property held for own use | - | - | - | - |
| B.7 Other changes | - | 9 | - | 1 |
| C. Decreases | -3 | -15 | - | -2 |
| C.1 Sales | -3 | -13 | - | - |
| of which business combination | - | -2 | - | - |
| C.2 Depreciation | - | -1 | - | -2 |
| C.3 Decreases in fair value: | - | - | - | - |
| C.4 Value adjustments from impairment | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - |
| C.6 Transfers to other asset portfolios | - | - | - | - |
| a) property held for own use | - | - | - | - |
| b) non-current assets under disposal | - | - | - | - |
| C.7 Other changes | - | -1 | - | - |
| D. Closing balance | 14 | 26 | 17 | 32 |
| E. Measurement at fair value | 14 | 26 | 17 | 32 |

### 12.5 Commitments to purchase property, plant and equipment

No commitments to purchase of property, plant and equipment are reported as of 31 December 2012.

## SECTION 13 - INTANGIBLE ASSETS - LINE 130

### 13.1 Intangible assets: breakdown by type of asset

(millions of euro)

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Definite life | Indefinite life | Definite life | Indefinite life |
| A.1 Goodwill | X | 349 | X | 315 |
| A.1.1 Group | x | 349 | x | 315 |
| A.1.2 Minority interests | x | x | x | x |
| A.2 Other intangible assets | 20 | - | 1 | - |
| A.2.1 Assets measured at cost | 20 | - | 1 | - |
| a) Internally generated intangible assets | - | - | - | - |
| b) Other assets | 20 | - | 1 | - |
| A.2.2 Assets measured at fair value | - | - | - | - |
| a) Internally generated intangible assets | - | - | - | - |
| b) Other assets | - | - | - | - |
| Total | 20 | 349 | 1 | 315 |

Goodwill

Goodwill recorded in the consolidated financial statements amounted to € 349 million and resulted from:

- separate goodwill recorded by Banca CR Firenze and its subsidiaries, totalling € 307 million;
- first consolidation goodwill related to Cassa di Risparmio di Civitavecchia (€ 3 million), and Cassa di Risparmio di Pistoia e della Lucchesia (€ 39 million).

The methods of allocation of goodwill to the cash generating units (“CGU”) and checking for any reductions in value (impairment test) are explained in paragraph 17 “Other information” of part A.2 of these notes to the financial statements. In particular, in the Intesa Sanpaolo group, the CGUs which, over time, benefited from synergies of business aggregations made and corresponding to the Group business units, are as follows:

- Banca dei territori;
- Corporate and investment banking;
- Eurizon Capital;
- Banca Fideuram;
- Foreign banks;
- Bank of Alexandria;
- Pravex.

Pursuant to provisions set out by IAS 36, the Intesa Sanpaolo Group submitted goodwill allocated to the aforementioned CGUs to impairment tests.
Banca CR Firenze S.p.A. is substantially within the Banca dei Territori CGU. Therefore, goodwill recorded in the separate financial statements was not considered as single asset and the related value was tested for impairment in relation to the larger CGU to which the Bank belongs.
The Parent company performed an impairment test on the goodwill of its CGUs, including the Banca dei Territori CGU, while estimating their value of use through the discounting of expected cash flows at level of operating divisions. The outcome of the consolidated impairment test on the Banca dei Territori division confirmed the book value of the goodwill pertaining to the division.
In order to further testing the book value of goodwill recorded in the Bank's separate financial statements, a further testing was performed, according to the criteria of the Intesa Sanpaolo Group. The implicit multiples referred to the Banca dei Territori division were taken into consideration and they were applied to the corresponding values of Banca CR Firenze.
The value indicators that are more commonly used in the banking sector are the following: Price / Tangible Book Value (P/TBV), Goodwill / Total Deposits (G/TD)and Price / Earning. As regards the last indicator, given the organisation of the Intesa Sanpaolo Group, it is worth noting, however, that profitability of the single companies is especially influenced by synergies developed at the Banca dei Territori Division level and synergy location policies at Group level.
This management model adopted by the Intesa Sanpaolo Group (which led to the definition of the CGU's minimum threshold at the Banca dei Territori Division level) led to the consideration that the multipliers calculated on economic results of each single company within the Banca dei Territori CGU are of little significance. For this reason, the price/earning ratio was not considered in the test performed.
The P/TBV and G/TD parameters of the division were therefore applied to the values of the Bank subject to evaluation.

The implicit multiples identified are indicated hereunder:

Price / Tangible Book Value 1.633%

Goodwill / Total Deposits 0.987%

These multiples were applied to the balance sheet values of the Bank's shareholder' equity, net of goodwill and to total deposits, as it is shown in the summary table as of 31 December 2012.

Based on the following values inferred from the 2012 financial statements (in millions of euro):
A) Goodwill: € 349 million;
B) Shareholders' Equity: € 1,553 million;
C) Tangible Shareholders' Equity: € 1,184 million.

In terms of recoverable value, the following can be inferred:

Price / Tangible Book Value: € 750 million.
Goodwill / Total Deposits: € 351 million.
The average of the recoverable value of goodwill, resulting from the application of the above-mentioned multiples, is therefore € 550 million.
Lastly, as a further check, also the implicit multiples (Price / Tangible Book Value and Goodwill/Total Deposits) in the goodwill of a sampling of "comparable", listed Italian banks were taken into consideration, together with multiples deriving from acquisition transactions carried out in Italy between 2010 and 2012. By applying these multiples to the balance sheet values of Banca CR Firenze, a recoverable value of goodwill is reported, which is even higher than the value resulting from the application of the implicit multiples referred to the Banca dei Territori division.

Conclusions
The afore-mentioned impairment test has not reported any impairment for goodwill recorded in the separate financial statements of Banca CR Firenze.

Core deposits
Intangible fixed assets recognised, comprise intangible assets connected with customers, and they are represented by the measurement of core
deposits recorded after the transfer of the business units made up of operating points of Intesa Sanpaolo, to Banca CR Firenze S.p.A., Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. and Casse di Risparmio dell'Umbria during 2012. As regards intangible fixed assets with a residual definite useful life calculated over 20 years, the amount of amortisation pertaining to the period was charged to the income statement, under caption "180. Value (adjustments)/write-backs to intangible assets

For details of the transaction, see the following table.

## 13.2 Intangible assets: annual changes

(millions of euro)

| | Goodwill | Other intangible assets: internally generated | | Other intangible assets: other | | Total |
|---|---|---|---|---|---|---|
| | | Definite life | Indefinite life | Definite life | Indefinite life | |
| A.2 Opening net balance | 315 | - | - | 13 | - | 328 |
| A.1 Total net adjustments | - | - | - | 12 | - | 12 |
| A.2 Net initial carrying amount | 315 | - | - | 25 | - | 340 |
| B. Increases | 65 | - | - | 20 | - | 85 |
| B.1 Purchases | 65 | - | - | 20 | - | 85 |
| of which business combinations | 52 | - | - | 14 | - | 66 |
| B.2 Increases of internally generated intangible assets | X | - | - | - | - | - |
| B.3 Write-backs | X | - | - | - | - | - |
| B.4 Positive changes in fair value recognised in | - | - | - | - | - | - |
| - shareholders' equity | X | - | - | - | - | - |
| - income statement | X | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Other changes | - | - | - | - | - | - |
| C. Decreases | -31 | - | - | -1 | - | -32 |
| C.1 Sales | -31 | - | - | - | - | -31 |
| of which business combinations | -9 | - | - | - | - | -9 |
| C.2 Impairment losses | - | - | - | -1 | - | -1 |
| - Amortisation | X | - | - | -1 | - | -1 |
| - Write-downs recognised in | - | - | - | - | - | - |
| shareholders' equity | X | - | - | - | - | - |
| income statement | - | - | - | - | - | - |
| C.3 Negative changes in fair value recognised in | - | - | - | - | - | - |
| - shareholders' equity | X | - | - | - | - | - |
| - income statement | X | - | - | - | - | - |
| C.4 Transfer to non-current assets held for sale and discontinued operations | - | - | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Other changes | - | - | - | - | - | - |
| D. Net final carrying amount | 349 | - | - | 44 | - | 393 |
| D.1 Total net adjustments | - | - | - | 1 | - | 1 |
| E. Closing gross balance | 349 | - | - | 45 | - | 394 |
| F. Measurement at cost | - | - | - | - | - | - |

## SECTION 14 - TAX ASSETS AND LIABILITIES - LINE 140 AND LINE 80

Considering the fiscal situation of the Bank and, accordingly, the expectations of considerable taxable income in future years, all deferred tax assets and liabilities were accounted for by applying IRES and IRAP tax rates currently in force, which were 27.5% and 5.57% respectively, according to prudential criteria.

Following the application of IAS/IFRS accounting standards, current and deferred assets/liabilities, which relate to shareholders' equity items mainly connected with the valuation effect of the AFS portfolio, are entered as actuarial gain or losses on liability provisions measured on the basis of IAS 19.

### 14.1 Deferred tax assets: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **Corresponding caption in income statement** | | |
| **A. Temporary deductible differences** | | |
| Adjustment to/Impairment of loans deductible in future years | 174 | 183 |
| Provisions for future charges | 56 | 55 |
| Higher tax value of equity investments, securities and other assets | 2 | |
| Extraordinary charges for incentive- driven exit plans | 16 | |
| Other | 105 | 82 |
| **B. Taxable temporary differences** | | |
| Costs deducted off balance sheet (art. 109 TUIR) | | |
| Capital gains in instalments | | |
| Differences between book and tax value (art. 128 TUIR) | | |
| Lower tax value of equity investments, securities and other assets | | |
| Other | | |
| **TOTAL** | **353** | **320** |
| **Corresponding caption in shareholders' equity** | | |
| Cash flow hedge | | |
| Recognition of actuarial gains/losses | 5 | 2 |
| Financial assets available for sales | 5 | 20 |
| Other exposures | | |
| **TOTAL** | **10** | **22** |
| **Total deferred tax assets** | **363** | **342** |

Item "Other" primarily relates to the residual value of freed goodwill, pursuant to Art. 15, par. 10 of the Law Degree 185/2008 and Law Decree 98/2011.

### 14.2 Deferred tax liabilities: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Corresponding caption in income statement | | |
| **A. Taxable temporary differences** | | |
| Costs deducted out of accounts pursuant to art. 109 TUIR | | |
| Employee termination indemnity (TFR) | | |
| Accrued capital gains | 12 | 6 |
| Lower tax value of securities and other assets | - | 2 |
| Other | 13 | 10 |
| **B. Temporary deductible differences** | | |
| Adjustment of loans deductible in future years | | |
| Higher tax value of securities and other assets | | |
| Other | | |
| **TOTAL** | **25** | **18** |
| **Corresponding caption in shareholders' equity** | | |
| Cash flow hedge | | |
| Reserve pursuant to Law 169/83 | | |
| Reserve pursuant to Law 213/98 | | |
| Available-for-sale assets | 4 | 2 |
| Other | | |
| **TOTAL** | **4** | **2** |
| **Total deferred tax liabilities** | **29** | **20** |

"Other" deferred taxes mainly relate to fiscally deducted portions of goodwill due to the acquisition of bank branches.

### 14.3 Changes in deferred tax assets (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 320 | 220 |
| 2. Increases | 170 | 123 |
| 2.1 Deferred tax assets recognised over the period | 149 | 121 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) write-backs | - | - |
| d) others | 149 | 121 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 2 |
| 2.4 Business combination | 21 | - |
| 3. Decreases | -137 | -23 |
| 3.1 Deferred tax assets recognised over the period | -82 | -22 |
| a) reversals | -82 | -21 |
| b) write-downs for non-recoverability | - | - |
| c) change in accounting criteria | - | - |
| d) others | - | -1 |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | -1 | -1 |
| a) transformations in tax credits as per Law no. 214/2011 | -1 | - |
| b) other | - | -1 |
| 3.4 Business combination | -54 | - |
| 4. Closing balance | 353 | 320 |

Sub-caption 2.1 d) mainly refers to the freeing, in accordance with Law Decree 185/2008, of the consolidated goodwill and value adjustments on loans exceeding the limit of fiscal deductibility envisaged by regulations in force.
Sub-captions 2.4 and 3.4 related to the effects resulting from the merged of Casse di Risparmio di Foligno, di Terni e Narni e di Città di Castello into Casse di Risparmio dell'Umbria, in addition to the exit from the scope of consolidation of the companies Centro Factoring and Cassa di Risparmio di Ascoli Piceno.

### 14.3.1 Changes in deferred tax assets as per Law 214/2011 (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 243 | 163 |
| 2. Increases | 66 | 91 |
| 3. Decreases | -29 | -11 |
| 3.1 Reversals | -28 | -11 |
| 3.2 Changes into tax credits | -1 | - |
| a) from losses for the year | -1 | - |
| b) from tax losses | - | - |
| 3.3 Other decreases | - | - |
| 4. Closing balance | 280 | 243 |

### 14.4 Changes in deferred tax liabilities (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 18 | 10 |
| 2. Increases | 14 | 14 |
| 2.1 Deferred tax liabilities recognised over the period | 13 | 13 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | 13 | 13 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 1 |
| 2.4 Business combination transactions | 1 | - |
| 3. Decreases | -7 | -6 |
| 3.1 Deferred tax liabilities written off over the period | -6 | -5 |
| a) reversals | -5 | -5 |
| b) due to changed accounting criteria | - | - |
| c) others | -1 | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | -1 |
| 3.4 Business combination transactions | -1 | - |
| 4. Closing balance | 25 | 18 |

Sub-caption 2.1 c) is primarily referred to the recording of deferred taxes on goodwill resulting from the acquisition of bank branches, fiscally deducted over the year, as well as to the taxation of capital gains realised on the sale of bank branches.

### 14.5 Changes in deferred tax assets (against an entry in equity)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 22 | 11 |
| 2. Increases | 5 | 12 |
| 2.1 Deferred tax assets recognised over the period | 5 | 12 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | 5 | 12 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 2.4 Business combination transactions | - | - |
| 3. Decreases | - 17 | - 1 |
| 3.1 Deferred tax assets written off over the period | - 17 | - |
| a) reversals | - 17 | - |
| b) due to changed accounting criteria | - | - |
| c) others | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 3.4 Business combination transactions | - | - 1 |
| 4. Closing balance | - | - |
| | 10 | 22 |

Sub-caption 2.1 c) is primarily related to changes in reserves for actuarial profit and loss on definite benefit funds related to the employee termination indemnity and pension funds.
Sub-caption 3.1 a) is mainly related to the changes in fair value recorded on debt securities and UCITS.

### 14.6 Changes in deferred tax liabilities (against an entry in equity)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 2 | 1 |
| 2. Increases | 2 | 1 |
| 2.1 Deferred tax liabilities recognised over the period | 2 | 1 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | 2 | 1 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 2.4 Business combination transactions | - | - |
| 3. Decreases | - | - |
| 3.1 Deferred tax liabilities written off over the period | - | - |
| a) reversals | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 3.4 Business combination transactions | - | - |
| 4. Closing balance | 4 | 2 |

Sub-caption 2.1 c) is mainly related to the changes in fair value recorded on debt securities and UCITS.

## SECTION 15 - NON-CURRENT ASSETS AND GROUPS OF ASSETS BEING DISPOSED AND ASSOCIATED LIABILITIES - LINE 150 OF ASSETS AND LINE 90 OF LIABILITIES

### 15.1 Non-current assets and groups of assets being disposed: breakdown by types of assets

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Individual assets | | |
| A.1 Financial assets | - | - |
| A.2 Equity investments | - | - |
| A.3 Property, plant and equipement | 2 | 2 |
| A.4 Intangible assets | - | - |
| A.5 Other non current assets | - | - |
| Total A | 2 | 2 |
| B. Groups of assets (discontinued operations) | | |
| B.1 Financial assets held for trading | - | - |
| B.2 Financial assets measured at fair value | - | - |
| B.3 Financial assets available for sale | - | - |
| B.4 Financial assets held to maturity | - | - |
| B.5 Amounts due from banks | - | - |
| B.6 Customer loans | - | - |
| B.7 Equity investments | - | - |
| B.8 Property, plant and equipment | - | - |
| B.9 Intangible assets | - | - |
| B.10 Other assets | - | - |
| Total B | - | - |
| C. Liabilities associated with single assets being disposed | | |
| C.1 Debts | - | - |
| C.2 Securities | - | - |
| C.3 Other liabilities | - | - |
| Total C | - | - |
| C. Liabilities associated with groups of assets being disposed | | |
| D.1 Amounts owing to banks | - | - |
| D.2 Customer deposits | - | - |
| D.3 Outstanding securities | - | - |
| D.4 Financial liabilities held for trading | - | - |
| D.5 Financial liabilities measured at fair value | - | - |
| D.6 Provisions | - | - |
| D.7 Other liabilities | - | - |
| Total D | - | - |

Sub-caption A.3 relates to assets being disposed by some of the banks included in the Sub-holding, mainly Banca CR Firenze S.p.A. (around € 0.3 million), Cassa di Risparmio della Provincia di Viterbo S.p.A. (€ 0.2 million), Cassa di Risparmio di Rieti S.p.A. (€ 0.9 million) and Casse di Risparmio dell’Umbria S.p.A. (€ 0.2 million).

### 15.2 Other information

No further relevant information is to be reported.

### 15.3 Information on companies subject to significant influence not carried at equity

It is to be noted that as of 31 December 2012 no equity investments are reported to be subject to significant influence, not measured under the equity method and classified as held for sale.

## SECTION 16 - OTHER ASSETS - LINE 160

### 16.1 Other assets: breakdown

(millions of euro)

| Items | Total |
|---|---|
| Receivables from tax authorities: | 11 |
| - advance payments for taxes pertaining to the year | *6* |
| Amounts to be credited and items under processing | 129 |
| Amounts in transit with branches and subsidiaries | 12 |
| Deposits with clearing houses | 8 |
| Cheques drawn on the bank settled | 11 |
| Items relating to security transactions | 8 |
| Leasehold improvements | 285 |
| Others | 7 |
| Accrued income and prepayments | 5 |
| Commissions and fees to be earned | |
| TOTAL 31.12.2012 | 476 |
| TOTAL 31.12.2011 | 523 |

# LIABILITIES AND EQUITY

## SECTION 1 - AMOUNTS OWING TO BANKS - LINE 10

### 1.1 Amounts owing to banks: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Amounts owing to Central Banks | - | - |
| 2. Amounts owing to banks | 6,717 | 9,707 |
| 2.1 Current accounts and deposits | 205 | 109 |
| 2,2 Time deposits | 5,876 | 7,247 |
| 2.3 Loans | 635 | 2,351 |
| 2.3.1 Repurchase agreements | 453 | 709 |
| 2.3.2 Other | 182 | 1,642 |
| 2.4 Debts for commitments to repurchase | - | - |
| own equity instruments | - | - |
| 2.5 Other debts | 1 | - |
| TOTAL | 6,717 | 9,707 |
| Fair value | 6,717 | 9,707 |

The change in caption "Amounts owing to banks" relates to the effects of ingoing and outgoing transfers of the operating points occurred over the year, as well as the exit from the scope of consolidation of Cassa di Risparmio di Ascoli Piceno S.p.A., Centro Factoring S.p.A. and Banca CR Firenze Romania S.A., which, as at 31 December 2011, reported a contribution equal to around € 2.1 billion.

## SECTION 2 – CUSTOMER DEPOSITS - LINE 20

### 2.1 Customer deposits: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Current accounts and free deposits | | |
| 2. Time deposits | 10,957 | 11,449 |
| 3. Loans | 1,953 | 847 |
| 3.1Repurchase agreements | 19 | 202 |
| 3.2 Other | 19 | 144 |
| 4. Liabilities for commitments to repurchase | - | 58 |
| own equity instruments | 85 | 169 |
| 5. Other accounts payable | 168 | 178 |
| TOTAL | 13,182 | 12,845 |
| Fair value | 13,182 | 12,845 |

## SECTION 3 - OUTSTANDING SECURITIES - LINE 30

### 3.1 Outstanding securities: breakdown by products

(millions of euro)

| Type of securities/Value | 31.12.2012 | | | | 31.12.2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | Fair value | | | Book value | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Securities | | | | | | | | |
| 1. bonds | 836 | 107 | 730 | - | 1,502 | - | 1,448 | - |
| 1.1 structured | - | - | - | - | - | - | - | - |
| 1.2 other | 836 | 107 | 730 | - | 1,502 | - | 1,448 | - |
| 2. other | 46 | - | 46 | - | 93 | - | 93 | - |
| 2.1 structured | - | - | - | - | - | - | - | - |
| 2.2 other | 46 | - | 46 | - | 93 | - | 93 | - |
| TOTAL | 882 | 107 | 776 | - | 1,595 | - | 1,541 | - |

The reduction of securities in circulation with respect to the closure of the previous year mainly depends on the repayment of loans expired during the year and on the absence of issue of new loans by Banca CR Firenze and its subsidiaries.

### 3.2 Breakdown of line 30 "Outstanding securities": subordinated securities

| Type of securities/Value | Nominal value | Value to be included in the Regulatory Capital | Issuer | Issue date | Maturity date | Contract interest rate |
|---|---|---|---|---|---|---|
| Hybrid capitalisation instrument, upper tier 2 | 199 | 199 | Banca CR Firenze S.p.A. | Dec-03 | Dec-13 | Euribor a 6 mesi + 0,95% |
| Second-level subordinated bond loan | 85 | 18 | Banca CR Firenze S.p.A. | May-06 | May-13 | Euribor a 6 mesi + 0,15% |
| **Total subordinated securities** | **284** | **217** | | | | |

### 3.3 Breakdown of line 30 "Outstanding securities": securities subject to specific hedge

As at 31 December 2012, the securities subject to fair value hedging amount to about € 116 million.

## SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - LINE 40

### 4.1 Financial liabilities held for trading: breakdown by products

(millions of euro)

| Type of transactions/Value | 31.12.2012 | | | | | 31.12.2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Nominal or notional value | Fair value | | | Fair value (*) | Nominal or notional value | Fair value | | | Fair value (*) |
| | | Level 1 | Level 2 | Level 3 | | | Level 1 | Level 2 | Level 3 | |
| A. CASH LIABILITIES | | | | | | | | | | |
| 1. Amounts owing to banks | - | - | - | - | - | - | - | - | - | - |
| 2. Amounts owing to customers | - | - | - | - | - | - | - | - | - | - |
| 3. Debt securities | - | - | - | - | X | - | - | - | - | X |
| 3.1 Bonds | - | - | - | - | X | - | - | - | - | X |
| 3.1.1 structured | - | - | - | - | X | - | - | - | - | X |
| 3.1.2 other bonds | - | - | - | - | X | - | - | - | - | X |
| 3.2 Other | - | - | - | - | X | - | - | - | - | X |
| 3.2.1 structured | - | - | - | - | X | - | - | - | - | X |
| 3.2.2 other | - | - | - | - | X | - | - | - | - | X |
| Total A | - | - | - | - | - | - | - | - | - | - |
| B. DERIVATIVES | | | | | | | | | | |
| 1. Financial derivatives | X | - | 192 | - | X | X | - | 117 | - | X |
| 1.1 Trading | X | - | 192 | - | X | X | - | 117 | - | X |
| 1.2 Fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credit derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.1 Trading | X | - | - | - | X | X | - | - | - | X |
| 2.2 Fair value option | X | - | - | - | X | X | - | - | - | X |
| 2.3 Other | X | - | - | - | X | X | - | - | - | X |
| Total B | X | - | 192 | - | X | X | - | 117 | - | X |
| TOTAL (A+B) | X | - | 192 | - | X | X | - | 117 | - | X |

(*) Fair value calculated excluding changes in creditworthiness of the issuer after issue date.

## SECTION 6- HEDGING DERIVATIVES - LINE 60

### 6.1. Hedging derivatives: breakdown by type of hedging and by levels

(millions of euro)

| | Fair value 31.12.2012 | | | Notional value | Fair value 31.12.2011 | | | Notional value |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A. Financial derivatives | - | 52 | - | 533 | - | 35 | - | 390 |
| 1. Fair value | - | 52 | - | 533 | - | 35 | - | 390 |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| 3. Foreign investments | - | - | - | - | - | - | - | - |
| B. Credit derivatives | - | - | - | - | - | - | - | - |
| 1. Fair value | - | - | - | - | - | - | - | - |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| TOTAL | - | 52 | - | 533 | - | 35 | - | 390 |

Information on the types of hedging is given in Section 8 - "Hedging derivatives" under caption 80 in the Assets.

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

(millions of euro)

| Transactions/Type of hedge | Fair value | | | | | | Cash flow | | |
|---|---|---|---|---|---|---|---|---|---|
| | Specific | | | | | | | | |
| | interest rate risk | foreign exchange risk | credit risk | price risk | various risks | [redacted] | [redacted] | [redacted] | Foreign investments |
| 1. Financial assets available for sale | - | - | - | - | - | X | - | X | X |
| 2. Loans | 52 | - | - | X | - | X | - | X | X |
| 3. Financial assets held to maturity | X | - | - | X | - | X | - | X | X |
| 4. Portfolio | X | X | X | X | X | - | X | - | X |
| 5. Other transactions | - | - | - | - | - | X | - | X | - |
| Total assets | 52 | - | - | - | - | - | - | - | - |
| 1. Financial liabilities | - | - | - | X | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | - | X | - | X |
| Total liabilities | - | - | - | - | - | - | - | - | - |
| 1. Expected transactions | X | X | X | X | X | X | - | X | X |
| 2. Financial asset and liability portfolio | X | X | X | X | X | - | X | - | - |

## SECTION 7 - FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS - LINE 70

### 7.1 Fair value change of financial liabilities in hedged portfolios

(millions of euro)

| Value adjustment of hedged assets/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Positive fair value change of financial liabilities | 84 | 47 |
| 2. Negative fair value change of financial liabilities | - | - |
| TOTAL | 84 | 47 |

This line concerns the balance of changes in value of the liabilities subject to general hedging of the interest rate risk. Banca CR Firenze and its subsidiaries, exercising the faculties that emerged during the definition of the carve-out of IAS 39, as at 31 December 2009 implemented the above fair value hedge on core deposits.

### 7.2 Financial liabilities hedged by macrohedging of interest rate risk: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Debts | - | - |
| 2. Portfolio | 2,857 | 2,318 |
| TOTAL | 2,857 | 2,318 |

## SECTION 8 - TAX LIABILITIES - LINE 80

As regards the information contained in this section, please see Section 14 in the Assets.

## SECTION 9 - LIABILITIES ASSOCIATED WITH GROUP OF ASSETS BEING DISPOSED - LINE 90

As regards the information contained in this section, please see Section 15 in the Assets.

## SECTION 10 – OTHER LIABILITIES - LINE 100

### 10.1 Other liabilities: breakdown

(millions of euro)

| Items/Value | Total |
|---|---|
| Amounts to be credited and items under processing | 120 |
| Items relating to security transactions | - |
| Amounts available to third parties | 98 |
| Items travelling with Italian branches | 10 |
| Unliquidated items for portfolio operations | 297 |
| Sums disbursable to staff | 19 |
| Payables to the tax authorities | 69 |
| Items receivable for regulation currencies | 10 |
| Amounts due to suppliers | 117 |
| Payable against deterioration of loans | 11 |
| Other liabilities | 189 |
| Accrued expenses and deferred income | 2 |
| TOTAL 31.12.2012 | 942 |
| TOTAL 31.12.2011 | 714 |

## SECTION 11 - PROVISION FOR STAFF TERMINATION PAY - LINE 110

### 11.1 Provision for staff termination pay: annual changes

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Opening balance | 146 | 142 |
| B. Increases | 32 | 15 |
| B.1 Allocation for the period | 6 | 6 |
| B.2 Other changes | 26 | 9 |
| of which business combination | - | - |
| C. Decreases | -30 | -11 |
| C.1 Payments made | -20 | -10 |
| C.2 Other changes | -10 | -1 |
| of which business combination | - | - |
| D. Closing balance | 148 | 146 |

Sub-caption B.1 includes exclusively interest cost.
Sub-caption B.2 comprises actuarial losses, which are directly entered among valuation reserves without passing through the income statement, as well as the employee termination indemnity referred to incoming staff from other companies of the Intesa Sanpaolo Group, due to the transfer of operating points occurred during 2012.
Sub-caption C.2 primarily relates to the employee termination indemnity of the staff of Centro Factoring and Cassa di Risparmio di Ascoli Piceno S.p.A., which in the fourth quarter of 2012 exited the scope of consolidation and the contribution of which was around € 9 million as at 31 December 2011.

## SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – LINE 120

### 12.1 Provision for risks and charges: breakdown

(millions of euro)

| Items/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Provisions for pensions and similar obligations | 29 | 36 |
| 2. Other provisions for risks and charges | 157 | 192 |
| 2.1 Legal disputes | 58 | 69 |
| 2.2 Staff charges | 90 | 94 |
| 2.3 Other | 9 | 29 |
| TOTAL | 186 | 228 |

The aforementioned "Pension funds" are described in the following Section 12.3.

Caption "2. Other provisions for risks and charges" is divided into:
- Legal disputes: the provision is set up essentially to cope with expected disbursements on disputes lost and on bankruptcy guarantees;
- Staff charges: the provision includes the costs relating to staff resignation incentives, costs for staff raises linked to time of service, provisions for bonuses and VAP and other expenses;
- Other: this refers to provisions to cope with other costs for different disputes.

### 12.2 Provision for risks and charges: annual changes

(millions of euro)

| | Total | |
|---|---|---|
| | Pension funds | Other provisions |
| A. Opening balance | 36 | 192 |
| B. Increases | 15 | 71 |
| B.1 Allocation for the period | - | 38 |
| B.2 Changes due to the passing of time | 2 | 3 |
| B.3 Variations due to changed discount rate | - | - |
| B.4 Other changes | 13 | 30 |
| of which business combinations | - | - |
| C. Decreases | - 22 | - 106 |
| C.1 Use over the period | - 3 | - 58 |
| C.2 Variations due to changes discount rate | - | - |
| C.3 Other changes | - 19 | - 48 |
| of which business combinations | - 5 | - 24 |
| D. Closing balance | 29 | 157 |

### 12.3 Corporate defined-benefit pension funds

#### *1. Funds illustration*

By virtue of the fact that these are defined-benefit supplementary pension funds, calculation of the actuarial values required under IAS 19 is made by independent external actuaries, according to the Projected Unit Credit Method. Such method, which falls in the broader frame of methods involving the so-called "accrued benefits", considers each year of employee service with the company as an additional credit unit; the actuarial liability is therefore quantified on the basis only of pension benefits accrued as of the valuation date; hence, total liability is generally adjusted on the basis of the length of employment completed at the valuation date and the total pension benefits accrued at the time they are to be paid. Moreover, the foregoing method considers future pay increases, for whatever reason (inflation, promotions, contractual renewals, etc.) until termination of employment. However, take note that said adjustments do not apply to obligations regarding retired staff, since credit has been fully earned.
The discount rate used for measurements is determined with reference to the market yield of "zero coupon bonds" securities, as it is deemed as more representative of the market yields, taking account of the estimated duration.

#### *2. Changes in recognised pensions provisions*

The changes made during the year are summarised in table 12.2.

#### *3. Changes in the assets serving the plan over the period and other information*

All assets underlying the plans for which IAS 19 is applicable, comprise cash, except for the fund of Casse di Risparmio dell'Umbria S.p.A., the assets of which include an unlisted debt security issued by MedioCredito Lombardo.

#### *4. Reconciliation between the present value of the funds, the assets serving the plan and the assets and liabilities entered in the accounts*

The "fund status", considered as the difference between actual value of definite-benefit bonds and fair value of the plan, is always equal to zero due to the accounting method used.

#### *5. Description of the main actuarial assumptions*

a) Demographic assumptions:
life expectancy taken as a benchmark are those related to the Italian population reported by ISTAT in 2000, divided b gender;

b) Economic-financial assumptions:
measurements have been performed based on the following hypotheses:

| *Parameters* | Banca CR Firenze | CR Pistoia e della Lucchesia | CR Civitavecchia | CR Rieti | CR dell'Umbria | CR Viterbo |
|---|---|---|---|---|---|---|
| Inflation rate | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Discount rate | 2.4% | 3.1% | 2.8% | 2.6% | 2.8% | 2.1% |

## 12.4 Provisions for risks and charges: other provisions

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 2. Other provisions | | |
| 2.1 legal disputes | 58 | 69 |
| 2.2 staff charges | 91 | 94 |
| incentive-driven exit plans | 62 | 71 |
| employee seniority bonuses | 9 | 7 |
| other personnel expenses | 20 | 16 |
| 2.3 other risks and charges | 8 | 29 |
| customers' complaints on Cirio, Argentina and Parmalat placements | - | - |
| other | - | 29 |
| TOTAL | 157 | 192 |

## SECTION 15 - CONSOLIDATED SHAREHOLDERS' EQUITY - LINES 140, 160, 170, 180, 190, 200 AND 220

### 15.1 "Share capital" and "Treasury Shares": breakdown

As regards information on this Section, reference is made to Section 14.3 of the separate financial statements of Banca CR Firenze.

### 15.2 Share capital - No. of shares: annual changes

| Items/Types | Ordinary | Other |
|---|---|---|
| A. Initial number of shares | 828,836,017 | - |
| - fully paid-in | 828,836,017 | - |
| - not fully paid-in | - | - |
| A.1 Treasury shares (-) | - | - |
| A.2 Shares outstanding: initial number | 828,836,017 | - |
| B. Increases | 104,435,524 | - |
| B.1 New issues | 104,435,524 | - |
| - for consideration | 104,435,524 | - |
| business combinations | 104,435,524 | - |
| conversion of bonds | - | - |
| exercise of warrants | - | - |
| other | - | - |
| - for free | - | - |
| in favour of employees | - | - |
| in favour of directors | - | - |
| other | - | - |
| B.2 Sale of treasury shares | - | - |
| B.3 Other | - | - |
| C. Decreases | - 101,907,194 | - |
| C.1 Annulment | - 101,907,194 | - |
| C.2 Purchase of treasury shares | - | - |
| C.3 Disposal of companies | - | - |
| C.4 Other | - | - |
| D. Shares outstanding: final number | 831,364,347 | - |
| D.1 Treasury shares (+) | - | - |
| D.2 Final number of shares | 831,364,347 | - |
| - fully paid-in | 831,364,347 | - |
| - not paid-in | - | - |

### 15.3 Share capital - other information

Figures and information related to the earnings per share are included in Section 24, Part C of these notes to the financial statements.

15.4 Retained earnings - other information

Further information on availability and possible distribution of reserves of retained earnings of Banca CR Firenze is given in Part B, Section 14, of the notes to the separate financial statements.

## SECTION 16 - MINORITY INTEREST - LINE 210

### 16.1 Equity instruments: breakdown and annual changes

There were no equity securities attributable to minority interest.

## Other information

### 1. Guarantees given and commitments

(millions of euro)

| Transactions | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1) Financial guarantees given | 565 | 420 |
| a) Banks | 40 | 43 |
| b) Customers | 525 | 377 |
| 2) Commercial guarantees given | 1,420 | 334 |
| a) Banks | 21 | 12 |
| b) Customers | 1,399 | 322 |
| 3) Irrevocable commitments to lend funds | 699 | 906 |
| a) Banks | 42 | 95 |
| - of certain use | 42 | 95 |
| - of uncertain use | - | - |
| b) Customers | 657 | 811 |
| - of certain use | 1 | 1 |
| - of uncertain use | 656 | 810 |
| 4) Underlying commitments on credit derivatives: protection sales | - | - |
| 5) Assets pledged as collateral of third party commitments | - | - |
| 6) Other commitments | - | - |
| TOTAL | 2,684 | 1,660 |

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

(millions of euro)

| Portfolios | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Financial assets held for trading | 6 | 37 |
| 2. Financial assets designated at fair value through profit and loss | - | - |
| 3. Financial assets available for sale | 477 | 685 |
| 4. Financial assets held to maturity | - | - |
| 5. Amounts owing by banks | - | - |
| 6. Customer loans | - | - |
| 7. Property and equipment | - | - |
| TOTAL | 483 | 722 |

The caption consists exclusively of securities for “repurchase agreements” for borrowing transactions.

### 3. Information on operating leases

As of the closing date of the financial year, the amounts of the rentals related to existing transactions were not significant.

### 4. Breakdown of investments against unit-linked and index-linked policies

Not reported.

## 5. Asset management, custody and intermediation

(millions of euro)

| Type of service | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Execution of order for customers | | |
| a) Purchases | 3 | - |
| 1. settled | 3 | - |
| 2. to be settled | - | - |
| b) Sales | 6 | - |
| 1. settled | 6 | - |
| 2. to be settled | - | - |
| 2. Portfolio management | | |
| a) individual | - | - |
| b) collective | - | - |
| 3. Custody and administration of securities | 13,404 | 27,540 |
| a) third party securities held in deposit: related to depositary bank activities (excluded portfolio management) | - | - |
| 1. securities issued by companies included in the consolidation area | - | - |
| 2. other securities | - | - |
| b) other third party securities held in deposit | 606 | 13,436 |
| (excluded portfolio management): others | 303 | 6,718 |
| 1. securities issued by companies included in the consolidation area | 303 | 6,718 |
| 2. other securities | 12,697 | 7,353 |
| c) third party securities deposited with third parties | 12,798 | 14,104 |
| d) portfolio securities deposited with third parties | 1,323 | 9,823 |
| 4. Other | - | - |

# Part C – Information on the consolidated income statement

### SECTION 1 - INTEREST - LINES 10 AND 20

#### 1.1. Interest earned and similar income: breakdown

(millions of euro)

| Items/Technical forms | Debt securities | Loans | Other transactions | 2012 | 2011 |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | 1 | - | - | 1 | 1 |
| 2. Financial assets designated at fair value through profit and loss | - | - | - | - | - |
| 3. Financial assets available for sale | 19 | - | - | 19 | 19 |
| 4. Financial assets held for trading | 2 | 1 | - | 3 | 2 |
| 5. Amounts owing by banks | 14 | 5 | - | 19 | 46 |
| 6. Customer loans | - | 799 | 1 | 800 | 809 |
| 7. Hedging derivatives | X | X | 18 | 18 | 12 |
| 8. Other assets | X | X | - | - | - |
| TOTAL | 36 | 805 | 19 | 860 | 889 |

#### 1.2 Interest earned and similar income: differentials related to hedging transactions

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| A. Positive differentials related to hedging transactions | 57 | 55 |
| B. Negative differentials related to hedging transactions | -39 | -43 |
| BALANCE (A - B) | 18 | 12 |

#### 1.3 Interest earned and similar income: other information

***1.3.1 Interest earned on financial assets in foreign currency***
As of 31 December 2012, the balance of the account includes € 1.2 million relating to financial assets in foreign currency.

***1.3.2 Interest earned on financial leasing transactions***
Not applicable.

### 1.4 Interest expense and similar charges: breakdown

(millions of euro)

| Items/Technical forms | Debts | Securities | Other transactions | 2012 | 2011 |
|---|---|---|---|---|---|
| 1. Amounts owing to central banks | - | X | - | - | - |
| 2. Amounts owing to banks | - 113 | X | - | - 113 | - 131 |
| 3. Amounts owing to customers | - 79 | X | - | - 79 | - 55 |
| 4. Securities issued | X | - 23 | - | - 23 | - 57 |
| 5. Financial liabilities held for trading | - | - | - | - | - |
| 6. Financial liabilities designated at fair value | - | - | - | - | - |
| 7. Other liabilities and provisions | X | X | - | - | - |
| 8. Hedging derivatives | X | X | - | - | - |
| TOTAL | - 192 | - 23 | - | - 215 | - 243 |

### 1.5 Interest expense and similar charges: differentials related to hedging transactions

Reference is made to the previous Section 1.2

### 1.6 Interest expense and similar charges: other information

#### *1.6.1 Interest expense on liabilities in foreign currency*

Interest expense and similar charges as of 31 December 2012 included a booking of € 0.9 million is relation to financial liabilities in foreign currency.

#### *1.6.2 Interest expense on financial leasing transactions*

Not applicable.

## SECTION 2 - COMMISSIONS - LINES 40 AND 50

### 2.1 Commissions earned: breakdown

(millions of euro)

| Type of services/Value | 2012 | 2011 |
|---|---|---|
| A) Guarantees given | 9 | 8 |
| B) Credit derivatives | - | - |
| C) Management, dealing and consultancy services | 120 | 141 |
| 1. trading in financial instruments | - | - |
| 2. currency dealing | 3 | 3 |
| 3. portfolio management | 6 | 5 |
| 3.1. individual | 6 | 5 |
| 3.2. collective | - | - |
| 4. custody and administration of securities | 2 | 2 |
| 5. depositary bank | - | - |
| 6. placement of securities | 62 | 74 |
| 7. receipt and issue of orders | 9 | 9 |
| 8. consultancy services | - | - |
| *8.1 relating to investments* | - | - |
| *8.2. relating to financial structure* | - | - |
| 9. distribution of third party services | 38 | 48 |
| 9.1. portfolio management | - | - |
| 9.1.1. individual | - | - |
| 9.1.2. collective | - | - |
| 9.2. insurance products | 38 | 47 |
| 9.3. other products | - | 1 |
| D) Collection and payment services | 26 | 26 |
| E) Servicing related to securitisations | - | 2 |
| F) Services related to factoring | 20 | 18 |
| G) Tax collection services | - | - |
| H) Management of multilateral exchange systems | - | - |
| I) Keeping and management of current accounts | 120 | 102 |
| J) Other services | 60 | 59 |
| TOTAL | 355 | 356 |

### 2.2 Commissions earned: distribution channels of products and services

(millions of euro)

| Channels/Sectors | 2012 | 2011 |
|---|---|---|
| A) Group branches | 106 | 127 |
| 1. portfolio management | 6 | 5 |
| 2. placement of securities | 62 | 74 |
| 3. third party services and products | 38 | 48 |
| B) "Door-to-door" sales | - | - |
| 1. portfolio management | - | - |
| 2. placement of securities | - | - |
| 3. third party services and products | - | - |
| C) Other distribution channels | - | - |
| 1. portfolio management | - | - |
| 2. placement of securities | - | - |
| 3. third party services and products | - | - |

### 2.3 Commissions expense: breakdown

(millions of euro)

| Services/Values | 2012 | 2011 |
|---|---|---|
| A) Guarantees received | - | - |
| B) Credit derivatives | - | - |
| C) Management, dealing and consultancy services | -2 | -2 |
| 1. trading in financial instruments | - | - |
| 2. currency dealing | - | - |
| 3. Portfolio management: | - | - |
| 3.1 own | - | - |
| 3.2 delegated by third parties | - | - |
| 4. custody and administration of securities | -2 | -2 |
| 5. placement of financial instruments | - | - |
| 6. "door-to-door" sale of financial instruments, products and services | - | - |
| D) Collection and payment services | -5 | -5 |
| E) Other services | -15 | -14 |
| TOTAL | -22 | -21 |

## SECTION 3 - DIVIDENDS AND SIMILAR INCOME - LINE 70

### 3.1 Dividends and similar income: breakdown

(millions of euro)

| Items/Income | 2012 | | 2011 | |
|---|---|---|---|---|
| | Dividends | Income from UCTS units | Dividends | Income from UCITS units |
| A. Financial assets held for trading | - | - | - | - |
| B. Financial assets available for sale | - | - | - | 1 |
| C. Financial assets designated at fair value through profit and loss | - | - | - | - |
| D. Investments in associates and companies subject to joint control | 2 | X | 2 | X |
| TOTAL | 2 | - | 2 | 1 |

## SECTION 4 - NET RESULT FROM TRADING - LINE 80

### 4.1 Net result from trading: breakdown

(millions of euro)

| Transactions/Income components | Revaluations | Profits on trading | Write-downs | Losses on trading | Net result |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | 1 | 1 | - | - | 2 |
| 1.1 Debt securities | 1 | 1 | - | - | 2 |
| 1.2 Equities | - | - | - | - | - |
| 1.3 UCITS units | - | - | - | - | - |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Other | - | - | - | - | - |
| 2. Financial liabilities held for trading | - | 1 | - | - | 1 |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Accounts payable | - | - | - | - | - |
| 2.3 Other | - | 1 | - | - | 1 |
| 3. Financial assets and liabilities: exchange differences | X | X | X | X | 5 |
| 4. Derivatives | 36 | 103 | -23 | -113 | 2 |
| 4.1 Financial derivatives | 36 | 103 | -23 | -113 | 2 |
| - On debt securities and interest rates | 36 | 103 | -23 | -113 | 3 |
| - On equities and stock indexes | - | - | - | - | - |
| - On currencies and gold | X | X | X | X | -1 |
| - Other | - | - | - | - | - |
| 4.2 Credit derivatives | - | - | - | - | - |
| TOTAL | 37 | 105 | -23 | -113 | 10 |

## SECTION 5 - NET RESULT FROM HEDGING - LINE 90

### 5.1 Net result from hedging: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| A. Income from | | |
| A.1 fair value hedge derivatives | 39 | 13 |
| A.2 financial assets hedged (fair value) | 47 | 50 |
| A.3 financial liabilities hedged (fair value) | - | - |
| A.4 cash flow hedge: derivatives | - | - |
| A.5 currency assets and liabilities | - | - |
| Total income from hedging (A) | 86 | 63 |
| B. Expenses for | | |
| B.1 fair value hedge derivatives | -45 | -37 |
| B.2 financial assets hedged (fair value) | -1 | - |
| B.3 financial liabilities hedged (fair value) | -38 | -26 |
| B.4 cash flow hedge: derivatives | - | - |
| B.5 currency assets and liabilities | - | - |
| Total charges from hedging (B) | -84 | -63 |
| C. Net result from hedging (A - B) | 2 | - |

## SECTION 6 - GAINS/(LOSSES) FROM SALE OR REPURCHASE - LINE 100

### 6.1 Gains/(Losses) from sale or repurchase: breakdown

(millions of euro)

| Items/Income components | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Profits | Losses | Net result | Profits | Losses | Net result |
| Financial assets | | | | | | |
| 1. Amounts owing by banks | - | - | - | - | - | - |
| 2. Customer loans | - | -5 | -5 | - | -3 | -3 |
| 3. Financial assets available for sale | 3 | -3 | - | 156 | - | 156 |
| 3.1 Debt securities | 3 | -3 | - | 2 | - | 2 |
| 3.2 Equities | - | - | - | 154 | - | 154 |
| 3.3 UCITS units | - | - | - | - | - | - |
| 3.4 Loans | - | - | - | - | - | - |
| 4. Financial assets held to maturity | - | - | - | - | - | - |
| Total assets | 3 | -8 | -5 | 156 | -3 | 153 |
| Financial liabilities | | | | | | |
| 1. Amounts owing to banks | - | - | - | - | - | - |
| 2. Due to customers | 3 | - | 3 | - | - | - |
| 3. Securities issued | - | - | - | - | - | - |
| Total liabilities | 3 | - | 3 | - | - | - |

Losses from the sale of customer loans recorded in 2012 mainly refer to the sale without recourse of loans to be transferred to the non-performing category for single amounts of less than about € 15 thousand.
Profits from the sale of financial assets available for sale related to the sale of the residual share held in Findomestic Banca S.p.A. by Banca CR Firenze, in 2011.

## SECTION 8 – VALUE ADJUSTMENTS/WRITE-BACKS FOR WORSENING - LINE 130

### 8.1 Net value adjustments for worsening of loans: breakdown

(millions of euro)

| Transactions/Income components | Impairment losses | | | Write-backs | | | | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | Individual | | Collective | Individual | | Collective | | | |
| | write-offs | other | | of interest | other | of interest | other | | |
| A. Amounts owing by banks | - | - | - | - | - | - | - | - | -1 |
| - Loans | - | - | - | - | - | - | - | - | -1 |
| - Debt securities | - | - | - | - | - | - | - | - | - |
| B. Customer loans | -24 | -429 | -12 | 38 | 82 | 3 | 3 | -339 | -236 |
| purchases | -7 | -3 | - | - | 5 | - | - | -5 | - |
| - Loans | -7 | -3 | X | - | 5 | - | X | -5 | - |
| - Debt securities | - | - | X | - | - | - | X | - | - |
| Other account receivables | -17 | -426 | -12 | 38 | 77 | 3 | 3 | -334 | -236 |
| - Loans | -17 | -426 | -12 | 38 | 77 | 3 | 3 | -334 | -236 |
| - Debt securities | - | - | - | - | - | - | - | - | - |
| C. Total | -24 | -429 | -12 | 38 | 82 | 3 | 3 | -339 | -237 |

### 8.2 Net value adjustments for worsening of financial assets available for sale: breakdown

(millions of euro)

| Transactions/Income components | Impairment losses | | Write-backs | | 2012 | 2011 |
|---|---|---|---|---|---|---|
| | Individual | | Individual | | | |
| | write-offs | other | of interest | other | | |
| A. Debt securities | - | - | - | - | - | - |
| B. Equities | - | -3 | X | X | -3 | -5 |
| C. UCITS units | - | -1 | X | - | -1 | - |
| D. Amounts owing by banks | - | - | - | - | - | - |
| E. Customer loans | - | - | - | - | - | - |
| F. Total | - | -4 | - | - | -4 | -5 |

Sub-caption B substantially comprises impairment adjustments on minority interests held by Banca CR Firenze, of which € 1.7 million on Immobiliare Novoli S.p.A. and € 1.4 million on Brain Technology. For the method used to determine evidence of impairment, please see Part A, Section 17, relating to "other information" in the separate financial statements.

### 8.4 Net value adjustments for worsening of other financial transactions: breakdown

(millions of euro)

| Transactions/Income components | Impairment losses | | | Write-backs | | | | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | Individual | | Collective | Individual | | Collective | | | |
| | write-offs | other | | of interest | other | of interest | other | | |
| A. Guarantees given | - | -1 | - | - | - | - | 1 | - | -1 |
| B. Credit derivatives | - | - | - | - | - | - | - | - | - |
| C. Commitments to lend funds | - | - | - | - | - | - | - | - | - |
| D. Other operations | - | - | - | - | - | - | - | - | - |
| E. Total | - | -1 | - | - | - | - | 1 | - | -1 |

## SECTION 11- ADMINISTRATIVE EXPENSES - LINE 180

### 11.1 Staff costs: breakdown

(millions of euro)

| Type of expense | 2012 | 2011 |
|---|---|---|
| 1) Personnel employed | -410 | -463 |
| a) wages and salaries | -279 | -281 |
| b) social security charges | -75 | -76 |
| c) termination indemnities | -4 | -16 |
| d) supplementary benefits | - | - |
| e) provision for staff termination pay | -6 | -6 |
| f) provisions for post employment benefits | -2 | -2 |
| - defined contribution plans | - | - |
| - defined benefit plans | -2 | -2 |
| g) payments to external pension funds | -20 | -12 |
| - defined contribution plans | -20 | -12 |
| - defined benefit plans | - | - |
| h) costs from share based payments | - | - |
| i) other benefits in favour of employees | -24 | -70 |
| 2) Other staff | -1 | -1 |
| 3) Directors and Auditors | -5 | -6 |
| 4) Early retirement costs | - | - |
| TOTAL | -416 | -470 |

The decrease in "Staff costs" is also influenced by the exit from the scope of consolidation of Cassa di Risparmio di Ascoli Piceno S.p.A., Banca CR Firenze Romania S.A. and Centro Factoring S.p.A., in the fourth quarter of 2012, which, compared to the previous year, contribute less to this item, for a total amount of around € 14.4 million euro.

### 11.2 Average number of employees by category

| | 2012 | 2011 |
|---|---|---|
| Personnel employed | 5,801 | 6,152 |
| a) managers | 65 | 72 |
| b) total officers | 2,046 | 1,955 |
| c) other employees | 3,690 | 4,125 |
| Other personnel | 1 | 38 |
| TOTAL | 5,802 | 6,190 |

### 11.3 Defined-benefit pension funds: total costs

As regards costs under evaluation, reference is made to Section 12, Part B - Liabilities of these notes to the financial statements.

### 11.4 Other employee benefits

No further relevant benefits in favour of employees are reported other than those included in Section 11.1, sub-caption 1), letter i).

### 11.5 Other administrative expenses: breakdown

(millions of euro)

| Type of expense/Value | 2012 | 2011 |
|---|---|---|
| Expenses for maintenance of information technology and electronic equipment | -31 | -34 |
| Telephonic, teletransmission and transmission expenses | -2 | -3 |
| Information technology expenses | -33 | -37 |
| Rentals and service charges - real estate | -27 | -27 |
| Security services | -3 | -3 |
| Cleaning of premises | -5 | -5 |
| Expenses for maintenance of real estate assets | -5 | -7 |
| Energy costs | -10 | -9 |
| Property costs | -4 | -2 |
| Management of real estate assets | -54 | -53 |
| Printing, stationery and consumables expenses | -3 | -3 |
| Transport and related services expenses (including counting of valuables) | -10 | -11 |
| Information expenses | -4 | -4 |
| Postal and telegraphic expenses | -14 | -14 |
| General structure costs | -31 | -32 |
| Expenses for consultancy fees | -4 | -5 |
| Legal and judiciary expenses | -10 | -10 |
| Insurance premiums - banks and customers | -7 | -5 |
| Professional and legal expenses | -21 | -20 |
| Advertising and promotional expenses | -8 | -9 |
| Services rendered by third parties | -131 | -140 |
| Indirect personnel costs | -4 | -7 |
| Other costs | -11 | -8 |
| Indirect taxes and duties | -60 | -61 |
| Recovery of taxes and duties | - | - |
| Recovery of other expenses | 4 | 4 |
| TOTAL | -349 | -363 |

The sub-caption Indirect duties and taxes also comprises the effects relating to non-deductible VAT on purchases, recorded by the instrumental company Infogroup S.c.p.A., equal to around € 5.6 million as of 31 December 2012.

## SECTION 12 - PROVISIONS FOR RISKS AND CHARGES, NET - LINE 190

### 12.1 Provision for risks and charges, net: breakdown

(millions of euro)

| | Provisions | Uses | 2012 |
|---|---|---|---|
| Net provisions for legal disputes | -5 | 2 | -3 |
| Net provisions for other personnel charges | - | - | - |
| Net provisions for risks and charges | -3 | 5 | 2 |
| TOTAL | -8 | 7 | -1 |

## SECTION 13 - VALUE ADJUSTMENTS/WRITE-BACKS TO PROPERTY, PLANT AND EQUIPMENT - LINE 200

### 13.1 Value adjustments to property, plant and equipment: breakdown

(millions of euro)

| Assets/Income components | Depreciation | Impairment losses | Recoveries | Net result |
|---|---|---|---|---|
| A. Property and equipment | | | | |
| A.1 Owned | - 23 | - 1 | - | - 24 |
| - used in operations | - 21 | - 1 | - | - 22 |
| - investment | - 2 | - | - | - 2 |
| A.2 Acquired under financial lease | - | - | - | - |
| - used in operations | - | - | - | - |
| - investment | - | - | - | - |
| TOTAL | - 23 | - 1 | - | - 24 |

## SECTION 14 - VALUE ADJUSTMENTS/WRITE-BACKS TO INTANGIBLE ASSETS - LINE 210

### 14.1 Value adjustments to intangible assets: breakdown

(millions of euro)

| Assets/Income components | Amortisation | Impairment losses | Recoveries | Net result |
|---|---|---|---|---|
| A. Intangible assets | | | | |
| A.1 Owned | -1 | - | - | -1 |
| - internally generated | - | - | - | - |
| - other | -1 | - | - | -1 |
| A.2 Acquired under financial lease | - | - | - | - |
| TOTAL | -1 | - | - | -1 |

## SECTION 15 - OTHER OPERATING (EXPENSE)/INCOME - LINE 220

### 15.1 Other operating expenses: breakdown

(millions of euro)

| Type of expense/Value | 2012 |
|---|---|
| Other expenses for consumer credit and leasing transactions | - |
| Settlements for legal disputes | - |
| Amortisation of leasehold improvements | - 3 |
| Contributions to National Guarantee Fund | - 2 |
| Other non- recurring expenses | - 5 |
| Other | - 1 |
| TOTAL 31.12.2012 | - 11 |
| TOTAL 31.12.2011 | - 12 |

### 15.2 Other operating income: breakdown

(millions of euro)

| Income components/Value | 2012 |
|---|---|
| Recovery of expenses | 47 |
| Recovery from services rendered to third parties | 1 |
| Income related to consumer credit and leasing | - |
| Property rents and other property income | 5 |
| Other non- recurring income | 80 |
| Other broking income | - |
| Other miscellaneous income | 5 |
| Recovery of indemnity for absence of notice | - |
| Recovery of staff expenses | - |
| TOTAL 31.12.2012 | 138 |
| TOTAL 31.12.2011 | 140 |

Sub-caption "Other non-recurring income" primarily comprises revenues from the instrumental company Infogroup S.c.p.A., equal to around € 77.6 million as of 31 December 2012, for services rendered to Group companies that are not included in the scope of consolidation of Banca CR Firenze S.p.A..

## SECTION 16 - GAINS/(LOSSES) FROM EQUITY INVESTMENTS - LINE 240

### 16.1 Gains/(Losses) from equity investments: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| 1) Companies subject to joint control | | |
| A. Revenues | - | - |
| 1. Revaluations | - | - |
| 2. Profits on disposal | - | - |
| 3. Write-backs | - | - |
| 4. Other | - | - |
| B. Charges | - | - |
| 1. Write-downs | - | - |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other | - | - |
| Net result | - | - |
| 2) Investments in associates | | |
| A. Revenues | 3 | - |
| 1. Revaluations | - | - |
| 2. Profits on disposal | 3 | - |
| 3. Write-backs | - | - |
| 4. Other | - | - |
| B. Charges | -20 | -2 |
| 1. Write-downs | -20 | -2 |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other | - | - |
| Net result | -17 | -2 |
| TOTAL | -17 | -2 |

As of 31 December 2012, sub-caption A.2 comprised the net capital gain from the sale of the equity investments in Centro Leasing and Centro Factoring, as described herein.
Sub-caption B.1 primarily relates to the 2012 loss resulting from the synthetic consolidation of Centro Leasing S.p.A. performed with the equity method.

## SECTION 19 - GAINS/(LOSSES) FROM THE SALE OF INVESTMENTS - LINE 270

### 19.1 Gains/(Losses) from the sale of investments: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| A. Real estate assets | 3 | 28 |
| - profits on disposal | 3 | 28 |
| - losses on disposal | - | - |
| B. Other assets [(a)] | - | 33 |
| - profits on disposal | - | 33 |
| - losses on disposal | - | - |
| Net result | 3 | 61 |

Sub-caption "Profits from sale of real estate properties" comprises the effects resulting from the disposal of the assets carried out by Banca CR Firenze, in the amount of around € 0.5 million and Casse di Risparmio dell'Umbria, in the amount of around € 2.7 million euro.

## SECTION 20 - INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - LINE 290

### 20.1 Income taxes for the year on current operations: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| 1. Current taxes (-) | -75 | -129 |
| 2. Changes in current taxes from previous years (+/-) | 27 | 2 |
| 3. Reduction in the current taxes for the year (+) | - | - |
| 3bis. Reduction in the current taxes for the year for tax credits as par Law no. 214/2011 (+) | 1 | - |
| 4. Change in deferred tax assets (+/-) | 66 | 98 |
| 5. Change in deferred tax liabilities (+/-) | -8 | -7 |
| 6. Taxes for the year (-) (-1+/-2+3+/-4+/-5) | 11 | -36 |

The change as per item 2 mainly relates to the recognition of the IRES credit due to IRAP deductibility of staff costs recorded after the filing of special reimbursement applications.

The relevant positive change of deferred tax assets is mainly due to high value adjustment on credits exceeding the tax deductibility threshold set out by regulations in force and the freeing, pursuant to Law Decree 185/2008, of goodwill reported after assignment transactions.

### 20.2 Reconciliation between theoretical and effective tax charge in the financial statements

(millions of euro)

| | 2012 |
|---|---|
| Income before tax from continuing operations | -31 |
| Income before tax from discontinued operations | - |
| Theoretical taxable income | -31 |

(millions of euro)

| | Taxes | % |
|---|---|---|
| Income tax - Theoretical tax expense (*) | -10 | 32.3 |
| Increases of taxes | **36** | **-116.1** |
| Greater base and actual IRAP rate | 29 | -93.5 |
| Non-deductible costs (losses on equity investments, ICI [local property tax], personnel costs, etc.) | 2 | -6.5 |
| Other | 5 | -16.1 |
| Decreases of taxes | **-24** | **77.4** |
| Non-taxed gains on equity investments | - | 0.0 |
| Tax-exempt portion of dividends | 7 | -22.6 |
| IRAP deduction for IRES tax purposes | -5 | 16.1 |
| IRES tax credit for IRAP reimbursement applications related to staff costs cancelled for 2007/2011 | -20 | 64.5 |
| Lower taxable base subject to IRAP | -1 | 3.2 |
| Excess on Provision for taxes | -3 | 9.7 |
| Other | -2 | 6.5 |
| Total change in taxes | **12** | **-38.7** |
| Actual income tax expense for the period prior to realignment of goodwill (L.D. 185/2008) | 2 | -6.5 |
| of which: - taxes on income from continuing operations | 2 | -6.5 |
| - taxes on income from discontinued operations | | |
| Substitute tax for realignment of goodwill (L.D.98/2001) | 11 | -35.5 |
| Deferred tax assets on realignment of goodwill | 24 | -77.4 |
| Actual balance sheet tax charge after realignment of goodwill (L.D. 98/2011) | -11 | 35.5 |
| of which: - taxes on income from continuing operations | -11 | 35.5 |
| - taxes on income from discontinued operations | - | - |

## SECTION 21 - GAINS/(LOSSES) ASSOCIATED WITH GROUPS OF ASSETS BEING DISPOSED, NET OF TAXES - LINE 310

### 21.1 Gains /(Losses) associated with groups of assets/liabilities being disposed of, net of taxes, net of taxes: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| 1. Income | - | - |
| 2. Charges | - | - |
| 3. Valuation differences on discontinued operations and related liabilities | - | - |
| 4. Profits (Losses) on disposal | - | 5 |
| 5. Taxes and duties | - | - |
| Profit (Loss) | - | 5 |

As of 31 December 2011, the above-mentioned item included the effects of the sale of Cassa di Risparmio della Spezia S.p.A. to the Crédit Agricole Group at the beginning of 2011.

### 21.2 Income taxes associated with groups of assets/liabilities being disposed: breakdown

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| 1. Current taxes (-) | - | - |
| 2. Changes in deferred tax assets (+/-) | - | - |
| 3. Changes in deferred tax liabilities (-/+) | - | - |
| 4. Income taxes (-1+/-2 +/-3) | - | - |

## SECTION 22 - MINORITY INTEREST NET PROFIT/(LOSS) - LINE 330

### 22.1 Breakdown of Item 330 "Minority Interest net profit/(loss)"

(millions of euro)

| Income components/Values | 2012 |
|---|---|
| Companies consolidated on a line-by-line basis | 13 |
| Companies consolidated on an equity basis | - |
| **Total** | 13 |

### 22.2 Breakdown of Item 330 "Minority Interest losses for the year"

(millions of euro)

| Income components/Values | 2012 |
|---|---|
| Companies consolidated on a line-by-line basis | -3 |
| Companies consolidated on an equity basis | - |
| **Total** | -3 |

## SECTION 23 - OTHER INFORMATION

There is no further information in addition to that already provided in this section.

## SECTION 24 - EARNINGS PER SHARE

### 24.1 Weighted average number of diluted shares

Reference is made to the corresponding Section in the Bank's separate financial statements.

# Part D – Consolidated comprehensive income

## DETAILED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(millions of euro)

| | | Gross Amount | Income tax | Net Amount |
|---|---|---|---|---|
| 10. | NET PROFIT/(LOSS) | X | X | - 20 |
| | Other income components | | | |
| 20. | Financial assets available for sale: | 47 | - 16 | 31 |
| | a) fair value changes | 47 | - 16 | 31 |
| | b) reversal to income statement | - | - | - |
| | - impairment adjustments | - | - | - |
| | - gains/(losses) from sales | - | - | - |
| | c) other changes | - | - | - |
| 30. | Property, plant and equipment | - | - | - |
| 40. | Intangible assets | - | - | - |
| 50. | Hedging of foreign investments: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 60. | Cash flow hedge: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 70. | Foreign exchange differences: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 80. | Non-current assets under disposal: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 90. | Actuarial gains (losses) on defined benefit plans | - 19 | 5 | - 14 |
| 100. | Changes in valuation reserve from equity investments measured using the equity method: | 6 | - 2 | 4 |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | - impairment adjustments | - | - | - |
| | - gains/(losses) from sales | - | - | - |
| | c) other changes | 6 | - 2 | 4 |
| 110. | Total other income components | 34 | - 13 | 21 |
| 120. | COMPRENSIVE INCOME | X | X | 1 |
| 130. | Consolidated comprehensive income attributable to minority interest | X | X | 10 |
| 140. | Consolidated comprehensive income attributable to parent company | X | X | - 9 |

This caption states the detailed information envisaged by IAS 1.

# Part E – Information on risks and relative hedging policies

INTRODUCTION

The Intesa Sanpaolo Group confers considerable importance to risk management and control, as conditions to guarantee a reliable and sustainable generation of value within a context of controlled risk, wherever adequate capitals, stability of profits, liquidity and a strong reputation of the Group are the key elements on which the company funds its current and future profitability.
The risk management strategy focuses on an increasingly complete and consistent vision of the risks, considering the Group's macroeconomic scenario and risk profile, while stimulating a greater risk awareness and fostering transparency in disclosing risks for the Group's portfolios.
The company's striving over these year to obtain the endorsement by the Supervisory Authorities of the internal models on market, credit and operating risks are to be read in light of the above-mentioned context. To this purpose, reference is made the paragraph dedicated to the Basel 2 Project, where the steps scheduled within the enlargement plant of internal models for credit and operating risks are described.
The definition of the Risk Appetite framework and the related operating limits linked to market risk ratios, the use of risk measuring instruments within the process of granting and managing loans and controlling operating risks, and the adoption of risk capital measures for operational reporting, as well as the assessment of the adequacy of the internal capital represent the fundamental passages of the operational arrangement of the strategic and operational directions defined by the Supervisory Board and the Management Board of the Parent Company along the Bank's whole decision-making chain, right through to the single operating unit and the single desk.
The basic risk management and control principles are:
- clear identification of responsibility for taking on risks;
- measurement and control systems in line with international best practice;
- organizational separation between the management functions and the control functions.

The policies relating to the acceptance of risks are defined by the Parent Company's Corporate Boards (Supervisory Board and Management Board), with support from specific operating Committees, among which the Auditing Committee and the Group Risk Governance Committee, as well as the action of the Chief Risk Officer who reports directly to the Chief Executive Officer. Consistently with the corporate strategic guidelines, the Chief Risk Officer is responsible for the Risk Appetite Framework and the definition of the Group's risk management policies, as well as policies on compliance and legal issues while coordinating and supervising their implementation by the units charged by the Group and acting in the various companies. He supervises the supervision of the Group's overall risk profile, while defining methodologies and monitoring disclosures of the various types of risk.
The measures relating to the single types of risk are integrated into summarised amounts, represented by the economic capital, which consists in the maximum "unexpected" loss that each bank can endure over the period of one year. It represents a key meter for defining the financial layout and the risk tolerance, and for addressing operations, guaranteeing the balance between the risks undertaken and the return for shareholders and is estimated, not only on the basis of the current situation, but also at future level, in relation to the Budget assumptions and the forecast economic setting under ordinary conditions and conditions of stress.
These general principles are translated into policies, limits and criteria applied to the various risk categories and business areas with specific sub-levels of tolerance for risk, in an articulated framework of limits and procedures of governance and control.
The scope of the risks identified, monitored and integrated, considering the benefits of diversification, in the economic capital, is articulated as follows:
- credit risk. This category also includes the concentration risk, country risk and residual risks, from securitisations - and uncertainty regarding loan recovery rates respectively;
- Market risk (trading book), comprising the position, regulation and concentration risk on the trading portfolio;
- banking book financial risk, mainly represented by interest rate and currency;
- operating risk, also comprising the legal risk;
- strategic risk;
- risk on equity investments which are not subject to line by line consolidation;
- risk on company-owned property held for whatever reason;
- reputation risk;

Special attention was given to the management of short-term and structural liquidity, while ensuring the fulfilment of thresholds set out at Group levels and operating sub-segments consistent with international regulations and the Risk Appetite approved at Group level.
Moreover, the Group is maintaining adequate monitoring of the reputation risk in order to minimize the risk of negative events which might affect its good image. To this purpose, the Group has implemented an ex-ante risk management process to define the main reputation and compliance risks for the Group, identify prevention and mitigation instruments and actions and prepare special reporting flows.

The Parent Company carries of functions of address and risk management and control. Banca CR Firenze and its subsidiaries operate within the limits of autonomy established at Group level and are endowed with its own control structures. These functions are performed on the basis of a service agreement, by the Parent Company's risk control functions, which regularly report to the Management Boards of Banca CR Firenze and its subsidiaries.
For the purposes described above, the Intesa Sanpaolo Group makes use of a vast combination of techniques and instruments to measure and manage risks, widely described in Part E of the notes to the financial statements.

The information envisaged in this part is based on internal management data and may not coincide with the information stated in parts B and C. The only exceptions are the tables and information for which indication of the "book value" is specifically required.

The Basel 2 Project

Within the scope of the "Basel II Project", the mission of which is the adoption by the major companies in the Group of the advanced approaches, with regard to lending risks, for the Corporate segment, the Supervisory Body has obtained authorisation to switch from the FIRB method (in use since December 2008) to the AIRB method, from the announcement on 31 December 2010. Also, in June 2010, recognition of the IRB method for the Retail Mortgages segment was recognised.
For the SME Retail segment, the authorisation for the switch to the IRB method was obtained and was effective from the announcement in December 2012.
The development of ratings relating to other segments and the enlargement of the corporate perimeter in which they operate, are being implemented according to a plan of progressive adoption of the advanced methods, as submitted to the Supervisory Body and updated on a six-month basis.

As regards the operating risks, for Supervision purposes the subsidiary adopted the AMA (internal model) advanced method to determine the relative equity requirement, effective on 31 December 2009 (on 31 December 2010 for Banca CR Firenze, Cassa di Risparmio di Civitavecchia and Cassa di Risparmio di Pistoia e della Lucchesia).
During 2011, the Group presented the report on the process of prudential control for the purposes of equity adequacy as a "class 1" banking group, according to the Bank of Italy ranking, based on the extensive use of internal risk measurement methods, determination of the internal capital and the comprehensive capital available.
Within the scope of adoption of "Basel 2", the Group publishes information regarding capital adequacy, exposure to risks and the general characteristics of the systems to identify, measure and manage them in the "Pillar 3" document.
The document is published in the Parent Company's website every quarter, insofar as Intesa Sanpaolo is among the groups that have adopted IRB and/or AMA standards on lending risks or operational risks, at the website address: group.intesasanpaolo.com.

# SECTION 1 – THE BANKING GROUP RISKS

## 1.1 Credit risk

QUALITATIVE INFORMATION

### General aspects

The Group's lending policies and strategies are addressed at:
- coordinating actions to achieve a growth target of the sustainable lending activities, consistent with the Group's appetite for risk and the creation of value;
- diversifying the portfolio, limiting the concentration of exposures to single counterparts/groups, single sectors of economic activity or geographic areas;
- an efficient selection of the economic groups and single assignees via meticulous analysis of their creditworthiness, aimed at limiting insolvency risk;
- prioritising, in the current market, commercial credit operations aimed at sustaining the real economy and the manufacturing system;
- the constant control of relations, implemented using IT procedures and a systematic surveillance of the positions presenting problems, with the aim of promptly sensing any signs of imbalance and promote corrective measures to prevent the possible deterioration of the relationship.

The constant monitoring of the loan portfolio quality is pursued by adopting special operating methods during all the operational phases of the assignment relationship.

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### 2. Credit risk management policies

### 2.1 Organisational aspects

Within the Intesa Sanpaolo Group, a fundamental role in managing and controlling credit risk is played by the Corporate Bodies, which, each to the extent of its competence, ensure adequate coverage of credit risk by setting strategic guidelines and risk management policies, verifying that they remain constantly efficient and effective and assigning tasks and responsibilities to the company functions and units involved in the processes.
The coverage and governance of credit ensured by the Corporate Bodies is reflected in the current organisational structure, which identifies four important areas of central responsibility, in addition to the business units:
– Chief Lending Officer
– Chief Risk Officer
– Chief Operating Officer
– Chief Financial Officer

They ensure that risk control activities are managed and implemented, with an appropriate level of segregation.
The Chief Lending Officer evaluates the creditworthiness of the loan proposals received and, where pertinent, resolves or issues a judgement of conformity; manages and oversees critical loans and the recovery of non-performing loans and defines the Rules for Granting and Managing Loans, guarantees correct evaluation of positions classified under impaired loans falling under its responsibility for the purposes of the Financial Statement, defines, also by proposal of the various Group functions/structures, the operating lending process, engaging the aid of Intesa Sanpaolo Group Services.
The Chief Risk Officer is responsible for applying the Risk Appetite Framework in credit risk management, consistently with corporate strategies and targets, while measuring and controlling the Group's risk exposures. He defines the metrics used to measure credit risk and provides risk-adjusted pricing models and guidelines as regards the Expected Loss, the Economic Capital (ECAP), the RWAs and acceptance thresholds, formulates proposals for assigning Credit Granting and Managing Powers and constantly monitors risk and credit quality performance.
Intesa Sanpaolo supplies the operating and expertise support for credit recovery activities and definition of loans, while ensuring cost synergies and excellence in the service rendered.
In accordance with the strategic guidelines and risk management policies set by the Management Board and approved by the Supervisory Board, the Chief Financial Officer coordinates the process of formulating credit strategies (a process in which the other chiefs and the business units participate), oversees pricing from a risk/return standpoint according to value creation objectives and coordinates the process of assessing loans for reporting purposes. The Chief Financial Officer is also responsible for identifying and implementing hedging transactions for the risk exposures of the asset classes in the loan portfolio by taking advantage of the opportunities presented by the secondary credit market with a view towards active management of company value.
The levels of autonomy assigned to the decision-making bodies are determined by agreement between the Bank/banking group regarding the borrower/economic group. The rating assigned, along with any other credit-risk mitigating factors, conditions the determination of the decision-making competence of each delegated body. Intesa Sanpaolo, as the Parent Company, has set out codes of conduct in relation to credit risk acceptance, in order to prevent excessive concentrations, limit potential losses and ensure credit quality.
In the credit-granting phase, coordination mechanisms have been introduced with which Intesa Sanpaolo exercises its direction, governance and support of the Group:
- the system of Credit Strategies, Powers and Granting and Monitoring Rules governing the ways in which credit risk to customers is assumed;

- "Credit-Granting Limit", intended as the overall limit of loans which may be granted by companies of the Intesa Sanpaolo Group to the larger Economic Groups;
- the "Compliance Opinion" on credit-granting to large customers (single name or Economic Group) which exceeds certain thresholds.

The exchange of basic information flows between different Group entities is assured by the Group's "Centrale Rischi" (exposure monitoring and control system) and by "Posizione Complessiva di Rischio" (global risk position), that highlight and analyse credit risks for each client/economic group both towards the Group as a whole and towards individual Group companies.
The activities assigned to the Chief Risk Officer are carried out directly by the Risk Management Direction, through the Credit Risk Management Service, and by the Credit Quality Supervision Service, both for the Parent Company and for the main subsidiaries, on the basis of a service agreement, while the other auditing structures operating within the single Companies present regular reports to the aforementioned Parent Company functions.

### 2.2 Management, measurement and control systems

Banca CR Firenze and its subsidiaries use a combination of instruments, developed by the Parent Company capable of guaranteeing analytical control of the quality of the customer and financial institution loans portfolio.

With particular regard to customer loans, the risk measurement method uses differentiate rating models, according to the operating segment of the counterparty (Corporate, Small Business, Mortgage, Personal Loans). These models make it possible to summarise the credit quality of the counterparty in a measurement, the rating, which reflects the likelihood of insolvency in a period of one year, calibrated to the average level of the economic cycle. The ratings calculated are also linked to the classifications of the official rating agencies by a standardised scale of reference.
Several rating models are applied to the Corporate segment:

- most companies are subject to application of differentiated models according to the reference market (domestic or international) and size bracket;
- for specialised loans there are two specific models dedicated to property development initiatives and project finance transactions.

The structure of the models envisages the general integration of several modules:

- a quantitative module, which processes financial and behavioural data;
- qualitative module which envisages the intervention of the manager by filling in a questionnaire;
- an independent assessment by the manager, according to a structured process, which triggers the "override" procedure in the event of discrepancy with the assessment assigned by the quali-quantitative rating.

The attribution of the rating is usually carried out in a decentralised way by the Manager who represents the main figure within the scope of the assignment process of a rating to a counterparty. The validation of any "override" improvement procedures is carried out by an allocated Parent Company specialised unit, staffed to the Chief Lending Officer. The Parent Company Specialised Unit is also responsible for assigning the so-called "centralised ratings" envisaged within the scope of the attribution process of the rating with the Business method and for intervening in the calculation of ratings with specialised models.
As regards the Retail portfolio, the models are articulated as follows:
- for the Small Business sector, from the end of 2008, a rating model by counterparty was adopted, with similar logic to that of the Corporate segment, being highly decentralised and with quantitative-objective elements integrated by qualitative-subjective elements; during 2011, the service model of the Small Business segment was redefined, particularly introducing a sub-segment between "Micro" and "Core" customers, based on size, simplicity and a partial automation of the granting process, already operational on the Micro segment from July 2011. This required an adaptation of the rating model, which was divided into the two sub-segments mentioned above, taking the opportunity to update data sources and long-term development series;
- for the Mortgage segment, the model (adopted once again in 2008) processes information relating to both the customer and the agreement. This differs from the case of first disbursement, in which the model of acceptance and subsequent assessment during the life of the mortgage is used (performance model), taking behavioural data into consideration;
- as regards other products aimed at private customers (Other Retail segment), such as personal loans, consumer credit, credit cards, current account overdrafts, etc., a class of models is being developed to gradually replace the rating or operational scoring systems currently in use on the various products.

In relation to the Sovereign portfolio, the rating model implemented by the Parent Company supports the attribution of a judgement of the creditworthiness of over 260 countries. The structure of the model envisages a quantitative module for assessing country risk and a qualitative judgement component.

The picture is completed by the models for Public Entities, the Banks model, broken down into risk and non-risk countries; models of an experience-based nature for counterparties belonging to the Non-Banking Financial Institutions portfolio.

The LGD model is based on the concept of "Economic LGD", or the current value of cash flows achieved in the various phases of the recovery process, net of any directly attributed administrative costs as well as the indirect operating costs sustained by the Group. The LGD is estimated starting with the data observed in relation to a default population closed over an extensive period of observation (ten-year historical series), using econometric models of multivariate analysis. The development of an internal model to determine the EAD (Exposure At Default) is planned.
The rating models (PD and LGD) for the mortgage segment received authorisation for transition to the IRB approach effective the June 2010 report, while rating models for the corporate segment received recognition for use of the AIRB

approach to calculate requirements effective the 31 December 2010 reporting date (the FIRB method was in use from December 2008). With reference to the PD and LGD models for the SME Retail segment, the authorisation for the switch to the IRB method was obtained and was effective in December 2012. For information on the plan to extend the IRB approach to other portfolios, reference is made to the paragraph concerning the Basel 2 Project.
The rating system also comprises a risk performance ratio, calculated on a monthly basis. It interacts with the credit management and control processes and procedures and allows the formulation of prompt assessments when anomalies arise or persist. The positions to which the aforementioned synthetic risk ratio attributes a high risk assessment, confirmed in time, are intercepted in the Doubtful Loan Process. This process, supported by an IT procedure, allows the constant monitoring, largely with automatic operations, of all the operational phases envisaged for risk positions. Positions which are performing anomalously are classified in different processes depending on the level of risk, until they are automatically classified among impaired assets, as described in the pertinent paragraph.
All the lending positions are also subject to regular re-examination, performed for every single counterparty/economic group by the central or peripheral structures holding jurisdiction for the loan limits.
Ratings and mitigating credit factors (guarantees, technical forms and covenants) play a fundamental role in loan granting and monitoring process and they are used to set Credit Strategies and Loan granting and monitoring rules. The Quality Supervision Service, through specific control and monitoring actions, supervises these issues at Group level. These activities are in any case included in a wider credit monitoring system that the Service is implementing directly and coordinates through updated IT instruments which are available to the Division structures, within the scope of their assignments. For this purpose, the application "Ermes- Controlli rating", an instrument which allows for the IT management of controls on rating, and the Credit Control Portal are worth mentioning.
The Loan Monitoring Portal, operating since 2010 and into which data is input through the Credit Control Panel, is the application used by the Group as the primary source employed to control and monitor the loan portfolio in terms of its development over time and quantitative and qualitative composition and to carry out loan-related processes aimed at identifying any areas showing potential critical weaknesses. All information available refer to all Group banks and companies operating in the target IT system.
Within this context, the peripheral units within the Banca dei Territori and Corporate & Investment Banking Divisions down to the Area level to access "informational" dashboards that provide an organic, structured report prepared with the aim of:
– providing a structured, navigable overview of the phenomenon under review;
– reducing the time required to search for and process information;
– facilitating the identification of critical areas and defining priority action;
– supporting the exchange of information between units on a consistent basis.

The above-mentioned instrument are subject to constant maintenance by the Credit Supervision Service which, in terms of evolution, aims at guaranteeing the expansion of the informative set available with the construction of new dashboards destined to controlling and monitoring specific processes/phenomena.

The country risk represents an additional component of the insolvency risk of the single subjects, measured within the credit risk management and control systems. This component is connected to the potential losses deriving from the international funding activity caused by events in a specific country, controlled, at least partially, by the country's Government, but not to that of the single subjects resident in said Country.
The country risk also comprises the cross-border transfer risk caused by the suspension of payments to foreign countries and it is measured through the creditworthiness rating of the Sovereign debt. This definition comprises all the forms of cross-border loan to subjects resident in a given Country, whether the government, a bank, a private company or a single individual.
The country risk component is assessed within the scope of the capacity for the country of granting loans to non-resident subjects in order to preliminarily assess the country risk capacity, established ex ante by the Parent Company.

Counterparty risk is a particular kind of credit risk associated with OTC derivative contracts that refers to the possibility that a counterparty may default before the contract matures. This risk, which is often referred to as replacement risk, is related to the case in which the market value of a position has become positive and thus, were the counterparty to default, the solvent party would be forced to replace the position on the market, thereby suffering a loss.
Counterparty risk also applies to securities financing transactions (repurchase agreements, securities lending, etc.).
Counterparty risk is bilateral in nature inasmuch as the mark-to-market of the transaction may be either positive or negative depending on the performance of the market factors that underlie the financial instrument.
From a regulatory standpoint, Banks must meet strict capital requirements for counterparty risk, regardless of the portfolio to which the positions are allocated (for regulatory purposes, both the banking book and trading book are subject to capital requirements for counterparty risk).
In particular, the Intesa Sanpaolo Group applies the mark-to-market approach (to both the trading book and banking book) in order to determine the loan equivalent of OTC derivatives, which is useful when computing capital requirements.
This approach estimates the loan equivalent as the sum of the positive mark-to-market and potential future exposure, where the latter is calculated by applying certain percent rates to the notional amounts of the transactions.
From the managerial viewpoint, the counterparty risk, considered as the maximum loss that the bank is prepared to suffer in relation to a given counterparty, is quantified via the definition of credit lines to cope with the risk of replacement for operations in OTC and SFT derivatives. Utilisations are monitored by jointly using Mark to Market values and Add-On values (internal estimates, performed by the Risk Management Direction, of the maximum potential exposure on the transactions in question).

The managerial control of lending risks is achieved using a portfolio model which summarises the information available on the quality of assets into risk ratios, including expected loss and capital at risk.
The expected loss is calculated on the exposure product, probability of default (obtained from the rating) and the LGD.

The "expected" loss represents the average of the probable loss distribution, while the capital at risk is defined as the maximum "unexpected" loss which the Group could incur at specific confidence levels. These ratios are calculated with reference to the current portfolio situation and at dynamic level, determining the future level both on the basis of the expected macroeconomic setting and in relation to situations of stress.
The expected loss, appropriately transformed into "incurred loss" consistently with the dictate of IAS 39, is used in the process used for the collective assessment of loans, while the capital at risk s a fundamental element for the assessment of the Group's capital adequacy. Both ratios are also used in the operational reporting system based on the value.

### 2.3 Risk mitigation techniques

Those elements that contribute to reducing the loss that would be sustained by Banca CR Firenze and its subsidiaries in the event of default by the counterpart (loss given default) fall within the scope of risk mitigation techniques. They particularly include guarantees and technical forms of loan.
The assessment of these mitigating factors is carried out by associating a loss given default with each individual loan, which assumes higher levels in the case of ordinary unsecured loans and is reduced in relation to the increased strength of any mitigating factors present.
The loss given default values are subsequently aggregated at customer level, in order to express a summarised assessment of the strength of the mitigating factors over the comprehensive lending relationship.
Within the scope of the credit granting and management process, Lending Policies encourage the presence of mitigating factors in relation to counterparties with a non-investment grade rate, or certain types of medium/long-term transactions.
The mitigating factors with the highest impact include pledges on financial assets and guarantees on home mortgages. Other forms of risk mitigation are pledges on non-financial assets and guarantees on non-residential property mortgages.
The strength of unsecured guarantees issued by rated bodies, usually banks and insurance companies, loan consortia and companies, was graduated on the basis of the type of guarantee and the guarantor's credit quality.
Detailed processes regulate the actual acquisition of the single guarantees, identifying the structures responsible as well as the method for their correct completion, for the filing of documentation and for the complete and prompt detection of the pertinent information by the applications.
The combination of the internal regulations, organisational and procedural checks is aimed at ensuring that:

- all obligations are fulfilled in relation to the validity and effectiveness of credit protection;
- for general and current guarantees, a standard form of contract is applied, accompanied by complete instructions for use;
- the methods used to approve the texts of non-standard guarantees are identified by different structures than those that manage commercial relations with customers.

The disbursement of credit with acquisition of secured guarantees is subject to internal standards and processes – for the assessment of the asset, the completion of the guarantee and the control of the value. Any enforced realisation of the guarantee is taken care of by specialised credit recovery structures.
The presence of secured guarantees is not, however, exempted from a comprehensive credit risk assessment, focused mainly on the ability of the borrower to fulfil the obligations undertaken regardless of the accessory guarantee.
The assessment of seizure-based guarantees is based on the real value, or the market value of financial instruments listed on a regulated market, or, on the presumed realisation value. Percentage gaps are then applied to these values, differentiated on the basis of the financial instruments placed as guarantee.
For real-estate guarantees, on the other hand, the prudential market value is considered or, for real-estate under construction, the construction cost, net of prudential gaps identified on the basis of the future use of the building.
The evaluation of the assets is carried out by internal and external technicians. External technicians are included on a special list of professionals, credited on the basis of an individual check on their capacity, professionalism and experience. The evaluation of residential properties used as collateral on private mortgages is assigned mainly to specialised companies. The work of the surveying experts is monitored constantly, with statistic measurements and sport checks carried out at centralised level.
The technicians have to draw up their estimates on the basis of standardised survey reports, differentiated using the assessment method applicable and the features of the asset, in observance of the "Property evaluation code" drawn up by the bank. The contents of the internal "code" is consistent with the "Guidelines for the estimate of the real estate properties used as collaterals to loans" issued by ABI.
The management of property evaluations is aided by a special, integrated platform ( the so-called "Survey Platform") which covers the entire preliminary technical phase, guaranteeing correct assignment of tasks, with independent methods and on the base of objective criteria, complete monitoring of the work flow, prompt application of the evaluation standards and the storage of all the information and documents regarding the property assets.
The market value of the property put up as collateral is recalculated every month, using various revaluation methods based on prices/coefficients acquired from an external supplier with proven skill and reputation on the measuring and establishment of the market prices for the Italian real-estate sector.

In order to limit risks of non-existence or termination of the protection, specific defence mechanisms exist, in the form of: reintegration of the pledge in the presence of a reduction in the initial value of the assets or, for mortgage guarantees, the obligation to hold insurance to cover fire damage, as well as the presence of adequate supervision of the property asset value.
The guarantees are subject to a prompt and regular audit using a supporting application known as the CRM check, which comprises a series of tests to verify the effective observance of the requirements of the regulations on prudential supervision.

The supporting application make it possible to check whether the guarantees received are eligible with reference to each of the three methods admitted by the laws on calculating the equity requirement. In accordance with the specifics of each category, the outcome of eligibility is defined in relation to each single guarantee for those that are unfunded (typically unsecured guarantees) or, in the case of secured guarantees, for each financial instrument or asset.
During 2012, a series of actions have been concluded aimed at guaranteeing data quality and the recovered eligibility of some protection forms.

### Impaired financial assets

Impaired financial assets include loans which, following events occurring after their registration, show objective evidence of a possible loss in value.

For the classification of impaired assets in the various risk categories (non-performing, doubtful, restructured exposures and expired and/or overdue exposures, in relation to their decreasing critical status), the Bank refers to the ruling issued by the Bank of Italy consistent with the Basel agreements and the IAF/IFRS principles, along with internal instructions which set criteria and rules for the passage of loans, sometimes automatically, to the separate risk categories.

The assessment of these assets was performed in conformity to the criteria and methods explained in Part A – Accounting Policies, in the Loans and Other Information sections, to which reference should be made.

With reference to expired and/or overdue loans, restructured and non performing loans, the entities responsible for their management are identified on the basis of set relevance thresholds, in peripheral organisational units, which perform specialised activities and in specialised structures of the Parent Company, which also address and coordinate the entire matter.

With reference to non-performing loans, Banca CR Firenze and its subsidiaries ( except for Cassa di Risparmio di Civitavecchia[1]) adopted the Group organisational method[2], based on the specialisation of managerial skills between its internal and external structures, envisaging that the most important positions and complexities be managed internally. In particular, this model envisages the following:

- attribution of the coordination of all credit recovery activities to the Credit Recovery Management of Intesa Sanpaolo Group services, as well as the direct management (for Intesa Sanpaolo S.p.A. and for almost all the Banks of the Banca dei Territori Division) of customers classified as non-performing with an exposure in excess of the set threshold;
- attribution to Italfondiario S.p.A. (for Intesa Sanpaolo S.p.A. and for almost all the Banks of the Banca dei Territori Division) of direct management – through a specific mandate and with set limits of customers classified as non-performing with an exposure below the above-mentioned set threshold (the activity of Italfondiario S.p.A. is always coordinated and monitored by the Credit Recovery Management);
- the possibility, in special cases, not to assign the management of certain types of loans to Italfondiario S.p.A.;
- the substantial maintenance of managerial pertinence, defined on the basis of the previous organisational model, between Credit Recovery Management and Italfondiario S.p.A. for non-performing loans existing on the date of the Bank’s complete adhesion to the Group model;
- for non-performing positions with a limited amount, the pro-solute routine monthly sale to other companies at the time of classification as non-performing, with certain specific exclusions.

The Loan Recovery Department draws on its own specialist units throughout the country to manage recovery activity for loans entrusted to it. As part of these activities, in order to identify the optimal strategies to be implemented for each position, judicial and non-judicial solutions have been examined in terms of costs and benefits, also considering the financial impact of the estimated recovery times.

The assessment of the loans has been reviewed whenever events capable of significantly changing recovery prospects became known to the Bank. In order to identify such events rapidly, the information set relative to borrowers is periodically monitored and the development of out-of-court agreements and the various phases of the judicial procedures under way are constantly controlled.

The activity of Italfondiario S.p.A. in managing the loans entrusted to it under management mandate was constantly monitored by the responsible internal units of the Parent Company.
In particular, it should be noted that the assessment of loans has been conducted using similar procedures to those established for the internal management of positions, and the other management activities have been brought into line with the guidelines established for the internally managed positions.

The classification of the positions among impaired financial assets and in the relative management systems takes place upon proposal of the territorial structures responsible for the commercial relationship, the specialised peripheral functions of the Bank and the Head Office structures of the Parent Company and Intesa Sanpaolo Group Services, responsible for checking and recovering loans.

1 Cassa di Risparmio di Civitavecchia has not granted the management mandate to Italfondiario S.p.A. and therefore the management of all positions classified as non-performing is assigned to Credit Recovery Management of the Parent Company.

2 Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. starting from 1 July 2012.

For the purposes of the financial statements, the classification among impaired financial assets takes place via automatisms where set objective conditions of default are exceeded. These are loans which have expired and/or are overdue as well as positions which have matured conditions of Objective Non-performing Loans drawn up by Bank of Italy.

The return of exposures classified among Non-performing, Restructured and Doubtful loans to Performing loans, as regulated by the Supervisory Body as well as by specific internal rules consistent with Group rules, takes place by initiative of the aforementioned management structures, after verifying that the conditions of criticality or the state of insolvency no longer exist.
Exposures classified amongst “expired and/or past-due loans” are restored to performing status automatically when payment is received. The same mechanism is applied to exposures of moderate amounts previously classified as substandard in accordance with internal instructions when automatic mechanisms detect that the conditions that triggered reclassification no longer apply.
Impaired loans are subject to constant monitoring by a pre-defined control system and regular reporting by management.

## QUANTITATIVE INFORMATION

## A. CREDIT QUALITY

### A.1. Impaired and regular exposure: values, value adjustments, dynamics, economic and local distribution

#### *A.1.1. Breakdown of financial assets by portfolio and credit quality (book values)*

(millions of euro)

| Portfolio/Quality | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures | Other Assets | Total |
|---|---|---|---|---|---|---|
| 1. Financial assets held for trading | - | 16 | - | 2 | 177 | 195 |
| 2. Financial assets available for sale | - | - | - | - | 636 | 636 |
| 3. Financial assets held to maturity | - | - | - | - | 39 | 39 |
| 4. Amounts owing by banks | - | - | - | - | 1,240 | 1,240 |
| 5. Customer loans | 860 | 875 | 97 | 196 | 17,504 | 19,532 |
| 6. Financial assets designated at fair value through profit and loss | - | - | - | - | - | - |
| 7. Financial assets under disposal | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | - | 125 | 125 |
| Total 31.12.2012 | 860 | 891 | 97 | 198 | 19,721 | 21,767 |
| Total 31.12.2011 | 650 | 789 | 83 | 211 | 23,511 | 25,244 |

#### *A.1.2. Breakdown of financial assets by portfolio and credit quality (gross and net values)*

(millions of euro)

| Portfolio/Quality | Impaired assets | | | Other assets | | | Total (net exposure) |
|---|---|---|---|---|---|---|---|
| | Gross exposure | Individual adjustments | Net exposure | Gross exposure | Collective adjustments | Net exposure | |
| A. Banking group | | | | | | | |
| 1. Financial assets held for trading | 21 | -3 | 18 | X | X | 177 | 195 |
| 2. Financial assets available for sale | - | - | - | - | - | - | - |
| 3. Financial assets held to maturity | - | - | - | - | - | - | - |
| 4. Amounts owing by banks | - | - | - | 1,240 | - | 1,240 | 1,240 |
| 5. Customer loans | 3,469 | -1,441 | 2,028 | 17,657 | -153 | 17,504 | 19,532 |
| 6. Financial assets designated at fair value through profit and loss | - | - | - | X | X | - | - |
| 7. Financial assets being disposed | - | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | X | X | 125 | 125 |
| Total A | 3,490 | -1,444 | 2,046 | 18,897 | -153 | 19,046 | 21,092 |
| B. Other companies included in the consolidation | | | | | | | |
| 1. Financial assets held for trading | - | - | - | X | X | - | - |
| 2. Financial assets available for sale | - | - | - | - | - | - | - |
| 3. Financial assets held to maturity | - | - | - | - | - | - | - |
| 4. Amounts owing by banks | - | - | - | - | - | - | - |
| 5. Customer loans | - | - | - | - | - | - | - |
| 6. Financial assets designated at fair value through profit and loss | - | - | - | X | X | - | - |
| 7. Financial assets being disposed | - | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | X | X | - | - |
| Total B | - | - | - | - | - | - | - |
| Total 31.12.2012 | 3,490 | -1,444 | 2,046 | 18,897 | -153 | 19,046 | 21,092 |
| Total 31.12.2011 | 2,780 | -1,047 | 1,733 | 22,496 | -158 | 23,511 | 25,244 |

Within the scope of regular exposures, as at 31 December 2012, exposures subject to renegotiation against collective agreements amount to € 93 million at net values; other regular exposures therefore amount to € 16,628 million at net values.

### *A.1.3. Banking Group - Cash and off-balance sheet exposures to banks: gross and net values*

(millions of euro)

| Types of exposures/Value | Gross exposure | Specific value adjustements | Portfolio value adjustements | Net exposure |
|---|---|---|---|---|
| A. ON-BALANCE SHEET EXPOSURES | | | | |
| A.1 Banking group | | | | |
| a) Non-performing loans | - | - | X | - |
| b) Doubtful loans | - | - | X | - |
| c) Restructured exposures | - | - | X | - |
| d) Past due exposures | - | - | X | - |
| e) Other assets | 175 | X | - | 175 |
| TOTAL A | 175 | - | - | 175 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| B.1 Banking group | | | | |
| a) Impaired | - | - | X | - |
| b) Other | 253 | X | - | 253 |
| TOTAL B | 253 | - | - | 253 |
| TOTAL (A + B) | 428 | - | - | 428 |

### *A.1.4. Banking Group - Exposure by cash to banks: movements of gross impaired exposures*

(millions of euro)

| Reasons/Categories | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial gross exposure | - | 2 | - | - |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | - | - | - | - |
| B.1 receipts from regular exposures | - | - | - | - |
| B.2 transfers from other categories of impaired exposures | - | - | - | - |
| B.3 other increases | - | - | - | - |
| B.4 business combination | - | - | - | - |
| C. Decreases | - | -2 | - | - |
| C.1 payments to regular exposures | - | - | - | - |
| C.2 write-offs | - | - | - | - |
| C.3 receipts | - | - | - | - |
| C.4 profit from assignments | - | - | - | - |
| C.5 transferrals to other categories of impaired exposures | - | - | - | - |
| C.6 other decreases | - | -2 | - | - |
| C.7 business combination | - | - | - | - |
| D. Final gross exposure | - | - | - | - |
| - of which exposures sold not derecognised | - | - | - | - |

### A.1.5. Banking Group - Exposure by cash to banks: movements of comprehensive value adjustments

(millions of euro)

| | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial total adjustments | - | 1 | - | - |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | - | - | - | - |
| B.1 impairment losses | - | - | - | - |
| B.1bis losses from disposal | - | - | - | - |
| B.2 transfers from other non-performing exposure categories | - | - | - | - |
| B.3 other increases | - | - | - | - |
| B.4 business combinations | - | - | - | - |
| C. Decreases | - | -1 | - | - |
| C.1 recoveries on impairment losses | - | - | - | - |
| C.2 recoveries on repayments | - | - | - | - |
| C.2bis profits from disposal | - | - | - | - |
| C.3 write-offs | - | - | - | - |
| categories | - | - | - | - |
| C.5 other decreases | - | -1 | - | - |
| C.6 business combinations | - | - | - | - |
| D. Final total adjustments | - | - | - | - |
| - of which exposures sold not derecognised | - | - | - | - |

### A.1.6. Banking Group - Cash and off-balance sheet exposures to customers: gross and net values

(millions of euro)

| Types of exposure/Value | Gross exposure | Specific value adjustements | Portfolio value adjustements | Net exposure |
|---|---|---|---|---|
| A. ON-BALANCE SHEET EXPOSURES | | | | |
| a) Non-performing loans | 2,056 | -1,196 | - | 860 |
| b) Doubtful loans | 1,085 | -210 | - | 875 |
| c) Restructured exposures | 113 | -16 | - | 97 |
| d) Past due exposures | 215 | -19 | - | 196 |
| e) Other assets | 17,938 | X | -154 | 17,784 |
| TOTAL A | 21,407 | -1,441 | -154 | 19,812 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| a) Impaired | 96 | -10 | X | 86 |
| b) Other | 2,303 | X | -4 | 2,299 |
| TOTAL B | 2,399 | -10 | -4 | 2,385 |
| TOTAL (A + B) | 23,806 | -1,451 | -158 | 22,197 |

### *A.1.7. Banking Group - Exposure by cash to customers: dynamics of gross impaired exposures*

(millions of euro)

| Reasons/Categories | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial gross exposure | 1,493 | 959 | 87 | 225 |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | 1,364 | 1,245 | 166 | 895 |
| B.1 inflows from performing loans | 27 | 396 | 1 | 734 |
| categories | 476 | 435 | 37 | 3 |
| B.3 other increases | 126 | 120 | 86 | 101 |
| B.4 business combinations | 735 | 294 | 42 | 57 |
| C. Decreases | -801 | -1,119 | -140 | -905 |
| C.1 outflows to performing loans | -2 | -119 | - | -239 |
| C.2 write-offs | -79 | -2 | -15 | - |
| C.3 repayments | -109 | -167 | -57 | -77 |
| C.4 credit disposals | - | - | - | - |
| C.5 transfers to other non-performing exposure categories | -4 | -503 | -47 | -395 |
| C.6 other decreases | -148 | -103 | -2 | -125 |
| C.7 business combinations | -459 | -225 | -19 | -69 |
| D. Final gross exposure | 2,056 | 1,085 | 113 | 215 |
| - of which exposures sold not derecognised | - | - | - | - |

### *A.1.8. Banking Group - Exposure by cash to customers: dynamics of total value adjustments*

(millions of euro)

| Reasons/Categories | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial total adjustments | 843 | 179 | 7 | 15 |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | 849 | 290 | 32 | 69 |
| B.1 impairment losses | 184 | 154 | 5 | 62 |
| B.1bis losses from disposal | - | - | - | - |
| B.2 transfers from other non-performing exposure categories | 137 | 54 | 19 | 1 |
| B.3 other increases | 52 | 8 | 1 | - |
| B.4 business combinations | 476 | 74 | 7 | 6 |
| C. Decreases | -501 | -259 | -23 | -65 |
| C.1 recoveries on impairment losses | -41 | -17 | - | -2 |
| C.2 recoveries on repayments | -31 | -15 | -1 | -1 |
| C.2bis profits from disposal | - | - | - | - |
| C.3 write-offs | -84 | -2 | -16 | - |
| categories | -2 | -155 | -4 | -49 |
| C.5 other decreases | -83 | -18 | - | -7 |
| C.6 business combinations | -260 | -52 | -2 | -6 |
| D. Final total adjustments | 1,191 | 210 | 16 | 19 |
| - of which exposures sold not derecognised | - | - | - | - |

## A.2. Classification of exposures on the basis of external and internal ratings

### *A.2.1. Banking Group - Breakdown of exposures by cash and "off-balance sheet" items based on external rating classes*

The external rating table indicates the ratings of the agencies Standard and Poor's, Moody's and Fitch, adopting, where there are two assessments of the same customer, the most prudent, and, where there are three assessments, that in the middle.
The Class 6 rating column includes non-performing loans.

(millions of euro)

| | External rating classes | | | | | | Unrated | Total |
|---|---|---|---|---|---|---|---|---|
| | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Class 6 | | |
| A. On-balance sheet exposures | - | - | 1,255 | 25 | - | 2,028 | 18,183 | 21,491 |
| B. Derivatives | - | - | 137 | 4 | 1 | 18 | 144 | 304 |
| B.1. Financial derivatives | - | - | 137 | 4 | 1 | 18 | 144 | 304 |
| B.2. Credit derivatives | - | - | - | - | - | - | - | - |
| C. Guarantees given | - | 1 | 13 | 2 | - | 28 | 1,521 | 1,565 |
| D. Commitments to lend funds | - | - | 53 | - | - | 39 | 608 | 700 |
| E. Other | - | - | - | - | - | - | - | - |
| Total | - | 1 | 1,458 | 31 | 1 | 2,113 | 20,456 | 24,060 |

## Mapping of long-term ratings issued by independent rating agencies

Long-term rating with respect to: central administration bodies and central banks; supervised brokers; public sector entities; local entities; development multilateral banks; companies and other subjects

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | da Aaa a Aa3 | da AAA a AA- | da AAA a AA- |
| Classe 2 | da A1 a A3 | da A+ a A- | da A+ a A- |
| Classe 3 | da Baa1 a Baa3 | da BBB+ a BBB- | da BBB+ a BBB- |
| Classe 4 | da Ba1 a Ba3 | da BB+ a BB- | da BB+ a BB- |
| Classe 5 | da B1 a B3 | da B+ a B- | da B+ a B- |
| Classe 6 | Caa1 e inferiori | CCC+ e inferiori | CCC+ e inferiori |

## Mapping of short-term ratings with supervised brokers and companies

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | P-1 | F1+, F1 | A-1+, A-1 |
| Classe 2 | P-2 | A-2 | F2 |
| Classe 3 | P-3 | A-3 | F3 |
| Classe da 4 a 6 | NP | inferiori a A-3 | inferiori a F3 |

## Mapping of rating with OICR

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | da Aaa a Aa3 | da AAA a AA- | da AAA m/f a AA- m/f |
| Classe 2 | da A1 a A3 | da A+ a A- | da A+ m/f a A- m/f |
| Classi 3 e 4 | da Baa1 a Ba3 | da BBB+ a BB- | da BBB m/f a BB- m/f |
| Classi 5 e 6 | B1 e inferiori | B+ e inferiori | B+ m/f e inferiori |

### *A.2.2. Banking Group - Breakdown of exposures by cash and "off-balance sheet" items based on internal rating classes*

When drawing up the internal rating table, all the ratings utilised in the credit risk management and control system were used, including the ratings of an external agency for counterparties belonging to customer segments for which no internal model is available. Exposures with no rating refer essentially to segments that are still not covered by rating models (loans to private customers).

(millions of euro)

| | Internal rating classes | | | | | | | Unrated | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Class 6 | Non-performing exposures | | |
| A. On-balance sheet exposures | 27 | 631 | 5,955 | 6,881 | 3,660 | 264 | 2,028 | 2,045 | 21,491 |
| B. Derivatives | 1 | 3 | 159 | 84 | 36 | 2 | 18 | 1 | 304 |
| B.1. Financial derivatives | 1 | 3 | 159 | 84 | 36 | 2 | 18 | 1 | 304 |
| B.2. Credit derivatives | - | - | - | - | - | - | - | - | - |
| C. Guarantees given | 600 | 112 | 246 | 416 | 77 | 3 | 28 | 83 | 1,565 |
| D. Commitments to lend funds | - | 4 | 119 | 227 | 210 | 21 | 40 | 79 | 700 |
| E. Other | - | - | - | - | - | - | - | - | - |
| Total | 628 | 750 | 6,479 | 7,608 | 3,983 | 290 | 2,114 | 2,208 | 24,060 |

## A.3. Breakdown of secured exposures by type of guarantee

### *A.3.1. Banking Group - Secured cash exposures to (secured) banks*

(millions of euro)

| | Guaranteed on balance sheet exposures | | | | Guaranteed "off balance sheet" exposures | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Fully secured | | Partially secured | | Fully secured | | Partially secured | | |
| | | Of which impaired | | Of which impaired | | Of which impaired | | Of which impaired | |
| NET EXPOSURE VALUE | 19 | - | - | - | - | - | - | - | 19 |
| COLLATERAL [(1)] | | | | | | | | | |
| Real estate assets | - | - | - | - | - | - | - | - | - |
| Mortgages | - | - | - | - | - | - | - | - | - |
| Financial lease | - | - | - | - | - | - | - | - | - |
| Securities | 19 | - | - | - | - | - | - | - | 19 |
| Other | - | - | - | - | - | - | - | - | - |
| GUARANTEES [(1)] | | | | | | | | | |
| Derivatives on loan | | | | | | | | | |
| Credit linked notes | - | - | - | - | - | - | - | - | - |
| Other derivatives | | | | | | | | | |
| - Governments and central banks | - | - | - | - | - | - | - | - | - |
| - Other public agencies | - | - | - | - | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - |
| - Other counterparties | - | - | - | - | - | - | - | - | - |
| Guarantees given | | | | | | | | | |
| Governments and central banks | - | - | - | - | - | - | - | - | - |
| Other public agencies | - | - | - | - | - | - | - | - | - |
| Banks | - | - | - | - | - | - | - | - | - |
| Other subjects | - | - | - | - | - | - | - | - | - |
| TOTAL | 19 | - | - | - | - | - | - | - | 19 |

[(1)] Fair Value of the collateral or, when it is difficult to determine, contract value of the same. The fair value is disclosed, as per law, until occurrence of the net disclosure value.

### *A.3.2. Banking Group - Secured cash exposures to customers*

(millions of euro)

| | GUARANTEED ON BALANCE SHEET EXPOSURES | | | | GUARANTEED "OFF- BALANCE SHEET" EXPOSURES | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Totally guaranteed | | Partly guaranteed | | Totally guaranteed | | Partly guaranteed | | |
| | | of which non-performing | | of which non-performing | | of which non-performing | | of which non-performing | |
| NET EXPOSURE VALUE | 13,184 | 1,423 | 691 | 131 | 1,076 | 51 | 121 | 3 | 15,072 |
| COLLATERAL [(1)] | | | | | | | | | |
| Real estate assets | 28,354 | 2,916 | 16 | 8 | 650 | 33 | 2 | - | 29,022 |
| Mortgages | 28,354 | 2,916 | 16 | 8 | 650 | 33 | 2 | - | 29,022 |
| Financial lease | - | - | - | - | - | - | - | - | - |
| Securities | 213 | 16 | 66 | 2 | 259 | 1 | 7 | 1 | 545 |
| Other | 56 | 11 | 23 | 7 | 8 | - | 5 | - | 92 |
| GUARANTEES [(1)] | | | | | | | | | |
| Derivatives on loan | | | | | | | | | |
| Credit linked notes | - | - | - | - | - | - | - | - | - |
| Other derivatives | | | | | | | | | |
| - Governments and centı | - | - | - | - | - | - | - | - | - |
| - Other public agencies | - | - | - | - | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - |
| - Other counterparties | - | - | - | - | - | - | - | - | - |
| Guarantees given | | | | | | | | | |
| Governments and central ba | - | - | - | - | - | - | - | - | - |
| Other public agencies | 3 | - | 2 | 1 | - | - | - | - | 5 |
| Banks | 3 | - | - | - | - | - | - | - | 3 |
| Other subjects | 2,618 | 330 | 317 | 70 | 298 | 14 | 56 | - | 3,289 |
| TOTAL | 31,247 | 3,273 | 424 | 88 | 1,215 | 48 | 70 | 1 | 32,956 |

[(1)] Fair Value of the collateral or, when it is difficult to determine, contract value of the same. The fair value is disclosed, as per law, until occurrence of the net disclosure value.

## B. CREDIT DISTRIBUTION AND CONCENTRATION

### B.1. Banking Group - Breakdown by sector of cash and "off balance" sheet exposures to customers (book value)

(in millions of euro)

| | ON-BALANCE SHEET EXPOSURES | | | | | TOTAL ON-BALANCE SHEET EXPOSURES | OFF-BALANCE SHEET EXPOSURES | | | | TOTAL OFF-BALANCE SHEET EXPOSURES | TOTAL 31.12.2009 | TOTAL 31.12.2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures | Other exposures | | Non-performing | Doubtful loans | Other impaired assets | Other exposures | | | |
| GOVERNMENTS | | | | | | | | | | | | | |
| Net exposure | - | - | - | - | 624 | 624 | - | - | - | 41 | 41 | 665 | 938 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Collective impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OTHER PUBLIC AGENCIES | | | | | | | | | | | | | |
| Net exposure | 1 | - | - | - | 376 | 377 | - | - | - | 19 | 19 | 396 | 1,016 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | 4 |
| Collective impairment losses | - | - | - | - | 2 | 2 | - | - | - | - | - | 2 | 3 |
| FINANCIAL INSTITUTIONS | | | | | | | | | | | | | |
| Net exposure | 2 | 1 | - | - | 245 | 248 | - | - | - | 20 | 20 | 268 | 295 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | 2 |
| Collective impairment losses | - | - | - | - | 1 | 1 | - | - | - | - | - | 1 | 1 |
| INSURANCE COMPANIES | | | | | | | | | | | | | |
| Net exposure | - | - | - | - | 47 | 47 | - | - | - | 6 | 6 | 53 | 63 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Collective impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| NON-FINANCIAL COMPANIES | | | | | | | | | | | | | |
| Net exposure | 722 | 743 | 97 | 167 | 11,071 | 12,800 | 14 | 54 | 17 | 2,153 | 2,238 | 15,038 | 15,619 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | 906 |
| Collective impairment losses | - | - | - | - | 139 | 139 | - | - | - | 4 | 4 | 143 | 145 |
| OTHER COUNTERPARTIES | | | | | | | | | | | | | |
| Net exposure | 135 | 132 | - | 28 | 5,422 | 5,717 | - | - | - | 56 | 56 | 5,773 | 6,446 |
| Individual impairment losses | 116 | 25 | - | 2 | - | 143 | - | - | - | - | - | 143 | 141 |
| Collective impairment losses | - | - | - | - | 12 | 12 | - | - | - | - | - | 12 | 14 |

### B.2. Banking Group - Breakdown of cash and "off-balance sheet" exposures to customers by geographical area (book value)

(millions of euro)

| Exposure/Geographical area | ITALY | | OTHER EUROPEAN COUNTRIES | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments |
| A. ON-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| A.1.Non-performing loans | 859 | 1,195 | 1 | 1 | - | - | - | - | - | - |
| A.2. Doubtful loans | 874 | 210 | 1 | - | - | - | - | - | - | - |
| A.3. Restructured exposures | 97 | 16 | - | - | - | - | - | - | - | - |
| A.4. Past due exposures | 191 | 18 | 4 | 1 | - | - | - | - | - | - |
| A.5. Other exposures | 17,700 | 153 | 38 | - | 44 | - | 2 | - | 2 | - |
| Total A | 19,721 | 1,592 | 44 | 2 | 44 | - | 2 | - | 2 | - |
| B. OFF-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| B.1. Non-performing loans | 14 | 6 | - | - | - | - | - | - | - | - |
| B.2. Doubtful loans | 54 | 3 | - | - | - | - | - | - | - | - |
| B.3. Other impaired assets | 17 | 1 | - | - | - | - | - | - | - | - |
| B.4. Other exposures | 2,290 | 4 | 5 | - | 1 | - | - | - | - | - |
| Total B | 2,375 | 14 | 5 | - | 1 | - | - | - | - | - |
| TOTAL (A+B) 31.12.2012 | 22,096 | 1,606 | 49 | 2 | 45 | - | 2 | - | 2 | - |
| TOTAL 31.12.2011 | 24,070 | 1,199 | 222 | 16 | 42 | - | 3 | - | 40 | - |

### B.3. Banking Group - Breakdown of cash and "off-balance sheet" exposures to banks by geographical area (book value)

(millions of euro)

| Exposure/Geographical area | ITALY | | OTHER EUROPEAN COUNTRIES | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments | Net exposure | Overall value adjustments |
| A. ON-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| A.1. Non-performing loans | - | - | - | - | - | - | - | - | - | - |
| A.2. Doubtful loans | - | - | - | - | - | - | - | - | - | - |
| A.3. Restructured exposures | - | - | - | - | - | - | - | - | - | - |
| A.4. Past due exposures | - | - | - | - | - | - | - | - | - | - |
| A.5. Other exposures | 163 | - | - | - | 35 | - | - | - | - | - |
| **Total A** | **163** | **-** | **-** | **-** | **35** | **-** | **-** | **-** | **-** | **-** |
| B. OFF-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| B.1. Non-performing loans | - | - | - | - | - | - | - | - | - | - |
| B.2. Doubtful loans | - | - | - | - | - | - | - | - | - | - |
| B.3. Other impaired assets | - | - | - | - | - | - | - | - | - | - |
| B.4. Other exposures | 177 | - | 1 | - | - | - | - | - | - | - |
| **Total B** | **177** | **-** | **1** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL (A+B) 31.12.2012** | **340** | **-** | **1** | **-** | **35** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL 31.12.2011** | **1,040** | **1** | **3** | **-** | **30** | **-** | **-** | **-** | **-** | **-** |

### B.4. Large exposures

As regards information on large exposures of Banca CR Firenze S.p.A., reference is made to the related section in the separate financial statements

## C. SECURISATION TRANSACTIONS AND TRANSFER OF ASSETS

### C.1. Securitisation transactions

### Qualitative information

Treasury securitisations

For details of Group securitisations, please see the dedicated section of the Separate Financial Statements.

## C.2. Transfer transactions

### *C.2.1. Banking Group - Transferred financial assets not written off: book value and entire value*

(millions of euro)

| Technical forms/Portfolio | Cash assets | | | | Derivatives | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|---|---|---|---|---|
| | Debt securities | Equities | UCITS | Loans | | Total | of which non-performing assets | Total | of which non-performing assets |
| FINANCIAL ASSETS HELD FOR TRADING | - | - | - | - | - | - | - | 30 | - |
| - Financial assets sold totally recognised (book value) | - | - | - | - | - | - | - | 30 | - |
| - Financial assets sold partly recognised (book value) | - | - | - | - | - | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | - | - | - | - | - | - | - | - |
| FINANCIAL ASSETS MEASURED AT FAIR VALUE | - | - | - | - | X | - | - | - | - |
| - Financial assets sold totally recognised (book value) | - | - | - | - | X | - | - | - | - |
| - Financial assets sold partly recognised (book value) | - | - | - | - | X | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | - | - | - | X | - | - | - | - |
| FINANCIAL ASSETS AVAILABLE FOR SALE | 454 | - | - | - | X | 454 | - | 665 | - |
| - Financial assets sold totally recognised (book value) | 454 | - | - | - | X | 454 | - | 665 | - |
| - Financial assets sold partly recognised (book value) | - | - | - | - | X | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | - | - | - | X | - | - | - | - |
| FINANCIAL ASSETS HELD TO MATURITY | - | X | X | - | X | - | - | - | - |
| - Financial assets sold totally recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | X | X | - | X | - | - | - | - |
| Amounts owing by banks | - | X | X | - | X | - | - | - | - |
| - Financial assets sold totally recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | X | X | - | X | - | - | - | - |
| LOANS TO CUSTOMERS | - | X | X | - | X | - | - | - | - |
| - Financial assets sold totally recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (book value) | - | X | X | - | X | - | - | - | - |
| - Financial assets sold partly recognised (full value) | - | X | X | - | X | - | - | - | - |
| Total 31.12.2012 | 454 | - | - | - | - | 454 | - | X | X |

### *C.2.2. Banking Group - Financial liabilities resulting from transferred financial assets not written off: book value*

(millions of euro)

| | Due to customers | | Amounts owing to banks | | Securities issued | | Total 31.12.2012 | Total 31.12.2011 |
|---|---|---|---|---|---|---|---|---|
| | Fully recognised | Partly recognised | Fully recognised | Partly recognised | Fully recognised | Partly recognised | | |
| Financial assets held for trading | - | - | - | - | - | - | - | - |
| Financial assets measured at fair value | - | - | - | - | - | - | - | - |
| Financial assets available for sale | 9 | - | 453 | - | - | - | 462 | - |
| Investments held to maturity | - | - | - | - | - | - | - | - |
| Amounts owing by banks | - | - | - | - | - | - | - | - |
| Customer loans | 155 | - | - | - | - | - | 155 | 71 |
| Total | 164 | - | 453 | - | - | - | 617 | 71 |

## *C.2.3. Banking Group - Transfer transactions with liabilities with recourse on disposed assets only: fair value*

(millions of euro)

| Technical forms/Portfolio | Fin. assets held for trading | | Fin. assets measured at fair value | | Fin. assets available for sale | | Fin. assets held to maturity (fair value) | | Amounts owing by banks (fair value) | | Customer loans (fair value) | | 31.12.2012 TOTAL | 31.12.2011 TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fin. assets sold and fully recognised | Fin. assets sold and partially | Fin. assets sold and fully recognised | Fin. assets sold and partially | Fin. assets sold and fully recognised | Fin. assets sold and partially | Fin. assets sold and fully recognised | Fin. assets sold and partially | Fin. assets sold and fully recognised | Fin. assets sold and partially | Fin. assets sold and fully recognised | Fin. assets sold and partially | | |
| A. Cash assets | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | 665 |
| 1. Debt securities | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | 665 |
| 2. Equity securities | - | - | - | - | - | - | X | X | X | X | X | X | - | - |
| 3. UCITS | - | - | - | - | - | - | X | X | X | X | X | X | - | - |
| 4. Loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| B. Derivative instruments | - | - | X | X | X | X | X | X | X | X | X | X | - | - |
| Total Assets | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | 665 |
| C. Financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | X | X |
| 1. Customer deposits | - | - | - | - | - | - | - | - | - | - | - | - | X | X |
| 2. Amounts owing to banks | - | - | - | - | - | - | - | - | - | - | - | - | X | X |
| 3. Outstanding securities | - | - | - | - | - | - | - | - | - | - | - | - | X | X |
| Total Liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Value (2012) | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | X |
| Net Value (2011) | - | - | - | - | - | - | - | - | - | - | - | - | X | 665 |

## D. BANKING GROUP - CREDIT RISK MEASUREMENT MODELS

The internal rating and LGD models are subject to internal validation process and a level three control by the Internal Auditing Management. The control functions produce an annual report for the Bank of Italy on the compliance of the models with the supervisory regulations, which also verifies deviations of the ex ante estimates and the effective ex post values. The last report, approved by the Management Board and the Supervisory Board of Intesa Sanpaolo, confirmed the requirements of compliance.

## 1.2. BANKING GROUP – MARKET RISK

The Group's risk profile is well contained, there being an aim to create immunity against the interest rate and liquidity risk and to minimise the sensitivity of the interest margin and value of equity to negative changes in the market parameters.

The financial risk originated from the typical operation of customers which feeds the banking portfolio, which is immunized upon proposal of the Parent Bank organizations with a view to full observance of the risk limits resolved by the Group Financial Risk Committee (GFRC). On the basis of the service agreements entered into, the Risk Management of the Parent Company Intesa Sanpaolo is responsible for the development of the measurement criteria and methodologies as well as the monitoring of exposures to financial risks, while the Treasury Management of the Parent Company Intesa Sanpaolo is assigned the task of managing the financial risks originated by Banca CR Firenze and its direct subsidiaries. The financial risk profile and appropriate interventions aimed at changing it are examined by the Group's Financial Risks Committee.

### 1.2.1 INTEREST RATE RISK – REGULATORY TRADING PORTFOLIO

**QUALITATIVE INFORMATION**

The Group does not perform trading activities: therefore, the trading portfolio refers to balanced brokerage activities with customers, the risk of which is transferred to Banca IMI and/or Intesa Sanpaolo; consequently there are no financial risks on this portfolio. Any Bank interest rate risk positions within the trading portfolio are residual.

### 1.2.2 INTEREST RATE RISK – BANKING PORTFOLIO

QUALITATIVE INFORMATION

*A. General aspects, management processes and measurement methods for interest rate risk*

Financial risks are managed directly in service by the Parent Bank Treasury Management, as envisaged in the operating organisational model implemented by the Group's Italian Bank Networks.

The same operating philosophy envisaged in the Group's organisational model is followed for activities linked with access to the financial markets and activities to afford immunisation against the market risks undertaken in the pursuit of the lending activity (retail and corporate banking). For access to the short-term and medium/long-term derivatives markets, Banca CR Firenze and its subsidiaries currently operate through the Parent Company and, directly, trough Banca IMI, which renders this service using the synergies deriving from its market making activities. As regards the interest rate risk, market transactions are negotiated among Group companies mainly in the form of interbank deposits and short and medium/long-term derivatives (OIS, IRS, CAP) in order to trace the Banks' risk profile towards target profile.
The exposure to market risks deriving from eventual equity investments held directly by the Banks in listed companies also falls within the banking portfolio.
The following methods are used to measure the financial risks generated by the banking portfolio:
Value at Risk (VaR);
Sensitivity analysis;

Value at Risk is calculated as the maximum potential loss in the portfolio's market value that could be recorded over a 10-day holding period with a 99% confidence level (parametric VaR).

The shift sensitivity analysis quantifies the changes in value of a financial portfolio due to negative changes of the main risk factors (rate, exchange, equity). As regards the interest rate risk, the negative movement is defined as the parallel and uniform shift of ±100 basis points of the curve, The measurements include the risk generated by core deposits with customers, the stability and partial and delayed reactivity to the change in interest rates of which have been analysed across a broad spectrum, reaching a model of representation by maturity through equivalent deposits.

The sensitivity of the interest margin expresses the impact of current net income of a parallel and instantaneous shock of the interest rate curve of ±100 basis points, referring to a time span of twelve months. This measure highlights the changes in the rates on the portfolio subject to measurement, excluding hypotheses of future changes in the mix of assets and liabilities, and cannot therefore be classed as a forecasting indicator of the future level of the interest margin.

*B. Hedging of the fair value*

Fair value hedging aims to immunise the changes in value of borrowing and lending caused by changes in the interest rate curve. The types of derivatives used are represented by interest rate swaps (IRS), overnight index swaps (OIS) and options on rates realised with the Parent Company or with Banca IMI. These, in turn, hedge the market risk so that the requirements to qualify IAS-compliant hedges at consolidated financial statement level are respected. The assets and liabilities promptly hedged in the single strategy are mainly represented by bond loans issued by the Banks in previous years and by loans to customers.
A general hedging activity (Macrohedge) is also performed on stable sight deposits.
As regards the banking portfolio price risk, no hedged were entered into during the year.

*C. Cash flow hedging activities*

Cash flow hedges aim to immunise the changes of cash flows of asset and liability positions at floating rates, caused by shifts in the interest rate curve. In particular, hedging strategies of macro cash flow hedge are being implemented with the aim of stabilising the interest flow of variable rate commitments to cover fixed-rate deposits. These hedges are directly made as a counterparty with the Parent Company.
New cash flow hedge strategies were entered into during the year.

The Parent Company's Risk Management is responsible for checking the effectiveness of the interest rate risk hedges for hedge accounting purposes, in observance of the standards dictated by the international accounting standards.

*D. Foreign investment hedging activities*

The Bank does not have any risks of this kind.

**QUANTITATIVE INFORMATION**

1. Bank portfolio: breakdown by residual duration (repricing date) of financial assets and liabilities

The interest margin sensitivity - in the event of a 100 basis points change of taxes - amounted to € 18.1 million at end 2012, down compared to amounts of end 2011, equal to € 27.1 million.

2. Banking portfolio – internal models and other sensitivity analysis methods.

The interest rate risk generated by the Bank's banking portfolio, measured using the shift sensitivity analysis, recorded a value of € 11.5 million at the end of 2012. These figures are compared with a 2011 year-end value of € 6.2 million.

The interest rate risk, measured in terms of VaR, oscillated during the same period around an average value of € 9.4 million, with a minimum value of € 7.8 million and a maximum value of € 12.8 million. At end December 2012, the VaR is equal to € 9.3 million, in line with the amount of € 8.9 million at year-end.

The price risk, deriving from equity investments in listed companies, recorded an average value during 2012, calculated in terms of VaR, equating to € 0.30 million, with a year-end value of € 0.29 million.

### 1.2.3. EXCHANGE RATE RISK

### QUALITATIVE INFORMATION

**A. General Aspects: management processes and measurement methods for exchange rate risk**
"Foreign exchange risk" is defined as the possibility that foreign exchange rate fluctuations produce significant changes, both positive and negative, in the Group's balance sheet aggregates. The key sources of exchange rate risk lie in:
- foreign currency loans and deposits held by corporate and retail customers;
- purchases of securities, equity investments and other financial instruments in foreign currencies;
- trading of foreign currencies and banknotes;
- collection and/or payment of interest, commissions, dividends and administrative costs in foreign currencies.

More specifically, "structural" foreign exchange risk refers to the exposures deriving from the commercial operations.

The types of financial instruments are primarily: spot and forward exchange transactions in foreign currencies, forex swaps, domestic currency swaps, and foreign exchange options.

**B. Exchange rate risk hedging activities**

The exchange risk originated by the foreign currency operating positions in the bank's portfolio is subject to transferral by Banca CR Firenze and its subsidiaries to the Treasury Management of the Parent Company in order to allow its hedging. In practice, this risk is substantially eliminated through funding in the same currency as the assets.
With reference to the exchange rate risk generated by the purchase/sale of currencies traded by customers, spot transactions are carried out with Banca IMI at market conditions, with the aim of achieving prompt hedging.

## QUANTITATIVE INFORMATION

### 1. Breakdown by denomination currency of assets, liabilities and derivatives

(millions of euro)

| | Currencies | | | | | |
|---|---|---|---|---|---|---|
| | US Dollar | Sterling | Swiss Franc | Yen | Leu Romania | Other currencies |
| A. FINANCIAL ASSETS | 166 | 4 | 7 | 13 | - | 4 |
| A.1 Debt securities | - | - | - | - | - | - |
| A.2 Equity securities | - | - | - | - | - | - |
| A.3 Amounts owing by banks | 14 | 3 | - | - | - | 2 |
| A.4 Loans to customers | 152 | 1 | 7 | 13 | - | 2 |
| A.5 Other financial assets | - | - | - | - | - | - |
| B. OTHER ASSETS | 4 | 2 | 1 | 1 | - | 2 |
| C. FINANCIAL LIABILITIES | 231 | 6 | 7 | 20 | - | 20 |
| C.1 Amounts owing to banks | 140 | 2 | 4 | 18 | - | 16 |
| C.2 Due to customers | 91 | 4 | 3 | 2 | - | 4 |
| C.3 Debt securities | - | - | - | - | - | - |
| C.4 Other financial liabilities | - | - | - | - | - | - |
| D. OTHER LIABILITIES | - | - | - | - | - | - |
| E. FINANCIAL DERIVATIVES | | | | | | |
| - Options | | | | | | |
| long positions | 33 | 10 | 1 | 12 | - | 19 |
| short positions | 34 | 10 | 2 | 13 | - | 19 |
| - Other derivatives | | | | | | |
| long positions | 343 | 79 | 1 | 20 | - | 45 |
| short positions | 281 | 79 | 1 | 12 | - | 33 |
| TOTAL ASSETS | 546 | 95 | 10 | 46 | - | 70 |
| TOTAL LIABILITIES | 546 | 95 | 10 | 45 | - | 72 |
| IMBALANCE (+/-) | - | - | - | 1 | - | -2 |

### 2. Internal models and other sensitivity analysis methodologies

The exchange risk generated by the operating positions of the banking portfolio, measured using the VaR (confidence range 99%, holding period 10 days), was in average extremely small with a value of € 0.01 million at end of 2012.

## 1.2.4. DERIVATIVE FINANCIAL INSTRUMENTS

## A. FINANCIAL DERIVATIVES

### A.1. Regulatory trading portfolio: period-end and average notional values

(millions of euro)

| Underlying assets/Types of derivatives | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| 1. Debt securities and interest rates | 4,975 | - | 3,519 | - |
| a) Options | 288 | - | 234 | - |
| b) Swap | 4,645 | - | 3,285 | - |
| c) Forward | 42 | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 2. Equity securities and share indexes | - | - | 1 | - |
| a) Options | - | - | 1 | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 3. Currencies and gold | 1,282 | - | 614 | - |
| a) Options | 397 | - | 30 | - |
| b) Swap | - | - | - | - |
| c) Forward | 753 | - | 348 | - |
| d) Futures | 66 | - | 118 | - |
| e) Other | 66 | - | 118 | - |
| 4. Goods | - | - | - | - |
| 5. Other underlying assets | - | - | - | - |
| TOTAL | 6,257 | - | 4,134 | - |
| AVERAGE VALUES | 4,725 | - | 3,802 | - |

## A.2. Banking portfolio: period-end and average nominal values

### *A.2.1. Hedging*

(millions of euro)

| Underlying assets/Types of derivatives | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| 1. Debt securities and interest rates | 4,147 | - | 3,701 | - |
| a) Options | 525 | - | 616 | - |
| b) Swap | 3,622 | - | 3,085 | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 2. Equity securities and share indexes | - | - | - | - |
| a) Options | - | - | - | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 3. Currencies and gold | - | - | - | - |
| a) Options | - | - | - | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 4. Goods | - | - | - | - |
| 5. Other underlying assets | - | - | - | - |
| TOTAL | 4,147 | - | 3,701 | - |
| AVERAGE VALUES | 4,225 | - | 3,336 | - |

## A.3. Financial derivatives positive gross fair value – breakdown by products

(millions of euro)

| Portfolios/Types of derivatives | Positive fair value | | | |
|---|---|---|---|---|
| | 31.12.2012 | | 31.12.2011 | |
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| A. Regulatory trading portfolio | 179 | - | 108 | - |
| a) Options | 7 | - | 2 | - |
| b) Interest rate swap | 166 | - | 101 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | 5 | - | 4 | - |
| f) Futures | - | - | - | - |
| g) Other | 1 | - | 1 | - |
| B. Banking portfolio - hedging | 125 | - | 113 | - |
| a) Options | 15 | - | 37 | - |
| b) Interest rate swap | 110 | - | 76 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| C. Banking portfolio - other derivatives | - | - | - | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | - | - | - | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| TOTAL | 304 | - | 221 | - |

### A.4. Financial derivatives negative gross fair value – breakdown by products

(millions of euro)

| Portfolios/Types of derivatives | Negative fair value | | | |
|---|---|---|---|---|
| | 31.12.2012 | | 31.12.2011 | |
| | Over the counter | Central counterparties | Over the counter | Central counterparties |
| A. Regulatory trading portfolio | -192 | - | -117 | - |
| a) Options | -7 | - | -2 | - |
| b) Interest rate swap | -176 | - | -110 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | -8 | - | -4 | - |
| f) Futures | - | - | - | - |
| g) Other | -1 | - | -1 | - |
| B. Banking portfolio - hedging | -52 | - | -35 | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | -52 | - | -35 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| C. Banking portfolio - other derivatives | - | - | - | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | - | - | - | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| TOTAL | -244 | - | -152 | - |

## A.5. Financial derivatives "over the counter": regulatory trading portfolio - notional values, positive and negative gross values by counterparties – contracts not falling within offsetting agreements

(millions of euro)

| Contracts other than offsetting agreements | Governments and Central Banks | Other public agencies | Banks | Financial companies | Insurance companies | Non-financial companies | Other entities |
|---|---|---|---|---|---|---|---|
| 1. Debt securities and interest rates | | | | | | | |
| - notional amount | - | - | 2,585 | 1 | - | 2,369 | 20 |
| - positive fair value | - | - | 4 | - | - | 162 | 2 |
| - negative fair value | - | - | -179 | - | - | - | - |
| - future exposure | - | - | 13 | - | - | 12 | - |
| 2.Equity securities and share indexes | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 3. Currencies and gold | | | | | | | |
| - notional amount | - | - | 743 | 30 | - | 437 | 5 |
| - positive fair value | - | - | 8 | - | - | 2 | - |
| - negative fair value | - | - | -5 | - | - | -8 | - |
| - future exposure | - | - | 8 | - | - | 4 | - |
| 4. Other values | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |

### A.7. Financial derivatives "over the counter": banking portfolio - notional values, positive and negative gross values by counterparties – contracts not falling within offsetting agreements

(millions of euro)

| Contracts other than offsetting agreements | Governments and Central Banks | Other public agencies | Banks | Financial companies | Insurance companies | Non-financial companies | Other entities |
|---|---|---|---|---|---|---|---|
| 1. Debt securities and interest rates | | | | | | | |
| - notional amount | - | - | 4,147 | - | - | - | - |
| - positive fair value | - | - | 125 | - | - | - | - |
| - negative fair value | - | - | -52 | - | - | - | - |
| - future exposure | - | - | 25 | - | - | - | - |
| 2. Equity securities and share indexes | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 3. Currencies and gold | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 4. Other values | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |

### A.9. Over the counter financial derivatives - distribution by residual life: notional values

(millions of euro)

| Underlyings/Residual life | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|
| A. Regulatory trading portfolio | 2,038 | 2,725 | 1,440 | 6,203 |
| A.1 Financial derivatives on debt securities and interest rates | 892 | 2,655 | 1,440 | 4,987 |
| A.2 Financial derivatives on equity securities and share indexes | - | - | - | - |
| A.3 Financial derivatives on foreign exchange rates and gold | 1,146 | 70 | - | 1,216 |
| A.4 Financial derivatives - other | - | - | - | - |
| B. Banking portfolio | 970 | 2,505 | 672 | 4,147 |
| B.1 Financial derivatives on debt securities and interest rates | 970 | 2,505 | 672 | 4,147 |
| B.2 Financial derivatives on equity securities and share indexes | - | - | - | - |
| B.3 Financial derivatives on foreign exchange rates and gold | - | - | - | - |
| B.4 Financial derivatives - other | - | - | - | - |
| Total 31.12.2012 | 3,008 | 5,230 | 2,112 | 10,350 |
| Total 31.12.2011 | 2,123 | 3,719 | 1,877 | 7,719 |

## 1.3 BANKING GROUP - LIQUIDITY RISK

### QUALITATIVE INFORMATION

#### A. General aspects, management processes and measurement methods for liquidity risk

The liquidity risk is the risk that the bank will not be able to respect its payment commitments, due to an inability to find funds on the market (funding liquidity risk) and to release its assets (market liquidity risk).

The preparation of an adequate system to govern and manage this risk takes on a fundamental role in maintaining the stability not only of the single bank, but also of the market, considering that the imbalances of a single financial institution can have systemic repercussions. This system has to be incorporated in to the overall system for managing risks and envisage incisive controls consistent with the evolution of the reference context.

The "Guidelines for Governance of the Group Liquidity Risk" approved by the Corporate Bodies of Intesa Sanpaolo described the tasks of the various corporate functions, as well as ruled and the overall control and management processes aimed at ensuring a prudent monitoring of the liquidity risk, while averting the occurrence of critical situations.

On the basis of the model approved by the Intesa Sanpaolo Group, for the management of liquidity the Bank is aided by the Parent Company which, though direct access to the markets and via foreign subsidiaries, supports the borrowing and lending needs originating from commercial activity with customers, overseeing the balance between equity captions with different residual life.

In this perspective, the Parent Company performs its duties of supervision and management of liquidity with reference not only to its own company situation, but also evaluating the overall operation of the Group and the singe legal entities, and the liquidity risk to which they are exposed.

In particular, the new management and control guidelines comprise the procedures for the identification of the risk factors, measurement of exposure to risk and verification of observance of the limits, performance of stress tests, identification of appropriate initiatives to mitigate risk, preparation of emergency plans and informative reporting to the company boards. Within this framework, the liquidity risk measurement systems distinguish between short-term liquidity, structural liquidity and stress analysis.

The aim of the short-term liquidity policy is to ensure an adequate and balanced level between outgoing and incoming cash flows and with a maturity that is certain or estimated to occur within 12 months, with the aim of coping with period of stress, even for a considerable length of time, on the different funding procurement markets, also by setting up adequate liquidity reserves represented by liquid securities on private markets and securities that can be refinanced by Central Banks. To this end and in keeping with the maximum tolerance of liquidity risk, the limit system envisages, among other things, a Short term gap ratio which measures, for the different short term time spans, the ratio between the availability of reserves and positive flows expected, and the cash outgoings expected, taking as reference all the balance sheet and off-balance sheet entries, taking account of behavioural maturities for entries characterised by an expected liquidity profile which is different from that established by contract.

The structural liquidity policy of the Intesa Sanpaolo Group comprises the combination of measures and limits aimed at controlling and managing the risks deriving from the mismatch of medium-long term maturities of assets and liabilities, which is indispensable for strategically planning the management of liquidity. To this end, the adoption of internal limits to the transformation of the maturities is envisaged, to avoid medium/long-term operation from giving rise to excessive imbalances to be funded in the short term.

The Guidelines also envisage the regular performance of an impact estimate in a situation of acute “combined” stress (both specific to the Group and related to the market), indicating the reference settings to use and introducing an objective threshold at 3 months on the «Stressed Short Term gap», aimed at envisaging an overall level of reserves capable of managing the major cash outgoings in an adequate space of time in order to carry out the necessary operations to place the Parent Bank and the Group Companies in balanced conditions.

In addition to the short term and structural rations and the stress analysis, it is also necessary to ensure provision of the methods used to govern a possible liquidity crisis, defined as a situation of difficulty or inability of the Bank to manage its maturing cash commitments without activating procedures and/or using instruments in a manner distant, in terms of intensity or method, from ordinary administration. The Contingency Liquidity Plan, setting the aims of defending Group equity and, at the same time, guaranteeing operational continuity in conditions of serious emergency in terms of liquidity, ensures, at Parent Bank level, the identification of the pre-alarm signals, their constant monitoring, the definitions of the procedures to activate in the event that liquidity stress should arise, the immediate measures to take and instruments to implement to solve the emergency. The pre-alarm indices, aimed at sensing the signs of potential liquidity stress, either at systematic or specific level, are monitored every day by Risk Management.

The corporate functions of the Parent Company set up to guarantee the correct application of the Guidelines, are, in particular, Treasury Management, which is responsible for liquidity management, and Risk Management, which is directly responsible for second level checks and which, in its capacity as an active participant in the Financial Risk Committees, plays a leading role in the management and dissemination of information of the liquidity risk, contributing to the overall improvement of the Group's awareness of the current situation.

## QUANTITATIVE INFORMATION

### 1. Timed distribution for residual contractual duration of assets and liabilities

#### *Denomination currency: Euro*

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 5,003 | 210 | 409 | 630 | 1,424 | 988 | 1,584 | 5,824 | 5,568 | 82 |
| A.1 Government bonds | 4 | - | - | - | 2 | 1 | 264 | 201 | 37 | - |
| A.2 Other debt securities | - | 18 | 86 | 3 | 348 | 58 | 84 | 204 | 25 | - |
| A.3 UCITS units | 27 | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 4,972 | 192 | 323 | 627 | 1,074 | 929 | 1,236 | 5,419 | 5,506 | 82 |
| - Banks | 469 | 1 | 3 | 56 | 11 | 2 | - | 10 | - | 82 |
| - Customers | 4,503 | 191 | 320 | 571 | 1,063 | 927 | 1,236 | 5,409 | 5,506 | - |
| Cash liabilities | 11,294 | 266 | 71 | 1,706 | 1,824 | 2,039 | 1,095 | 820 | 1,461 | 155 |
| B.1 Deposits and current accounts | 11,119 | 264 | 66 | 1,450 | 1,447 | 1,796 | 768 | 683 | 1,380 | 155 |
| - Banks | 150 | 250 | 8 | 1,352 | 1,213 | 1,450 | 19 | 220 | 1,380 | - |
| - Customers | 10,969 | 14 | 58 | 98 | 234 | 346 | 749 | 463 | - | 155 |
| B.2 Debt securities | 9 | 1 | 2 | 4 | 164 | 228 | 314 | 91 | 73 | - |
| B.3 Other liabilities | 166 | 1 | 3 | 252 | 213 | 15 | 13 | 46 | 8 | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 34 | 105 | 35 | 64 | 99 | 115 | 23 | - | - |
| - Short positions | 2 | 82 | 105 | 44 | 77 | 83 | 143 | 23 | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | 171 | - | - | 4 | 8 | 15 | 18 | - | - | - |
| - Short positions | 179 | - | - | - | 2 | 2 | 4 | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | 7 | - | - | - | - | - | - | - | 6 | - |

## Denomination currency: US Dollar

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 117 | 3 | 8 | 10 | 30 | 1 | 1 | 1 | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 117 | 3 | 8 | 10 | 30 | 1 | 1 | 1 | - | - |
| - Banks | 13 | - | - | - | 1 | - | - | - | - | - |
| - Customers | 104 | 3 | 8 | 10 | 29 | 1 | 1 | 1 | - | - |
| Cash liabilities | 211 | - | 1 | 4 | 12 | 1 | 3 | - | - | - |
| B.1 Deposits and current accounts | 117 | - | - | 2 | 1 | 1 | 3 | - | - | - |
| - Banks | 32 | - | - | 2 | - | - | - | - | - | - |
| - Customers | 85 | - | - | - | 1 | 1 | 3 | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | 94 | - | 1 | 2 | 11 | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | 2 | 26 | 106 | 35 | 61 | 69 | 78 | - | - | - |
| - Short positions | - | 22 | 106 | 28 | 51 | 48 | 59 | - | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | 1 | - | - | - | - | - | - | - | - | - |

## Denomination currency: Sterling

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 3 | - | - | - | - | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 3 | - | - | - | - | - | - | - | - | - |
| - Banks | 3 | - | - | - | - | - | - | - | - | - |
| - Customers | - | - | - | - | - | - | - | - | - | - |
| Cash liabilities | 6 | - | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 6 | - | - | - | - | - | - | - | - | - |
| - Banks | 2 | - | - | - | - | - | - | - | - | - |
| - Customers | 4 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | 53 | - | 7 | 2 | 22 | 4 | - | - |
| - Short positions | - | - | 53 | - | 7 | 2 | 22 | 4 | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |

### *Denomination currency: Yen*

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 7 | 4 | - | - | 1 | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 7 | 4 | - | - | 1 | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - | - |
| - Customers | 7 | 4 | - | - | 1 | - | - | - | - | - |
| Cash liabilities | 2 | 19 | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 2 | 19 | - | - | - | - | - | - | - | - |
| - Banks | - | 19 | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 12 | - | 2 | 3 | 2 | 9 | 4 | - | - |
| - Short positions | - | 9 | - | 2 | 3 | - | 6 | 4 | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |

### *Denomination currency: Swiss Franc*

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 2 | 2 | - | - | 1 | - | 1 | 1 | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 2 | 2 | - | - | 1 | - | 1 | 1 | - | - |
| - Banks | - | - | - | - | - | - | - | - | - | - |
| - Customers | 2 | 2 | - | - | 1 | - | 1 | 1 | - | - |
| Cash liabilities | 7 | - | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 7 | - | - | - | - | - | - | - | - | - |
| - Banks | 4 | - | - | - | - | - | - | - | - | - |
| - Customers | 3 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | 1 | 1 | 1 | - | - | - |
| - Short positions | - | - | - | - | 1 | 1 | 1 | - | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |

## *Denomination currency: Canadian Dollar*

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | - | - | - | - | 1 | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | - | - | - | - | 1 | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - | - |
| - Customers | - | - | - | - | 1 | - | - | - | - | - |
| Cash liabilities | 3 | - | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 3 | - | - | - | - | - | - | - | - | - |
| - Banks | 3 | - | - | - | - | - | - | - | - | - |
| - Customers | - | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | 4 | 1 | 4 | 6 | - | - | - |
| - Short positions | - | - | - | 4 | 1 | 3 | 6 | - | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |

## *Denomination currency: Other currencies*

(millions of euro)

| Items/Intervals of time | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 2 | - | - | - | - | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 2 | - | - | - | - | - | - | - | - | - |
| - Banks | 2 | - | - | - | - | - | - | - | - | - |
| - Customers | - | - | - | - | - | - | - | - | - | - |
| Cash liabilities | 15 | - | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 15 | - | - | - | - | - | - | - | - | - |
| - Banks | 13 | - | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 1 | - | 2 | 2 | 2 | 23 | 16 | - | - |
| - Short positions | - | 1 | - | - | - | 1 | 19 | 16 | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans receivable | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |

# 1.4. BANKING GROUP - OPERATIONAL RISKS

## QUALITATIVE INFORMATION

### A. General considerations, management processes and measurement methods for operational risk

The operational risk is defined as the risk of suffering losses due to the inadequacy or dysfunction of procedures, human resources and internal systems, or exogenous events. The operational risk includes the legal risk, meaning the risk of losses due to breaches of laws or rules, contractual non-contractual responsibilities or other disputes. It does not include strategic and reputation risks.
The Parent Company Intesa Sanpaolo defined the comprehensive framework for managing operational risks, establishing standards and organisational process for measuring, managing and controlling them.
The governance of operational risks is attributed to the Management Board, which identifies the risk management policies, and to the Supervisory Board, to which their approval and verification are assigned, along with the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.
The tasks of the Group's Compliance and Operational Risk Committee include regularly checking the Group's comprehensive risk profile, arranging for any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activity and approving the operational risk transfer strategies.
The Group has a central function of operational risk management which is part of the Risk Management Direction. The Unit is responsible for planning, implementing and supervising the methodological and organisational framework, as well as measuring the risk profiles, checking the effectiveness of the mitigation measures and reporting to company management.
In conformity to the requirements of the laws in force, the single Organisational Units are responsible for identifying, assessing, managing and mitigating risks: they have internal functions responsible for the Operational Risk Management processes for the unit to which they belong (collection and structured registration of information relating to operating events, analysis of the scope and assessment of the risk associated to the operating context).

The Integrated self-assessment process, which has been conducted on an annual basis, has allowed the Group to:
- identify, measure, monitor and mitigate operational risk through the identification of the main operating critical issues and the definition of the most adequate mitigation actions;

create significant synergies with the specialised functions of the Organisation and Security Department that supervise the planning of operational processes and business continuity issues and with control functions (Compliance and Internal Auditing) that supervise specific regulations and issues (Legislative Decree 231/01, Law 262/05) or conduct tests of the effectiveness of controls of company processes.
The Self-assessment process highlighted the overall existence of good supervision of the operational risks and contributed to extending the dissemination of a corporate culture aimed at the on-going supervision of such risks.
The data collection process on operating events (especially operating losses, obtained by both internal and external sources) supplies significant information on prior expositions. It also helps the assessment and comprehension of the exposure to the operating risk on the one hand and the evaluation of the effectiveness or potential weaknesses in the internal control system on the other hand.
The internal model for calculating capital absorption, developed by the Parent Company, is conceived in such a way as to combine all the main sources of quantitative (operating losses) and qualitative information (self-assessment).
The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (the Operational Risk Management eXchange Association).
The qualitative component (scenario analyses) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by the Management, with the objective of assessing the potential economic impact of particularly serious operational events.
Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst loss); Capital-at-risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90%; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the business environment and internal control factors, to take account of the effectiveness of internal controls in the various organisational units.
The monitoring of operational risks is achieved through an integrated reporting system, which supplies the Management with the information needed for the management and/or mitigation of the risks undertaken.
To constantly support the operational risk management process, the Parent Company has activated a structured training programme for those actively involved in the operational risk management and mitigation process.
The Group also is implementing a traditional policy of operational risk transfer (to safeguard from breaches of law such as unloyalty of employees, theft and damages, transportation of values, IT fraud, fire and earthquakes, as well as liability with respect to third parties) aimed at mitigating the risk and averting any effect in terms of equity requirement. The insurance mitigation component of the internal model was subjected to regulatory validation through special application to the Bank of Italy during December 2012.

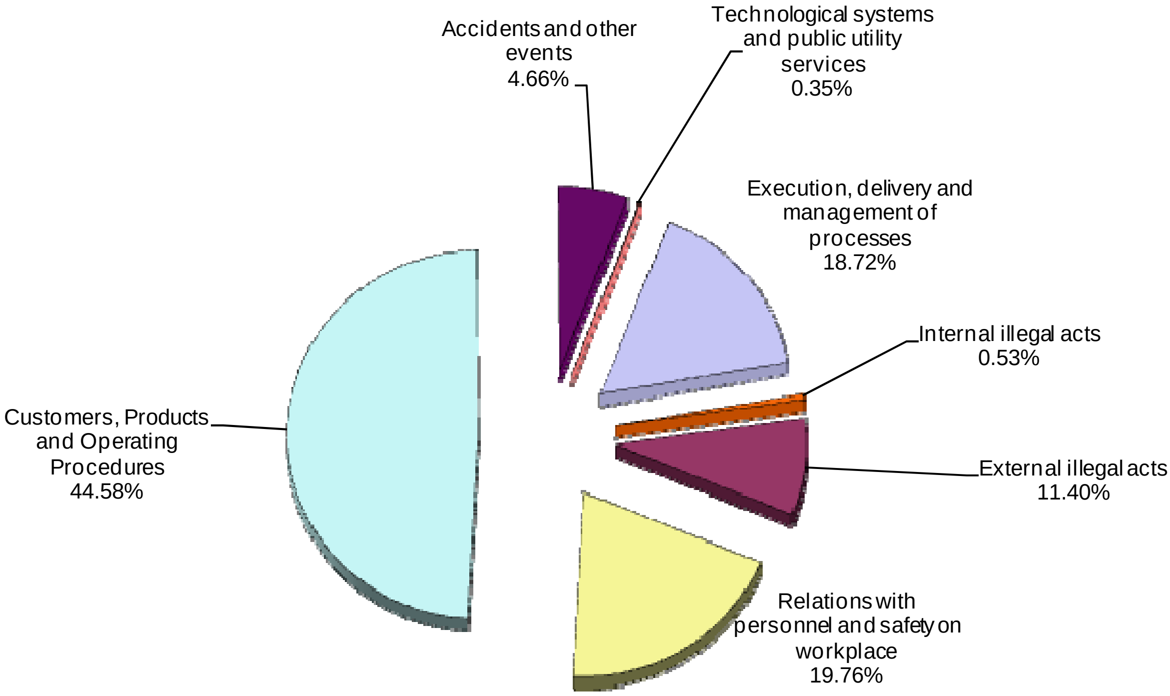
**QUANTITATIVE INFORMATION**

To determine the equity requirement, Banca CR Firenze and subsidiaries used the Advanced Method once again in 2012. The Regulatory body was informed of the use of this method in compliance with regulations, by the Parent Company Intesa Sanpaolo.

The breakdown of the operating losses (higher than the compulsory booking threshold established for the Group) booked during the year and broken down by type of event, is shown below.

### Impact of operating losses broken down by types of event

| | 2012 | |
|---|---|---|
| | impact of losses | % on total impact |
| **Overall total** | **10,803,956** | **100%** |
| Internal illegal acts | 56,836 | 0.53% |
| External illegal acts | 1,231,996 | 11.40% |
| Relations with personnel and safety on workplace | 2,135,305 | 19.76% |
| Customers, Products and Operating Procedures | 4,816,514 | 44.58% |
| *of which bankruptcy guarantees as per Art. 67 Law on Bankruptcy* | *177,023* | *1.64%* |
| Accidents and other events | 503,014 | 4.66% |
| Technological systems and public utility services | 37,421 | 0.35% |
| Execution, delivery and management of processes | 2,022,870 | 18.72% |



# Part F – Information on consolidated capital

## SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

### A. Qualitative Information

### B. Quantitative Information

#### *B.1. Consolidated shareholders' equity: breakdown by type of company*

(millions of euro)

| Shareholders' equity items | Group shareholders' equity | Consolidation entries and adjustments | Total | of wich minority interest |
|---|---|---|---|---|
| **Share capital** | **906** | **-** | **906** | **75** |
| **Share premiums** | **223** | **-** | **223** | **33** |
| **Reserves** | **463** | **-** | **463** | **50** |
| - Legal reserve | 185 | - | 185 | - |
| - Consolidation reserve | -111 | - | -111 | 50 |
| - Other reserves | 389 | - | 389 | - |
| **Capital instruments** | **-** | **-** | **-** | **-** |
| **(Own shares)** | **-** | **-** | **-** | **-** |
| **Valuation reserves:** | **-19** | **-** | **-19** | **2** |
| Financial assets available for sale | -6 | - | -6 | - |
| Property, plant and equipment | - | - | - | - |
| Intangible assets | - | - | - | - |
| Hedging of foreign investments | - | - | - | - |
| Cash flow hedge | - | - | - | - |
| Foreign exchange differences | - | - | - | - |
| Non-current assets under disposal | - | - | - | - |
| Actuarial gains (losses) on defined benefit plans | -17 | - | -17 | - |
| Changes in valuation reserve from equity investments measured using the equity method | - | - | - | - |
| Special revaluation laws | 4 | - | 4 | 2 |
| **Profit (Loss) for the year attributable to the Group and minorities** | **-20** | **-** | **-20** | **10** |
| **Total consolidated shareholders' equity** | **1,553** | **-** | **1,553** | **170** |

The components of the book Shareholders' Equity resulting from the consolidation of companies adhering to the Sub-holding perimeter are indicated in this column, inclusive results pertaining to third parties.

### *B.2. Valuation reserves of AFS financial assets: breakdown*

(millions of euro)

| Assets/Values | Group shareholders' equity | | Netting-offs and adjustments from | | Total as at 31.12.2012 | |
|---|---|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | - | -7 | - | - | - | -7 |
| 2. Equity securities | 2 | -1 | - | - | 2 | -1 |
| 3. UCITS units | - | - | - | - | - | - |
| 4. Loans | - | - | - | - | - | - |
| **Total as at 31.12.2012** | **2** | **-8** | **-** | **-** | **2** | **-8** |
| **Total as at 31.12.2011** | **4** | **-41** | **-** | **-** | **4** | **-41** |

### *B.3. Valuation reserves of AFS financial assets: annual changes*

(millions of euro)

| | Debt securities | Equity securities | UCITS units | Loans |
|---|---|---|---|---|
| 1. Opening balance | -40 | 2 | 1 | - |
| 2. Positive changes | 33 | - | 1 | - |
| 2.1 Increases in fair value | 33 | - | - | - |
| 2.2 Reversal to income statement of negative reserves | - | - | - | - |
| from impairment | - | - | - | - |
| from sale | - | - | - | - |
| 2.3 Other changes | - | - | 1 | - |
| 3. Decreases | - | -1 | -2 | - |
| 3.1 Decreases in fair value | - | -1 | -2 | - |
| 3.2 Impairment | - | - | - | - |
| 3.3 Reversal to income statement of positive reserves: from sales | - | - | - | - |
| 3.4 Other changes | - | - | - | - |
| 4. Closing balance | -7 | 1 | - | - |

# Part G – Business combinations of companies or business branches

## SECTION 1 - TRANSACTIONS CARRIED OUT IN THE YEAR

### 1.1 Business combination

No business combination transactions were carried out during the year concerning companies or business branches which required the acquisition of control of businesses or juridical entities.
Some non-recurring intercompany transactions, not included in the IFRS 3 standard provisions, were carried out instead and involved the transfer of business branches of juridical entities between companies included in the Intesa Sanpaolo Group and the Bank itself. In view of the mere reorganization purpose of these transactions, and in application of the Group accounting policy concerning this issue, they were accounted for consistently with the book values, without recognising any economic effects.
Intercompany transactions concluded for Banca CR Firenze and its subsidiaries during the year regarded:

- sale of 10 branches from CR Pistoia to CR Firenze (provinces of Prato and Firenze);
- sale of 12 branches from CR Pistoia to CR Bologna (province of Bologna);
- transfer of 18 branches from Intesa Sanpaolo to CR Pistoia (provinces of Pistoia, Lucca and Massa);
- transfer of 25 branches from CR Firenze to CR Pistoia (provinces of Pistoia, Lucca and Massa);
- sale of 2 branches from CR Firenze to CR Romagna (provinces of Rimini and Ravenna);
- sale of 1 branches from CR Firenze to CR Ascoli Piceno (province of Aquila);
- sale of 8 branches from CR Foligno to CR Ascoli Piceno (provinces of Macerata and Ancona);
- sale of 2 branches from CR Spoleto to CR Ascoli Piceno (provinces of Macerata);
- sale of 1 branch from CR Rieti to CR Ascoli Piceno (province of Aquila);
- transfer of 78 branches from Intesa Sanpaolo to CR Firenze and grouping of 16 branches and 8 conversions of Branches into Operating points;
- sale of 1 branch from CR Terni and Narni to Intesa Sanpaolo;
- sale of 1 branch from CR Castello to CR Firenze;
- spin-off of 23 branches from CR Firenze to Intesa Sanpaolo;
- spin-off of 32 operating points from CR Firenze to Cassa di Risparmio in Bologna;
- spin-off of 1 operating point from CR Firenze to Cassa di Risparmio del Veneto;
- incorporation of Casse di Risparmio dell'Umbria through the merger into Cassa di Risparmio di Spoleto into other three Banks operating on the territory (Cassa di Risparmio di Foligno, Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Terni e Narni) with redenomination of Cassa di Risparmio di Spoleto in Casse di Risparmio dell'Umbria;
- transfer of 10 branches from Intesa Sanpaolo to Casse dell'Umbria e grouping of 3 branches;
- sale of 17 branches from CR Firenze to Casse dell'Umbria e grouping of 9 branches;
- merger of Banca CRF Romania into ISP Romania;
- spin-off of the equity investment held in CR Ascoli in favour of Intesa Sanpaolo;
- sale of the equity investment held in Centro Factoring to Intesa Sanpaolo;
- sale of the equity investment held in Centro Leasing to Leasint.

**SECTION 2 – TRANSACTIONS PERFORMED AFTER BALANCE SHEET DATE**

After the end of 2012, no aggregation transactions were performed under the IFRS 3 standard.

# Part H – Information on compensation and transactions with related parties

## INFORMATION ON COMPENSATION AND TRANSACTIONS WITH RELATED PARTIES

### 1. Information on remuneration paid to the members of the boards of directors and auditors and to managers with strategic responsibilities

Below is the table showing the amounts relating to the remuneration paid to Directors, Statutory Auditors, the General Managers and to managers with strategic responsibilities of Banca CR Firenze and its subsidiary banks, as required by paragraphs 16 and 18 of IAS 24.

(millions of euro)

| | 31.12.2012 |
|---|---|
| Short-term benefits [(1)] | 9 |
| Benefits subsequent to the working relationship [(2)] | - |
| Other long-term benefits [(3)] | - |
| Indemnities for termination of the working relationship [(4)] | - |
| Payments in shares [(5)] | - |
| Total remuneration paid to managers with strategic responsibilities | 9 |

[(1)] Also includes fixed and variable remuneration of Directors, being similar to labour costs and social charges payable by the company for employees.

[(*)] Includes the maximum amounts related to the variable part of remuneration, which will be paid in money and/or in shares of the Parent company according to the Group remuneration and incentive policies, conditional to the assessment whether the assigned targets have been achieved and decisions of the Parent Company's competent Bodies.

[(2)] Includes company contribution to pension funds and allocation to employee termination indemnities pursuant to legislation and company regulations.

[(3)] Includes estimate of allocations for length of service awards for employees.

[(4)] Includes fees paid for early retirement incentive.

[(5)] Includes cost for stock option plans determined on the basis of IFRS 2 and charged to the consolidated financial statements.

### 2. Information on transactions with related parties

Below is the additional information on transactions and relations with related parties of Banca CR Firenze SpA and the companies included in the scope of consolidation, required in order to understand their potential effects on the consolidated financial statements.

It should be noted that, as from 31 December 2012, transactions with related parties are governed by the new Group Regulations for the management of transactions with related parties of Intesa Sanpaolo S.p.A. and Group-related entities, as approved by the Parent Company on 19 June 2012 and then adopted by subsidiaries. This Regulations were adopted in compliance with provisions set forth by Art. 2391-bis of the Italian Civil Code and Consob's related implementation provisions, as well as with provisions set out in Art. 53 of the TUB (Consolidated Banking Law) and related implementation provisions of the Bank of Italy aiming at presenting the objectivity and impartiality of decisions on the granting of loans and other transactions and averting any possible deviations in the allocation process of resources and the exposure of banks to risks not adequately monitored.

Responsibilities regarding the passing of resolutions, the preliminary methods and obligations on the reporting of these operations have been defined herein. As regards the periodic financial disclosure, law regulations and international accounting principles are still valid to prepare the annual and interim financial statements, according to IAS 24.

The subsidiaries draw up their financial reports using the setting of the related parties defined in the new IAS 24, which specified that subsidiaries of associated entities must be considered among related parties.

In conformity to the indications of article 18 of IAS 24, the information is reported separately for each category of related parties.

#### a) Parent Company

Control over Banca CR Firenze S.p.A. is held by Intesa Sanpaolo S.p.A., which manages and coordinates Banca CR Firenze S.p.A. and its subsidiaries. Control was acquired in January 2008.

On 15 June 2012, Banca CR Firenze renewed the adhesion to the domestic tax consolidation regime in order to obtain the related tax benefits.

While implementing the reorganization plan of the Intesa Sanpaolo Group trademarks, aimed at completing the Banca dei Territori organizational model which envisages the adoption of one single trademark at local level, the following was carried out in 2012:

- transfer of the business unit inclusive of 18 branches located in the provinces of Lucca, Massa and Pistoia from the Parent company Intesa Sanpaolo to Cassa di Risparmio di Pistoia e della Lucchesia, as from 23 July 2012;
- transfer of the business unit, inclusive of 78 branches located in the provinces of Arezzo, Florence, Grosseto, Livorno, Pisa, Prato, Siena and Viterbo from Intesa Sanpaolo S.p.A. to Banca CR Firenze, effective on 8 October 2012;
- disposal of the business unit through which the Parent company ISP acquired 1 branch located in Orte (VT) from Cassa di Risparmio di Terni e Narni (incorporated by Casse di Risparmio dell'Umbria, former CR Spoleto, effective on 26 November 2012), effective on 8 October 2012;
- spin-off by Banca CR Firenze in favour of Intesa Sanpaolo, of the business unit inclusive of 23 branches located in the provinces of Mantua and Rome and of 100% equity investment held in Cassa di Risparmio di Ascoli Piceno S.p.A., effective on 12 November 2012;
- transfer of the business unit, inclusive of 10 branches located in the province of Perugia e Terni, from the Parent company ISP to Casse di Risparmio dell'Umbria (former Cassa di Risparmio di Spoleto S.p.A.), starting from 17 December 2012.

In December 2012, within the rationalisation project of equity investments at Group level, with special reference to "product companies", the Bank sold equity investments equal to 41.77% of share capital in Centro Factoring S.p.A. and 30.10% in Centro Leasing S.p.A., respectively to the parent company Intesa Sanpaolo S.p.A. and Leasint S.p.A., recording a net capital gain to income statement of around € 3 million. It should be specified that this transaction, despite it has been carried out between entities under common control is economically relevant by reason of the fact that involves the purchase of minority interests of the aforementioned companied owned by entities external to the Group.

Special agreements govern the supply of services, on a continuous and centralised basis, by Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Group Services S.c.p.A. In 2012, the charges for these services amounted to around € 27 million and € 93 million, respectively.
Within the scope of the agreements with Intesa Sanpaolo Group Service, the supplies of information system management services, back-office services, property and purchase management services, organisation and security services, contact units, as well as services regarding personnel and training, legal issues and legal disputes and credit recovery have been arranged. The services more closely related to corporate governance (Credit, Planning, Commercial and Marketing services, etc.) on the other hand, have been arranged with the Parent Company.
Within the scope of the above-mentioned agreements, fees and service levels have been defined, at standard group terms and conditions, which allow the Bank to benefit from scale and scope economies at group level.

As at 31.12.2012, the consolidated net inter-bank position in relation to the Parent Company and other related parties was € -5,443 million, as specified in the table further ahead. This position comprises, in addition to the operations indicated above, Parent Company securities classified as "Loans & Receivables" for € 587 million.

### b) Entities who exercise a significant influence on the Company

No shareholder of Banca CR Firenze S.p.A. is able to exercise a remarkable influence over management for the purposes of IAS 24. However, Cassa di Risparmio di Firenze, both because it holds more than 2% of the shares of Intesa Sanpaolo and is a related party of the Parent Company according to the provisions of the aforementioned Regulation, and because it holds more than 10% of the shares of the Bank, in consideration of the agreements entered into with Intesa Sanpaolo and the statutory regulations currently in force, which guarantee representation within the Board of Director, is considered to be one of the Related Parties included among the Shareholders.

During 2012, no relevant transactions were carried out between Cassa di Risparmio di Firenze and Banca CR Firenze S.p.A..

### c) Subsidiaries

As regards the description of characteristics and reasons of the relations with subsidiaries, including the effects of the reorganisations at local level, reference is made to part H of the notes to the separate financial statements. Relations with subsidiaries within the scope of the Sub-holding have been netted.

d) Associated Companies

Amongst the companies with significant operations is Agriventure S.p.A., the group company specialised in consulting and assistance for initiatives regarding the farming and agri-alimentary sector. Amongst these companies and the Bank Networks, the terms of the supply of services have been contracted according to the service model that Agriventure implements with the Banche dei Territori. As at 31 December 2012 there are, almost exclusively related to Banca CR Firenze S.p.A., accounts payable to the above-mentioned companies in the amount of around € 6 million and other costs for services rendered, in the amount of around € 1.7 million.

e) Joint ventures

In 2012 there were no subjects in this category.

f) Manager with strategic responsibilities

This definition includes the members of the Governing and Supervisory Bodies, the General Manager, and the members of the Territories and Internal Auditing and Administration as well as Control Committees of Banca CR Firenze.

Information on the various kinds of remuneration paid to these managers is indicated in article 1.

The category also encompasses the members of the company bodies and management of the parent company Intesa Sanpaolo, considered as managers with strategic responsibilities. As at 31 December 2012, there were no relations reported with the above-mentioned entities.

g) Other related parties

This residual category includes, according to the new rules of IAS 24 in force from 1 January 2011, Intesa Sanpaolo S.p.A.'s other subsidiaries and associates, the Cassa di Risparmio di Firenze Staff Provident Fund, which has an independent legal status, and, in general, all the pension funds created for related parties, as well as the close relatives of key executives as specified in point (f) above and the economic activities in which executives or members of their families are involved.

It also includes those who, as stated earlier, fall within the category of related parties as a consequence of the extensions contained in the Rules referred to above.

While implementing the reorganization plan of the Intesa Sanpaolo Group trademarks, aimed at completing the Banca dei Territori organizational model which envisages the adoption of one single trademark at local level, the following was carried out in 2012 with subsidiaries of the Parent bank:

- sale of 2 branches located in the province of Rimini and Ravenna from Banca CR Firenze S.p.A. to CR Romagna S.p.A., effective on 24 September 2012, with a positive impact on the shareholders' equity of around € 0.2 million;
- spin-off of the business unit comprising 32 branches located in the provinces of Bologna, Ferrara, Modena and Reggio Emilia from Banca CR Firenze S.p.A. to Cassa di Risparmio in Bologna S.p.A, effective on 12 November 2012, reporting a reduction in the shareholders' equity of around € 43 million;
- spin-off of the business unit comprising 1 branch located in the province of Verona, from Banca CR Firenze S.p.A. to Cassa di Risparmio del Veneto S.p.A, effective on 12 November 2012, reporting a reduction in the shareholders' equity of around € 1 million;

As mentioned under letter a), the terms of supply of the operating services have been agreed with the Intesa Sanpaolo Group Services Consortium.

During 2012, Banca CR Firenze S.p.A. adhered to the framework agreement with Intesa Sanpaolo Vita S.p.A. for the implementation of the insurance and placement activities for supplementary pension benefits.

In view of the relevance of relations held, the related party was taken into consideration and the company Immobiliare Novoli S.p.A. was included in this residual category. (equity investment held by Banca CR Firenze and classified as "AFS", in the amount of around € 11 million).

During 2012, no transactions were carried out with Immobiliare Novoli S.p.A..

| | 31.12.2012 | |
|---|---|---|
| | Amount(millions of euro) | % weight |
| Total financial assets | 1,670 | 8.0 |
| Total other assets | 186 | 18.7 |
| Total financial liabilities | 6,888 | 31.7 |
| Total other liabilities | 118 | 19.6 |

| | 31.12.2012 | |
|---|---|---|
| | Amount(millions of euro) | % weight |
| Total Interest earned | 66 | 7.7 |
| Total Interest expense | - 126 | 58.6 |
| Total Commissions earned | 101 | 28.5 |
| Total Commissions expense | - 10 | 45.5 |
| Total operating costs | - 125 | 15.5 |

"Operating costs" primarily refer to the balance between costs for seconded personnel, net of related recoveries (around € +3 million) and Other operating costs (around € -128 million), mainly due to services supplied by Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Group Services S.c.p.A., and described at the aforementioned point 1, letter a).

(millions of euro)

| | Financial assets held for trading | Financial assets available for sale | Financial assets held to maturity | Amounts owing by banks | Customer loans | Other assets | Amounts owing to banks | Customer deposits | Financial liabilities held for trading | Other liabilities | Guarantees issued / received and commitments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Parent Company (a) | 12 | 5 | 3 | 1,220 | | 27 | 5,214 | | 4 | 40 | 48 |
| Subsidiaries | | | | | 5 | | | 2 | | | |
| Companies subject to joint control | | | | | | | | | | | |
| Associated companies (b) | | | | | | | | 6 | | | |
| Management with strategic responsibilities and control bodies | | | | | | | | 2 | | | |
| Other related parties (c) | 16 | 11 | | 17 | 381 | 159 | 1,466 | 14 | 180 | 78 | 54 |
| Total | 28 | 16 | 3 | 1,237 | 386 | 186 | 6,680 | 24 | 184 | 118 | 102 |
| Shareholders (*) | | | | | 2 | | | 20 | | | |

(*) Shareholders and their groups that hold a stake in Banca CR Firenze and Intesa San Paolo Sp.A's voting share capital exceeding 2% (calculated considering only shares owned).

(a) All the balances refer to relations with the Parent Company, Intesa Sanpaolo S.p.A.

(b) The amount of customer receivables of associated companies refers almost entirely to Agriventure S.p.A.

(c) As regards other related parties, accounts payable to banks primarily relate to relations with Societe' Europeenne de banque S.A. (€ 1,179 million) and Intesa Sanpaolo Bank Ireland Plc (€ 196 million); financial liabilities held for trading primarily relate to relations with Banca Imi.

# Exhibits

# Income statement reclassification criteria

As regards the income statement, the reclassifications involved:
- the dividends on shares classified as financial assets available for sale and held for trading, which were re-allocated in the framework of the "Result from trading"; in the same way, the figurative cost of the finance to buy share instruments for trading was re-allocated from the interest sector to the said "Result from trading";
- the portions of "Net interests", "Dividends and similar income", "Net commissions", "Result from trading", "Other expenses/income", "Gains (losses) from sale or repurchase of financial assets available for sale" and "Net result from financial assets and liabilities valued at fair value" regarding insurance activities, which were transferred to the insurance business item;
- the margins on interest earned and paid and collected on currency interest rate swap agreements envisaging the exchange of two variable rates, classified in the trading portfolio and entered into in order to hedge the raising of funds in foreign currency at variable rates, which were transferred to "Net interests" in view of the close relationship existing between them;
- "Net result from hedging", which was re-allocated to "Result from trading";
- "Gains (losses) from sale or repurchase of financial assets available for sale or of financial liabilities", which were re-allocated to "Result from trading";
- "Gains (losses) from sale or repurchase of loans", which were posted among "Value adjustments/write-backs for worsening of loans";
- Value adjustments/write-backs for worsening of other financial transactions" regarding guarantees, undertakings and credit derivatives, which were transferred to "Value adjustments/write-backs for worsening of loans";
- the reversal in time value on loans, which was recorded in Net interests instead of being recognised among "Value adjustments/write-backs for worsening of loans", since the phenomenon derives directly from the application of the amortised cost criterion, in the absence of changes in expected future cash flows; a consistent approach was adopted for the time value of staff termination pay and "Provisions for risks and charges - net";
- Write-downs of property, plant and equipment and intangible assets, which were excluded from "Value adjustments to property, plant and equipment and intangible assets" - which thus only express amortisation or depreciation - and were included into "Value adjustments/write-backs for worsening of other assets", to which are added "Value (adjustments)/write-backs for worsening of financial assets available for sale, held to maturity and other financial transactions";
- the component of "Gains (losses) from equity investments", which, together with "Profits (losses) on disposal of investments" and "Net result of valuation of property, plant and equipment and intangible assets at fair value", contributes to the formation of "Gains (Losses) from financial assets held to maturity and other investments", net of the results of the equity investments for the period measured on the basis of net shareholders' equity, recognised in a specific item under "Operating income";
- integration-related costs with Intesa Sanpaolo borne by Banca CR Firenze and its subsidiaries, which were reclassified, after tax, in their own right under "Staff costs", "Administrative expenses" and "Value adjustments/write-backs to property, plant and equipment and intangible assets";

# Balance sheet reclassification criteria

In order to offer a more immediately representation of the company's equity and financial situation, a summarised table of the suitably grouped assets and liabilities has been prepared, regarding:
- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the inclusion of the value of Hedging derivatives and Adjustment of the value of financial assets and liabilities subject to generic hedging among Other assets and Other liabilities;
- the combination of Plant and property and Intangible assets in a single caption;
- the combination of amounts Due to customers and Outstanding securities in a single caption;
- the grouping together of specific funds (Staff termination pay and Provisions for risks and charges) into a single caption;
- the combined indication of Reserves other than Valuation reserves, net of any own shares;
- the combination of Share Capital and any reimbursable shares in a single caption.

# Reconciliation statement between the reclassified consolidated income statement and the Bank of Italy income statement layout

*(millions of euros)*

| Reconciliation<br>Income Statement Lines<br>Bank of Italy | 31 December 2012 (*) | 31 December 2011 (*) |
|---|---|---|
| Line 30 - Interest margin | 645 | 646 |
| Line 30 - Impact of changes in the scope | 29 | 28 |
| Line 130 a) (partial) - Value (adjustments)/write-backs for worsening of loans (Time value allowances for loans) | 41 | 33 |
| Line 180 a) (partial) - Staff costs (Time value allowances on staff termination pay) | -7 | -8 |
| Line 190 (partial) - Provision for risks and charges - net (time value allowances on provisions for risks and charges) | 0 | -1 |
| **Net interests** | **708** | **698** |
| Line 70 - Dividends and similar income | 2 | 3 |
| Line 70 (partial) - Dividend and similar income (on dividends available for sale / held for trading) | 0 | -1 |
| Line 240 (partial) - Gains/(Losses) from equity investments (valuated under the equity method) | -20 | -3 |
| **Dividends and gains (losses) from equity investments valuated under the equity method** | **-18** | **-1** |
| Line 60 - Net commissions | 333 | 335 |
| Line 60 - (Partial) - Impact of changes in setting | 24 | 23 |
| Line 60 - (Partial) - Reclassification of expense for surveys on surrogate mortgages | -1 | -2 |
| **Net commissions** | **356** | **356** |
| Line 80 - Net result from trading | 10 | 8 |
| Line 80 - (Partial) - Impact of changes in setting | 2 | 2 |
| Line 90 - Net result from hedging | 2 | 0 |
| Line 100 b) - Gains/(Losses) from sale or repurchase of financial assets available for sale | 0 | 156 |
| Line 100 d) - Gains(Losses) from sale or repurchase of financial liabilities | 3 | 0 |
| Line 70 (partial) - Dividend and similar income (on dividends available for sale / held for trading) | 0 | 1 |
| **Result from trading** | **17** | **168** |
| Line 220 - Other operating (expense)/income | 127 | 128 |
| Line 220 - (Partial) - Impact of changes in the scope | 0 | -1 |
| Line 220 (Partial) - Other operating (expenses) income (recovery of legal charges from customers) | -45 | 0 |
| Line 220 (partial) - Other operating (expense)/income (recovery of deferred taxes) | 0 | -44 |
| **Other operating income (expenses)** | **82** | **83** |
| **Net operating income** | **1,145** | **1,304** |
| Line 180a) - Staff costs | -416 | -470 |
| Line 180a) - (Partial) - Impact of changes in the scope | -13 | -16 |
| Line 180a) - Staff costs (integration-related costs) | 12 | 61 |
| Line 180 a) (partial) - Staff costs (Time value allowances on staff termination pay) | 7 | 8 |
| **Staff costs** | **-410** | **-417** |
| Line 180b) - Other administrative expenses | -350 | -363 |
| Line 180a) - (Partial) - Impact of changes in the scope | -15 | -16 |
| Line 220 (partial) - Other operating (expense)/income (recovery of deferred taxes) | 45 | 44 |
| Line 180b) - Other administrative expenses (integration-related costs) | 2 | 8 |
| **Other administrative expenses** | **-318** | **-326** |
| Line 200 - Value (adjustments)/write-backs to property, plant and equipment | -24 | -23 |
| Line 210 - Value (adjustments)/write-backs to intangible assets | -1 | -0 |
| Line 210 (Partial) - Value (adjustments)/write-backs to intangible assets (impairment) | 1 | 0 |
| **Value adjustments/write-backs on property, plant and equipment and intangible assets** | **-24** | **-23** |
| **Operating costs** | **-752** | **-766** |
| **Operating result** | **393** | **538** |
| Line 190 - Provision for risks and charges - net | -1 | -7 |
| Line 190 - (Partial) - Impact of changes in the scope | 0 | -1 |
| Line 190 (partial) - Provision for risks and charges - net (time value allowances on provisions for risks and charges) | 0 | 1 |
| **Provisions for risks and charges - net** | **-1** | **-7** |
| Line 100 a) - Gains(Losses) from sale or repurchase of loans | -5 | -3 |
| Line 130 a) - Value (adjustments)/write-backs for worsening of loans | -339 | -237 |
| Line 130 a) - Value (adjustments)/write-backs for worsening of loans (Partial) Impact of changes in the scope | -25 | -12 |
| Line 130 a) (partial) - Value (adjustments)/write-backs for worsening of loans (Time value allowances for loans) | -41 | -33 |
| **Value adjustments/write-backs for worsening of loans** | **-409** | **-285** |
| Line 130 b) - Value (adjustments)/write-backs for worsening of financial assets available for sale | -5 | -5 |
| Line 210 (Partial) - Value (adjustments)/write-backs to intangible assets (impairment) | -1 | 0 |
| **Value adjustments/write-backs for worsening of other assets** | **-6** | **-5** |
| Line 240 - Gains/(Losses) from equity investments | -17 | -2 |
| Line 240 (partial) - Gains/(Losses) from equity investments (valuated under the equity method) | 20 | 2 |
| Line 270 - Gains/(Losses) from sale of investments | 3 | 61 |
| **Gains (Losses) on financial assets held to maturity and other investments** | **7** | **61** |
| **Gains (losses) from current operations, including taxes** | **-16** | **302** |
| Line 290 - Income taxes for the year on current operations | 11 | -36 |
| Line 290 - (Partial) - Impact of changes in the scope | 2 | -3 |
| Line 290 - Income taxes for the year on current operations (integration-related costs) | -4 | -19 |
| **Income taxes for the year on current operations** | **9** | **-58** |
| Line 310 - Gains/(Losses) associated with groups of assets being disposed, net of taxes | 0 | 5 |
| **Gains (Losses) associated with groups of assets being disposed (net of taxes)** | **0** | **5** |
| Line 330 - Minority interest net profit/(loss) | -10 | -8 |
| Line 330 - Minority interest net profit/(loss) - Partial (impact of changes in the scope) | -3 | -8 |
| **Profit/(Loss)** | **-20** | **233** |
| Integration-related costs (net of tax) | -10 | -51 |
| Integration-related costs (net of tax) - Change in scope of consolidation | 0 | 4 |
| **Integration-related costs (net of tax)** | **-10** | **-47** |
| **Net profit (loss)** | **-30** | **186** |

(*) The figures are presented proforma to backdate to 1 January 2012 and 2011 the effects of the area reorganisation transactions completed in 2012. Furthermore the 2011 figures are presented proforma excluding the contribution of the 11 branches, assigned to Cariparma in March that year, from the individual items. The imbalance caused by these transactions was reclassified to “Minority interest net profit/(loss)” in order to comply with the no-change criterion of the original net profit.

# Reconciliation statement between the reclassified consolidated balance sheet and the Bank of Italy balance sheet layout

(millions of euros)

| Reconciliation Balance sheet lines BANK OF ITALY | | 31 December 2012 | 31 December 2011 (*) |
|---|---|---|---|
| Lines of the reclassified balance sheet - Assets | Lines of the balance sheet - Assets | | |
| Financial assets held for trading | | 195 | 173 |
| | Line 20 - Financial assets held for trading | 195 | 173 |
| Financial assets available for sale | | 715 | 923 |
| | Line 40 - Financial assets available for sale | 715 | 923 |
| Financial assets held to maturity | | 39 | 39 |
| | Line 50 - Financial assets held to maturity | 39 | 39 |
| Amounts owing by banks | | 1,240 | 1,845 |
| | Line 60 - Amounts owing by banks | 1,240 | 1,845 |
| Customer loans | | 19,532 | 20,316 |
| | Line 70 - Customer loans | 19,532 | 20,316 |
| Equity investments | | 112 | 123 |
| | Line 100 - Equity investments | 112 | 123 |
| Property, plant and equipment and intangible assets | | 754 | 732 |
| | Line 120 - Property, plant and equipment | 385 | 398 |
| | Line 130 - Intangible assets | 369 | 334 |
| Tax assets | | 442 | 384 |
| | Line 140 - Tax assets | 442 | 384 |
| Non-current assets and groups of assets being disposed | | 2 | 2 |
| | Line 150 - Non-current assets and groups of assets being disposed | 2 | 2 |
| Other assets | | 954 | 845 |
| | Line 10 - Cash and cash on hand | 353 | 247 |
| | Line 160 - Other assets | 476 | 487 |
| | Line 80 - Hedging derivatives | 125 | 111 |
| Total assets | Total assets | 23,983 | 25,381 |
| Lines of the reclassified balance sheet - Liabilities an | Lines of the balance sheet - Liabilities and Shareholders' Equity | | |
| Amounts owing to banks | | 6,717 | 7,056 |
| | Line 10 - Amounts owing to banks | 6,717 | 7,056 |
| Customers deposits and outstanding securities | | 14,064 | 14,996 |
| | Line 20 - Customer deposits | 13,182 | 13,409 |
| | Line 30 - Outstanding securities | 882 | 1,588 |
| Financial liabilities held for trading | | 192 | 165 |
| | Line 40 - Financial liabilities held for trading | 192 | 165 |
| Tax liabilities | | 45 | 43 |
| | Line 80 - Tax liabilities | 45 | 43 |
| Liabilities associated with groups of assets being disposed | | 0 | 0 |
| | Line 90 - Liabilities associated with groups of assets being disposed | 0 | 0 |
| Other liabilities | | 1,077 | 681 |
| | Line 100 - Other liabilities | 942 | 600 |
| | Line 60 - Hedging derivatives | 52 | 35 |
| | Line 70 - Fair value change of financial liabilities in hedged portfolios (+/-) | 84 | 47 |
| Provisions for specific purpose | | 334 | 365 |
| | Line 110 - Provision for staff termination pay | 148 | 150 |
| | Line 120 - Provision for risks and charges | 186 | 214 |
| Share capital | | 831 | 829 |
| | Line 190 - Share capital | 831 | 829 |
| Reserves | | 603 | 648 |
| | Line 170 - Reserves | 414 | 546 |
| | Line 180 - Share premiums | 189 | 102 |
| | Line 200 - Own shares (-) | 0 | 0 |
| Valuation reserves | | -21 | -43 |
| | Line 140 - Valuation reserves | -21 | -43 |
| Minority interest | | 170 | 455 |
| | Line 210 - Minority interest (+/-) | 170 | 455 |
| Parent Company net profit | | -30 | 186 |
| | Line 200 - Net profit/(loss) (+/-) | -30 | 186 |
| Total liabilities and shareholders' equity | Total liabilities and Shareholders' Equity | 23,983 | 25,381 |

(*) The figures are presented proforma to backdate to 31 January 2011 the effects of the area reorganisation transactions completed in 2012.

# Reconciliation statement between the income statement figures published and those presented proforma at 31 December 2012

(thousands of euros)

| Items | | 31.12.2012 | 31.12.2011 PF | Changes absolute |
|---|---|---|---|---|
| 10. | Interest earned and similar income | 859,733 | 889,109 | -29,376 |
| 20. | Interest expense and similar charges | -214,699 | -242,737 | -28,038 |
| **30.** | **Interest margin** | **645,034** | **646,372** | **-1,338** |
| 40. | Commissions earned | 355,257 | 355,675 | -418 |
| 50. | Commissions expense | -22,311 | -20,687 | 1,624 |
| **60.** | **Net commissions** | **332,946** | **334,988** | **-2,042** |
| 70. | Dividends and similar income | 2,250 | 2,702 | -452 |
| 80. | Net result from trading | 10,410 | 8,252 | 2,158 |
| 90. | Result from hedging | 1,966 | 435 | 1,531 |
| 100. | Gains/(Losses) from sale or repurchase of : | -1,645 | 152,897 | -154,542 |
| | *a) loans* | *-4,717* | *-3,068* | *1,649* |
| | *b) financial assets available for sale* | *-55* | *155,965* | *-156,020* |
| | *c) financial assets held to maturity* | | - | - |
| | *d) financial liabilities* | *3,127* | - | *3,127* |
| 110. | Net result of financial assets and liabilities measured at fair value | - | - | - |
| **120.** | **Net banking revenues** | **990,961** | **1,145,646** | **-154,685** |
| 130. | Value (adjustments)/write-backs for worsening of: | -342,646 | -243,006 | 99,640 |
| | *a) loans* | *-338,698* | *-236,538* | *102,160* |
| | *b) financial assets available for sale* | *-4,184* | *-5,466* | *-1,282* |
| | *c) financial assets held to maturity* | | - | - |
| | *d) other financial transactions* | *236* | *-1,002* | *1,238* |
| **140.** | **Net result from financial activities** | **648,315** | **902,640** | **-254,325** |
| 150. | Net premiums | - | - | - |
| 160. | Balance of other income/expenses from insurance activities | - | - | - |
| **170.** | **Net result from financial and insurance activities** | **648,315** | **902,640** | **-254,325** |
| 180. | Administrative expenses: | -766,496 | -832,791 | -66,295 |
| | *a) staff costs* | *-416,324* | *-470,051* | *-53,727* |
| | *b) other administrative expenses* | *-350,172* | *-362,740* | *-12,568* |
| 190. | Provision for risks and charges, net | -953 | -7,410 | -6,457 |
| 200. | Value (adjustments)/write-backs to property, plant and equipment | -24,222 | -23,050 | 1,172 |
| 210. | Value (adjustments)/write-backs to intangible assets | -1,048 | -486 | 562 |
| 220. | Other operating (expense)/income | 126,608 | 128,061 | -1,453 |
| **230.** | **Operating costs** | **-666,111** | **-735,676** | **-69,565** |
| 240. | Gains/(Losses) from equity investments | -16,541 | -2,436 | 14,105 |
| 250. | Net result of valuation of property, plant and equipment and intangible assets at fair value | - | - | - |
| 260. | Impairment on goodwill | - | - | - |
| 270. | Gains/(Losses) from sale of investments | 3,279 | 60,529 | -57,250 |
| **280.** | **Gains/(Losses) from current operations, including taxes** | **-31,058** | **225,057** | **-256,115** |
| 290. | Income taxes for the year on current operations | 11,081 | -35,536 | 46,617 |
| **300.** | **Gains/(Losses) from current operations, net of taxes** | **-19,977** | **189,521** | **-209,498** |
| 310. | Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | 5,094 | -5,094 |
| **320.** | **Net profit/(loss)** | **-19,977** | **194,615** | **-214,592** |
| 330. | Minority interest net profit/(loss) | -9,764 | -8,492 | 1,272 |
| **340.** | **Parent Company net profit /(loss)** | **-29,741** | **186,123** | **-215,864** |

(1) The values were redetermined in application of IFRS 5 following the disposal of CR Spezia on 3 January 2011.

# Reconciliation statement between the income statement figures published and those presented proforma at 31 December 2011

*usands of euros)*

| Items | | 31.12.2011 | Sale of 11 branches to Cariparma | Sale of 12 branches CRPT to Carisbo | Transfer of 18 branches ISP to CR Pistoia e Lucchesia | Sale of 2 branches CRF to CariRomagna | Transfer of 78 branches ISP to CRF | Sale of 1 branch CRTER to ISP | Spin-off 23 branches CRF to ISP | Spin-off 32 branches CRF to Carisbo | Spin-off 1 branch CRF to CRV | Spin-off 10 branches ISP to CRUmbria | Merger CR Firenze Romania | Transfer of control of CR Ascoli to ISP | 31.12.2011 Proforma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10. | Interest earned and similar income | 889,109 | -1,332 | -5,504 | 12,003 | -192 | 61,340 | -326 | -21,772 | -14,528 | -432 | 7,659 | -3,067 | -13,398 | 909,560 |
| 20. | Interest expense and similar charges | -242,737 | - | | | | | | | | | | 1,225 | 3,143 | -238,369 |
| **30.** | **Interest margin** | **646,372** | **-1,332** | **-5,504** | **12,003** | **-192** | **61,340** | **-326** | **-21,772** | **-14,528** | **-432** | **7,659** | **-1,842** | **-10,255** | **671,191** |
| 40. | Commissions earned | 355,675 | -1,279 | -1,742 | 7,276 | -91 | 33,834 | -184 | -7,879 | -6,710 | -197 | 4,020 | -248 | -4,890 | 377,585 |
| 50. | Commissions expense | -20,687 | - | | | | | | | | | | 80 | 286 | -20,321 |
| **60.** | **Net commissions** | **334,988** | **-1,279** | **-1,742** | **7,276** | **-91** | **33,834** | **-184** | **-7,879** | **-6,710** | **-197** | **4,020** | **-168** | **-4,604** | **357,264** |
| 70. | Dividends and similar income | 2,702 | - | | | | | | | | | | - | -18 | 2,684 |
| 80. | Net result from trading | 8,252 | -81 | -95 | 469 | - | 2,731 | - | -363 | -418 | - | 314 | -251 | 15 | 10,573 |
| 90. | Result from hedging | 435 | - | | | | | | | | | | - | 46 | 481 |
| 100. | Gains/(Losses) from sale or repurchase of : | 152,897 | - | - | - | - | - | - | - | - | - | - | - | 13 | 152,910 |
| | *a) loans* | *-3,068* | - | | | | | | | | | | - | *13* | *-3,055* |
| | *b) financial assets available for sale* | *155,965* | - | | | | | | | | | | - | - | *155,965* |
| | *c) financial assets held to maturity* | - | - | | | | | | | | | | - | - | - |
| | *d) financial liabilities* | - | - | | | | | | | | | | - | - | - |
| 110. | Net result of financial assets and liabilities measured at fair value | - | - | | | | | | | | | | - | - | - |
| **120.** | **Net banking revenues** | **1,145,646** | **-2,692** | **-7,341** | **19,748** | **-283** | **97,904** | **-510** | **-30,014** | **-21,656** | **-629** | **11,993** | **-2,261** | **-14,803** | **1,195,102** |
| 130. | Value (adjustments)/write-backs for worsening of: | -243,006 | 8 | 8,984 | -11,109 | 127 | -39,818 | 24 | 17,640 | 11,919 | 983 | -3,884 | 486 | 6,373 | -251,273 |
| | *a) loans* | *-236,538* | *8* | *8,984* | *-11,109* | *127* | *-39,818* | *24* | *17,640* | *11,919* | *983* | -3,884 | *486* | *6,334* | *-244,844* |
| | *b) financial assets available for sale* | *-5,466* | - | | | | | | | | | | - | *32* | *-5,434* |
| | *c) financial assets held to maturity* | - | - | | | | | | | | | | - | - | - |
| | *d) other financial transactions* | *-1,002* | - | | | | | | | | | | - | *7* | *-995* |
| **140.** | **Net result from financial activities** | **902,640** | **-2,684** | **1,643** | **8,639** | **-156** | **58,086** | **-486** | **-12,374** | **-9,737** | **354** | **8,109** | **-1,775** | **-8,430** | **943,829** |
| 150. | Net premiums | - | - | | | | | | | | | | - | - | - |
| 160. | Balance of other income/expenses from insurance activities | - | - | | | | | | | | | | - | - | - |
| **170.** | **Net result from financial and insurance activities** | **902,640** | **-2,684** | **1,643** | **8,639** | **-156** | **58,086** | **-486** | **-12,374** | **-9,737** | **354** | **8,109** | **-1,775** | **-8,430** | **943,829** |
| 180. | Administrative expenses: | -832,791 | 2,489 | 4,743 | -18,860 | 856 | -66,954 | 290 | 15,532 | 18,681 | 452 | -10,232 | 1,997 | 15,873 | -867,924 |
| | *a) staff costs* | *-470,051* | *1,523* | *2,061* | *-9,998* | *385* | *-31,411* | *98* | *7,253* | *9,502* | *181* | *-5,162* | *1,432* | *10,383* | *-483,804* |
| | *b) other administrative expenses* | *-362,740* | *966* | *2,682* | *-8,862* | *471* | *-35,543* | *192* | *8,279* | *9,179* | *271* | *-5,070* | *565* | *5,490* | *-384,120* |
| 190. | Provision for risks and charges, net | -7,410 | 57 | | | | | | | | | | -257 | -216 | -7,826 |
| 200. | Value (adjustments)/write-backs to property, plant and equipment | -23,050 | - | | | | | | | | | | 98 | 215 | -22,737 |
| 210. | Value (adjustments)/write-backs to intangible assets | -486 | - | | | | | | | | | | 15 | - | -471 |
| 220. | Other operating (expense)/income | 128,061 | - | -356 | 1,622 | -62 | 5,965 | -18 | -1,040 | -1,260 | -26 | 872 | 53 | -829 | 132,982 |
| **230.** | **Operating costs** | **-735,676** | **2,546** | **4,387** | **-17,238** | **794** | **-60,989** | **272** | **14,492** | **17,421** | **426** | **-9,360** | **1,906** | **15,043** | **-765,976** |
| 240. | Gains/(Losses) from equity investments | -2,436 | - | | | | | | | | | | - | - | -2,436 |
| 250. | Net result of valuation of property, plant and equipment and intangible assets at fair value | - | - | | | | | | | | | | - | - | - |
| 260. | Impairment on goodwill | - | - | | | | | | | | | | - | - | - |
| 270. | Gains/(Losses) from sale of investments | 60,529 | - | | | | | | | | | | -10 | - | 60,519 |
| **280.** | **Gains/(Losses) from current operations, including taxes** | **225,057** | **-138** | **6,030** | **-8,599** | **638** | **-2,903** | **-214** | **2,118** | **7,684** | **780** | **-1,251** | **121** | **6,613** | **235,936** |
| 290. | Income taxes for the year on current operations | -35,536 | 41 | -2,228 | 3,353 | -197 | 921 | 54 | -1,804 | -3,121 | -276 | 748 | -6 | -1,278 | -39,329 |
| **300.** | **Gains/(Losses) from current operations, net of taxes** | **189,521** | **-97** | **3,802** | **-5,246** | **441** | **-1,981** | **-160** | **314** | **4,563** | **504** | **-503** | **115** | **5,335** | **196,607** |
| 310. | Gains (Losses) associated with groups of assets being disposed (net of taxes) | 5,094 | - | | | | | | | | | | - | - | 5,094 |
| **320.** | **Net profit/(loss)** | **194,615** | **-97** | **3,802** | **-5,246** | **441** | **-1,981** | **-160** | **314** | **4,563** | **504** | **-503** | **115** | **5,335** | **201,701** |
| 330. | Minority interest net profit/(loss) | -8,492 | 97 | -3,802 | 5,246 | -441 | 1,981 | 160 | -314 | -4,563 | -504 | 503 | -115 | -5,335 | -15,578 |
| **340.** | **Parent Company net profit /(loss)** | **186,123** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **186,123** |

# Reconciliation statement between the balance sheet figures published and those presented proforma at 31 December 2011

(thousands of euros)

| Assets | 31.12.2011 | Changes in the consolidation setting (*): Sale of 12 branches CRPT to Carisbo | Transfer of 18 branches ISP to CR Pistoia e Lucchesia | Sale of 2 branches CRF to CariRomagna | Sale of 1 branch CRF to CR Ascoli | branches CR Foligno to CR Ascoli | Sale of 2 branches CR Spoleto to CR Ascoli | Sale of 1 branch CR Rieti to CR Ascoli | Transfer of 78 branches ISP to CRF | Sale of 1 branch CRTER to ISP | Spin-off 23 branches CRF to ISP | Spin-off 32 branches CRF to Carisbo | Spin-off 1 branch CRF to CRV | Spin-off 10 branches ISP to CRUmbria | Merger CR Firenze Romania | Transfer of control of CR Ascoli to ISP | Transfer of control of Centro Factoring | 31.12.2011 Proforma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10. Cash and cash on hand | 293,061 | -1,162 | 2,541 | -155 | -26 | -699 | -150 | -153 | 10,282 | -144 | -2,844 | -2,836 | -72 | 1,188 | -33,943 | -18,244 | -2 | 246,642 |
| 20. Financial assets held for trading | 164,755 | -280 | 4,824 | | | | | | 43,992 | | -3,032 | -15 | | 3,400 | - | -38,700 | -1,511 | 173,433 |
| 30. Financial assets measured at fair value | - | | | | | | | | | | | | | | - | - | - | - |
| 40. Financial assets available for sale | 943,197 | | | | | | | | | | | | | | -20,134 | -479 | - | 922,584 |
| 50. Financial assets held for trading | 38,664 | | | | | | | | | | | | | | - | - | - | 38,664 |
| 60. Amounts owing by banks | 1,889,035 | | | | | | | | 207 | | | | | | -501 | -42,361 | -1,543 | 1,844,837 |
| 70. Customer loans | 22,170,430 | -331,781 | 527,792 | -16,822 | -9,671 | -93,827 | -8,737 | -21,424 | 2,462,213 | -13,742 | -946,443 | -728,289 | -18,620 | 355,222 | -105,378 | -1,214,728 | -1,689,823 | 20,316,372 |
| 80. Hedging derivatives | 113,633 | | | | | | | | | | | | | | - | -2,959 | - | 110,674 |
| 90. Fair value change of financial assets in hedged portfolios (+/-) | - | | | | | | | | | | | | | | - | - | - | - |
| 100. Equity investments | 128,150 | | | | | | | | | | | | | | - | -5,576 | - | 122,574 |
| 110. Actuarial reserves of reinsurers | - | | | | | | | | | | | | | | - | - | - | - |
| 120. Property, plant and equipment | 415,808 | -43 | 122 | -51 | | -2 | | | 1,369 | -1 | -342 | -674 | | 138 | -3,215 | -7,965 | -6,652 | 398,492 |
| 130. Intangible assets | 315,842 | | 11,900 | | | | | | 14,300 | | -6,200 | -8,400 | | 6,700 | -99 | - | -112 | 333,931 |
| of which: | | | | | | | | | | | | | | | - | - | - | - |
| *- goodwill* | *314,683* | | *11,900* | | | | | | *14,300* | | *-6,200* | *-8,400* | | *6,700* | - | - | - | 332,983 |
| 140. Tax assets | 410,129 | -18 | 1,092 | - | - | - | - | - | 4,911 | - | -2,261 | -3,400 | -2 | 273 | -78 | -15,856 | -11,103 | 383,687 |
| *a) current* | *68,106* | | *360* | | | | | | | | | | | - | *-78* | *-3,670* | - | *64,718* |
| *b) deferred* | *342,023* | *-18* | *732* | - | | | | | *4,911* | | *-2,261* | *-3,400* | *-2* | *273* | - | *-12,186* | *-11,103* | *318,969* |
| 150. Non current assets and groups of assets being disposed | 2,211 | | | | | | | | | | | | | | - | - | - | 2,211 |
| 160. Other assets | 523,093 | -694 | 2,203 | -66 | -51 | -724 | -59 | -139 | 7,346 | -9 | -3,609 | -11,173 | -133 | 854 | -342 | -25,943 | -3,305 | 487,249 |
| Total assets | 27,408,008 | -333,978 | 550,474 | -17,094 | -9,748 | -95,252 | -8,946 | -21,716 | 2,544,620 | -13,896 | -964,731 | -754,787 | -18,827 | 367,775 | -163,690 | -1,372,811 | -1,714,051 | 25,381,350 |

(*) 2011 balance sheet figures relating to the period before entry or exit of branches from the scope of consolidation of Banca CR Firenze.

(thousands of euros)

| Liabilities and Shareholders' equity | 31.12.2011 | Changes in the consolidation setting (*): Sale of 12 branches CRPT to Carisbo | Transfer of 18 branches ISP to CR Pistoia e Lucchesia | Sale of 2 branches CRF to CariRomagna | Sale of 1 branch CRF to CR Ascoli | Sale of 8 branches CR Foligno to CR Ascoli | Sale of 2 branches CR Spoleto to CR Ascoli | Sale of 1 branch CR Rieti to CR Ascoli | Transfer of 78 branches ISP to CRF | Sale of 1 branch CRTER to ISP | Spin-off 23 branches CRF to ISP | Spin-off 32 branches CRF to Carisbo | Spin-off 1 branch CRF to CRV | Spin-off 10 branches ISP to CRUmbria | Merger CR Firenze Romania | Transfer of control of CR Ascoli to ISP | Transfer of control of Centro Factoring | 31.12.2011 Proforma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10. Amounts owing to banks | 9,707,088 | -290,921 | 235,265 | -13,958 | -7,278 | -54,088 | -5,291 | -8,071 | 756,398 | -7,304 | -750,670 | -498,928 | -14,221 | 77,921 | -75,049 | -467,935 | -1,527,202 | 7,055,756 |
| 20. Customer deposits | 12,844,896 | -42,148 | 287,698 | -2,436 | -2,411 | -40,039 | -3,260 | -12,718 | 1,423,096 | -6,125 | -209,535 | -207,847 | -3,786 | 180,491 | -70,315 | -669,074 | -57,623 | 13,408,864 |
| 30. Outstanding securities | 1,595,060 | -73 | 2,659 | | | -164 | | -63 | 1,417 | | -100 | -2,945 | | 681 | - | -8,909 | - | 1,587,563 |
| 40. Financial liabilities held for trading | 117,292 | -7 | 1,880 | | | | | | 47,053 | | -27 | -3,623 | | 3,579 | - | -1,049 | - | 165,098 |
| 50. Financial liabilities measured at fair value | - | | | | | | | | | | | | | | - | - | - | - |
| 60. Hedging derivatives | 34,519 | | | | | | | | | | | | | | - | - | - | 34,519 |
| 70. Fair value change of financial liabilities in hedged portfolios (+/-) | 47,404 | | | | | | | | | | | | | | - | -863 | - | 46,541 |
| 80. Tax liabilities | 47,078 | - | - | - | - | - | - | - | 1 | - | - | - | - | - | -98 | -501 | -3,344 | 43,136 |
| *a) current* | *27,509* | | | | | | | | *1* | | | | | | - | *-297* | *-3,210* | *24,003* |
| *b) deferred* | *19,569* | | | | | | | | | | | | | | *-98* | *-204* | *-134* | *19,133* |
| 90. Liabilities associated with groups of assets being disposed | - | | | | | | | | | | | | | | | - | | - |
| 100. Other liabilities | 713,573 | -677 | 5,342 | -688 | | -562 | -380 | -488 | 153,567 | -410 | -2,874 | -2,696 | -9 | 76,359 | -17,887 | -204,720 | -117,893 | 599,557 |
| 110. Provision for staff termination pay | 145,511 | -86 | 3,178 | -5 | -50 | -315 | -10 | -161 | 11,617 | -54 | -758 | -1,808 | -18 | 1,988 | - | -6,944 | -1,630 | 150,455 |
| 120. Provision for risks and charges | 228,225 | -66 | 2,542 | -7 | -9 | -84 | -5 | -215 | 5,439 | -3 | -767 | -2,264 | -6 | 1,057 | -341 | -12,816 | -6,359 | 214,321 |
| *a) provisions for pensions and similar obligations* | *36,056* | | *265* | | | | | | *1,246* | | | | | *269* | - | *-3,851* | - | *33,985* |
| *b) other provisions* | *192,169* | *-66* | *2,277* | *-7* | *-9* | *-84* | *-5* | *-215* | *4,193* | *-3* | *-767* | *-2,264* | *-6* | *788* | *-341* | *-8,965* | *-6,359* | *180,336* |
| 130. Technical reserves | - | | | | | | | | | | | | | | - | - | - | - |
| 140. Valuation reserves | -42,511 | | | | | | | | | | | | | | | | | -42,511 |
| 150. Reimbursable shares | - | | | | | | | | | | | | | | | | | - |
| 160. Equity instruments | - | | | | | | | | | | | | | | | | | - |
| 170. Reserves | 545,904 | | | | | | | | | | | | | | | | | 545,904 |
| 180. Share premiums | 102,261 | | | | | | | | | | | | | | | | | 102,261 |
| 190. Share capital | 828,836 | | | | | | | | | | | | | | | | | 828,836 |
| 200. Own shares (-) | - | | | | | | | | | | | | | | | | | - |
| 210. Minority interest (+/-) | 306,749 | | 11,910 | | | | | | 146,032 | | | -34,676 | -787 | 25,699 | | | | 454,927 |
| 220. Net profit/(loss) | 186,123 | | | | | | | | | | | | | | | | | 186,123 |
| Total liabilities and Shareholders' equity | 27,408,008 | -333,978 | 550,474 | -17,094 | -9,748 | -95,252 | -8,946 | -21,716 | 2,544,620 | -13,896 | -964,731 | -754,787 | -18,827 | 367,775 | -163,690 | -1,372,811 | -1,714,051 | 25,381,350 |

(*) 2011 balance sheet figures relating to the period before entry or exit of branches from the scope of consolidation of Banca CR Firenze.

# Part two
# Separate Financial Statements

# Financial highlights and alternative performance measures

*(millions of euros)*

| Income statement figures | 31 December 2012 pro-forma (1) | 31 December 2011 pro-forma (1) | Changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Net interests | 338 | 337 | 1 | 0.3% |
| Net commissions | 190 | 187 | 3 | +1.6% |
| Result from trading | 10 | 164 | -154 | -93.9% |
| Net operating income | 567 | 730 | -163 | -22.3% |
| Operating costs | 359 | 372 | -13 | -3.5% |
| Operating result | 208 | 358 | -150 | -41.9% |
| Value adjustments/write-backs for worsening of loans | 203 | 157 | 46 | +29.3% |
| Net profit (loss) | 6 | 181 | -175 | -96.7% |

| Balance sheet figures | 31 December 2012 | 31 December 2011 pro-forma (1) | Changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Customer loans | 11,017 | 11,454 | -437 | -3.8% |
| Direct borrowing | 8,187 | 8,838 | -651 | -7.4% |
| Indirect borrowing | 12,290 | 11,877 | 413 | +3.5% |
| *of which: Asset management* | *5,352* | *4,999* | *353* | *+7.1%* |
| Total assets | 14,668 | 15,236 | -568 | -3.7% |
| Shareholders' equity | 1,584 | 1,751 | -167 | -9.5% |

| Operating structure | 31 December 2012 | 31 December 2011 | Changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Number of employees | 3,126 | 3,212 | -86 | -2.7% |
| *Italy* | *3,126* | *3,212* | *-86* | *-2.7%* |
| Number of bank branches (2) | 319 | 367 | -48 | -13.1% |
| *Italy* | *319* | *367* | *-48* | *-13.1%* |

| Earning ratios | 31 December 2012 pro-forma (1) | 31 December 2011 pro-forma (1) | Changes |
|---|---|---|---|
| Cost / income ratio (3) | 63.3% | 64.5% | -1.2% |
| Net profit (loss) / Average shareholders' equity (ROE) (4) | -0.33% | 0.54% | -0.9% |

| Risk ratios on loans | 31 December 2012 pro-forma (1) | 31 December 2011 pro-forma (1) | Changes |
|---|---|---|---|
| Net doubtful loans / Net customer loans | 4.51% | 3.48% | +1.02% |
| Adjustments to doubtful loans/Gross doubtful customer loans | 59.3% | 61.7% | -2.3% |

(1) The figures are presented proforma to backdate to 1 January 2012 and 2011 the effects of the area reorganisation transactions completed in 2012. Furthermore, the 2011 figures are presented proforma to backdate to 1st January that year the effects of the assignment of 11 branches to Cariparma. The imbalance between costs and revenue calculated from pro-forma restatement was allocated to "Gains (Losses) on financial assets held to maturity and other investments" to allow comparison of net profit (loss).

(2) The figure includes the Retail Branches, Business Centres and Treasury Centres.

(3) Operating costs/Net operating income. In order to guarantee a better comparison with 2012, the 2011 figure was calculated excluding the capital gain from sale of the investment in Findomestic Banca from net operating income.

(4) Normalised net result related to the share capital average, share premiums, reserves and valuation reserves during the period in question. The 2012 net profit was normalised to exclude the effects of impairment write-downs of certain operating property assets and the equity investments in Immobiliare Novoli and Brain Technology (classified as AFS), the capital gain from disposal of the Centro Leasing and Centro Factoring investments, the tax benefit from the freeing-up of goodwill following the area reorganisation transactions, the total income taxes subject to reimbursement claims pursuant to Law Decree 201/2011 (the "Monti Decree") and Law Decree 16/2012 for recognition of the higher portion of IRAP relating to staff costs as deductible for IRES purposes, integration-related costs and resignation incentives. The net profit for 2011 was normalised, excluding the effects of disposal of the investment in Findomestic Banca and CR Spezia, sale of the property in Via Bufalini and the assignment of 11 branches to Cariparma, the tax benefits deriving from the freeing of goodwill, the portion of allocations to the provision for risks connected to certain legal disputes, the write-down of the investment in Immobiliare Novoli S.p.A. (classified in the AFS portfolio) and expenses for integration and resignation incentives.

# Report on operations

# Banca CR Firenze results

## General aspects

The Report on operations that accompanies the consolidated financial statements illustrates the performance of Banca CR Firenze S.p.A. and its subsidiaries in 2012. This report will present the financial statements of Banca CR Firenze S.p.A. and will refer to the information contained in the above Report, where necessary, mainly as regards the information surrounding the integration with the Parent Company Intesa Sanpaolo.
In order to allow for a homogeneous comparison, the figures for the two years have been presented proforma to take into account the changes in perimeter occurred following the assignment of 11 branches to Cariparma (in March 2011) and the geographical reorganisation transactions carried out in 2012. In order to maintain the same net profit for the period, the imbalance between costs and revenues generated by the creation of the proforma presentation was allocated to "Gains (Losses) from financial assets held to maturity and other investments".

The "Exhibits" to the financial statements contain the reclassification criteria and the reconciliation statement between the reclassified balance sheet and income statement and the Bank of Italy income statement layout.

## Reclassified consolidated income statement

(millions of euros)

| | 31 December 2012 Proforma | 31 December 2011 Proforma | Changes absolute | Changes % |
|---|---|---|---|---|
| Net interests | 338 | 337 | 1 | 0.3% |
| Dividends and gains (losses) from equity investments valuated under the equity m | 21 | 34 | -13 | -38.2% |
| Net commissions | 190 | 187 | 3 | 1.6% |
| Result from trading | 10 | 164 | -154 | -93.9% |
| Other operating income (expenses) | 8 | 8 | - | 0.0% |
| **Net operating income** | **567** | **730** | **-163** | **-22.3%** |
| Staff costs | -200 | -207 | 7 | -3.4% |
| Other administrative expenses | -148 | -154 | 6 | -3.9% |
| Value adjustments/write backs on property, plant and equipment and intangible as | -11 | -11 | - | - |
| **Operating costs** | **-359** | **-372** | **13** | **-3.5%** |
| **Operating result** | **208** | **358** | **-150** | **-41.9%** |
| Impairment on goodwill | - | 0 | - | 0.0% |
| Provisions for risks and charges - net | - | -9 | 9 | -100.0% |
| Value adjustments/write-backs for worsening of loans | -203 | -157 | -46 | 29.3% |
| Value adjustments/write-backs for worsening of other assets | -6 | -5 | -1 | 20.0% |
| Gains (Losses) on financial assets held to maturity and other investments | -4 | 31 | -35 | n.s. |
| **Gains (losses) from current operations, including taxes** | **-4** | **218** | **-222** | **n.s.** |
| Income taxes for the year on current operations | 16 | -11 | 27 | n.s. |
| Integration-related costs and resignation incentives (net of taxes) | -6 | -25 | 19 | -76.0% |
| Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | 0 | - | 0.0% |
| **Net profit (loss)** | **6** | **181** | **-175** | **-96.7%** |

Banca CR Firenze closed 2012 with a net profit of € 6 million compared with € 181 million in 2011. The presence of non-recurring income components in both years makes it necessary to highlight the impact of these extraordinary events, in order to make the results more comparable:

- 2012: € 11 million of positive effect on the net profit, generated by the capital gain on the sale of the investment in Centro Leasing and Centro Factoring for € 3 million, the freeing of goodwill arisen from the assignment of 78 branches by the Parent Company for € 8 million and from the recording of receivables (€ 11 million) corresponding to the amount of taxes, related to the years from 2007 to 2011, which were subject to requests for refunds in accordance with Legislative Decree no. 201/2011 (so-called "Monti Decree") and Legislative Decree no. 16/2012 for the recognition of deductibility for IRES purposes of the higher portion of IRAP on staff costs. These impacts were only partially offset by the negative impact of the write-down for impairment of minority interests and UCITS classified in the AFS portfolio, of some instrumental properties totalling € 5 million euro and of the costs of integration and resignation incentives sustained for further € 6 million.

- 2011: € 172 million of positive effect on the net profit, generated by the capital gain on the sale of the residual investments in Findomestic Banca for € 143 million, on the property in Via Bufalini in Florence, for € 16 million, and on the assignment of eleven branches to Cariparma for € 32 million, as well as the freeing of goodwill booked to the consolidated financial statements for € 29 million; these events were partially absorbed by expenses for integration and resignation incentives for € 25 million, the capital loss on the sale of the investment in CR Spezia for € 15 million, certain provisions linked to legal disputed for about € 3 million and the write-back of the stake (classified in the AFS portfolio) in Immobiliare Novoli S.p.A. for € 5 million.

Excluding these non-recurrent components from both years, the 2012 net profit would be down € 14 million on the corresponding figure for the previous year.

The reclassified income statement shows net operating income of € 565 million, down approximately 22% on the previous year.

Net interest, which contributes to the total of net operating income by 60.0%, increased by € 1 million compared with 2011. The modest increase was mainly due to the slight reduction in market rates which characterised especially the second half of 2012; this phenomenon led to a squeeze in the rates applied to medium/long-term loans (mostly index-linked) and, at the same time, partially reabsorbed the effect on the actions put in place on short-term loans, aimed at adjusting their pricing following the deterioration of the customers' creditworthiness. Moreover, the aggregate in question was affected by an extraordinary negative item amounting to € 2 million related to the reversal of interest, pertaining to previous years, erroneously accrued on mortgages that had benefited from the suspension of the payment of instalments following the agreements included in the "Family Plan".

Dividends and gains (losses) from equity investments valuated under the equity method, which represent 3.5% of the net operating income, show a reduction of € 13 million. This trend was due to the fact that in 2011 the companies controlled by Banca CR Firenze recorded lower profits by approximately € 36 million compared with 2010, and this had a negative impact on the distributed portion. More in detail, the lower disbursements were those deriving from CR Ascoli Piceno (€ -3 million), CR Viterbo (€ -3 million), CR Pistoia e Lucchesia (€ -3 million) and CR Foligno (€ -2 million).

Net commissions, representing approximately 34% of the net operating income, increased by € 3 million, predominantly due to the "Current account" segment and, to a lesser extent, the "Collection and payment services" and "Portfolio management" segments. Conversely, there was a decrease in the contribution of "Dealing and placement of securities" (due to lower commissions collected on the placement of securities issued by Group companies, with volumes going from € 1.3 to 0.7 billion) and "Distribution of insurance products".

The result from trading settled at € 10 million, highlighting a marked increase compared to the € 164 million of the previous year, which had benefited by the capital gain on the sale of the last 25% of the investment held in Findomestic Banca, of € 154 million (gross of taxes).

Operating costs settled at € 359 million, showing a 3.5% decrease on annual basis. Staff costs, which represent 55.6% of the segment, decrease by € 7 million, benefiting from the reduction on the average number of staff by 115 units over the two years; this saving would have been even more significant if we take into account the fact that the 2011 figure included net contingent assets for € 5 million (€ 2 million in 2012). Administrative expenses decreased by about 4%, mainly due to the lower charges for properties and services received by the Intesa Sanpaolo Group companies, while amortisation of intangible assets and depreciation of tangible assets remain unchanged.

As a result of these trends, the operating result amounts to € 208 million, down approximately 42% on the comparison figure, while the cost/income increases by approximately 13 percentage points (from 51.0% to 63.3%). Moreover, if we exclude the capital gain on the sale of Findomestic from 2011, the margin in question would be in line with the figures of last year, and the efficiency index would show a decrease by over one percentage point, going from 64.6% in 2011 to 63.4% in 2012.

Provisions for risks and charges – net did not have a relevant impact on the income statement for 2012, because the new required allocations found a perfect fit in the provisions allocated in previous year and exceeding the actual requirements, while in 2011 there were net provisions for € 9 million.

At the end of 2012, the value adjustments/write-backs for worsening of loans increased by € 46 million compared with the previous year (+29.3%) due to higher write-downs affecting non-performing and restructured loans (€ +16 million), doubtful loans (€ +21 million) and expired/overdue loans (€ +14 million), while the performing components saw net adjustments decrease by € 5 million. For more details on gross and net exposures of the various loan categories, please see the table in the following paragraph "Reclassified balance sheet" dedicated to the quality of loans. As regards their degree of coverage, the overall index rose by almost one percentage point from 6.99% to 7.92%, while that on performing loans went up from 0.85% to 0.90%.

Value adjustments/write-backs for worsening of other assets settle at € 6 million, up on the write-downs for € 5 million in the previous year; in 2012, the value adjustments in questions refer to the investment in Immobiliare Novoli S.p.A. and Brain Technology S.p.A. (classified in the AFS portfolio), instrumental properties and certain UCITS held in the property portfolio. In 2011 the adjustments were almost entirely due to Immobiliare Novoli S.p.A.

Gains (Losses) on financial assets held to maturity and other investments as of 31 December 2012 record a negative balance of € 4 million. This amount includes the capital gain from the sale of the investment in Centro Leasing and Centro Factoring, profit from the sale of properties totalling € 4 million as well as a negative balance of € 8 million whose sole purpose was to neutralise the imbalance between costs and revenues deriving from the proforma transaction, as already mentioned at the beginning of this chapter. Similarly, 2011 includes the original € 45 million (profit from the sale of properties to Ente CR Firenze for € 26 million and from the assignment of 11 branches to Cariparma for € 33 million, as well as the capital loss of € 14 million deriving from the sale to Cariparma of the investment in CR Spezia) to which a negative amount of € 14 million must be added due to the aforesaid reasons.

The current result gross of taxes is negative for € 4 million, clearly down on the € 218 million of 2011 (net of non-recurring transactions, the margin in question would limits its reduction to € 31 million).

The positive balance of the income taxes for the year on current operations was determined by the presence of extraordinary items, mainly attributed to the freeing of goodwill arisen from the assignment of 78 branches by the Parent Company (€ +8 million) and from the recording of receivables for € 11 million corresponding to the amount of taxes, related to the years from 2007 to 2011, which were subject to requests for refunds in accordance with Legislative Decree no. 201/2011 (so-called "Monti Decree") and Legislative Decree no. 16/2012 for the recognition of deductibility for IRES purposes of the higher portion of IRAP on staff costs.

The Integration- related costs and resignation incentives , net of taxes, amount to € 8 million, clearly down on the € 35 million of the previous year. In both years, these costs refer almost entirely to the allocations for resignation incentives deriving from the agreement signed on 29 July 2011 by Intesa Sanpaolo S.p.A. (in the capacity of Parent Company) and by the national Trade Unions, within the scope of the 2011-2015 Business Plan. The impact of the charges in question net of tax for 2012 and 2011 amounted to € -6 million and € -25 million, respectively.

The net profit for the year settles at € 6 million.

## Reclassified balance sheet

*(millions of euros)*

| Assets *(millions of euros)* | 31 December 2012 | 31 December 2011 PF | Changes absolute | Changes % |
|---|---|---|---|---|
| Financial assets held for trading | 140 | 135 | 5 | 3.8% |
| Financial assets available for sale | 698 | 909 | -211 | -23.2% |
| Amounts owing by banks | 314 | 539 | -225 | -41.7% |
| Customer loans | 11,017 | 11,454 | -437 | -3.8% |
| Equity investments | 1,157 | 967 | 190 | 19.6% |
| Property, plant and equipment and intangible assets | 460 | 433 | 27 | 6.2% |
| Tax assets | 298 | 279 | 19 | 6.9% |
| Non current assets and groups of assets being disposed | 0 | 0 | 0 | 0.0% |
| Other assets | 585 | 521 | 64 | 12.3% |
| **Total assets** | **14,668** | **15,236** | **-568** | **-3.7%** |

| Liabilities *(millions of euros)* | 31 December 2012 | 31 December 2011 PF | Changes absolute | Changes % |
|---|---|---|---|---|
| Amounts owing to banks | 3,970 | 3,685 | 285 | 7.7% |
| Customers deposits and outstanding securities | 8,187 | 8,838 | -651 | -7.4% |
| Financial liabilities held for trading | 153 | 151 | 2 | 1.0% |
| Tax liabilities | 20 | 34 | -14 | -41.8% |
| Other liabilities | 572 | 578 | -7 | -1.1% |
| Provisions for specific purpose | 183 | 198 | -15 | -7.8% |
| Share capital | 831 | 829 | 3 | 0.3% |
| Reserves | 760 | 777 | -17 | -2.2% |
| Valuation reserves | -14 | -37 | 23 | -61.9% |
| Parent Company net profit | 6 | 181 | -175 | -96.6% |
| **Total liabilities and shareholders' equity** | **14,668** | **15,236** | **-568** | **-3.7%** |

(*) The 2011 figures are presented proforma to backdate to 1 January that year the effects of the area reorganisation transactions completed in 2012.

An analysis of balance sheet items shows the following.

**Customer loans** decreased by € 437 million compared with the end of 2011 (-3.8%), with a trend especially due to the contraction of the "Mortgages" segment (€ -317 million) and of the type of loans other than current accounts and mortgages, which decreased by € 332 million euro. Conversely, current accounts grew by € 212 million. Also during 2012, the economic situation continued to be difficult, with consequent repercussions on **credit quality**; the table below shows the trend of the main aggregates.

*(millions of euros)*

| *(millions of euros)* | 31 December 2012 | | | | 31/12/2011 PF | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross exposure | Total adjustments | Net exposure | Coverage ratio | Gross exposure | Total adjustments | Net exposure | Coverage ratio |
| Doubtful loans | 1,221 | 724 | 497 | 59.3% | 1,042 | 643 | 399 | 61.7% |
| Non-performing and restructured loans | 698 | 123 | 575 | 17.6% | 647 | 121 | 526 | 18.6% |
| Expired/overdue loans | 100 | 10 | 90 | 10.0% | 57 | 6 | 51 | 11.1% |
| **Impaired assets** | **2,019** | **857** | **1,162** | **42.4%** | **1,746** | **770** | **976** | **44.1%** |
| Performing loans | 9,945 | 90 | 9,855 | 0.90% | 10,569 | 91 | 10,478 | 0.86% |
| **Customer loans** | **11,964** | **947** | **11,017** | **7.92%** | **12,315** | **861** | **11,454** | **6.99%** |

| *Amounts in %* | 31 December 2012 | 31/12/2011 PF |
|---|---|---|
| *Risk index (Net impaired assets / Net customer loans)* | 10.5 | 8.5 |
| *Net non-performing loans / Net customer loans* | 4.5 | 3.5 |

Impaired loans, which amount to € 1,162 million, highlighted an overall increase from the beginning of 2012 of € 186 million, with growth of about 19%; more than half of this change is attributable to doubtful loans (€ +98 million), while non-performing and restructured loans increased by € 49 million and expired/overdue loans by € 39 million. Maintenance of the high level of loan monitoring is however proven by the rise in the degree of hedging of both performing loans (which rose from 0.86% to 0.90%) and of the total of loans (which went from 6.99% to 7.92%).

Over the last twelve months, customer financial assets have decreased by 2.8%, exclusively due to the contraction in direct borrowing; the latter amounts to € 8,187 million, down by 7.4% on the previous year (€ -651 million), even though this change was solely determined by the own bond reaching maturity (€ -652 million), only partially offset by the growth of current and deposit accounts by € 1 million.

Indirect borrowing, about 56% of which is accounted for by the component under administration, with the remaining 44% accounted for by the component under management, amounts to € 12,290 million and records an increase of 3.5% compared to the previous year ( € +413 million). This increase was mainly due to the component under management (€ +353 million), which in particular benefited from the higher volumes of the mutual investment funds held by customers (€ +201 million) and of the insurance products (€ +97 million).

As regards the net interbank position the negative imbalance has increased, going from € 3,146 million at the end of 2011 to € 3,656 million at the end of 2012, also following the current funding policy which, as mentioned earlier, no longer allows for the issue of own bonds for placement on the market, in compliance with the Group policy.

Equity investments show an increase by approximately € 190 million, due to the combination of purchases and sales linked to the geographical reorganisation and the optimisation of the investment portfolio.

## The regulatory capital

*(millions of euros)*

| | 31 December 2012 | 31 December 2011 | Changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Primary capital net of deductions (tier 1) | 1,185 | 1,276 | -91 | -7.1% |
| Supplementary capital net of deductions (tier 2) | 124 | 375 | -251 | -66.9% |
| Regulatory capital | 1,309 | 1,651 | -342 | -20.7% |
| Credit risks | 637 | 683 | -46 | -6.8% |
| Market risks | 1 | | | |
| Operating risk | 63 | 58 | 5 | 8.6% |
| Other requirements | | | | |
| Other computation elements | -175 | -185 | 10 | -5.5% |
| Total prudential requirements | 526 | 556 | -30 | -5.4% |
| Risk-weighted assets | 6,575 | 6,948 | -373 | -5.4% |
| Primary capital / Risk-weighted assets (tier 1 capital ratio) | 18.02% | 18.37% | -0.34% | |
| Regulatory capital / Risk-weighted assets (total capital ratio) | 19.91% | 23.76% | -3.85% | |

In compliance with the instructions in Bank of Italy Circular no. 263/2006, Tier 1 and Tier 2 elements were adjusted downwards, separately and by an equal amount, for prudential ratio calculation purposes, except for contributions from insurance business which, as these refer to relations arising prior to 20 July 2006, continue to be deducted from the total.

The Tier 1 ratio is essentially in line with the amounts of the previous year, as the decrease in capital requirements was offset by an equal percentage decrease in primary capital. The Total Capital ratio shows a decline by four percentage points due to the significant decrease in supplementary capital mainly deriving from the repayment of a subordinated liability amounting to approximately € 200 million.

# Other information

This Report on operations comprises only the comment on the Bank’s performance and the relative alternative performance measures. For all other information required by the law, please refer to the Consolidated report on operations or the notes to the separate financial statements.
Reference should be made to the Consolidated report on operations particularly for:

- information on risks and uncertainties, insofar as the same considerations made in the corresponding paragraph that accompanies the consolidated financial statements are valid;
- risks relating to the Bank's financial stability and status as an ongoing concern, which were looked at in detail in the introduction to the Report on Operations of the Consolidated Financial Statements; reference should be made to Part F of the notes to the Financial Statements for information on capital;
- the information required by article 123-bis of the Consolidated Law on Finance.

Please refer to the notes to these separate financial statements with regard to:

- the list of subsidiaries, associated companies and companies subject to significant influence as of 31 December 2012, as reported in Part B;
- information on company risks (lending, financial and operational), as illustrated in Part E;

## Information on relations with related parties

Transactions with Intesa Sanpaolo and its subsidiaries were carried out in observance of the principles of substantial correctness and the current laws, and were regulated on the basis of tariffs in line with market prices. These transactions enabled the Bank to benefit from considerable economies of scale and of purpose at Group level and to optimise its operational efficiency levels. For information on relations with the Parent Company and the effects that such relations have had on operations and on the economic and income results reported in these financial statements, as well as on relations with subsidiaries, associated companies and other Intesa Sanpaolo Group companies, please see Part H of the notes to the financial statements “Information on compensation and transactions with related parties”.
A summary of the main balance sheet relationship in existence as of 31 December 2012 and the income statement transactions carried out in 2012 between the Bank and the Intesa Sanpaolo Group companies is provided in the table below.

| *(millions of euros)* | Assets | Liabilities | Income | Charges |
|---|---|---|---|---|
| **Parent Company** | | | | |
| *Relations with banks* | | | | |
| INTESA SANPAOLO SPA - PARENT COMPANY (excl. International Branch | 326 | 2,913 | 13 | - 65 |
| **Total** | **326** | **2,913** | **13** | **- 65** |
| **Group subsidiaries** | | | | |
| *Relations with banks* | | | | |
| BANCA IMI S.p.A. | 85 | 228 | 96 | - 137 |
| SOCIETE' EUROPEENNE DE BANQUE S.A. | - | 923 | - | - 14 |
| CASSA DI RISPARMIO DI PISTOIA E DELLA LUCCHESIA S.p.A. | 2 | 1 | 2 | - 0 |
| CASSA DI RISPARMIO DI CIVITAVECCHIA S.P.A. | 1 | 0 | 1 | 0 |
| CASSA DI RISPARMIO IN BOLOGNA S.p.A. | 0 | 0 | 0 | - 1 |
| CASSA DI RISPARMIO DELLA PROVINCIA DI VITERBO S.p.A. | 1 | 0 | 1 | - 2 |
| CASSA DI RISPARMIO DI ASCOLI PICENO S.p.A. | 1 | 0 | 1 | - 1 |
| CASSA DI RISPARMIO DI RIETI S.p.A. | 1 | 1 | 1 | - 3 |
| CASSE DI RISPARMIO DELL'UMBRIA S.p.A. | 3 | 68 | 3 | - 3 |
| INTESA SANPAOLO ROMANIA S.A. | 10 | - | 0 | - |
| **Total relations with banks** | **104** | **1,222** | **105** | **- 160** |
| *Relations with financial companies and other Group subsidiaries* | | | | |
| EURIZON CAPITAL S.A. | 2 | - | 13 | - |
| EURIZON CAPITAL SGR S.p.A. | 6 | 0 | 15 | - 0 |
| INTESA SANPAOLO ASSICURA S.p.A. | 0 | 0 | 2 | - 0 |
| CENTRO FACTORING S.p.A. | 10 | 0 | 0 | 0 |
| CENTRO LEASING S.p.A. | 229 | 1 | 2 | - 0 |
| INTESA SANPAOLO VITA S.p.A. | 23 | 2 | 20 | 0 |
| MONETA S.p.A. | 1 | - | 2 | - |
| LEASINT S.p.A. | 1 | 1 | 1 | - |
| MEDIOFACTORING S.p.A. | 9 | 0 | 0 | - 0 |
| SETEFI - SERVIZI TELEMATICI FINANZIARI | 0 | 6 | 0 | - 5 |
| INTESA SANPAOLO GROUP SERVICES S.c.p.A. | 2 | 10 | 0 | - 51 |
| INFOGROUP S.c.p.A. | 0 | 6 | 0 | - 0 |
| IMMOBILIARE NUOVA SEDE S.R.L. | 126 | 1 | 6 | - 6 |
| **Total relations with financial companies and other Group subsidiaries** | **409** | **26** | **61** | **- 62** |
| **Overall total** | **839** | **4,161** | **180** | **- 288** |

In general, no atypical or unusual transactions were carried out in 2012 by the company (neither with related parties nor with entities other than related parties) that, in terms of significance or relevance, may have raised doubts as to the safeguard of the corporate assets.

### Transactions with the parent company

The transactions with the Parent Company referred mainly to:

- the support by Intesa Sanpaolo to the financial needs of the Bank, in the form of loans;
- the use of the Bank's liquidity at the Parent Company;
- the outsourcing relationships that regulate auxiliary services provided to the company by Intesa Sanpaolo;
- the agreements between the Bank and the Parent Company on the placement of bond loans and the distribution of Intesa Sanpaolo's products and/or services or, more in general, assistance and advice.

## Transactions with subsidiaries and associated companies

### a) subsidiaries

The supply of professional services in the managerial area (administration, auditing, compliance, external relations, privacy) and certain operational areas (back-office, cash management and real estate) has been established by contract with them, in line with the sub-holding model. More in detail, the following transactions were carried out in 2012:

- sale of business branch through which the Bank acquired 10 branches of Cassa di Risparmio di Pistoia e Lucchesia S.p.A. (former Cassa di Risparmio di Pistoia S.p.A.) located in the provinces of Prato and Firenze;

- transfer of a business branch represented by 25 branches located in the provinces of Massa, Lucca and Pistoia, by Banca Cr Firenze to Cassa di Risparmio di Pistoia e della Lucchesia S.p.A.;

- sale of a business branch by Banca CR Firenze S.p.A. to Cassa di Risparmio di Ascoli Piceno S.p.A. consisting of 1 branch located in L'Aquila;

- sale of business branch through which Banca CR Firenze purchased from Cassa di Risparmio di Castello (incorporated by Casse di Risparmio dell'Umbria formerly CR Spoleto) 1 branch located in Arezzo;

- spin-off of a business branch represented by 17 branches located in the province of Perugia, handed over to Casse di Risparmio dell'Umbria S.p.A. (già Cassa di Risparmio di Spoleto S.p.A.).

Moreover, the instrumental company Infogroup has a sphere of operation extended to the Intesa Sanpaolo Group as a whole (particularly for IT activities supporting corporate banking), while the instrumental company Immobiliare Nuova Sede S.r.l. curated the realisation of the complex which has housed the general management of Banca CR Firenze S.p.A., which financially supported the initiative, since May 2009. The premises owned by Immobiliare Nuova Sede are rented to Banca CR Firenze on the basis of an agreement expiring on 19 April 2013.

### b) associated companies

The other company with significant operationality is Agriventure S.p.A., the group company specialised in consulting and assistance for initiatives regarding the farming and agri-alimentary sector. With this company, the Bank has contracted the terms of the supply of services according to the service model that Agriventure implements with Banche dei Territori for approximately € 1.5 million for 2012.

## Transactions with the Key Management of the Bank or of the Parent Company

The relations between the Bank and the Key Management form part of the Bank's normal operations and are established at market conditions, and agreements reserved to employees and/or contractors apply if the requirements are met.

## Transactions with other related parties

The main transactions with other related parties, meaning with this mostly "subsidiaries of the ISP Group", mainly refer to:

- the supplies of services such as information system management, back-office, property and purchase management, organisation and security, contact unit, staff and training, legal and disputes, credit recovery by Intesa Sanpaolo Group Services;
- the agreements between the Bank and the Group product companies (including Banca IMI) on the placement and distribution of Group products and/or services or, more in general, assistance and advice.

The relations between the Bank and the other related parties, of a residual nature compared with those relations mentioned earlier, form part of the normal operations and are established at market conditions, as in the case of other non-related counterparties of similar creditworthiness and, in any case, based on mutual economic advantage, in accordance with the existing laws.

# 2013 Outlook

As regards the outlook of Banca CR Firenze for 2013, the forecast is in line with the indications of the consolidated financial statements.

# Proposals to the shareholders' meeting

Dear Shareholders,

We ask you to approve the Bank's financial statements for the period ended on 31 December 2012, accompanied by the Report on operations and consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement, the notes to the financial statements and the exhibits thereto, prepared by the Board of Directors, showing a net profit for the period ended on that date of € 6,154,242.62.

In the light of the above, we move the following allocation of the net profit for the 2012 period, envisaging a 75% payout and, therefore, the assignment of € 0.00540 to every share that is entitled to receive a dividend on coupon detachment date, 13 May 2013:

| | |
|---|---|
| • no contribution to the legal reserve, as the entity of said reserve has reached the quota of one fifth of the share capital, as required by the Italian Civil Code and envisaged by article 26.1, letter a), of the Articles of Association | - |
| • to other reserves, to increase the shareholders' equity | € 1,541,790.29 |
| • available to the Shareholders' Meeting to be disbursed to promote the Company's ethos or image, resolved by the Shareholders' Meeting pursuant to article 26.1, letter a) of the Articles of Association | € 123,084.86 |
| • to the holders of shares, € 0.00540 for each share held on coupon detachment and payment date: 13 May 2013 | € 4,489,367.47 |

If you adopt the motion for the approval of the financial statements and the allocation of the profit for the period as set out above, the amounts in the items making up the Bank's shareholders' equity will not change and will therefore be as follows:

| | (amounts in euros) |
|---|---|
| - Share capital | € 831,364,347.00 |
| - Share premiums | € 189,357,248.96 |
| - Legal reserve | € 185,073,535.95 |
| - Statutory reserve | € 10,974,876.65 |
| - Valuation reserves | -€ 14,174,391.42 |
| - Other reserves | € 376,543,203.52 |
| **Total shareholders' equity** | **€ 1,579,138,820.66** |

The Board of Directors of Banca CR Firenze S.p.A.

# Certification of the separate financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned, Giuseppe Morbidelli, representing the Board of Directors and Egidio Mancini, in his capacity as the manager in charge for the preparation of the company accounting documents of Banca CR Firenze, hereby certify, pursuant to art. 154 bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
   – the appropriateness of the financial statements with regard to the nature of the bank and
   – the effective application of administrative and accounting procedures in preparing the separate financial statements during 2012.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures to draw up the separate financial statements as of 31 December 2012 took place on the basis of methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems[1].

3. The undersigned also certify that:

3.1 The separate financial statements as of 31 December 2012:
- have been prepared in compliance with applicable International Financial Reporting Standards recognised by the European Community pursuant to European Parliament and Council Regulation n. 1606/2002 of 19 July 2002;
- correspond to the entries in the books and accounting records;
- give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and of the companies included in the scope of consolidation.

3.2 The report on operations includes a fair review of the development and operating result, as well as of the position of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties that they face.

Florence, 4 March 2013

For the Board of Directors
The Chairman
[signature]
Giuseppe Morbidelli

Manager in charge for the preparation of the company accounting documents
[signature]
Egidio Mancini

[1] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

# Report of the Board of Statutory Auditors

**Report of the Board of Statutory Auditors to the Shareholders' Meeting of Banca CR Firenze, convened to approve the financial statements for 2012, in accordance with Article 2429 of the Civil Code**

Dear Shareholders,

The Board of Statutory Auditors reports on the activities that it has conducted in accordance with Article 2403 and following articles of the Civil Code, Article 153 of the Consolidated Financial Law (Legislative Decree 58/1998 as subsequently amended and added to) and in compliance with Bank of Italy and Consob instructions.
This report is signed by just two members of the Board of Statutory Auditors, because the Board of Directors, in its meeting of 28 January 2013, declared to have suspended the third Statutory Auditor in accordance with article 6 of the Ministerial Decree no. 161 of 18 March 1998.
The Financial Statements and the Report on operations, accompanied by the Consolidated Financial Statements, were handed over to the Board of Statutory Auditors by the Board of Directors on 4 March 2013, after shareholders, the Board of Directors and the Independent Auditors KPMG had waived the terms referred to in article 2429 of the Civil Code. This report is deposited today, after the Board of Statutory Auditors was able to carry out its tasks beforehand.
The Board of Statutory Auditors therefore informs you of the outcome of its activities.

<u>**Supervision of observance of the law and the articles of association**</u>

During 2012, the Board of Statutory Auditors, with the aid of Internal Auditing and the Banks auditing structures, supervised the observance of the law in general and of the Articles of Association.

- **Meetings of the Board of Directors, the Executive Committee, the Board of Statutory Auditors and the Supervisory Body, pursuant to Legislative Decree 231/2001**
  During the year of reference, the Statutory Auditors attended all 19 meetings of the Board of Directors and all 23 meetings of the Executive Committee. The meetings were held in observance of the Articles of Association, regulations and legislation regulating them. During these meetings, the General Manager reported on the activities pursued and on the exercise of the proxies inside the Bank, informing the Board of Statutory Auditors on the performance of operations and the periodical economic results, also comparing them with the approved budget.
  During the year, the Board of Statutory Auditors held 17 meetings during which it performed the verifications and tasks assigned to it. Moreover, by virtue of being appointed by the Shareholders' Meeting of 24 April to perform the supervision functions pursuant to Legislative Decree 231/2001, as provided for by article 14, sub-section 12 of the Law no. 183 of 12/11/2011 (Provisions for the formation of the annual and pluriannual State Budget – so-called "Stability law 2012"), this Board met 9 times during the year in its capacity as Supervisory Body, in accordance with Legislative Decree 231/2001.
  The Board of Statutory Auditors carried out the self-assessment required by the Regulatory Instructions for the corporate organisation and governance of banks issued by the Bank of Italy on 4 March 2008, verifying its adequacy in terms of power, operation and composition, taking into account the size, complexity and the activity pursued by the Bank.
- **Reports issued in compliance with the laws in force**
  The Board of Statutory Auditors issued the reports required on the basis of the laws in force.
- **Requirements/laws of the Supervisory Body**
  With reference to the requirements and/or verifications of Bank of Italy, the Board of Statutory Auditors, during its monitoring activities, did not become aware of any specific requirements which the Bank did not pursue.

The requests for further details received by the Bank with regard to transparency and actions to prevent money laundering were also carefully monitored.

- **Reports pursuant to article 2408 of the Italian Civil Code and customer claims and complaints**
  The Board of Statutory Auditors has not received any reports in accordance with article 2408 of the Italian Civil Code.
  The Board of Statutory Auditors verified the management of the complaints sent to the Bank by customers, recommending they are dealt with immediately and regularly monitoring the activity of the competent offices.

On the basis of the information received, the Board is able to declare that no illegal transactions, outside the bank's business purpose or in contrast with the Articles of Association or the resolutions of the Shareholders' Meeting and Board of Directors, were entered into.

**Supervisory activity regarding the respect of the principles of correct administration**

The Board of Statutory Auditors has acquired awareness of and supervised, where applicable, the principle of correct administration, not only by attending the meetings of the Board of Directors and the Executive Committee, but also through direct observation, acquisition of information and regular meetings with the General Manager, the Managers of the main Corporate Functions, the Manager appointed to draw up the corporate accounting documents and with the Independent Auditors KPMG S.p.A.

- **Transactions with greater impact on profitability, financial position and equity**
  The Board of Statutory Auditors scrutinised the transactions with greater impact on profitability, financial position and equity, finding that they conformed to the law and to the Articles of Association, and states that it did not find any manifestly imprudent or reckless transactions, nor any transactions that were likely to jeopardize the integrity of the corporate assets. These transactions, which were also favourably viewed from the point of view of the absence of potential conflicts of interest, are fully described in the Report on operations.
- **Atypical and/or unusual transactions and transactions with related parties**
  The Board of Statutory Auditors is not aware of any atypical and/or unusual transactions having taken place during the year.
  As regards transactions between group companies, these took place mainly with companies managed by the Parent Company Intesa Sanpaolo, with the aim of optimising activities and rationalising the Group's structure.
  The main transactions with related parties have been adequately illustrated by the Directors in the Reports on operations and/or in the Notes to the Financial Statements, both separate and consolidated.
  During the year, the Board expressed its consent, in compliance with art. 136 of the Consolidated Banking Law, with regard to transactions carried out directly or indirectly by exponents of the Intesa Sanpaolo Banking Group.

On the basis of the information obtained, the Board is in a position to state that the principles of correct administration appear to be observed.

**Supervision of the adequacy of the organisational structure and internal audit system**

**Organisational structure**

The Board, also via various meetings with the managers of the Bank and the Functions concerned, acknowledges that it has pursued the analysis and monitoring of the organisational structure and of the procedures linking it to the Parent Company business functions during the year and within the scope of its assignments, particularly focusing on the mechanisms used to govern risks connected with the activities of the structures analysed and the suitability of the informative flows. Moreover, the Board favourably acknowledged the adaptation to the supervision made in application of the recent Bank of Italy's regulation on related and associated parties – which came into force on 31 December 2012 – particularly of the setting up of a specific Committee responsible for verifying the substantial and procedural correctness of the transactions with related parties. With reference, therefore, to the adequacy of the organisational structure, with respect to its capacity to supervise the territory and of governance, the Board of Statutory Auditors believes that, on the whole, it can be considered as responding to the complexity and particularities of the activity that the Bank is required to perform.

**Internal audit system**

During the year, the Board paid particular attention to the continuation of an adequate level of effectiveness of the presidia aimed at mitigating risks.

The Board supervised the evolution of the activities of the Conformity Function via regular meetings with the Manager of the function and examined the reports received from the Function on the assessment of non-conformity risks and the relative governance methods. By virtue of the now completed integration of processes and procedures, the Board expressed its favourable opinion on the centralisation of this Function onto the Parent Company.

The Board received information on the checks performed by the Bank's Branch Audit, on the Central Structures and on the Subsidiaries, through numerous meetings with the Manager of the Function, the discussion of the regular reports and other information transmitted. It also received systematic information on the checks carried out by the Parent Company Audit structures on the central functions that supply centralised services to the territorial components of Banca dei Territori. From the activities carried out, the Board found confirmation of the quali-quantitative adequacy of the Audit Function with respect to the tasks assigned to it.

In relation to the adaptation to the new instructions of the Bank of Italy on the matter of organisation, procedures and internal controls to prevent money laundering, implementing Legislative Decree 231/07, the Board fulfilled the need to strengthen its supervisory role, particularly checking the process of implementation of the new overall architecture of the system used for the management and control of the risk of money laundering and funding terrorism.

Throughout 2012, whilst performing its institutional functions, in its capacity as Supervisory Body in accordance with Legislative Decree 231/2001, the Board constantly supervised over the regular conduct of the operations and the conformity of the Bank's processes, also in order to prevent or detect the onset of unusual and risky behaviour or situations, through direct interventions on the Functions or by verifying the conduct of the Functions in charge of the control (primarily Internal Auditing and Compliance) and adopting, where applicable, the necessary measures within its remit; particular attention was devoted to the ongoing assessment of the staff training around segment 231.

In conclusion and in consideration of the monitoring activity carried out by the Board, there is no reason to report significant shortcomings in the internal audit system.

**Supervision of the adequacy of the administrative-accounting system and the legal auditing of the annual accounts and the consolidated accounts.**

**Adequacy of the administrative-accounting system**

The Board of Statutory Auditors supervised the adequacy of the administrative-accounting system mainly through periodical meetings with the Manager Appointed and with the Independent Auditor, finding a situation of reliability and suitability for the correct reporting of the operating events, also in the complex corporate reorganisation operations. To this end, the half-yearly evidence presented by the Director Appointed within the scope of "Reports on the internal audits functional to Financial reporting" was acknowledged in accordance with Legislative Decree 262/05.

With regard to the issues relating to the way in which the accounting system works, as highlighted in the Letter of Suggestions by the independent auditor, the Board discussed with the auditor and the Director Appointed the validity of the comments and the improvements entered into.

The Board states that it has checked, insofar as appropriate, the observance of the laws and regulations regarding the formation, arrangement and schedules of the financial statements, as well as the report on operations and other accompanying documents, also using the information acquired from the Independent Auditor.

The Board of Statutory Auditors acknowledged the certification pursuant to article 154-bis of Legislative Decree 58/98, issued on 4 March 2013, signed by the Chairman of the Bank and the Director Appointed, for the assessment of the adequacy and effective application of the procedures functional to the financial reporting of the Bank in relation to 2012.

**Auditing of the annual accounts and the consolidated accounts**

Following a specific meeting with the Independent Auditor KPMG S.p.A., which were appointed to audit the accounts for the years 2012-2020, the Board of Statutory Auditors acknowledged that, in the legal audit of the financial statements as of 31 December 2012, there were no critical situations.
As soon as the report, drawn up by the independent auditor PricewaterhouseCoopers S.p.A. in fulfilment of art. 19 of Legislative Decree 39/2010, on the fundamental matters that emerged during the auditing of the accounts and particularly on significant shortcomings found in the internal audit system in relation to the financial reporting process is ready, the Board will examine it and has examined the 2012 auditing activity plan. During meetings with the aforementioned company, confirmation of the fact that no significant shortcomings emerged from said report was issued.

**Supervision of the independence of the Independent Auditor.**

The Independent Auditor transmitted certification of its independence in accordance with article 10, paragraph 9 of Legislative Decree 39/2010. Also on the basis of this, the Board of Statutory Auditors independently checked the fulfilment of said requirement.
During 2012, the Bank and the subsidiaries did not assign KPMG S.p.A further tasks in addition to the legal auditing of the accounts or, in any case, relating to it. The Board has also no reason to believe that the Bank has assigned tasks to parties or companies linked to KPMG S.p.A. by ongoing relationships.

**Conclusions**

The Board of Statutory Auditors, following that reported and insofar as applicable, has no objections, even taking into account the cautionary level of the prudential coefficients relating to the Regulatory Capital, to raise in relation to the proposals for resolution presented by the Board of Directors with regard to the approval of the financial statements and the allocation of profit.
This Meeting marks the end of the three-year mandate assigned to the Board of Statutory Auditors. While thanking you for your trust, we would like to invite you to appoint the Board for the next three year.

Florence, 11 March 2013

**The Auditors**

Chairman of the Board	Rosalba Casiraghi

Statutory Auditor	Carlo Angelini

# Independent Auditors' Report

KPMG

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
Viale Niccolò Machiavelli, 29
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## Relazione della società di revisione ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39 e dell'art. 165 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
Banca CR Firenze S.p.A.

1 Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dallo stato patrimoniale, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalla relativa nota integrativa, della Banca CR Firenze S.p.A. chiuso al 31 dicembre 2012. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05, compete agli amministratori della Banca CR Firenze S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione emessa da altro revisore in data 12 marzo 2012.

3 A nostro giudizio, il bilancio d'esercizio della Banca CR Firenze S.p.A. al 31 dicembre 2012 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa della Banca CR Firenze S.p.A. per l'esercizio chiuso a tale data.

4 Come richiesto dalla legge, gli amministratori della Società hanno inserito nella nota integrativa i dati essenziali dell'ultimo bilancio approvato della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della Banca CR Firenze S.p.A. non si estende a tali dati.

5 La responsabilità della redazione della relazione sulla gestione in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della Banca CR Firenze S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e della specifica sezione denominata "Relazione sul governo societario e gli assetti proprietari" inclusa nella relazione sulla gestione del bilancio consolidato, limitatamente alle informazioni di cui al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98 presentate nella specifica sezione della relazione sulla gestione del bilancio consolidato sono coerenti con il bilancio d'esercizio della Banca CR Firenze S.p.A. al 31 dicembre 2012.

Firenze, 15 marzo 2013

KPMG S.p.A.

Andrea Rossi
Socio

# Separate financial statements

Banca CR Firenze S.p.A. (the "Bank") is required to prepare the Separate financial statements in compliance with EC Regulation no. 1606/2002, Legislative Decree no. 38 of 26 February 2005 ("IAS Decree") and the Bank of Italy's Circular Letter no. 262 of 22 December 2005 and subsequent update on 18 November 2009 - "Financial statements of Banks:

The financial statements for the 2012 financial year are accompanied by Report on operation, and are made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements, which have been drawn up in the form required by the Circular Letter indicated above, as well as of the following exhibits:

a) reconciliation statement between the reclassified consolidated balance sheet and income statement and the Bank of Italy layout, reclassified for the purposes of the Report on Operations;
b) list of financial assets available for sale ("AFS"), consisting of minority interests acquired for investment purposes held at year-end;
c) list of the IAS/IFRS approved by the European Commission as of the closing date of the year;
d) annual accounts of the Supplementary Pension Funds (FIP, Fondi di Previdenza Integrativa), without independent legal personality;
e) annual accounts of the Open-end defined contribution Pension Fund, known as the "CRF PREVIDENZA";
f) Statement of property, plant and equipment and financial assets subject to revaluation;
g) list of services provided by the audit firm and the entities belonging to its network (disclosure in accordance with article 149 – duodecies of the Consob Issuers' Regulation);
h) summarised data of the parent company Intesa Sanpaolo S.p.A.

In accordance with the regulations issued by the Bank of Italy and Consob, the financial statements' formats are drawn up in euro units, as well as the exhibits indicated above, whereas the notes to the financial statements have been prepared in millions of Euros, since the Bank's total assets significantly exceed the figure of € 10 billion identified in this regard by the Bank of Italy. Furthermore, prior year comparative figures are given for all documents, where required by the abovementioned regulations or where deemed appropriate to provide more accurate information.

The Bank's financial statements as of 31 December 2012, together with the consolidated financial statements of the Banca CR Firenze Group (the "Group"), are audited by the accounting firm PricewaterhouseCoopers S.p.A. which was appointed by the 22 December 2011 Annual General Meeting of Shareholders as auditors for the 2012/2020 eight-year period.

## Balance sheet

(euro)

| Assets | | 31.12.2012 | 31.12.2011 | Changes absolute | Changes % |
|---|---|---|---|---|---|
| 10. | Cash and cash on hand | 198,205,426 | 132,272,901 | 65,932,525 | 49.8 |
| 20. | Financial assets held for trading | 139,734,641 | 99,532,340 | 40,202,301 | 40.4 |
| 30. | Financial assets measured at fair value | 171,168 | - | | |
| 40. | Financial assets available for sale | 698,341,415 | 909,333,540 | -210,992,125 | -23.2 |
| 60. | Amounts owing by banks | 313,830,869 | 359,889,592 | -46,058,723 | -12.8 |
| 70. | Customer loans | 11,016,772,172 | 11,785,915,086 | -769,142,914 | -6.5 |
| 80. | Hedging derivatives | 90,929,966 | 83,053,828 | 7,876,138 | 9.5 |
| 100. | Equity investments | 1,156,659,073 | 1,101,519,769 | 55,139,304 | 5.0 |
| 110. | Property, plant and equipment | 166,950,303 | 174,019,542 | -7,069,239 | -4.1 |
| 120. | Intangible assets | 292,908,415 | 262,300,028 | 30,608,387 | 11.7 |
| | of which: | | | | |
| | - goodwill | 278,900,027 | 262,300,028 | 16,599,999 | 6.3 |
| 130. | Tax assets | 297,884,082 | 280,660,017 | 17,224,065 | 6.1 |
| | a) current | 39,534,553 | 37,277,135 | 2,257,418 | 6.1 |
| | b) deferred | 258,349,529 | 243,382,882 | 14,966,647 | 6.1 |
| | - of which convertible in tax credits (Law no. 214/2011) | 203,065,492 | 178,322,006 | 24,743,486 | 13.9 |
| 140. | Non current assets and groups of assets being disposed | 364,030 | | 364,030 | - |
| 150. | Other assets | 295,423,995 | 317,916,851 | -22,492,856 | -7.1 |
| Total assets | | 14,668,175,555 | 15,506,413,494 | -838,237,939 | -5.4 |

(euro)

| Liabilities and Shareholders' equity | | 31.12.2012 | 31.12.2011 | Changes absolute | % |
|---|---|---|---|---|---|
| 10. | Amounts owing to banks | 3,970,260,173 | 4,732,627,108 | -762,366,935 | -16.1 |
| 20. | Customer deposits | 7,347,136,188 | 6,741,743,899 | 605,392,289 | 9.0 |
| 30. | Outstanding securities | 839,556,282 | 1,493,960,544 | -654,404,262 | -43.8 |
| 40. | Financial liabilities held for trading | 152,689,908 | 108,481,429 | 44,208,479 | 40.8 |
| 60. | Hedging derivatives | 30,534,103 | 20,226,397 | 10,307,706 | 51.0 |
| 70. | Fair value change of financial liabilities in hedged portfolios (+/-) | 54,040,709 | 32,578,297 | 21,462,412 | 65.9 |
| 80. | Tax liabilities | 19,993,155 | 34,335,633 | -14,342,478 | -41.8 |
| | a) current | 426,006 | 17,962,343 | -17,536,337 | -97.6 |
| | b) deferred | 19,567,149 | 16,373,290 | 3,193,859 | 19.5 |
| 100. | Other liabilities | 487,204,758 | 381,301,494 | 105,903,264 | 27.8 |
| 110. | Provision for staff termination pay | 86,744,558 | 80,915,607 | 5,828,951 | 7.2 |
| 120. | Provision for risks and charges | 96,264,448 | 110,411,854 | -14,147,406 | -12.8 |
| | a) provisions for pensions and similar obligations | 8,096,516 | 3,253,185 | 4,843,331 | |
| | b) other provisions | 88,167,932 | 107,158,669 | -18,990,737 | -17.7 |
| 130. | Valuation reserves | -14,174,392 | -37,159,467 | 22,985,075 | 61.9 |
| 160. | Reserves | 571,049,826 | 694,453,151 | -123,403,325 | -17.8 |
| 170. | Share premiums | 189,357,249 | 102,260,773 | 87,096,476 | 85.2 |
| 180. | Share capital | 831,364,347 | 828,836,017 | 2,528,330 | 0.3 |
| 200. | Net profit/(loss) | 6,154,243 | 181,440,758 | -175,286,515 | -96.6 |
| Total liabilities and Shareholders' equity | | 14,668,175,555 | 15,506,413,494 | -838,237,939 | -5.4 |

## Income statement

(euro)

| | Items | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| 10. | Interest earned and similar income | 443,185,550 | 465,753,309 |
| 20. | Interest expense and similar charges | - 117,035,124 | - 143,401,678 |
| 30. | Interest margin | 326,150,426 | 322,351,631 |
| 40. | Commissions earned | 193,128,439 | 190,295,761 |
| 50. | Commissions expense | - 10,147,196 | - 9,495,999 |
| 60. | Net commissions | 182,981,243 | 180,799,762 |
| 70. | Dividends and similar income | 20,568,417 | 34,813,368 |
| 80. | Net result from trading | 4,542,347 | 5,757,295 |
| 90. | Net result from hedging | 1,825,598 | 801,498 |
| 100. | Gains/(Losses) from sale or repurchase of : | - 927,347 | 153,011,117 |
| | a) loans | - 2,904,716 | - 2,169,948 |
| | b) financial assets available for sale | - 72,243 | 155,181,065 |
| | c) financial assets held to maturity | | |
| | d) financial liabilities | 2,049,612 | |
| 110. | Net result of financial assets and liabilities measured at fair value | 42,137 | - |
| 120. | Net banking revenues | 535,182,821 | 697,534,671 |
| 130. | Value (adjustments)/write-backs for worsening of: | - 185,862,586 | - 150,865,125 |
| | a) loans | - 181,791,524 | - 145,887,760 |
| | b) financial assets available for sale | - 4,184,491 | - 5,331,615 |
| | d) other financial transactions | 113,429 | 354,250 |
| 140. | Net result from financial activities | 349,320,235 | 546,669,546 |
| 150. | Administrative expenses: | - 386,075,919 | - 419,406,307 |
| | a) staff costs | - 213,206,848 | - 238,966,060 |
| | b) other administrative expenses | - 172,869,071 | - 180,440,247 |
| 160. | Provisions for risks and charges, net | - 77,654 | - 10,164,352 |
| 170. | Value (adjustments)/write-backs to property, plant and equipment | - 12,323,851 | - 10,902,757 |
| 180. | Value (adjustments)/write-backs to intangible assets | - 291,612 | |
| 190. | Other operating (expense)/income | 33,116,617 | 31,878,145 |
| 200. | Operating costs | - 365,652,419 | - 408,595,271 |
| 210. | Gains/(Losses) from equity investments | 3,435,030 | - 13,719,305 |
| 240. | Gains/(Losses) from sale of investments | 532,598 | 58,427,015 |
| 250. | Gains/(Losses) from current operations, including taxes | - 12,364,556 | 182,781,985 |
| 260. | Income taxes for the year on current operations | 18,518,799 | - 1,341,227 |
| 270. | Gains/(Losses) from current operations, net of taxes | 6,154,243 | 181,440,758 |
| 280. | Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | |
| 290. | Net profit/(loss) | 6,154,243 | 181,440,758 |

## Statement of comprehensive income

(euro)

| | | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| 10. | NET PROFIT/(LOSS) | 6,154,243 | 181,440,758 |
| | Other income components net of taxes: | | |
| 20. | Financial assets available for sale | 30,500,438 | -17,811,763 |
| 60. | Cash flow hedge | 3,112,933 | 3,458,905 |
| 90. | Actuarial gains (losses) on defined benefit plans | -10,628,296 | -5,723,835 |
| **110.** | **Total other income components net of taxes** | **22,985,075** | **-20,076,693** |
| 120. | COMPREHENSIVE INCOME (ITEM 10 + 110) | 29,139,318 | 161,364,065 |

## Statement of changes in shareholders' equity as of 31 December 2012

(euro)

| | 31.12.2012 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Share premiums | Reserves | | Valuation reserves | Capital instruments | Treasury shares | Net profit /(loss) | Shareholders' equity |
| | ordinary shares | saving shares | | retained earnings | others | | | | | |
| **SHAREHOLDERS' EQUITY AS OF 1.1.2012** | 828,836,017 | | 102,260,773 | 790,535,274 | -96,082,123 | -37,159,467 | | | 181,440,758 | 1,769,831,232 |
| **ALLOCATION OF NET PROFIT FROM PREVIOUS PERIOD** | | | | | | | | | | |
| **Reserves** | | | | 537,061 | | | | | -537,061 | |
| **Dividends and other allocations (a)** | | | | | | | | | -180,903,697 | -180,903,697 |
| **CHANGES IN THE PERIOD** | | | | | | | | | | |
| **Changes in reserves** | | | | -123,940,386 | | | | | | -123,940,386 |
| **Operations on shareholders' equity** | | | | | | | | | | |
| Issue of new shares | 104,435,524 | | 87,096,476 | | | | | | | 191,532,000 |
| Purchase of treasury shares | | | | | | | | | | |
| Extraordinary dividends | | | | | | | | | | |
| Change in equity instruments | | | | | | | | | | |
| Derivatives on treasury shares | | | | | | | | | | |
| Stock options | | | | | | | | | | |
| Other changes | -101,907,194 | | | | | | | | | -101,907,194 |
| **Comprehensive income** | | | | | | 22,985,075 | | | 6,154,243 | 29,139,318 |
| **SHAREHOLDERS' EQUITY AS AT 31.12.2012** | 831,364,347 | | 189,357,249 | 667,131,949 | -96,082,123 | -14,174,392 | | | 6,154,243 | 1,583,751,273 |

(a) The item comprises the dividends and amounts destined to the Reserve available to the Banca CR Firenze S.p.A. Shareholders' Assembly

With reference to Transactions on equity, the issue of new shares is related to the capital increase reserved to Intesa Sanpaolo following the transfer of the business branch, composed of 78 bank branches to the Bank. Other changes include the cancellation of share capital resulting from the spin-offs of the business branches composed of bank branches in favour of Intesa Sanpaolo, Cassa di Risparmio in Bologna, Cassa di Risparmio del Veneto and Casse di Risparmio dell'Umbria.

## Statement of changes in shareholders' equity as of 31 December 2011

(euro)

| | 31.12.2011 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Share premiums | Reserves | | Valuation reserves | Capital instruments | Treasury shares | Net profit /(loss) | Shareholders' equity |
| | ordinary shares | saving shares | | retained earnings | others | | | | | |
| **SHAREHOLDERS' EQUITY AS OF 1.1.2011** | 828,836,017 | | 102,260,773 | 782,111,372 | -96,082,123 | -17,082,774 | | | 31,078,862 | 1,631,122,127 |
| **ALLOCATION OF NET PROFIT FROM PREVIOUS PERIOD** | | | | | | | | | | |
| **Reserves** | | | | 8,275,284 | | | | | -8,275,284 | - |
| **Dividends and other allocations (a)** | | | | | | | | | -22,803,578 | -22,803,578 |
| **CHANGES IN THE PERIOD** | | | | | | | | | | |
| **Changes in reserves** | | | | 148,618 | | | | | | |
| **Operations on shareholders' equity** | | | | | | | | | | |
| Issue of new shares | | | | | | | | | | |
| Purchase of treasury shares | | | | | | | | | | |
| Extraordinary dividends | | | | | | | | | | |
| Change in equity instruments | | | | | | | | | | |
| Derivatives on treasury shares | | | | | | | | | | |
| Stock options | | | | | | | | | | |
| **Comprehensive income** | | | | | | -20,076,693 | | | 181,440,758 | 161,364,065 |
| **SHAREHOLDERS' EQUITY AS AT 31.12.2011** | 828,836,017 | | 102,260,773 | 790,535,274 | -96,082,123 | -37,159,467 | | | 181,440,758 | 1,769,831,232 |

(a) The item comprises the dividends and amounts destined to the Reserve available to the Banca CR Firenze S.p.A. Shareholders' Assembly

## Cash flow statement

(euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. OPERATING ACTIVITIES | | |
| 1. Management | 340,303,521 | 292,371,018 |
| - net profit (loss) (+/-) | 6,154,243 | 181,440,758 |
| - capital gains/losses on financial assets held for trading and on assets and liabilities measured at fair value (-/+) | -10,196,000 | 12,431,981 |
| - capital gains/losses on hedging activities (-/+) | -1,825,598 | -801,498 |
| - value (adjustments)/write-backs for worsening (+/-) | 205,686,693 | 174,469,149 |
| - value (adjustments)/write-backs to property, plant and equipment and intangible assets (+/-) | 12,615,463 | 22,001,757 |
| - net provisions for risks and charges and other costs/revenues (+/-) | 77,654 | 10,164,352 |
| - unpaid taxes and duties (+) | -18,518,799 | 1,341,227 |
| - other adjustments (+/-) | 146,309,865 | -108,676,708 |
| 2. Net cash flow from/for financial assets | 780,071,767 | 1,711,333,220 |
| - financial assets held for trading | -30,006,301 | -14,164,853 |
| - financial assets measured at fair value | -171,169 | |
| - financial assets available for sale | 206,807,634 | 574,664,484 |
| - amounts owing by banks | 45,867,736 | 1,163,611,046 |
| - customer loans | 537,702,459 | -51,427,868 |
| - other assets | 19,871,408 | 38,650,411 |
| 3. Net cash flow from/for financial assets | -645,167,253 | -2,355,445,699 |
| - amounts owing to banks | -762,366,935 | -524,175,626 |
| - customer deposits | 628,905,847 | -931,798,788 |
| - outstanding securities | -654,404,262 | -772,564,432 |
| - financial liabilities held for trading | 44,208,479 | 2,037,194 |
| - other liabilities | 98,489,618 | -128,944,047 |
| Net cash flow from/for operating activities | 475,208,035 | -351,741,461 |
| B. INVESTING ACTIVITIES | | |
| 1. Net cash flow from | 84,846,682 | 372,665,898 |
| - disposals of equity investments | 81,109,313 | 287,083,000 |
| - dividends collected on equity investments | - | |
| - sales/reimbursements of financial assets held to maturity | - | |
| - disposals of property, plant and equipment | 1,737,369 | 35,295,777 |
| - sales of business branches | 2,000,000 | 50,287,121 |
| 2. Net cash flow for | -313,218,223 | -13,809,121 |
| - purchases of equity investments | -292,163,213 | -5,578,819 |
| - purchases of property, plant and equipment | -7,356,010 | -8,230,302 |
| - purchases of business branches | -13,699,000 | |
| Net cash flow from/for investing activities | -228,371,541 | 358,856,777 |
| C. BORROWING ACTIVITIES | | |
| - distribution of dividends and other purposes | -180,903,969 | -22,803,578 |
| Net cash flow from/for borrowing activities | -180,903,969 | -22,803,578 |
| NET CASH FLOW FROM /FOR THE YEAR | 65,932,525 | -15,688,262 |
| RECONCILIATION | | |
| Financial statements' items | | |
| Cash and cash on hand at beginning of year | 132,272,901 | 147,961,165 |
| Net cash flow from/for the year | 65,932,525 | -15,688,262 |
| Cash and cash on hand at end of year | 198,205,426 | 132,272,903 |

LEGEND: (+) from (–) for

# Notes to the separate financial statements

# Part A – Accounting policies

## A.1 – GENERAL CRITERIA

### Section 1 – Statement of compliance with the International Accounting Standards

The financial statements of the Banca CR Firenze S.p.A. comply with the International Accounting Standards IASs/IFRS, issued by the International Accounting Standards Board ("IASB") and adopted by the European Union by EC Regulation No. 1606/2002 and transposed into our law by Legislative Decree No. 38 of 26 February 2005 (the "IAS Decree") and by the Bank of Italy's Circular Letter No. 262 of 22 December 2005 and subsequent update on 18 November 2009 – "Financial statements of Banks: formats and rules for compilation", also taking into account further amendments issued by the Bank of Italy on 7 August 2012 and 15 January 2013, as well as, for the applicable cases, the interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").
The aforementioned Circular letter sets out the balance-sheet statements and related preparation modalities, as well as the contents of the Notes to the financial statements.
The IAS/IFRS criteria, endorsed and in force as of 31 December 2012 (including SIC and IFRIC interpretation documents), have been applied while preparing these financial statements. These principles are listed in the attachments herewith.
The following table shows the new international accounting criteria or the amendments on accounting principles already in force, with the related endorsement regulations issued by the European Union and in force since 2012;

**The international accounting principle in force as from 2012**

| Regulations for endorsement | Title |
|---|---|
| 1205/2011 | Amendment to IFRS 7 - Financial instruments: disclosures - Transfers of financial assets |

The following table shows the new international accounting criteria or the amendments to accounting principles already in force, with the related endorsement Regulations issued by the European Commission, the application of which is mandatory for reporting periods beginning on or after 1 January 2013 - in case of financial statements coincident with the calendar year - or following date.

**International accounting criteria with application after 31 December 2012.**

| Regulation for endorsement | Title | Effective date |
|---|---|---|
| 475/2012 | Amendment of IAS 1 Presentation of FInancial Statements - Presenting the other components of the comprehensive income Amendment to IAD 19 Employee benefits | 01/01/2013 First financial year starting on after 01/01/2013 |
| 1254/2012 | IFRS 10 Consolidated Financial Statements IFRS 11 Joint Arrangements IFRS 12 Disclosure of Interests in Other Entities IAS 27 Separate Financial Statements IAS 28 Investments in Associates and Joint Ventures | 01/01/2014 First financial year starting on after 01/01/2014 |
| 1255/2012 | Amendment to IFRS 1 First- time Adoption of International Financial Reporting Standard - Severe Hyperinflation and Removal of Fixed Dates for First- Time Adopters Amendment to IAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets IFRS 13 Measurement at Fair Value IFRS Interpretation no. 20 Stripping Costs in the Production Phase of a Surface Mine | 01/01/2013 First financial year starting on after 01/01/2013 (*) |
| 1256/2012 | Amendments to IFRS 7 - Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32 Financial Instruments: Disclosure - Offsetting Financial Assets and Liabilities | 01/01/2013 First Financial Statements beginning on or after 01/01/2013 (for amendments to IFRS 7) 01/01/2014 First Financial Statements beginning on or after (for amendments to IAS 32) |

(*) The companies apply the amendments to IFRS 1 and IAS 12 at the latest starting from the date of the first financial statements on or after the effective date of the Regulations (third day from the EU Official Gazette).

By reason of the key importance of new regulations, the contents of some Regulations shown in the table are described hereunder.

With Regulation no. 475/2012, the European Commission endorsed some amendments to IAS 1 envisaging a greater clarity with respect to the table Other Comprehensive Income - OCI, through the grouping of entries, which in the future will not be subject to reversal to income statement and entries, which can be subject to reversal to income statement upon occurrence of

specific conditions. The same Regulation endorsed the new version of IAS 19 standard, which envisages to favour comprehension and comparability of financial statements, above all with reference to defined benefit plans.
The most relevant novelty is the cancellation of the "corridor method"; the aggregate profitability of the changes in value of bonds and assets underlying the plan are therefore immediately recognised in the statement. This method has in any case been applied by the Bank since 2011.
Some novelties were introduced as for consolidation in Regulation no. 1254/2012, through the endorsement of some accounting principles (IFRS 10, IFRS 11, IFRS 12) and the following introduction of amendments to already existing standards ( IAS 27 and IAS 28).
IFRS 10 aims at providing one single model for the consolidated financial statements, in which a "control" is envisaged as consolidation basis of all types of entity. The principle provides a definition of an investor's control in a company. According to IFRS 10, in fact, there is a control only if the investor:

- is entitled to make decision of the activities of the investee;
- is exposed to the variability of profits of the investee in which it has made investments;
- is able to have an influence, through its powers, on future profits of the investee.

The IFRS 10 standard, therefore, sets out that, to have a control on a company, the investor, due to a de jure or de facto situation, must have the capacity to significantly influence the type of managerial choices on key business of the investee and has to be exposed to the variability of profit/loss.
The IFRS 11 standard outlines, instead, the accounting criteria of entities which are party in jointly controlled agreements, under the form of either a joint venture (representing a share of net assets and equity accounted) or a joint operation i.e. a transaction on which the parties having a joint control have rights to assets and obligations for liabilities, accounted for accordingly.
Lastly, IFRS 12 combines, strengthens and subsides disclosure obligations for subsidiaries, joint control agreements, associated companies and not consolidated structured entities. This principle was developed with the aim of unifying and improving the disclosure requirements, also through the introduction of some novelties in terms of required disclosures, as set out by the previous IAS 27, 28 and 31.

With Regulation no. 1255/2012, the European Commission endorsed IFRS 13. The new standard does not enlarge the application field of fair value measurement, but provides guidance on how entities should measure the fair value of financial instruments and non financial assets and liabilities, when fair value measurement is already required or allowed by other accounting standards. This standard aims at "concentrating" the rules for fair value measurement in one single principle, while these rules were set out in various standards, sometimes setting out provisions which were not mutually consistent.

In any case, no European Regulations for the adoption of international accounting principles endorsed during the reference period had an impact on the preparation of the 2012 Financial statements. As already shown in the table, these are new standards (or amendments to already existing standards) which shall be applied to accounting periods beginning on or after 1 January 2013.

It should be also noted that, during 2012, IASB amended some IAS/IFRS standards previously issued.
The following table shows the amended accounting standards with a specification of the issue or object of the amendments. By reason of the fact that no endorsement has been made by the European Commission to date, none of these amendments have been applied to the Bank's financial statements.

| **Title/ Interpretation** | **Amendments** | **Date of issue** |
|---|---|---|
| IFRS 1 | Government Loans | 13/03/2012 |
| IFRS 1 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 1 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 16 | Statements<br>Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 32 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IAS 34 | Improvements to IFRSs (2009-2011 cycle) | 17/05/2012 |
| IFRS 10 | Transition Guidance | 28/06/2012 |
| IFRS 11 | Transition Guidance | 28/06/2012 |
| IFRS 12 | Transition Guidance | 28/06/2012 |
| IFRS 10 | Investment Entities | 31/10/2012 |

| | | |
|---|---|---|
| IFRS 12 | Investment Entities | 31/10/2012 |
| IAS 27 | Investment Entities | 31/10/2012 |

### Section 2 – General principles for the preparation of the financial statements

The foregoing principles are the following:

a. company's ongoing concern: assets, liabilities and "off-balance sheet" transactions are measured on the basis of the working values, since being long-term;
b. accrual basis of accounting: costs and revenues are recognised on an accruals basis, in relation to the underlying services received and supplied, irrespective of the date of the relevant money settlement;
c. consistency of presentation: to guarantee comparability of figures and information shown in financial statements schedules, presentation and classification criteria are maintained, unless their change is required by an international accounting standard or its interpretation, or unless their change is designed to provide a more significant and reliable presentation of the values; whenever a specific presentation or classification method is changed, the new method applies - if possible - retroactively, detailing the reasons and nature in the notes to the financial statements and indicating the effects on the presentation of the financial statements;
d. materiality and aggregation: each material class of elements showing similar nature or functions is shown separately in the balance sheet and income statement formats; elements showing different nature or functions, if material, are recognised separately;
e. prohibition of offsetting elements: this rule applies, unless it is provided for or allowed by international accounting standards or by their relevant interpretation;
f. comparison with preceding financial year: the financial statements schedules include figures from the preceding period, adapted where possible and necessary, to ensure their comparability.

### Section 3 - Events after the year-end

This Section reports events that occurred after the closing date of the financial year which, based on the requirements of IASs/IFRSs and the Bank of Italy, must be mentioned in the notes to the financial statements to explain, where possible, the nature and estimated effects of the equity, financial and economic position of the Bank, to this regard it should be noted that, on 28 January 2013, the Board of Directors of Banca CR Firenze approved the merger by incorporation of Immobiliare Nuova Sede Srl (instrumental company, 100% owned by the Bank), which will be concluded in 2013.

### Section 4 – Other aspects

No other issues are to be reported in this section.

## A.2 – MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 1. Financial assets held for trading

(a) Criteria for recognition

Financial assets held for trading are initially entered upon settlement date for debt and equity securities, and upon subscription date for derivative contracts; upon initial recognition, financial assets held for trading are valued at fair value, namely the cost of the instrument, without taking into account trading costs or income directly attributable to the instrument itself.

In accordance with that envisaged by CE rule 1004/2008 which adopted the amendments to IAS 39 and IFRS 7 issued by the IASB in the presence of unusual events (so called "rare circumstances"), such as the phase of financial turbulence for example, which had characterised the markets in the second half of 2008, the non-derivative financial instruments no longer held for trading may be reclassified under other categories contemplated in IAS 39, namely financial assets held to maturity, financial assets available for sale, loans and receivables booking them on the basis of the fair value at the time of reclassification and if, after reclassification, the assets recognised at amortised cost are reviewed in terms of an increase in expected cash flow, this increase must be recognised as a re-calculation of the effective interest rate instead of a change in the book value of the instrument, with a contra-entry in the income statement; furthermore, derivative contracts held for trading may be used, subsequent to their initial purchase, for risk hedging purposes, as is the case for derivative instruments initially used for risk hedging purposes, subsequently transferred to the trading portfolio when the foregoing purposes no longer apply.

(b) Criteria for classification

Financial assets held for trading include securities purchased for ordinary purchase/sale or treasury transactions, as well as derivative instruments with a positive fair value (other than hedging instruments), including those embedded in structured financial instruments, for which the conditions laid down for separate accounting from the underlying financial instruments apply.

(c) Measurement criteria

Subsequent to initial recognition, financial assets held for trading are measured at fair value; as for financial instruments listed on active markets, the fair value is equal to the closing market prices.

For financial instruments not listed on active markets, fair value is calculated by taking into consideration the market quotations of similar instruments (if available) or the present value of expected cash flows, considering the range of risk profiles typical of the instruments themselves, and through discount rate adjustment or cash flow adjustment-type approaches; expected losses

are calculated in accordance with the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis, whereas interest rates are determined by adopting zero-coupon rate curves. With reference to OTC derivative contracts on interest rates and inflation denominated in Euro, the market parameter to be used to discount future flows is represented by an EONIA based discounting curve, for collaterals, and an EURIBOR bases curve for the other instruments which are not supported by collaterals.
Equity securities, whose fair value cannot be reliably measured, though applying the foregoing guidelines, are maintained at cost.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities are materially transferred to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues. Incoming and outgoing transfers of trading securities are governed by the "settlement date" method, whereas derivative instruments are recognised in accordance with the "trade date" criterion; interest on securities is determined by adopting the nominal interest rate, whereas trading profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method.

(e) Criteria for recognition of income components
Interest and dividends on securities are entered, respectively, under "interest earned and similar income" and under "dividends and similar income"; trading profits and losses and capital gains and losses from valuation are entered under "net result from trading".

## 2. Financial assets available for sale

(a) Criteria for recognition
Financial assets are initially entered upon settlement date for debt or equity securities and at fair value, being intended as cost of such asset; if entry arises from a reclassification of assets held to maturity, the relevant value is the fair value upon transfer.

(b) Criteria for classification
Financial assets available for sale include securities purchased also for investment purposes, without excluding their transfer; such securities are mainly from the company's treasury, as well as equity securities representing minority interests.
Securities are included in the portfolio available for sale upon purchase and cannot be subsequently transferred into other portfolios, except for exceptions permitted under IAS 39 and the innovations introduced by the said Regulation (EC) 1004/2008; the amendments concern the possibility of reclassifying financial instruments for which there is the intention and the capacity to hold for the foreseeable future or to maturity as "loans and receivables" and in this case, the considerations hold good that are set out in the part on financial assets for trading as regards the value of the instrument at the time of reclassification and possible revised estimated future cash flows.
Incoming and outgoing transfers of financial assets available for sale are governed by the "settlement date" method; interest is determined by adopting the internal rate of return, whereas trading profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method.
Structured securities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(c) Measurement criteria
Measurements subsequent to initial recognition are made at fair value. As for securities listed on regulated (efficient) markets, the fair value is equal to the closing market prices while for debt and equity securities not listed on regulated markets, the fair value is calculated by taking into consideration the market quotations of similar instruments (if available) or the present value of expected cash flows, considering the range of risk profiles typical of the instruments themselves, and through discount rate adjustment or cash flow adjustment-type approaches; expected losses are calculated in accordance with the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis, whereas interest rates are determined by adopting zero-coupon rate curves.
In regard to unlisted participating interests, the fair value is calculated on the basis of the company's most appropriate measurement methods, taking into account the business carried on by each related concern; such assets are maintained at their accounting value if their fair value cannot be reliably measured. Securities available for sale are also subject to impairment test, should circumstances arise hinting the existence of losses of value deriving from impairment of the issuers' solvency and from other indicators provided for by IAS 39.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities are materially transferred to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues.

(e) Criteria for recognition of income components
Interest and dividends on securities are entered, respectively, under "interest earned and similar income" and under "dividends and similar income"; trading profits and losses are entered under "gains/losses from sale or repurchase of financial assets

available for sale"; capital gains and losses arising from the securities available for sale measured at fair value are entered under the "AFS Reserve" (within the "Valuation reserve") in the shareholders' equity, and allocated to the income statement upon transfer of such securities, whereas any losses arising from the application of impairment procedures are recorded under "value (adjustments)/write-backs for worsening of financial assets available for sale". If the reasons for impairment no longer apply as a result of an event that occurs after the reduction in value has been recognised, write-backs are charged to income statement for debt securities and charged to equity for equity securities.
If financial instruments are reclassified as loans and receivables, the "crystallised" positive or negative reserves are amortised along the life of the investment according to the amortised cost criterion if they refer to assets with preset maturity dates, otherwise they remain in suspense in the reserve until they are sold, subject to impairment or derecognised.

## 3. Financial assets held to maturity

(a) Criteria for recognition
Financial assets are initially entered upon settlement date.
Upon initial recognition, financial assets classified under this category are recognised at fair value, being intended as the cost of such asset, inclusive of any costs or income directly attributable. If recognition in said category is made through reclassification of Assets available for sale, the fair value of the asset, upon reclassification date, is taken as the new amortised cost of the asset itself.

(b) Criteria for classification
To date, the Bank maintains no portfolio of financial assets held to maturity. This category includes securities purchased for long-term investment purposes, which cannot be sold or transferred into other portfolios, without prejudice to the exceptions permitted under IAS 39. Incoming and outgoing transfers of securities held to maturity are governed by the "settlement date" method; interest is determined by adopting the internal rate of return, whereas transfer profits and losses are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method. Structured securities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(c) Measurement criteria
Measurements subsequent to initial recognition are made in accordance with the amortised cost method, by subjecting the securities to impairment test, should circumstances arise hinting the existence of losses of value deriving from impairment of the issuers' solvency and from other indicators provided for by IAS 39.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event all risks and benefits or actual control of such securities to the transferees; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues which are connected, respectively, with the aforementioned liabilities and transferred securities.

(e) Criteria for recognition of income components
Interest on securities is entered under "interest earned and similar income", while transfer profits and losses are entered under "gains/losses from sale or repurchase of financial assets held to maturity"; any losses arising from impairment tests are recorded under "value (adjustments)/write-backs for worsening of financial assets held to maturity".

## 4. Loans

(a) Criteria for recognition
A receivable is initially entered upon its grant date or, for debt instruments, upon their settlement date, based on the fair value of the financial instrument, which is equal to the amount granted or to the subscription price, inclusive of costs/income directly attributable to each loan, as far as longer than short-term loans are concerned, determinable from inception, although paid out subsequently; the costs excluded are those that, although having said characteristics, are paid back by the borrower or are classifiable as ordinary internal administrative costs. For loans entered into at conditions other than market conditions, the fair value is calculated by using proper valuation techniques; the difference, with respect to the amount granted or to the subscription price, is entered in the income statement. Loans are entered in said portfolio upon granting and cannot be subsequently transferred into other portfolios; interest is determined by adopting the internal rate of return.

(b) Criteria for classification
The receivables portfolio includes amounts owing by banks and customer loans directly granted or acquired from third parties, entailing fixed or otherwise determinable payments, which are not listed on an active market. Receivables also include capitalisation insurance certificates and securities originating from a transaction for the securitisation of regular loans in 2002.

(c) Measurement criteria
Measurements subsequent to initial recognition are made in accordance with the amortised cost method, by subjecting the securities to impairment test, to verify the existence of any losses of value deriving from impairment of the issuers' solvency; in particular, the procedure for assessing the state of the impairment test is split up into two stages:

1) individual assessments to select the impaired loans (problem loans) and define the presumed realisable value ascribable to such loans;
2) collective assessments for the lump-sum estimate of expected losses on regular loans.
Impaired loans subject to individual assessment are formed by the following types of irregular loans:
a) doubtful loans;
b) non-performing loans;
c) restructured exposures;
d) overdue or overdraft exposures for over 90 days.
Losses of value on single irregular loans are balanced to the negative difference between the respective recoverable discounted-back value and the corresponding amortised cost; such value is equal to the present value of cash flows expected for capital and interest calculated on the basis of:
1) the value of contractual cash flows, net of expected losses, estimated by taking into account any guarantee;
2) expected recovery time, estimated by also taking into account the procedures put in place for the recovery itself;
3) the discount rate, equal to the internal rate of return.
For collective assessments, losses in value of regular loans, broken down by homogeneous risk categories, are balanced to the expected losses on such loans calculated on the basis of the relevant Probability of Default ("PD") and Loss Given Default ("LGD") provided by internal rating systems or calculated on a historical-statistical basis.

(d) Criteria for derecognition
Securities transferred to third parties are derecognised from the balance sheet only in the event the transferees are materially transferred all the risks and benefits or actual control of such securities; otherwise, such securities are entered under liabilities to transferees for the amount equal to the transfer prices, inclusive of relevant costs and revenues which are connected, respectively, with these liabilities and transferred securities.
(e) Criteria for recognition of income components
Interest on receivables are entered under "interest earned and similar income", whereas any losses arising from the application of impairment procedures are recorded under "Value (adjustments)/write-backs for worsening of: (a) loans" and transfer profits or losses are entered under "gains/losses from sale or repurchase of: (a) loans"; if the reasons that have caused an adjustment to be made no longer apply, the original value of the receivables is restored in subsequent periods; the reversal of value, which is recognised in the above item, "Value (adjustments)/write-backs for worsening of: (a) loans" may in no event exceed the amortised cost of the receivable if there had been no previous write-downs.

## 5. Financial assets measured at fair value

It is worth noting that, starting from 2012, the "fair value option" was exercised as set out by IAS 39 with the only purpose of reducing the mismatch accounting between asset and liability entries resulting from the Bank's acquisition and accounting of shares owned by the Parent Company in favour of the "Incentive system based on financial instruments". In particular, the activation of the Fair Value Option allows the "netting" of the negative (positive) effect on the Income Statement resulting from an increase (decrease) in value of the accounts payable to employees who benefit from an incentive plan, while recording - always in the Income Statement - the corresponding increase (decrease) of the share value.
Therefore, this portfolio includes only shares of the Parent Company Intesa Sanpaolo, which are being measured based on the closing prices of the Italian Stock Exchange.

## 6. Hedging transactions

(a) Criteria for recognition
There are three types of hedging relationships:
1) fair value hedging: hedging of the exposure to the changes in fair value of assets and liabilities booked to the financial statements or portions of them, of groups of assets/liabilities, irreversible commitments and portfolios of financial assets and liabilities, including core deposits, as allowed by IAS 39 approved by the European Commission, attributable to a specific risk and which might affect the income statement;
2) hedging of cash flows: hedging of the exposure to the fluctuations of cash flows attributable to a specific risk associated to recognised assets or liabilities (nearly all or only some of future interest payments on a floating rate debt) or to a highly probable transaction planned which might affect the income statement;
3) hedging of a net investment in a foreign entity.
Each hedging relationship is formally documented and regularly tested for its retrospective and perspective effectiveness, in order to assess its strength.

(b) Criteria for classification
Hedging transactions are finalised at neutralising any potential losses attributable to market risks and/or interest rate risks on a certain element or group of elements the hedged financial instruments are exposed to; only instruments involving a counterpart external may be designated as hedging instruments.

(c) Measurement criteria
Hedging derivative instruments are measured at fair value, as well as hedged positions, such measurements are carried out by adopting models similar to those used for unlisted financial instruments.

In case of cash flow hedging, the changes in the fair value of the derivative instrument are registered under shareholders' equity to the extent of the portion of the hedge considered as effective; hedging of an investment expressed in foreign currency are recorded in accordance with the accounting principles provided for the hedging of cash flows.
A valuation of the effectiveness of the hedging is performed at the end of every annual financial statements via:
- prospective tests to justify the application of hedge accounting, in that the tests demonstrate the expected effectiveness;
- retrospective tests to identify the efficiency level achieved by the hedge in the reference period and, in other terms, to measure the extent to which actual results differ from the perfect hedge.

(d) Criteria for derecognition
Hedging transactions are derecognised upon conclusion, revocation or early termination or whenever they fail to pass the effectiveness tests; in the event that the tests do not confirm the effectiveness of the hedging, from that moment accounting of such transaction in accordance with the method described above is suspended, the hedging agreement is reclassified under trading derivatives and the hedged financial instrument shall again be valued in accordance with the criteria corresponding to its classification in the financial statements.

(e) Criteria for recognition of income components
Capital gains and losses from hedging derivative instruments and from hedged positions are entered under “net result from hedging”, whereas differentials accrued on hedging derivative instruments are recognised under “interest earned and similar income” or “interest expense and similar charges”; in hedging cash flows, the variations in the fair value of the derivative instrument are recognised in the income statement, with reference to the item hedged, only upon appearance of the change in cash flows to be offset, or when the relevant hedging results to be ineffective.

## 7. Equity investments

(a) Criteria for recognition
Equity investments are recorded at purchase or subscription cost, determined with the ongoing weighted average cost method, or at the value recorded at the time of the contribution made pursuant to Law No. 218/1990 (“Amato Law”).

(b) Criteria for classification
The equity investments portfolio includes interests in joint ventures, as well as in associated companies, over which control is considerable within their respective Group; such a control, unless proven otherwise, is presumed to represent at least 20% of voting rights in the underlying companies; the existence of considerable control is usually evidenced by the occurrence of one or more of the following circumstances: the company's representativeness in the Board of Directors or similar body of the investee, the participation in the decision making process, including the participation to the decisions concerning dividends or any other kind of profit distribution, the occurrence of relevant transactions between the investee and the investing company, the mutual exchange of executive personnel and the provision of key technical information.

(c) Measurement criteria
Equity investments are valued at cost, as determined above, which is annually subjected to the impairment test to check for any permanent losses of value through a prospective analysis of the economic, equity and financial position of the subsidiary.

(d) Criteria for derecognition
Equity investments are derecognised from the balance sheet when the rights on the financial flows of the assets themselves no longer apply, or when the asset is disposed of by substantially transferring all the relevant risks and benefits.

(e) Criteria for recognition of income components
Dividends are accounted for in the period in which their distribution is resolved, while capital gains or losses on disposals are recorded under “gains/losses from equity investments” in the period in which the related contract is executed; this item also includes any losses from the application of impairment procedures in the relevant period.

## 8. Property, plant and equipment

(a) Criteria for recognition
Property, plant and equipment are initially entered on the basis of their relevant purchase costs, inclusive of any additional charges; extraordinary expenses subsequently incurred are entered to increase initial costs, if they increase the value, the useful life or the production capacity of the underlying assets.

(b) Criteria for classification
Property, plant and equipment include both assets used for own use and those held for investment, to be used in the production or supply of goods and services; said item also includes assets used in finance lease contracts, even though their legal ownership remains in the hands of the lessor.

(c) Measurement criteria

Subsequent measurements of property, plant and equipment for own use and held for investment of definite life are made on the basis of the cost principle set out according to the requirements of IAS 16 and written down for depreciation; the value of underlying land, not to be depreciated since classified as a permanent asset, is separated from the book value of real property to be depreciated by adopting appropriate estimates for real property purchased before the effective date of IASs/IFRSs.
The duration of the depreciation is balanced to the useful life of the assets to be depreciated and the relevant time span is determined on a straight-line basis; in agreement with the provisions under IASs/IFRSs, the duration of such useful life is checked at the end of each calendar year. Property, plant and equipment for own use are also subject to impairment test, should circumstances arise hinting the existence of permanent losses of value.

(d) Criteria for derecognition
A tangible asset is derecognised from the balance sheet upon its disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

(e) Criteria for recognition of income components
Regular depreciation and any permanent losses of value of property, plant and equipment for own use are entered under “value (adjustments)/write-backs to property, plant and equipment”; profits and losses resulting from the transfer of all tangible assets are registered under “Gains/(Losses) from sale of investments”.

## 9. Intangible assets

(a) Criteria for recognition
Intangible assets are initially entered on the basis of their relevant purchase costs, inclusive of any additional charges; expenses subsequently incurred are entered to increase initial costs, if they increase the value or the production capacity of the underlying assets.
Goodwill is recorded for a value equal to the difference, with a positive sign, between costs incurred in the acquisitions of the underlying companies or enterprises and the corresponding fraction of shareholders’ equity.

(b) Criteria for classification
Intangible assets include non-physical production factors with a long-term useful life, whose cost can be reliably measured, provided said elements are identifiable, that is, legally protected or traded separately from other corporate assets.
For the Bank, intangible assets include goodwill and customer-related assets, inclusive of the valorisation of core deposits on the occasion of business combination transactions.

(c) Measurement criteria
Subsequent measurements of intangible assets of definite duration are made on the basis of the cost principle written down for amortisation. The duration of the amortisation is balanced to the useful life of the assets to be amortised and the relevant time span is determined on a straight-line basis; intangible assets are also subject to impairment test, should circumstances arise hinting the existence of permanent losses of value. Goodwill and intangible assets with indefinite life, therefore not subject to amortisation, are regularly subject to impairment test, balancing the losses of value to any negative difference between the book value of shareholders’ equity and the recoverable value of each individual asset or of the Bank's industry, calculated in accordance with business segmentation criteria underlying the segment information each goodwill or intangible asset belongs to; the recoverable value is the higher of the value in use and the value in exchange (current value net of transaction costs) of the business segment in question, both measured on the basis of the most appropriate measurement criteria according to industry.

(d) Criteria for derecognition
An intangible asset is derecognised from the balance sheet upon its disposal and no future economic benefits are expected.

(e) Criteria for recognition of income components
Regular amortisation is recorded under “net value adjustments to intangible assets”, while permanent losses of value ascribable to goodwill and to intangible assets with indefinite life are entered, respectively, under “value adjustments to goodwill” and “net value adjustments to intangible assets”; profits and losses deriving from the transfer of intangible assets are registered under “Gains/(Losses) from sale of investments”.

## 10. Non current assets and groups of assets being disposed

(a) Criteria for recognition
(b) Criteria for classification
These assets and groups of assets that are being disposed and the individual non-current assets, cash generating units, their groups or individual parts of them, are classified under this item when their sale is deemed highly probable.

(c) Measurement criteria
(d) Criteria for derecognition
Non-current assets and groups of these assets are valued at the lower of book value and fair value, net of any selling costs; should the assets being disposed be amortizable, the amortization process ceases starting from the period when they are classified under this category.

(e) Criteria for recognition of income components
The results of the measurement of the individual assets being disposed, as well as the results deriving from their subsequent sale, are entered under the relevant items in the income statement related to the type of assets; the balance, whether positive or negative, of income and charges relating to "groups of non-current assets and liabilities" being disposed, net of any related current and deferred taxes, is entered in the appropriate income statement item.

## 11. Current and deferred taxes

(a) Criteria for recognition
(b) Criteria for classification
(c) Measurement criteria
(d) Criteria for derecognition
The effects relating to current, prepaid and deferred taxes are recognised by applying the currently applicable tax rate. Income taxes are recorded in the income statement, except for those relating to items debited or credited directly to shareholders' equity. Provisions for income taxes are calculated on the basis of a prudent forecast of the current, anticipated and deferred tax charges, and are registered net of the advances paid and other tax credits for deductions paid. Prepaid and deferred taxes are calculated, without any time limits, based on the temporary differences between the value assigned to an asset or liability according to the criteria for the preparation of the financial statements, and the corresponding values assumed for tax purposes.
Assets for prepaid taxes are recorded in the financial statements to the extent in which there is the likelihood of their recovery, assessed on the basis of the ability of the interested company or of the group of member companies to continuously generate positive taxable revenues, due to the election of the option for the consolidated taxation. Liabilities for prepaid taxes are recorded in the financial statements, with the sole exception of the deferred tax reserves, given that the amount of reserves available already taxed allows to reasonably believe that no transaction will be carried out which would lead to their taxation. Prepaid and deferred taxes are accounted for, in the balance sheet, as open balances and are not offset, by including the first under "tax assets" and the latter under "tax liabilities". Assets and liabilities recognised for prepaid and deferred taxes are valued systematically in order to account for both the changes occurred in the regulations or in the tax rates, as well as any possible different objective situation of the company.

(e) Criteria for recognition of income components
Either current or deferred tax assets and liabilities are recorded against "Income taxes for the year on current operations", unless they can be recognized in shareholders' equity or in goodwill, since being related, respectively, to transactions whose results directly involve net shareholders' equity or related to business combinations.

## 12. Provision for risks and charges

(a) Criteria for recognition
(b) Criteria for classification
(c) Measurement criteria
(d) Criteria for derecognition
Provisions for risks and charges reflect certain or likely liabilities, the amount or timing of which is uncertain; such provisions are comprised of:
a) Pensions and funds for similar obligations, represented by defined benefit and defined contribution supplementary pension funds, provided that there is a legal or substantive Bank guarantee regarding the return of the capital and/or a yield for the beneficiaries; provisions are allocated in implementation of corporate agreements and the relevant commitment is determined as follows:
- current value of the obligation for defined benefits or contributions assumed as of the date of the financial year or period end;
- plus (minus) every profit (loss) not recognised arising from adoption of the actuarial method;
    - minus any social security costs related to previous services yet to be recognised;
    - plus (minus) the fair value of assets servicing the defined-benefit plan upon the closing date;

b) Other provisions for risks and charges, which include provisions related to current obligations, generated by a past event, for which it is possible to make a reliable estimate of the amount of the payment expected in connection with the performance of the obligation; where the time value is material, provisions are discounted back by adopting current market rates. The line also includes obligations connected to long-terms employee benefits, the amount of which is determined with the same actuarial criteria described for pension funds.

(e) Criteria for recognition of income components
The components in question, connected to pension funds and other obligations relating to employees are booked to "staff costs", apart from profits and losses referred to the above-mentioned funds and linked to the adaptation to the results of calculations made by an independent actuary, which are booked to "Valuation reserves" and immediately recognised in a special caption of the statement of comprehensive income, without passing through the income statement; allocations relating to other provisions for risks and charges and any excesses of such provisions formed previously, are booked to "provisions for risks and charges - net".

## 13. Payables and outstanding securities

(a) Criteria for recognition
Financial liabilities are initially entered upon receipt of the sums deposited or at the issue of debt securities; initial entry is made on the basis of the fair value of such liabilities, which is usually equal to the amount collected or the issue price, adjusted by any additional costs and/or income directly attributable to the individual funding or issuing transaction, not reimbursed by the funding counterpart; internal administrative costs are excluded. The fair value of the foregoing financial liabilities in case issued at conditions other than market conditions is appropriately estimated and the difference from the market value is directly taken to the income statement. Incoming and outgoing transfers of the foregoing financial liabilities, consequent to issue or spot transactions, are governed by the "settlement date" method; liabilities issued and subsequently repurchased are derecognised from liabilities. Interest is determined by adopting the internal rate of return; profits and losses from repurchase of liabilities are calculated by assigning to the residual amounts the book values calculated by applying the continuous weighted average cost method. Re-placement on the market of own securities subsequent to repurchase, is considered a new issue, with recognition at the new placement price, carrying no effects on the income statement.
Structured financial liabilities, formed by the combination of a security and of one or more embedded derivative instruments, are separated, then recorded separately from their inherent derivatives, if their economic and risk profiles differ from the underlying securities, and if they are classifiable as separate derivative contracts.

(b) Criteria for classification
Payables and outstanding securities, including subordinated debt, include all debt financial liabilities, other than liabilities held for trading, representing the typical forms of fund raising, either from customers or banks, or embedded in securities, net of any repurchased amount; payables recorded by the lessee in the frame of finance lease transactions are also included.
The foregoing financial liabilities are transferred into said portfolio upon acquisition of the funds, and cannot be subsequently transferred to liabilities held for trading, as is the case for liabilities held for trading, which cannot be transferred to the foregoing financial liabilities.

(c) Measurement criteria
After initial recognition, the foregoing financial liabilities are valued at amortised cost, based upon the actual interest rate method, except for short-term liabilities, which are stated at collected amount.

(d) Criteria for derecognition
The financial liabilities in question are derecognised from the balance sheet when they have expired or extinguished, as well as in case of repurchase of securities previously issued; the difference between the book value of the liability and the amount paid for purchase is recorded in the income statement.

(e) Criteria for recognition of income components
Interest is entered under "interest expense and similar charges"; while profits and losses from repurchase of liabilities are entered under "Gains/losses from sale or repurchase of financial liabilities".

## 14. Financial liabilities held for trading

(a) Criteria for recognition
(c) Measurement criteria
(d) Criteria for derecognition
(e) Criteria for recognition of income components
The same criteria established for financial assets held for trading apply.

(b) Criteria for classification
The abovementioned financial liabilities include technical overdrafts arising from securities trading and all the derivative instruments with a negative fair value, other than those used for risk hedging purposes, including derivative instruments embedded in structured financial instruments for which the conditions laid down for separate accounting from the underlying financial instruments apply.

## 15. Financial liabilities measured at fair value

No financial liabilities measured at fair value are currently present in portfolio.

## 16. Transactions in foreign currency

(a) Criteria for recognition
(b) Criteria for classification
(d) Criteria for derecognition
Upon initial recognition, foreign currency transactions are translated into euro, by applying to the foreign currency amount the exchange rate prevailing at the date of such transactions.

(c) Measurement criteria
Upon the reference date, transactions in foreign currency are translated into euro by adopting the following criteria:
1. for monetary items (receivables, debt securities, financial liabilities), using the spot exchange rates prevailing at the closing date;
2. for non-monetary items (equity securities) valued at cost, based upon the spot exchange rates prevailing at the date of the underlying transactions (historical exchange rates), except for losses arising from adoption of impairment procedures, for the translation of which closing spot exchange rates apply;
3. for non-monetary items (equity securities) measured at fair value, using the spot exchange rates prevailing at the closing date.

(e) Criteria for recognition of income components
Exchange differences are recorded under "net result from trading", except for differences related to revaluation reserves of securities available for sale, which are recorded directly in such reserves.

## 17. Other information

*Treasury shares*
Any treasury shares held are directly deducted from equity. Similarly, their original cost and the profits or losses deriving from their subsequent sale are recorded in equity

*Leasehold improvements*
The costs sustained for restructuring property belonging to third parties are capitalised in consideration of the fact that for the duration of the rental contract the using company has control of the assets and may receive their future economic benefits. These costs, recorded in "Other assets", as provided for by the instructions of the Bank of Italy, are amortised over a period which must not exceed the duration of the rental contract.

*Staff termination pay*
Staff termination pay is recorded by the actuarial value, calculated annually and based upon estimates made by an external independent actuary; for discounting-back purposes, the projected unit credit method is adopted, which envisages future obligations on the basis of historical-statistical analyses, the demographic curve and the financial discounting-back of such flows based upon a market interest rate. The contributions paid in each financial year are considered separately, and recognised and measured individually to determine final obligation; provisions for staff termination pay, are allocated to the income statement under "staff costs" and, in cases in which the timing element is important, the above-mentioned allocations are actualised using the current market rates, while the profits and losses resulting from calculations made by an independent actuary are booked to "Valuation reserves" and immediately recognised in a special caption of the statement of comprehensive income, without passing through the income statement.

*Liabilities related to assets being disposed*
The same criteria are applied as for non-current assets and groups of assets being disposed.

*Guarantees and commitments*
The guarantees given and the commitments to make payment of money representing credit risks have been entered at the nominal value of the commitment made, net of cash drawings and any value adjustments recognised, on both an analytical and collective basis in relation to an estimate of the possible payments connected to the credit risk, under "Value adjustments/write-backs for worsening of: (d) other financial transactions", which are entered in "Other liabilities" in the balance sheet.

*Revenue and cost recognition*
Revenues are recognised when collected or, in any case, when it is probable that the future benefits will be received and such benefits may be reliably determined; in particular:
- default interest is recorded in the income statement only upon actual collection;
- revenues arising from dealing financial instruments held for trading, determined by the difference between the transaction price and the fair value of the instrument, are recognized in the income statement upon recognition of the transaction, if the fair value is determinable by referring to parameters or transactions recently reported on the same market on which the

instrument is traded, whereas income from financial instruments, for which the foregoing measurement cannot be applied, is recorded in the income statement over the life of the transaction.
Commission earned and expense relating to contracts linked to the value of UCITS units or internal insurance funds or index-linked have been recognised as revenues and costs in the income statement at the moment of the assignment of the number of units.
Costs are booked to the income statement in the periods in which the relative revenues are booked to accounts. If the association between costs and revenues can be made generally and indirectly, the costs are booked over several periods using rational procedures and on a systematic basis. Costs that cannot be associated to income are booked immediately to the income statement.

*Method of measurement of the fair value of financial instruments*
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction; consequently, it is fundamentally important for the parties to the transaction not to be in a position whereby they must liquidate, reduce their business significantly or undertake transactions on unfavourable terms. The fair value of a financial instrument is calculated by using quoted financial market prices for instruments listed on active markets, or using internal measurement techniques in other cases. A market is considered active if the list prices, reflecting actual regular market transactions during an appropriate period of time, are readily and regularly available through the stock market or through other authorised intermediaries; in this case the financial assets and liabilities are respectively valued on the basis of the offer price ("bid price") and the price requested ("ask price"), taking the quotations from the most advantageous market to which there is access at the end of the reference period.
As already stated in the paragraphs regarding financial assets held for trading and financial assets available for sale, in the context of the financial turmoil that occurred during 2008, international accounting standards bodies intervened to regulate "dislocated" market situations, namely markets characterised by a lack of liquidity or distorted prices caused by conditions that were out of the ordinary, such as those described above. In the light of the historical trend of the above phenomena, when an issuer is considered, the market price criterion ("effective market quotes" or level 1) must be abandoned if there are substantial reductions in volumes traded, discontinuous transactions, a considerable bid price-ask price spread, marked price volatility and above all a CDS (credit default swap) curve with an inverted trend (an indicator that implies greater risk of default in the short term than in the long term); models have to be applied whose objective is to establish the price of a hypothetical transaction in an arm's length exchange motivated by normal commercial conditions. These models include:

a) reference to market values that can be indirectly related to the instrument to be measured, taken from products that are similar in risk characteristics ("comparable approach", or level 2); the calculation methodologies used enable the prices of listed instruments on active markets to be reproduced (calibration of the model) without including discretionary factors to such an extent as to have a significant effect on the final valuation;
b) valuations carried out also making use of sources not arising from parameters that can be observed on the market, which therefore need some power of discretion in selecting estimates and assumptions ("mark to model approach", or level 3); these internal models are based on the discounting of expected cash flows applying appropriate correctives and thus carefully weighting the rate in order to take into account both the credit risk attached to the counterparty and the component related to the liquidity of the financial instruments.

It must be borne in mind, however, that the measurement techniques described above must be applied in hierarchical order, so that if official prices set by an active market are available, one of the other approaches may not be adopted. Level 1, therefore, applies to the calculation of the fair value of debt instruments, mutual funds, options and shares listed in a market which may be described as active because it has the features specified above.
The fair value of unlisted bonds is measured on the basis of the current market values of similar financial instruments, while the fair value of unlisted capital instruments is estimated on the basis of the most pertinent methodologies according to the sector of business in which the company whose instrument is being measured operates. In general, these are methods based on the discounting of cash flows or methods entailing the application of suitable market multiples; shares with a significant range of fair value estimates but whose probable fair value cannot be reliably measured retain their cost price.
The fair value of over-the-counter trading derivatives is calculated using the most common measurement techniques, namely discounted cash flow for interest rate swaps, Black & Scholes for options and Monte Carlo for embedded derivatives separated from the structured derivatives; the external factors referred to in these measurement techniques (interest rate curves, volatility matrices, etc.) are given by leading international providers.
The fair value, for the purposes of the financial statements or as shown in the Notes to the Financial Statements, of loans still on the Bank's books and reported in the financial statements at cost or at amortised cost is calculated as follows:

a) medium- and long-term assets are mainly measured by means of a model that estimates the theoretical value of an instrument by discounting future cash flows, which is carried out by using a market interest rate plus a credit spread according to the PD, LGD and mean term classes to which the asset being measured belongs;
b) for assets at sight with short-term or undetermined maturity, the carrying value net of the analytic/collective write-down is a good approximation of fair value.

*Business Combinations*
The transfer of control of a business or a business segment constitutes a business combination transaction. According to IFRS 3, the purchaser is the entity that acquires more than half of the voting rights of another business, either directly or indirectly by virtue of arrangements with other investors or clauses in the articles of association. The acquisition, and therefore the first consolidation of the entity that has been acquired, must be recorded on the date on which the purchaser actually gains control over the business that has been bought. The cost of a business combination transaction is the sum of the fair values of the assets sold, the liabilities incurred or assumed and any capital instruments issued by the purchaser to gain control on the date of the transaction, in addition to any accessory charges directly attributable to the combination. For accounting purposes, the

acquisition is recognised according to the acquisition cost method, envisaging the recognition of the assets, liabilities and contingent liabilities of the purchased company at their respective fair values on the acquisition date, third parties' shares in the purchased company, in proportion to their interest in the fair values of the above elements, and the relevant goodwill, which is calculated as the difference between the cost of the business combination and the same proportion of the net fair value of assets, liabilities and identifiable contingent liabilities as the proportion of shares held.
Financial transactions are not considered to be business combinations if their purpose is to control one or more businesses that do not constitute a company activity, to gain temporary control or, finally, if the business combination is acquired in order to reorganise it, namely if it involves two or more businesses or company activities already belonging to the same Group and if no changes in the control structure are entailed, regardless of the percentage of third parties' rights before and after the transaction (known as "combinations of businesses under common control"). These transactions are not considered to have any economic substance and consequently, failing any specific instructions in IAS/IFRS principles and in compliance with the presumptions of IAS 8, which requires a business to use its own judgement in applying an accounting principle that provides relevant, reliable, prudent information reflecting the economic substance of the transaction, they must be accounted for safeguarding the continuity of the amounts reported in the purchaser's financial statements. This is also in line with the instructions in Document OPI 1 issued by the Italian Association of Auditors, Assirevi, regarding businesses transferred within their own group, particularly with reference to "Transactions that do not have a significant impact on the future cash flows of the net assets transferred". This document also states that, for reasons of symmetry, any difference between the price of the transaction and the pre-existing carrying value of the assets transferred should be reported in shareholders' equity in the seller's financial statements, aligning the transaction to one carried out in the capacity of a shareholder, as set forth in paragraph 7 of IAS 18 and paragraph 98 of IAS 1.

*Impairment test of goodwill and equity investments*
Goodwill, which is an asset with indefinite useful life, is not subjected to a linear amortisation, although it is periodically tested for impairment to check the consistency of the related book value of goodwill. The impairment test is carried out every year (or any time a loss in value is reported).
In compliance with IAS 36, for the purposes of checking any impairments, the goodwill acquired in a business combination must, on the date of acquisition, be allocated to every Cash Generating Unit ("CGU") or to groups of cash generating units which are expected to benefit from the aggregation, regardless of how the other assets and liabilities acquired are assigned to said units or groups of units. Moreover, every unit or group of units to which the goodwill is allocated in this way must represent the minimum level within the entity at which goodwill is monitored for the purposes of internal business and planning management and not be greater than an operating segment determined in compliance with IFRS 8 "Operating segments". Moreover, the recoverable value of goodwill should be calculated, which is the higher of the value of CGU, less any sales costs, and the related value in use (current value of estimated cash flows for the operating years of the CGU and resulting from its dismissal at the end of its useful life). The estimation criteria applied to obtain the recoverable amount of goodwill must be also explained, if this value is identified on the basis of the value in use of fair value, carrying out a "sensitivity" analysis to calculate the surplus of the recoverable amount compared to the book value of the goodwill.
If the recoverable value of the CGU is lower than the book value of the CGU to which the goodwill was allocated, an impairment will be recognised. The loss, recognised to income statement, is equal to the difference between the book value of the asset and the recoverable value. The impairment of goodwill cannot be recovered in future years. In order to identify the level at which the goodwill impairment test must be carried out, importance is taken on by internal organisation and the business management and planning methods. Having identified the management model it is necessary to check the minimum level of aggregation at which it is possible to guarantee the reasonable breakdown of the synergic flows between the different groups, which is set by the lower level at which the internal audit system supplies economic data for monitoring and management to the company management, while the maximum level is represented by the methods of separation of the business for the purposes of external reporting (segment reporting). The CGU must be identified using the same criteria from year to year, unless the change is not justified by organisational changes defined by the pertinent structures within the company, disclosing them in the notes to the financial statements.
IAS 36 states that it is necessary to correlate the level at which goodwill is tested and the internal reporting level at which management controls the growth and reduction dynamics of said value. Under this profile, the definition of this level strictly depends on the organisational models and the attribution of managerial responsibilities within the banking and financial groups for the purposes of defining the addresses of operating activities and consequent monitoring. These models can do without the articulation of the legal entities through which operations are developed and they are very often related to the definition of the operating segments of the business which are at the basis of segment reporting as envisaged by IFRS 8. These considerations, with reference to the criteria for the definition of the CGU for the goodwill impairment test are also consistent with the definition of recoverable amount, the determination of which is at the basis of the impairment tests. In the Basis for conclusion (paragraph BCZ17) it emerges that "assessing the recoverable amount of an asset, the amount that an enterprise can expect to recover from that asset, including the effect of synergy with other assets, is relevant". Therefore, the amount recoverable for the purposes of the impairment tests of the CGU to which the goodwill is allocated must include the valorisation of the synergies, not only those which are external (universal) but also the internal synergies which the specific buyer can withdraw from the integration of the activities acquired in the business combinations, obviously depending on the business operating models defined. It is also worth noting that the interdependence between the activities that make up a CGU and prevent a disaggregation into smaller CGU or groups of CGU must be under the control and governance of the company.
The Intesa Sanpaolo Group has identified the CGU with the operating divisions represented in the segment reporting In the Intesa Sanpaolo Group, the CGUs identified at consolidated level are represented in some cases (Banca dei Territori and Corporate & Investment Banking) by activities performed directly by the Parent Company and by some subsidiaries, in other cases (foreign banks) by combinations of subsidiaries, and, in other cases, (Banca Fideuram, Eurizon Capital, Bank of Alexandria and Pravex) they coincide with the juridical entities of reference.

The sub-holding Banca CR Firenze and the companies falling within its scope of consolidation are encompassed within the Banca dei Territori CGU. Indeed, as regards goodwill and equity investments, which are not considered as single assets, being combined in a single, bigger CGU, the related values are subject to impairment tests with reference to the entire sub-holding. Consequently the controlling investments booked to the sub-holding's separate financial statements must not be analytically tested for impairment as single assets but at common equity investment level, and therefore checked indirectly on the basis of the comprehensive value of the holding company, unless the need for impairment testing for the CGU to which the holding company belongs turns out to be necessary at Intesa Sanpaolo consolidated financial statement level. In this case, this aspect, representing an impairment ratio, makes it necessary to carry out the impairment test at single subsidiary level. An exception to this criterion is represented by the case in which the subsidiary has recorded losses during the year and consequently the consolidated book value, which has been lowered due to the losses recorded in the consolidated financial statements, is lower than the separate book value in the financial statements of the holding company. In this case it is worth checking whether the losses reported by the investee are structural, i.e. destined to be replied in the following years (therefore likely to have a significant impact on the recoverable value of the same), or they are connected with contingent situations destined to be solved in the short period. In the first case, the recoverable value of the investee should be verified, while in the second case, this is not necessary.

*Use of estimates and assumptions in preparing the financial statements (with special reference to provisions set out by IAS 1, par. 125 and the Document jointly issued by the Bank of Italy/ Consob / Isvap no. 4 of 3 March 2010.*
The use of subjective evaluations by the Company's management are more likely to be:
a) the quantification of losses in value of receivables and, in general of other financial assets;
b) the evaluation of the value consistency of goodwill, equity investments and other intangible assets;
c) the use of evaluation models for the fair value measurement of financial instruments not listed on active markets.

*Contractual clauses of mid/long-term financial debts*
The bond securities relating to the Bank's international funding were issued, until February 2006, against Programmes of "Euro Medium Term Notes", which were renewed from time to time and after said date, the issues have made reference to the "Base Prospectus" in accordance with Art. 5.4 of Directive 2003/71/EC; both the "Offering Circular" and the "Base Prospectus" of reference of the international issues contain standard contractual clauses, such as:
- the Negative Pledge clause with reference to the Senior issues;
- the Event of Default clauses with specific provisions for subordinated issues and Senior issues; the latter are also subject to Cross Default clauses.

No cases of failure to observe the above-mentioned contractual clauses resulting in the expiry of the benefit of term were recorded, nor is it assumed that there are tangible risks of such expiry occurring in the immediate future; as regards bond securities placed on the domestic retail market, the informative prospectuses of reference define the ranking of senior issues as follows:
"The obligations arising from Bonds charged to the issue are not subordinate to other liabilities of the same, apart from those accompanied by privileges. Consequently the credit of bearers towards the issue will be satisfied at the same time as the issuer's other claims by general creditors. No other charges, conditions or burdens of any kind which might affect the rights of the bearers of securities are envisaged".

*Renegotiation of loans with customers*
The phenomenon of mortgage renegotiation now represents a permanent possibility guaranteed to customers, which can be exploited in relation to the performance of interest rates.
On this matter, remember that loans disbursed to customers in the technical form of mortgages are booked to the financial statements at cost or amortised cost, comprehensive of the effect of hedges where applicable; the early repayment options granted to customers are not subject to hiving off at source, insofar as they allow repayment they take place at values close to the amortised cost of the instrument as of the dates on which the option is exercised and è it has been established that, should the renegotiation be granted by the bank (alternatively to statutory substitution) to performing customers at the time of renegotiation, essentially for commercial reasons other than the financial difficulties of the debtor and the new rate applied to the renegotiation is a market rate, in line with the conditions applied by the bank, on the same date, to new customers, renegotiation has the same accounting consequences as a cancellation of the old mortgage and the opening of a new one at the new conditions agreed to between the parties.
In order to assess the accounting impacts, an organic and detailed examination of the numerous commercial initiatives underway on the subject of suspension of payments realised by the Group to aid customers in difficulty due to the current recession has been launched.
These initiatives are added to that envisaged by the law or by interbank agreements such as the suspension of the debts of SMEs in August 2009 and the so-called "Family Plan", in support of the retail market (reserved for holders of home mortgages who have lost their jobs, but also in the case of death, lack of self-sufficiency, suspension or reduction of working hours for at least 30 days) and these initiatives can have different effects:
- drifting of the amortisation plan and waiving of interest for the period of suspension. In this case the economic effects of renegotiation usually implicate the need for a writedown of the loan, with an impact on the income statement in which the renegotiation has taken place;
- drifting of the amortisation plan, with subsequent recovery of interest accrued during the period of suspension. This renegotiation can have a financial effect only, which must be assessed and, when found to be significant, booked to the income statement offsetting the writedown of the loan;
- drifting of the amortisation and payment plan, during the period of suspension, of the interest only (e.g.: Moratorium in favour of SMEs. In this case, the moratorium does not determine any substantial effect at either financial or economic level.

The theme of the restructuring of the debt, with particular reference to renegotiation of the terms of the agreement originally subscribed by the customer, leads to reflection on the characteristics of the main conventions entered into by the Intesa Sanpaolo Group, illustrated below.

"Family Plan"
In January 2010, the Bank adhered to the agreement signed on 18 December 2009 between the ABI and the main consumer associations; the initiative is destined to support people who are finding it hard to meet their mortgage payments. It envisages the possibility for customers to ask suspension of payment of their mortgage instalments for 12 months, when the mortgage has been granted for the purchase, construction or refurbishing of their home, when certain events affecting their repayment capacity arise. The suspension of the mortgage payment, which may regard the principal amount only or the whole instalment, including interest, lasts 12 months and can be applied for by customers once only. 510 applications for suspension were accepted between February 2010 and 31 December 2012; against a residual debt of about € 45 million, the extended debt amounts to about € 2.1 million.

## A.3 – FAIR VALUE DISCLOSURE

### A.3.2 Fair value hierarchy

#### *A.3.2.1 **Accounting portfolio: breakdown by levels of fair value***

(millions of euros)

| Financial assets/liabilities measured at fair value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Financial assets held for trading | - | 140 | - | - | 99 | - |
| 2. Financial assets measured at fair value | - | - | - | - | - | - |
| 3. Financial assets available for sale | 611 | 54 | 33 | 826 | 50 | 33 |
| 4. Hedging derivatives | - | 91 | - | - | 83 | - |
| Total | 611 | 285 | 33 | 826 | 232 | 33 |
| 1. Financial assets held for trading | - | 153 | - | - | 108 | - |
| 2. Financial liabilities measured at fair value | - | - | - | - | - | - |
| 3. Hedging derivatives | - | 30 | - | - | 20 | - |
| Total | - | 183 | - | - | 128 | - |

#### *A.3.2.2 Annual changes in financial assets measured at fair value (level 3)*

(millions of euros)

| | FINANCIAL ASSETS | | | |
|---|---|---|---|---|
| | held for trading | measured at fair value | available for sale | for hedging |
| 1. Opening balance | - | - | 33 | - |
| 2. Increases | - | - | 3 | - |
| 2.1 Purchases | - | - | 3 | - |
| 2.2 Profits allocated to: | - | - | - | - |
| 2.2.1 Income statement | - | - | - | - |
| - of which capital gains | - | - | - | - |
| 2.2.2 Equity | - | - | - | - |
| Transfers from other levels | - | - | - | - |
| 2.4 Other changes | - | - | - | - |
| 3. Decreases | - | - | **- 3** | - |
| 3.1 Sales | - | - | - | - |
| 3.2 Redemptions | - | - | - | - |
| 3.3 Losses allocated to: | - | - | - 3 | - |
| 3.3.1 Income statement | - | - | - 2 | - |
| - of which capital losses | - | - | - 2 | - |
| 3.3.2 Equity | - | - | - 1 | - |
| 3.4 Transfers from other levels | - | - | - | - |
| 3.5 Other reducing changes | - | - | - | - |
| 4. Closing balance | - | - | **33** | - |

#### *3.3 Information on the so-called "day one profit/loss"*

The Bank does not perform activities that determine the so-called "day one profit/loss".

# Part B – Information on the balance sheet

## ASSETS

### SECTION 1 - CASH AND CASH ON HAND - LINE 10

#### 1.1 Cash and cash on hand: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| a) Cash | 198 | 132 |
| b) Free deposits with Central Banks | - | - |
| TOTAL | 198 | 132 |

### SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - LINE 20

#### 2.1 Financial assets held for trading: breakdown by product

(millions of euro)

| | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| A. Cash assets | | | | | | |
| 1. Debt securities | - | - | - | - | - | - |
| 1.1 structured securities | - | - | - | - | - | - |
| 1.2 other debt securities | - | - | - | - | - | - |
| 2. Equities | - | - | - | - | - | - |
| 3. UCITS units | - | - | - | - | - | - |
| 4. Loans | - | - | - | - | - | - |
| 4.1 repurchase agreements | - | - | - | - | - | - |
| 4.2 other | - | - | - | - | - | - |
| Total A | - | - | - | - | - | - |
| B. Derivatives | | | | | | |
| 1. Financial derivatives | - | 140 | - | - | 99 | - |
| 1.1 held for trading | - | 140 | - | - | 99 | - |
| 1.2 linked to the fair value option | - | - | - | - | - | - |
| 1.3 other | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 held for trading | - | - | - | - | - | - |
| 2.2 linked to the fair value option | - | - | - | - | - | - |
| 2.3 other | - | - | - | - | - | - |
| Total B | - | 140 | - | - | 99 | - |
| TOTAL (A+B) | - | 140 | - | - | 99 | - |

### 2.2. Financial assets held for trading: breakdown by debtors/issuers

(millions of euro)

| Items/values | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A) CASH ASSETS | | |
| 1. Debt securities | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public entities | - | - |
| c) Banks | - | - |
| d) Other issuers | - | - |
| 2. Equities | - | - |
| a) Banks | - | - |
| b) Other issuers | - | - |
| - insurance companies | - | - |
| - financial companies | - | - |
| - non-financial companies | - | - |
| - other | - | - |
| 3. UCITS units | - | - |
| 4. Loans | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public entities | - | - |
| c) Banks | - | - |
| d) Other entities | - | - |
| Total A | - | - |
| B) DERIVATIVES | | |
| a) Banks | 10 | - |
| - fair value | 10 | 4 |
| b) Customers | 130 | - |
| - fair value | 130 | 95 |
| Total B | 140 | - |
| TOTAL (A+B) | 140 | - |

## SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE - LINE 30

The tables have not been drawn up as of 31 December 2012 as the item under evaluation is lower than € 1 million. In particular, the caption under evaluation, created exclusively for "natural hedge" purposes, comprises Level 1 equity securities, equal to around € 171 thousand, issued by the parent bank Intesa Sanpaolo and purchased by Banca CR Firenze for the incentive-driven plan provided for some employees, as per resolution of the Shareholders' General Meeting held in 2012.

## SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - LINE 40

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

(millions of euro)

| Items/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Debt securities | 608 | 16 | - | 824 | 14 | - |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 608 | 16 | - | 824 | 14 | - |
| 2. Equities | 3 | 11 | 33 | 2 | 5 | 33 |
| 2.1 Measured at fair value | 3 | 11 | 30 | 2 | 5 | 30 |
| 2.2 Measured at cost | - | - | 3 | - | - | 3 |
| 3. UCITS units | - | 27 | - | - | 31 | - |
| 4. Loans | - | - | - | - | - | - |
| TOTAL | 611 | 54 | 33 | 826 | 50 | 33 |

The equities shown under point 2.2 were evaluated at cost as it was not possible to gain a reliable determination of the fair value.
They are equity investments (less than 15%) held in industrial or service companies operating almost exclusively at local level. It was not possible to gain a reliable determination of the fair value as there is no active market for these instruments, and it was not possible to correctly apply the evaluation models because there are no future cash flows estimates. The book value of these instruments is about € 3 million.
The Bank does not intend to sell these financial instruments and any sales of such instruments in the past have not determined significant profits or losses.

### 4.2 Financial assets available for sale: breakdown by debtors/issuers

(millions of euro)

| Items/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Debt securities | 624 | 838 |
| a) Governments and Central Banks | 441 | 629 |
| b) Other public entities | 3 | 2 |
| c) Banks | 131 | 158 |
| d) Other issuers | 49 | 49 |
| 2. Equities | 47 | 40 |
| a) Banks | - | - |
| b) Other issuers | 47 | 40 |
| - insurance companies | - | - |
| - financial companies | 17 | 15 |
| - non-financial companies | 30 | 25 |
| - other | - | - |
| 3. UCITS units | 27 | 31 |
| 4. Loans | - | - |
| a) Governments and Central Banks | - | - |
| b) Other public entities | - | - |
| c) Banks | - | - |
| d) Other entities | - | - |
| TOTAL | 698 | 909 |

### 4.3 Financial assets available for sale: assets subject to specific hedge

As of 31 December 2012, there are no financial assets available for sale subject to specific hedging.

### 4.4 Financial assets available for sale: annual changes

(millions of euro)

| | Debt securities | Equities | UCITS units | Loans | Total |
|---|---|---|---|---|---|
| A. Opening balance | 838 | 40 | 31 | - | 909 |
| B. Increases | 47 | 11 | 3 | - | 61 |
| B.1 purchases | - | 11 | 2 | - | 13 |
| of which business combinations | - | - | - | - | - |
| B.2 positive changes in fair value | 47 | - | - | - | 47 |
| B.3 write-backs recognised in: | - | - | - | - | - |
| - income statement | - | - | - | - | - |
| - shareholders' equity | - | - | - | - | - |
| B.4 transfers from other portfolios: | - | - | - | - | - |
| - financial assets held for trading | - | - | - | - | - |
| - financial assets held to maturity | - | - | - | - | - |
| B.5 other changes | - | - | 1 | - | 1 |
| C. Decreases | -261 | -4 | -7 | - | -272 |
| C.1 sales | - | - | - | - | - |
| of which business combinations | - | - | - | - | - |
| C.2 redemptions | -261 | - | -3 | - | -264 |
| C.3 negative changes in fair value | - | -1 | -3 | - | -4 |
| C.4 impairment losses recognised in: | - | -3 | -1 | - | -4 |
| - income statement | - | -3 | -1 | - | -4 |
| - shareholders' equity | - | - | - | - | - |
| C.5 transfers to other portfolios | - | - | - | - | - |
| C.6 other changes | - | - | - | - | - |
| D. Closing balance | 624 | 47 | 27 | - | 698 |

With reference to debt securities, the sub-caption B.2 includes the higher value reported, compared to the end of 2011, respectively in the amount of about € 24 million on bank issues and about € 23 million on Italian Government bonds. Sub-caption C.2 substantially comprises the repayment of Italian government securities for about € 211 million and of securities issued by banks for about € 47 million.

With regard to equity securities, sub-caption B.1 discloses the translation of some credit lines being restructured, pursuant to Art. 82 of the Fin. Law, in share financial instruments in the amount of around € 8 million and the increase in capital subscribed by Banca in Fidi Toscana S.p.A. for the amount of around € 3 million. Lastly, sub-caption C.4 substantially includes the value adjustment to the investment held in Immobiliare Novoli S.p.A. (around €1.7 million), and in Brain Technology S.p.A. (around € 1.4 million).

## SECTION 6 - AMOUNTS OWING BY BANKS - LINE 60

### 6.1 Amounts owing by banks: breakdown by products

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Amounts owing by Central Banks | - | - |
| 1. Fixed deposits | - | - |
| 2. Compulsory reserve | - | - |
| 3. Resale agreements | - | - |
| 4. Other | - | - |
| B. Amounts owing by banks | 314 | 360 |
| 1. Current accounts and free deposits | 196 | 35 |
| 2. Fixed deposits | 83 | 133 |
| 3. Other loans | 20 | 91 |
| 3.1 Resale agreements | 9 | 73 |
| 3.2 Financial lease | - | - |
| 3.3 Other | 11 | 18 |
| 4. Debt securities | 15 | 101 |
| 4.1 Structured | - | - |
| 4.2 Other | 15 | 101 |
| TOTAL (book value) | 314 | 360 |
| TOTAL (fair value) | 314 | 360 |

As of 31 December 2012, current accounts and free deposits included around € 179 million of accounts receivables to the parent company Intesa Sanpaolo, recorded for the sale of the business unit occurred in the last quarter of 2012 and being settled in 2013.
The decrease of debt securities compared to the previous year is due to the reimbursement of around € 85 million of bonds issued by the parent company Intesa Sanpaolo.

It is worth noting that the obligation of a compulsory reserve set out by the Bank of Italy was fulfilled indirectly through the Parent bank, where a special deposit was created and amounted to € 76 million as of 31 December 2012.

## SECTION 7 – CUSTOMER LOANS - LINE 70

### 7.1 Customer loans: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | | Performing | Non-performing | |
| | | purchased | other | | purchased | other |
| 1. Current accounts | 1,769 | - | 268 | 1,853 | - | 235 |
| 2. Reverse repurchase agreements | - | - | - | - | - | - |
| 3. Mortgages | 5,889 | - | 680 | 6,760 | - | 557 |
| 4. Credit card loans, personal loans and transfer of one fifth of salaries | 103 | - | 2 | 92 | - | 1 |
| 5. Finance leases | - | - | - | - | - | - |
| 6. Factoring | - | - | - | - | - | - |
| 7. Other loans | 2,081 | - | 212 | 2,134 | - | 136 |
| 8. Debt securities | 13 | - | - | 19 | - | - |
| 8.1 Structured securities | - | - | - | - | - | - |
| 8.2 Other debt securities | 13 | - | - | 19 | - | - |
| TOTAL (book value) | 9,855 | - | 1,162 | 10,858 | - | 929 |
| TOTAL (fair value) | 9,887 | - | 1,162 | 10,815 | - | 929 |

The decrease in mortgages is substantially due to the ordinary amortisation, not offset by new issues.
The "Other loans" sub-caption contains advances on bills with recourse and on imports/exports, as well as other forms of finance not managed in current accounts.

It is worth noting that as of 31 December 2012 there are no loans issued with funds made available by public entities, with the risk borne by the Bank.

### 7.2 Customer loans: breakdown by debtors/issuers

(millions of euro)

| Type of transaction/Value | 31.12.2012 | | | 31.12.2011 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | | Performing | Non-performing | |
| | | purchase | other | | purchase | other |
| 1. Debt securities | 13 | - | - | 19 | - | - |
| a) Governments | - | - | - | - | - | - |
| b) Other public agencies | - | - | - | - | - | - |
| c) Other issuers | 13 | - | - | 19 | - | - |
| - non-financial companies | - | - | - | - | - | - |
| - financial companies | 5 | - | - | 5 | - | - |
| - insurance companies | 8 | - | - | 14 | - | - |
| - other | - | - | - | - | - | - |
| 2. Loans | 9,842 | - | 1,162 | 10,838 | - | 929 |
| a) Governments | 82 | - | - | 19 | - | - |
| b) Other public agencies | 250 | - | 1 | 279 | - | - |
| c) Other counterparties | 9,510 | - | 1,161 | 10,540 | - | 929 |
| - non-financial companies | 6,209 | - | 1,018 | 6,791 | - | 786 |
| - financial companies | 335 | - | 2 | 356 | - | 5 |
| - insurance companies | 19 | - | - | 18 | - | - |
| - other | 2,947 | - | 141 | 3,375 | - | 138 |
| TOTAL | 9,855 | - | 1,162 | 10,857 | - | 929 |

The debt securities sub-caption refers to capitalisation insurance agreements, equating to about € 8 million, as well as the junior note, equal to about € 5 million, issued by the vehicle company CR Firenze Mutui S.r.l. following the performing loan securitisation transaction carried out in 2002.

### 7.3 Customer loans: assets subject to special hedging

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Loans to customers with specific fair value hedges | 833 | 883 |
| a) Interest rate risk | 833 | 883 |
| b) Foreign exchange risk | - | - |
| c) Credit risk | - | - |
| d) Sundry risks | - | - |
| 2. Loans to customers with specific cash flow hedges | 110 | 115 |
| a) Interest rate risk | 110 | 115 |
| b) Foreign exchange risk | - | - |
| c) Other | - | - |
| TOTAL | 943 | 998 |

The caption at point 1. comprises the fixed rate commitments with respect to customers for which special hedging was provided (Interest rate Swaps and Options on interest rates), with the aim of covering the value changes caused by shift sensitivity, in compliance with provisions set out by "Guidelines for the Group Finance" and in full compliance with risk thresholds set out by the Group Financial Risk Committee (GFRC). The activity is carried out in service by the Treasury Direction of the Parent Company.

Item at point 2. comprises a variable rate loan to Immobiliare Nuova Sede, for which an interest rate risk hedge (Interest rate Swap) was concluded on cash flows generated by it.

## SECTION 8- HEDGING DERIVATIVES - LINE 80

### 8.1 Hedging derivatives: breakdown by type of hedging and by levels

(millions of euro)

| | Fair value 31.12.2012 | | | Notional value 31.12.2012 | Fair value 31.12.2011 | | | Notional value 31.12.2011 |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A) Financial derivatives | - | 91 | - | 2,518 | - | 83 | - | 2,337 |
| 1) fair value | - | 80 | - | 2,238 | - | 78 | - | 2,223 |
| 2) cash flows | - | 11 | - | 280 | - | 5 | - | 114 |
| 3) foreign investments | - | - | - | - | - | - | - | - |
| B) Credit derivatives | - | - | - | - | - | - | - | - |
| 1) fair value | - | - | - | - | - | - | - | - |
| 2) cash flows | - | - | - | - | - | - | - | - |
| Total | - | 91 | - | 2,518 | - | 83 | - | 2,337 |

Financial derivatives relate to specific hedging derivatives of fair value on fixed rate customer loans, macrohedging derivatives of fair value on core deposits (Model of customer-originated items) and cash flow hedging derivatives on floating rate commitments to customers, all concluded with the target of mitigating the interest rate risk profile of the Bank within the shift sensitivity limits, as set out by the Group Financial Risk Committee (GFRC).

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

(millions of euro)

| Transactions/Type of hedge | Fair value | | | | | | Cash flow | | Foreign investments |
|---|---|---|---|---|---|---|---|---|---|
| | Specific | | | | | | | | |
| | interest rate risk | foreign exchange risk | credit risk | price risk | various risks | Generic | Specific | Generic | |
| 1. Financial assets available for sale | - | - | - | - | - | X | - | X | X |
| 2. Loans | 7 | - | - | X | - | X | 10 | X | X |
| 3. Financial assets held to maturity | X | - | - | X | - | X | - | X | X |
| 4. Portfolio | X | X | X | X | X | - | X | 1 | X |
| 5. Other transactions | - | - | - | - | - | X | - | X | - |
| Total assets | 7 | - | - | - | - | - | 10 | 1 | - |
| 1. Financial liabilities | 5 | - | - | X | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | 68 | X | - | X |
| Total liabilities | 5 | - | - | - | - | 68 | - | - | - |
| 1. Expected transactions | X | X | X | X | X | X | - | X | X |
| 2. Financial asset and liability portfolio | X | X | X | X | X | - | X | - | - |

Hedging derivatives with a positive fair value as of 31 December 2012 refer:

- for about € 12 million to specific interest rate risk hedging tools, on fixed rate mortgages and mortgages with Cap for about € 7 million and on fixed rate bond issues for about € 5 million respectively;
- for about € 68 million to general hedging instruments on sight deposits;
- for about € 10 million to specific hedging tools on cash flows on a floating rate mortgage granted to the subsidiary Immobiliare Nuova Sede S.r.l.;
- for about € 1 million to generic hedging on cash flows on a floating rate mortgage.

## SECTION 10 - EQUITY INVESTMENTS - LINE 100

### 10.1 Equity investments in subsidiaries, companies subject to joint control and in companies subject to significant influence: information on investing relations

| Companies | Registered office | % held | % of votes available (*) |
|---|---|---|---|
| A.WHOLLY-OWNED SUBSIDIARIES | | | |
| CASSA DI RISPARMIO DI PISTOIA E DELLA LUCCHESIA S.p.A. | Pistoia | 74.88 | |
| CASSA DI RISPARMIO DI CIVITAVECCHIA S.p.A. | Civitavecchia (Rome) | 51.00 | |
| INFOGROUP S.c.p.A. | Florence | 65.45 | |
| IMMOBILIARE NUOVA SEDE S.r.L. | Florence | 100.00 | |
| CASSA DI RISPARMIO DI RIETI S.p.A. | Rieti | 85.00 | |
| CASSE DI RISPARMIO DELL'UMBRIA S.p.A. | Spoleto | 87.85 | 88.28 |
| CASSA DI RISPARMIO DELLA PROVINCIA DI VITERBO S.p.A | Viterbo | 75.81 | 82.02 |
| TEBE TOURS S.r.L. | Mirandola (Modena) | 100.00 | |
| CR FIRENZE MUTUI S.r.L. | Conegliano Veneto (TV) | 10.00 | |
| C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE | | | |
| AGRIVENTURE S.p.A. | Florence | 20.00 | |
| INTESA SANPAOLO FORMAZIONE S.c.p.A. | Naples | 13.75 | |
| INTESA SANPAOLO GROUP SERVICES S.c.p.A. | Turin | 0.01 | |
| INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK | Arad (Romania) | 8.18 | |
| SIA - SSB S.p.A. | Milan | 0.49 | |
| SMIA S.p.A. | Rome | 0.42 | |

* Votes available in the Ordinary Shareholders' Meeting.The voting rights are stated only where they differ from the percentage stake in the capital.

The explanation of the reasons why a subsidiary is subject to considerable influence is contained in Part A – Accounting Policies, to which reference should be made.

It should be noted that on 26 November 2012 Cassa di Risparmio di Spoleto incorporated Cassa di Risparmio di Terni e Narni, Cassa di Risparmio di Foligno and Cassa di Risparmio di Città di Castello, while taking the new name of Casse di Risparmio dell'Umbria.

Moreover, on 1 October 2012, Banca CR Firenze Romania merged into Intesa Sanpaolo Romania Commercial Bank and, based on the swap report drawn up by an independent company, as of 31 December 2012, the Company held an interest of around 8.18% of the share company.

### 10.2 Equity interests in subsidiaries, companies subject to joint control and in companies subject to significant influence: information on investing relations

(millions of euro)

| Companies | Total assets (1) | Total revenues (2) | Profit (Loss) | Shareholders' Equity (3) | Book value | Fair value (4) |
|---|---|---|---|---|---|---|
| A.WHOLLY-OWNED SUBSIDIARIES | | | | | | |
| S.p.A. | 3,229 | 139 | 3 | 288 | 319 | X |
| CASSA DI RISPARMIO DI CIVITAVECCHIA S.p.A. | 800 | 47 | 3 | 79 | 50 | X |
| INFOGROUP S.c.p.A. | 66 | 78 | 1 | 22 | 3 | X |
| IMMOBILIARE NUOVA SEDE S.r.L. | 124 | 10 | -2 | 6 | 19 | X |
| CASSA DI RISPARMIO DI RIETI S.p.A. | 1,193 | 65 | 6 | 174 | 156 | X |
| CASSE DI RISPARMIO DELL'UMBRIA S.p.A. | 4,015 | 228 | -15 | 387 | 441 | X |
| CASSA DI RISPARMIO DELLA PROVINCIA DI VITERBO S.p.A | 1,149 | 59 | 3 | 138 | 82 | X |
| TEBE TOURS S.r.l. | | | | | | X |
| CR FIRENZE MUTUI S.r.l. | | | | | | X |
| C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE | | | | | | |
| AGRIVENTURE S.p.A. | 10 | 8 | 1 | 5 | 1 | X |
| INTESA SANPAOLO FORMAZIONE S.c.p.A | 2 | 2 | | | | |
| INTESA SANPAOLO GROUP SERVICES S.c.p.A. | 1,431 | 1,565 | -7 | 489 | | |
| INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK | 1,140 | 94 | -25 | 200 | 27 | |
| SIA S.p.A. | 225 | 357 | -21 | 126 | 1 | |
| SMIA S.p.A. | | | | | | |
| D. OTHER EQUITY INVESTMENTS | | | | | | |
| Banca d'Italia | | | | | 57 | X |
| TOTAL | | | | | 1,156 | |

Where no value is indicated, the amount is lower than € 1 million.

(1) Accounts are inferred from financial statements as of 31 December 2012, except for SIA, the figures of which relate to 2011 financial statements.
(2) Total revenues indicate the overall amount of the income components showing a positive sign including taxes.
(3) Shareholders' equity includes the net profit of the year.
(4) The fair value is not indicated as there are no listed companies subject to a significant influence.

### 10.3. Equity investments: annual changes

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Opening balance | 1,102 | 1,097 |
| B. Increases | 337 | 5 |
| B.1 purchases | 337 | 5 |
| of which business combinations | - | - |
| B.2 write-backs | - | - |
| B.3 revaluations | - | - |
| B.4 other changes | - | - |
| C. Decreases | -282 | - |
| C.1 sales | -282 | - |
| C.2 value adjustments (a) | - | - |
| C.3 other changes | - | - |
| D. Closing balance | 1,157 | 1,102 |
| E. Total revaluations | - | - |
| F. Total adjustments | -41 | -41 |

As of 31 December 2012, changes are mainly connected with reorganisation and streamlining operations within the Intesa Sanpaolo Group, and they refer to:

- the increase of around € 135 million in the equity investment in Cassa di Risparmio di Pistoia e della Lucchesia S.p.A., resulting from some purchases of minority interests, totalling around € 87 million, and the subscription, in the amount of around € 48 million, to the capital increase for the sale of the business unit comprising 25 operating points of Banca CR Firenze S.p.A., made in July;

- the purchase of around € 132 million of minority interests of Cassa di Risparmio di Spoleto, Cassa di Risparmio di Terni e Narni S.p.A., Cassa di Risparmio di Foligno S.p.A. and Cassa di Risparmio di Città di Castello S.p.A. in order to create a new entity, Casse di Risparmio dell'Umbria S.p.A.;

- the purchase of the residual minority interest in Cassa di Risparmio di Ascoli S.p.A., for the amount of € 70 million, which allowed for the total control of the company, then fully transferred to the Parent company Intesa Sanpaolo for an amount of around € 205 million, through a spin-off of the business unit comprising also 23 operating points of Banca CR Firenze S.p.A. in November;

- the sale of interests held in Centro Leasing S.p.A. (€ 62 million) and Centro Factoring S.p.A. (€ 15 million), respectively to Leasint S.p.A., for the price of about € 25 million, and Intesa Sanpaolo, for the price of about € 55 million.

## SECTION 11 - PROPERTY, PLANT AND EQUIPMENT - LINE 110

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

(millions of euro)

| Assets/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Assets held for own use | | |
| 1.1 owned | 134 | 139 |
| a) land | 46 | 47 |
| b) buildings | 68 | 72 |
| c) furniture | 14 | 12 |
| d) electronic equipment | - | 1 |
| e) other | 6 | 7 |
| 1.2 acquired under financial lease | - | - |
| a) land | - | - |
| b) buildings | - | - |
| c) furniture | - | - |
| d) electronic equipment | - | - |
| e) other | - | - |
| Total A | 134 | 139 |
| B. Assets held for investment | | |
| 2.1 owned | 33 | 35 |
| a) land | 12 | 13 |
| b) buildings | 21 | 22 |
| 2.2 acquired under financial lease | - | - |
| a) land | - | - |
| b) buildings | - | - |
| Total B | 33 | 35 |
| TOTAL (A + B) | 167 | 174 |

### 11.2 Property, plant and equipment: breakdown of assets carried at fair value or revalued

At the reference date there were no property, plant and equipment carried at fair value or revalued.

### 11.3 Property, plant and equipment held for own use: annual changes

(millions of euro)

| | Land | Buildings | Furniture | Electronic equipment | Other | Total |
|---|---|---|---|---|---|---|
| A. Gross initial carrying amount | 46 | 173 | 28 | 5 | 34 | 286 |
| A.1 Total net adjustments | - | 101 | 15 | 4 | 27 | 147 |
| A.2 Net initial carrying amount | 46 | 72 | 13 | 1 | 7 | 139 |
| B. Increases | - | 2 | 3 | - | 2 | 7 |
| B.1 Purchases | - | 2 | 2 | - | 2 | 6 |
| of which business combinations | - | 2 | - | - | - | 2 |
| B.2 Capitalised expenses for improvement | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Positive changes in fair value recognised in: | - | - | - | - | - | - |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Transfer from investment property | - | - | - | - | - | - |
| B.7 Other changes | - | - | 1 | - | - | 1 |
| C. Decreases | - | -6 | -2 | -1 | -3 | -12 |
| C.1 Sales | - | - | - | | - | - |
| of which business combinations | - | - | - | - | - | - |
| C.2 Depreciation | - | -5 | -1 | -1 | -3 | -10 |
| in: | | | | | | |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| C.4 Negative changes in fair value recognised in: | - | -1 | - | - | - | -1 |
| a) shareholders' equity | - | - | - | - | - | - |
| b) income statement | - | -1 | - | - | - | -1 |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Transfer to: | - | - | - | - | - | - |
| a) investment property | | | | | | |
| b) non-current assets held for sale and | - | - | - | - | - | - |
| discontinued operations | - | - | - | - | - | - |
| C.7 Other changes | - | - | -1 | - | - | -1 |
| D. Net final carrying amount | 46 | 68 | 14 | - | 6 | 134 |
| D.1 Total net adjustments | - | 107 | 15 | 5 | 23 | 150 |
| D.2 Gross final carrying amount | 46 | 175 | 29 | 5 | 29 | 284 |
| E. Measurement at cost | - | - | - | - | - | - |

Based on impairment testing of real estate properties, as of 31 December 2012, the necessity arose to adjust the value of come assets for a total amount of around € 1 million.
In sub-captions A.1 and D.1 the amounts relating to the amortisation funds and value adjustments booked in order to align the book value of the asset to its recoverable amount are shown.
Sub-caption "E – Measurement at cost" contains no value as, in compliance with the instructions of Bank of Italy, it is only filled in for property, plant and equipment carried in the financial statements at fair value.

### 11.4 Property, plant and equipment held for investment: annual changes

(millions of euro)

| | Total 31.12.2012 | | Total 31.12.2011 | |
|---|---|---|---|---|
| | Land | Buildings | Land | Buildings |
| A. Opening balance | 13 | 22 | 13 | 23 |
| B. Increases | - | - | - | - |
| B.1 Purchases | - | - | - | - |
| of which business combination | - | - | - | - |
| B.2 Capitalized costs for leasehold improvements | - | - | - | - |
| B.3 Positive fair value changes | - | - | - | - |
| B.4 Write-backs | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - |
| B.6 Transfers from property held for own use | - | - | - | - |
| B.7 Other changes | | - | | - |
| C. Decreases | -1 | -1 | - | -1 |
| C.1 Sales | - | - | - | - |
| of which business combination | - | - | - | - |
| C.2 Depreciation | - | -1 | - | -1 |
| C.3 Decreases in fair value: | - | - | - | - |
| C.4 Value adjustments from impairment | -1 | - | - | - |
| C.5 Negative exchange differences | - | - | - | - |
| C.6 Transfers to other asset portfolios | - | - | - | - |
| a) property held for own use | - | - | - | - |
| b) non-current assets under disposal | - | - | - | - |
| C.7 Other changes | - | - | - | - |
| D. Final amount | 12 | 21 | 13 | 22 |
| E. Measurement at fair value | - | - | - | - |

## SECTION 12 - INTANGIBLE ASSETS - LINE 120

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

(millions of euro)

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Definite life | Indefinite life | Definite life | Indefinite life |
| A.1 Goodwill | X | 279 | X | 262 |
| A.2 Other intangible assets | 14 | - | - | - |
| A.2.1 Assets measured at cost: | 14 | - | - | - |
| a) Internally generated intangible assets | - | - | - | - |
| b) Other assets | 14 | - | - | - |
| A.2.2 Assets measured at fair value: | - | - | - | - |
| a) Internally generated intangible assets | - | - | - | - |
| b) Other assets | - | - | - | - |
| Total | 14 | - | - | - |

Goodwill

Goodwill, entered in the separate financial statements, as of 31 December 2012 amounted to € 279 million, a residual amount after deducting an overall amount of € 49 million over the years for extraordinary transfer operations of business units. It was initially equal to € 328 million, broken down as follows:

- € 11 million for the acquisition of the Bologna branch from former Banco di Napoli;
- € 76 million for the merger by incorporation, occurred in 2006, of former Cassa di Risparmio di Mirandola;
- € 4 million for the purchase of the promoters branch from Cortal, occurred in 2007;
- € 192 million for the acquisition of 50 branches from Banca Monte dei Paschi di Siena S.p.A. in 2010;
- € 45 million for the sale of 78 ISP branches.

The methods of allocation of goodwill to the cash generating units (“CGU”) and checking for any reductions in value (impairment test) are explained in paragraph 17 “Other information” of part A.2 of these notes to the financial statements.
In particular, in the Intesa Sanpaolo group, the CGUs which, over time, benefited from synergies of business aggregations made and corresponding to the Group business units, are as follows:

- Banca dei territori;
- Corporate and investment banking;
- Eurizon Capital;
- Banca Fideuram;
- Foreign banks;
- Bank of Alexandria;
- Pravex.

Pursuant to provisions set out by IAS 36, the Intesa Sanpaolo Group submitted goodwill allocated to the aforementioned CGUs to impairment tests.
Banca CR Firenze S.p.A. is substantially within the Banca dei Territori CGU. Therefore, goodwill recorded in the separate financial statements was not considered as single asset and the related value was tested for impairment in relation to the larger CGU to which the Bank belongs.
The Parent company performed an impairment test on the goodwill of its CGUs, including the Banca dei Territori CGU, while estimating their value of use through the discounting of expected cash flows at level of operating divisions. The outcome of the consolidated impairment test on the Banca dei Territori division confirmed the book value of the goodwill pertaining to the division.
In order to further testing the book value of goodwill recorded in the Bank's separate financial statements, a further testing was performed, according to the criteria of the Intesa Sanpaolo Group. The implicit multiples referred to the Banca dei Territori division were taken into consideration and they were applied to the corresponding values of Banca CR Firenze.
The value indicators that are more commonly used in the banking sector are the following: Price / Tangible Book Value (P/TBV), Goodwill / Total Deposits (G/TD)and Price / Earning. As regards the last indicator, given the organisation of the Intesa Sanpaolo Group, it is worth noting, however, that profitability of the single companies is especially influenced by synergies developed at the Banca dei Territori Division level and synergy location policies at Group level. This management model adopted by the Intesa Sanpaolo Group (which led to the definition of the CGU's minimum threshold at the Banca dei Territori Division level) led to the consideration that the multipliers calculated on economic results of each single company within the Banca dei Territori CGU are of little significance. For this reason, the price/earning ratio was not considered in the test performed.
The P/TBV and G/TD parameters of the division were therefore applied to the values of the Bank subject to evaluation.
The implicit multiples identified are indicated hereunder:

Price / Tangible Book Value 1.633%

Goodwill / Total Deposits 0.987%

These multiples were applied to the balance sheet values of the Bank's shareholder' equity, net of goodwill and to total deposits, as it is shown in the summary table as of 31 December 2012.

Based on the following values inferred from the 2012 financial statements (in millions of euro):
A) Goodwill: € 279 million;
B) Shareholders' Equity: € 1,584 million;
C) Tangible Shareholders' Equity: € 1,291 million.

In terms of recoverable value, the following can be inferred:

Price / Tangible Book Value: € 817 million.
Goodwill / Total Deposits: € 202 million.
The average of the recoverable value of goodwill, resulting from the application of the above-mentioned multiples, is therefore € 510 million.
Lastly, as a further check, also the implicit multiples (Price / Tangible Book Value and Goodwill/Total Deposits) in the goodwill of a sampling of "comparable", listed Italian banks were taken into consideration, together with multiples deriving from acquisition transactions carried out in Italy between 2010 and 2012. By applying these multiples to the balance sheet values of Banca CR Firenze, a recoverable value of goodwill is reported, which is even higher than the value resulting from the application of the implicit multiples referred to the Banca dei Territori division.

Conclusions
The afore-mentioned impairment test has not reported any impairment for goodwill recorded in the separate financial statements of Banca CR Firenze.

Core deposits
Intangible fixed assets recognised, comprise intangible assets connected with customers, and they are represented by the measurement of core deposits recorded after the transfer of the business unit, inclusive of 78 operating points of Intesa Sanpaolo, occurred in October. As regards intangible fixed assets with a residual definite useful life calculated over 20 years, the amount of amortisation pertaining to the period was charged to the income statement (8 October 2012 - 31 December 2012), under caption "180. Value adjustments/Write backs to intangible assets", for a total amount of around € 0.3 million.

For details of the transaction, see the following table.

### 12.2 Intangible assets: annual changes

(millions of euro)

| | Goodwill | Other intangible assets: internally generated | | Other intangible assets: other | | Total |
|---|---|---|---|---|---|---|
| | | Definite life | Indefinite life | Definite life | Indefinite life | |
| A. Opening balance | 262 | - | - | - | - | 262 |
| A.1 Total net adjustments | - | - | - | - | - | - |
| A.2 Opening net balance | 262 | - | - | - | - | 262 |
| B. Increases | 46 | - | - | 14 | - | **60** |
| B.1 Purchases | 46 | - | - | 14 | - | 60 |
| of which business combination | 46 | - | - | 14 | - | 60 |
| constructions costs | X | - | - | - | - | - |
| B.3 Write-backs | X | - | - | - | - | - |
| B.4 Increases in fair value | - | - | - | - | - | - |
| - through shareholders' equity | X | - | - | - | - | - |
| - through profit and loss | X | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Other changes | - | - | - | - | - | - |
| C. Decreases | -29 | - | - | - | - | -29 |
| C.1 Sales | -29 | - | - | - | - | -29 |
| of which business combination | -29 | - | - | - | - | -29 |
| C.2 Impairment losses | - | - | - | - | - | - |
| - Amortisation | X | - | - | - | - | - |
| - Write-downs: | - | - | - | - | - | - |
| through shareholders' equity | X | - | - | - | - | - |
| through income statement | - | - | - | - | - | - |
| C.3 Decreases in fair value | - | - | - | - | - | - |
| - through shareholders' equity | X | - | - | - | - | - |
| - through profit and loss | X | - | - | - | - | - |
| C.4 Transfer to non-current assets being disposed | - | - | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Other changes | - | - | - | - | - | - |
| D. Closing net balance | 279 | - | - | 14 | - | 293 |
| D.1 Total net value adjustments | - | - | - | - | - | - |
| E. Closing gross balance | 279 | - | - | 14 | - | 293 |
| F. Measurement at cost | - | - | - | - | - | - |

Sub-caption B.1 is entirely related to goodwill recorded after the sale of the business unit, inclusive of 78 operating points of Intesa Sanpaolo, occurred in October.
Sub-caption C.1 refers to the deduction of goodwill related to the business units transferred to Cassa di Risparmio di Pistoia e della Lucchesia, in the amount of around € 11 million, Cassa di Risparmio in Bologna, in the amount of around € 8 million, Intesa Sanpaolo, in the amount of around € 6 million and Casse di Risparmio dell'Umbria, in the amount of around € 3 million.

## SECTION 13 - TAX ASSETS AND LIABILITIES - LINE 130 AND LINE 80

Considering the fiscal situation of the Bank and, accordingly, the expectations of considerable taxable income in future years, all deferred tax assets and liabilities were accounted for by applying IRES and IRAP tax rates currently in force, which were 27.5% and 5.57% respectively, according to prudential criteria.

Following the application of IAS/IFRS accounting standards, current and deferred assets/liabilities, which relate to shareholders' equity items mainly connected with the valuation effect of the AFS portfolio, are entered as actuarial gain or losses on liability provisions measured on the basis of IAS 19.

Take note that the item "Share capital" includes reserves in a tax-suspended status equal to a total of € 305.9 million (constituted pursuant to Laws no. 823/1973, 576/1975, 72/1983, 408/1990, 413/1991, 342/2000 and 266/2005), against which no deferred tax liabilities were recognised, whose theoretical total amount would be equal to € 101.2 million, as currently there is no possibility of a reduction in the share capital. Lastly, no deferred tax assets on fiscal losses were booked following adhesion by the Parent Company to National Tax Consolidation.

### 13.1 Deferred tax assets: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Corresponding caption in income statement | - | - |
| A. Temporary deductible differences | | |
| Adjustment to/Impairment of loans deductible in future years | 129 | 116 |
| Provisions for future charges | 15 | 13 |
| Higher tax value of equity investments, securities and other assets | 2 | 1 |
| Extraordinary charges for incentive-driven exit plans | 9 | 11 |
| Other | 95 | 81 |
| B. Taxable temporary differences | | |
| Costs deducted off balance sheet (art. 109 TUIR) | - | - |
| Capital gains in instalments | - | - |
| Differences between book and tax value (art. 128 TUIR) | - | - |
| Lower tax value of equity investments, securities and other assets | - | - |
| Other | - | - |
| TOTAL | 250 | 222 |
| Corresponding caption in shareholders' equity | - | - |
| Cash flow hedge | - | - |
| Recognition of actuarial gains/losses | 5 | 1 |
| Assets available for sale | 3 | 20 |
| TOTAL | 8 | 21 |
| Total deferred tax assets | 258 | 243 |

Item "Other" primarily relates to the residual value of freed goodwill, pursuant to Art. 15, par. 10 of the Law Degree 185/2008 and Law Decree 98/2011.

### 13.2 Deferred tax liabilities: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Corresponding caption in income statement | 14 | 14 |
| A. Taxable temporary differences | | |
| Costs deducted out of accounts pursuant to art. 109 TUIR | - | - |
| Employee termination indemnity (TFR) | - | - |
| Accrued capital gains | 4 | 6 |
| Lower tax value of securities and other assets | - | - |
| Other | 12 | 8 |
| B. Temporary deductible differences | | |
| Adjustment of loans deductible in future years | - | - |
| Higher tax value of securities and other assets | - | - |
| Other | - | - |
| TOTAL | 16 | 14 |
| Corresponding caption in shareholders' equity | - | - |
| Cash flow hedge | - | - |
| Reserve pursuant to Law 169/83 | - | - |
| Reserve pursuant to Law 213/98 | - | - |
| Assets available for sale | 4 | 2 |
| TOTAL | 4 | 2 |
| Total deferred tax liabilities | 20 | 16 |

"Other" deferred taxes mainly relate to fiscally deducted portions of goodwill due to the acquisition of bank branches.

### 13.3 Changes in deferred tax assets (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 222 | 141 |
| 2. Increases | 80 | 93 |
| 2.1 Deferred tax assets recognised over the period | 75 | 93 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) write-backs | - | - |
| d) others | 75 | 93 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 2.4 Business combination | 5 | - |
| 3. Decreases | -52 | -12 |
| 3.1 Deferred tax assets recognised over the period | -29 | -12 |
| a) reversals | -29 | -12 |
| b) write-downs for non-recoverability | - | - |
| c) change in accounting criteria | - | - |
| d) others | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | - |
| a) transformations in tax credits as per Law no. 214/2011 | - | - |
| b) other | - | - |
| 3.4 Business combination | -23 | - |
| 4. Closing balance | 250 | 222 |

Sub-caption 2.1 d) mainly refers to the freeing, in accordance with Law Decree 185/2008, of the consolidated goodwill and value adjustments on loans exceeding the limit of fiscal deductibility envisaged by regulations in force.

#### 13.3.1 Changes in deferred tax assets as per Law 214/2011 (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 178 | 113 |
| 2. Increases | 51 | 73 |
| 3. Decreases | -26 | -8 |
| 3.1 Reversals | -26 | -8 |
| 3.2 Changes into tax credits | - | - |
| a) from losses for the year | - | - |
| b) from tax losses | - | - |
| 3.3 Other decreases | - | - |
| 4. Closing balance | 203 | 178 |

### 13.4 Changes in deferred tax liabilities (against an entry in the income statement)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 14 | 7 |
| 2. Increases | 4 | 11 |
| 2.1 Deferred tax liabilities recognised over the period | 4 | 11 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | 4 | 11 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 3. Decreases | -2 | -4 |
| 3.1 Deferred tax liabilities written off over the period | -2 | -4 |
| a) reversals | -2 | -4 |
| b) due to changed accounting criteria | - | - |
| c) others | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 4. Closing balance | 16 | 14 |

Sub-caption 2.1 c) is primarily referred to the recording of deferred taxes on goodwill resulting from the acquisition of bank branches, fiscally deducted over the year.

### 13.5 Changes in deferred tax assets (against an entry in equity)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 21 | 10 |
| 2. Increases | 4 | 11 |
| 2.1 Deferred tax assets recognised over the period | 4 | 11 |
| a) relating to previous periods | - | - |
| b) due to changed accounting criteria | - | - |
| c) others | 4 | 11 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 3. Decreases | -17 | - |
| 3.1 Deferred tax assets recognised over the period | -17 | - |
| a) reversals | -17 | |
| b) write-downs for non-recoverability | - | - |
| c) due to changed accounting criteria | - | - |
| d) others | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 4. Closing balance | 8 | 21 |

Sub-caption 2.1 c) is primarily related to changes in reserves for actuarial profit and loss on definite benefit funds related to the employee termination indemnity and pension funds.

### 13.6 Changes in deferred tax liabilities (against an entry in equity)

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Opening balance | 2 | - |
| 2. Increases | 2 | 2 |
| 2.1 Deferred tax liabilities recognised in the period | 2 | 2 |
| a) related to previous years | - | - |
| b) due to changed accounting criteria | - | - |
| c) other | 2 | 2 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 2.4 Business combinations | - | - |
| 3. Decreases | - | - |
| 3.1 Deferred tax liabilities written off over the period | - | - |
| a) reversals | - | - |
| b) due to changed accounting criteria | - | - |
| c) other | - | - |
| 3.2 Reductions in tax rates | - | - |
| 3.3 Other decreases | 4 | 2 |
| 3.4 Business combinations | - | - |
| 4. Closing balance | - | - |

Sub-caption 2.1 c) is mainly related to the changes in fair value recorded on debt securities and UCITS.

### 13.7 Other information

There is no further information in addition to what already provided in this Section.

## SECTION 14 - NON-CURRENT ASSETS AND GROUPS OF ASSETS BEING DISPOSED AND ASSOCIATED LIABILITIES - LINE 140 OF ASSETS AND LINE 90 OF LIABILITIES

### 14.1 Non-current assets and groups of assets being disposed: breakdown by types of assets

The tables have not been drawn up as of 31 December 2012 as the item under evaluation is lower than € 1 million. In particular, the item includes only two real estate properties, equal to around € 364 thousand, which will be sold during 2013.

## SECTION 15 - OTHER ASSETS - LINE 150

### 15.1 Other assets: breakdown

(millions of euro)

| Items | TOTAL |
|---|---|
| Receivables from tax authorities: | 6 |
| - advance payments for taxes pertaining to the year | 6 |
| Amounts to be credited and items under processing | 88 |
| Amounts in transit with branches and subsidiaries | 9 |
| Deposits with clearing houses | 8 |
| Cheques drawn on the bank settled | 4 |
| Items relating to security transactions | 8 |
| Leasehold improvements | 8 |
| Others | 159 |
| Accrued income and prepayments | 5 |
| Commissions and fees to be earned | - |
| TOTAL 31.12.2012 | 295 |
| TOTAL 31.12.2011 | 318 |

The "Other" sub-caption mainly comprises the tracing of amounts in transit relating to outstanding cheques as well as the temporary booking of sums destined for payment of pensions and invoices to be issued for services rendered and for secondment of staff.

# LIABILITIES AND EQUITY

## SECTION 1 - AMOUNTS OWING TO BANKS - LINE 10

### 1.1 Amounts owing by banks: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Amounts owing to Central Banks | - | - |
| 2. Amounts owing to banks | 3,970 | 4,733 |
| 2.1 Current accounts and deposits | 224 | 4 |
| 2,2 Time deposits | 3,114 | 3,913 |
| 2.3 Loans | 631 | 816 |
| 2.3.1 Repurchase agreements | 453 | 679 |
| 2.3.2 Other | 178 | 137 |
| 2.4 Debts for commitments to repurchase own equity instruments | - | - |
| 2.5 Other debts | 1 | - |
| TOTAL | 3,970 | 4,733 |
| Fair value | 3,970 | 4,733 |

## SECTION 2 – CUSTOMER DEPOSITS - LINE 20

### 2.1 Customer deposits: breakdown by products

(millions of euro)

| Type of transaction/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Current accounts and deposits | 6,247 | 6,264 |
| 2. Time deposits | 983 | 298 |
| 3. Loans | 9 | 72 |
| 3.1 Repurchase agreements | 9 | 72 |
| 3.2 Other | - | - |
| 4. Debts for commitments to repurchase own equity instruments | - | - |
| 5. Other accounts payable | 108 | 108 |
| TOTAL | 7,347 | 6,742 |
| Fair value | 7,347 | 6,742 |

The increase in the item is due, in the amount of around € 581 million, to incoming and outgoing transfers of operating points within the Group occurred in the second half of 2012.

The "Other accounts payable" caption is represented by certain technical forms regarding cashier's cheques and other sums available to customers.

## SECTION 3 - OUTSTANDING SECURITIES - LINE 30

### 3.1 Outstanding securities: breakdown by products

(millions of euro)

| Type of securities/Value | 31.12.2012 | | | | 31.12.2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | Fair value | | | Book value | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| A. Securities | | | | | | | | |
| 1. bonds | 820 | 108 | 712 | - | 1,456 | - | 1,402 | - |
| 1.1 structured | - | - | - | - | - | - | - | - |
| 1.2 other | 820 | 108 | 712 | - | 1,456 | - | 1,402 | - |
| 2. other | 20 | - | 20 | - | 38 | - | 38 | - |
| 2.1 structured | - | - | - | - | - | - | - | - |
| 2.2 other | 20 | - | 20 | - | 38 | - | 38 | - |
| TOTAL | 840 | 108 | 732 | - | 1,494 | - | 1,440 | - |

The reduction of securities in circulation with respect to the closure of the previous year depends exclusively on the repayment of loans expired during the year, which are not replaced with new issues.

### 3.2 Breakdown of line 30 "Outstanding securities": subordinated securities

| | Nominal value | Value to be included in the Regulatory Capital | Issuer | Issue date | Maturity date | Contract interest rate |
|---|---|---|---|---|---|---|
| Hybrid capitalisation instrument upper tier 2 | 199 | 199 | Banca CR Firenze S.p.A. | Dec-03 | Dec-13 | Euribor a 6 mesi + 0,95% |
| Second-level subordinated bond loan | 85 | 18 | Banca CR Firenze S.p.A. | May-06 | May-13 | Euribor a 6 mesi + 0,15% |
| **Total subordinated securities** | **284** | **217** | | | | |

### 3.3 Breakdown of line 30 "Outstanding securities": securities subject to specific hedge

As of 31 December 2012, the securities subject to fair value hedging amount to € 116 million.

## SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - LINE 40

### 4.1 Financial liabilities held for trading: breakdown by products

(millions of euro)

| Type of transactions/Value | 31.12.2012 | | | | | 31.12.2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Nominal or notional value | Fair value | | | Fair value (*) | Nominal or notional value | Fair value | | | Fair value (*) |
| | | Level 1 | Level 2 | Level 3 | | | Level 1 | Level 2 | Level 3 | |
| A. CASH LIABILITIES | | | | | | | | | | |
| 1. Amounts owing to banks | - | - | - | - | - | - | - | - | - | - |
| 2. Amounts owing to customers | - | - | - | - | - | - | - | - | - | - |
| 3. Debt securities | - | - | - | - | X | - | - | - | - | X |
| 3.1 Bonds | - | - | - | - | X | - | - | - | - | X |
| 3.1.1 structured | - | - | - | - | X | - | - | - | - | X |
| 3.1.2 other bonds | - | - | - | - | X | - | - | - | - | X |
| 3.2 Other | - | - | - | - | X | - | - | - | - | X |
| 3.2.1 structured | - | - | - | - | X | - | - | - | - | X |
| 3.2.2 other | - | - | - | - | X | - | - | - | - | X |
| Total A | - | - | - | - | - | - | - | - | - | - |
| B. DERIVATIVES | | | | | | | | | | |
| 1. Financial derivatives | X | - | 153 | - | X | X | - | 108 | - | X |
| 1.1 Trading | X | - | 153 | - | X | X | - | 108 | - | X |
| 1.2 Fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credit derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.1 Trading | X | - | - | - | X | X | - | - | - | X |
| 2.2 Fair value option | X | - | - | - | X | X | - | - | - | X |
| 2.3 Other | X | - | - | - | X | X | - | - | - | X |
| Total B | X | - | 153 | - | X | X | - | 108 | - | X |
| TOTAL (A+B) | X | - | 153 | - | X | X | - | 108 | - | X |

(*) Fair value calculated excluding changes in creditworthiness of the issuer after issue date.

## SECTION 6- HEDGING DERIVATIVES - LINE 60

### 6.1. Hedging derivatives: breakdown by type of hedging and by levels

(millions of euro)

| | Fair value 31.12.2012 | | | Nominal value | Fair value 31.12.2011 | | | Nominal value |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A. Financial derivatives | - | 31 | - | 393 | - | 20 | - | 330 |
| 1. Fair value | - | 31 | - | 393 | - | 20 | - | 330 |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| 3. Foreign investments | - | - | - | - | - | - | - | - |
| B. Credit derivatives | - | - | - | - | - | - | - | - |
| 1. Fair value | - | - | - | - | - | - | - | - |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| Total | - | 31 | - | 393 | - | 20 | - | 330 |

Information on the types of hedging is given in Section 8 - "Hedging derivatives" under Caption 80 in the Assets.

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

(millions of euro)

| Transactions/Type of hedge | Fair value | | | | | | Cash flow | | Foreign investments |
|---|---|---|---|---|---|---|---|---|---|
| | Specific | | | | | Generic | Specific | Generic | |
| | interest rate risk | foreign exchange risk | credit risk | price risk | various risks | | | | |
| 1. Financial assets available for sale | - | - | - | - | - | X | - | X | X |
| 2. Loans | 31 | - | - | X | - | X | - | X | X |
| 3. Financial assets held to maturity | X | - | - | X | - | X | - | X | X |
| 4. Portfolio | X | X | X | X | X | - | X | - | X |
| 5. Other transactions | - | - | - | - | - | X | - | X | - |
| Total assets | 31 | - | - | - | - | - | - | - | - |
| 1. Financial liabilities | - | - | - | X | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | - | X | - | X |
| Total liabilities | - | - | - | - | - | - | - | - | - |
| 1. Expectged transactions | X | X | X | X | X | X | - | X | X |
| 2. Financial asset and liability portfolio | X | X | X | X | X | X | X | - | - |

Hedging derivatives with a negative fair value as of 31 December 2012 refer almost exclusively to specific interest rate risk hedging tools, on fixed rate mortgages.

## SECTION 7 - FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS – LINE 70

### 7.1. Fair value change of financial liabilities in hedged portfolios: breakdown of the hedging portfolio

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Positive fair value change of financial liabilities | 54 | 33 |
| 2. Negative fair value change of financial liabilities | - | - |
| TOTAL | 54 | 33 |

This line concerns the balance of changes in value of the liabilities subject to general hedging of the interest rate risk. The Bank, exercising the faculties that emerged during the definition of the carve-out of IAS 39, as of 31 December 2009 implemented the above fair value hedge on core deposits.

### 7.2. Financial liabilities hedged by macrohedging of interest rate risk: breakdown

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Debts | - | - |
| 2. Portfolio | 1,973 | 1,563 |
| TOTAL | 1,973 | 1,563 |

## SECTION 8 - TAX LIABILITIES - LINE 80

As regards the information contained in this section, please see Section 13 in the Assets.

## SECTION 10 – OTHER LIABILITIES - LINE 100

### 10.1 Other liabilities: breakdown

(millions of euro)

| Items | 31.12.2012 |
|---|---|
| Amounts to be credited and items under processing | 86 |
| Amounts available to third parties | 3 |
| Items travelling with Italian branches | 9 |
| Unliquidated items for portfolio operations | 123 |
| Amounts disbursable to staff | 6 |
| Payables to the tax authorities | 39 |
| Items receivable for regulation currencies | 10 |
| Amounts due to suppliers | 58 |
| Payables against deterioration of loans | 5 |
| Other liabilities | 148 |
| Accrued expenses and deferred income | - |
| TOTAL 31.12.2012 | 487 |
| TOTAL 31.12.2011 | 381 |

The sub-caption unliquidated items for portfolio operations comprises, in the amount of around € 122 million, some transactions related to the IMU tax payment by customers, which were paid in the first days of 2013.

## SECTION 11 – PROVISION FOR STAFF TERMINATION PAY – LINE 110

### 11.1 Provision for staff termination pay: annual changes

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Opening balance | 81 | 77 |
| B. Increases | 26 | 12 |
| B.1 Allocation for the period | 3 | 4 |
| B.2 Other changes | 23 | 8 |
| of which business combination | 12 | - |
| C. Decreases | -20 | -8 |
| C.1 Payments made | -12 | -5 |
| C.2 Other changes | -8 | -3 |
| of which business combination | -7 | - |
| D. Closing balance | 87 | 81 |

Sub-caption B.1 includes exclusively interest cost.
Sub-caption B.2 comprises actuarial losses of about € 11 million, which, following the change of principle are directly entered among valuation reserves without passing through the income statement, as well as severance pay referred to incoming staff from other companies of the Intesa Sanpaolo Group for approximately € 12 million, due to the transfer of operating points occurred during 2012.
Sub-caption C.2 substantially relates to staff termination indemnities concerning the outgoing staff due to the transfers of operating points (around € 7 million) occurred during 2012.

### 11.2 Other information

Take note that as of 31 December 2012 the amount of the provision for staff termination pay as determined according to the current contracts of employment and Civil Code regulations amounted to € 74 million, compared to € 76 million resulting at the end of the previous financial year.

## SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – LINE 120

### 12.1 Provision for risks and charges: breakdown

(millions of euro)

| Items/Value | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Provisions for pensions and similar obligations | 8 | 3 |
| 2. Other provisions for risks and charges | 88 | 107 |
| 2.1 Legal disputes | 34 | 36 |
| 2.2 Staff charges | 50 | 50 |
| 2.3 Other | 4 | 21 |
| TOTAL | 96 | 110 |

Caption "Pension funds" comprises:
- the supplementary provision to the pension fund of the former Cassa di Risparmio di Mirandola S.p.A., merged in 2006. The amount related to this provision, equal to around € 3 million, corresponds to 100% the value calculated pursuant to IAS 19;
- liabilities related to the external provision Cassa di Previdenza Integrativa per il Personale (supplementary pension fund) of the bank Istituto Bancario San Paolo di Torino, equal to around € 2 million, related to the incoming staff of the branches of Intesa Sanpaolo sold in October;
liabilities related to the external provision "Fondo di previdenza complementare per il Personale del Banco di Napoli – Sezione A", supplementary pension fund, equal to around € 3 million.

Also, the company pension funds comprise a provision of an insignificant amount, set up to cover the payment of integrations to the pensions of former employees registered in the Cassa Pensione Dipendenti Enti Locali (CPDEL), charged to the Bank on the basis of Trade Union agreements.
The characteristics of said Fund are described in the subsequent section 12.3.

Caption "2. Other provisions for risks and charges" is divided into:
- Legal disputes: the provision is set up essentially to cope with expected disbursements on disputes lost and on bankruptcy guarantees;
- Staff charges: the provision includes the costs relating to staff resignation incentives, costs for staff raises linked to time of service, provisions for bonuses and VAP and other expenses;
- Other: this refers to provisions to cope with other costs for different disputes.

### 12.2 Provision for risks and charges: annual changes

(millions of euro)

| | Pension funds | Other provisions | Total |
|---|---|---|---|
| A. Opening balance | 3 | 107 | 110 |
| B. Increases | 6 | 28 | 34 |
| B.1 Allocation for the period | - | 16 | 16 |
| B.2 Changes due to the passing of time | - | 7 | 7 |
| B.3 Variations due to changes discount rate | - | - | - |
| B.4 Other changes | 6 | 5 | 11 |
| of which business combinations | 1 | -1 | - |
| C. Decreases | -1 | -47 | -48 |
| C.1 Use over the period | - | -38 | -38 |
| C.2 Variations due to changes discount rate | - | - | - |
| C.3 Other changes | -1 | -9 | -10 |
| of which business combinations | - | - | - |
| D. Closing balance | 8 | 88 | 96 |

Sub-caption B.1 is comprised of about € 16 million of provisions for staff costs, of which € 7 million related to the adjustment of the provision due to leases (Framework Agreement of 29 July 2011 and following Report of 31 July 2012), resulting from the pension reform.
Sub-caption C.1, equal to around € 38 million, primarily comprises the disbursements of the period related to:
- incentive plan to leaves and redundancy provisions, amounting to about € 11 million;
- production bonuses amounting to about € 7 million;
- settlement of the price adjustment procedure with Cariparma, totalling about € 14 million, against extraordinary transactions carried out with the latter in 2011;
- civil and revocation lawsuits amounting to about € 3 million;
- settlement of the tax dispute amounting to around € 1 million.

### 12.3 Corporate defined-benefit pension funds

#### *12.3.1. Funds illustration*

With reference to defined-benefit supplementary pension funds, calculation of the actuarial values required under IAS 19 is made by independent external actuaries, according to the Projected Unit Credit Method. Such method, which falls in the broader frame of methods involving the so-called "accrued benefits", considers each year of employee service with the company as an additional credit unit; the actuarial liability is therefore quantified on the basis only of pension benefits accrued as of the valuation date; hence, total liability is generally adjusted on the basis of the length of employment completed at the valuation date and the total pension benefits accrued at the time they are to be paid. Moreover, the foregoing method considers future pay increases, for whatever reason (inflation, promotions, contractual renewals, etc.) until termination of employment. However, take note that said adjustments do not apply to obligations regarding retired staff, since credit has been fully earned.

Defined-performance funds, in which Banca CR Firenze S.p.a. is co-obligated, can be divided into:
- internal supplementary social security funds;
- external supplementary social security funds.

Internal funds include:
- Social Secutiry fund "Supplementary social security fund of INPS services at Cassa di Risparmio di Mirandola S.p.A.": this provision aims at paying the supplementary pension indemnities of INPS services in favour of the employees of Cassa di Risparmio di Mirandola S.p.A., a company merged in 2006. With an agreement signed on 25 May 1999, the "definite benefit" pension fund was transformed in "definite contribution" pension fund, while maintaining the previous regime only for workers who were already in pension at the date of the Agreement.

External funds include:
- "Complementary pension fund for the staff of Banco di Napoli – Section A", entity with independent equity management and legal status, which includes management relating to members already on pensions following the previous "FIP" and who had not exercised the option to redeem their mathematical reserve in 2010, therefore maintaining their pension rights with transferral of their equity to the Fondo Banco di Napoli ("Fondo Banco"). The above-mentioned transfer therefore determined the creation of a joint guarantee of the Bank in relation to the Fondo Banco, with regard to the existence in time of the technical balance of the same section. This also meant that, in the 2012 financial statements, the assessment of the above-mentioned FIP continued, in accordance with that envisaged by IAS 19, making it necessary to make a provision for actuarial profit/(loss) of about € 3.4 million through the shareholders' equity valuation reserves.

- "Supplementary pension fund for the staff of Cassa di Risparmio di Firenze (so-called "former exonerated"), with juridical status and full capital autonomy, which guarantees members and pensioners as of 31.12.1990, a supplementary pension in addition to that disbursed by the A.G.O., in order to guarantee the comprehensive treatment equating to that envisaged by the Articles of Association in force. In accordance with the last paragraph of article 2 of the Articles of Association, the Bank Fund is wholly responsible towards members, pensioners and third parties for the statutory obligations of said Fund.

- the "Supplementary pension fund" for the staff of Istituto Bancario San Paolo di Torino, a fund with juridical status and full capital autonomy, pursuant to Art. 2117 of the It. Civil Code and autonomous equity management. The Bank and other Group companies are co-responsible of commitments with respect to employees, pensioners and third parties, proportionally to the members registered therein and pertaining to each company.

### *12.3.2. Changes in recognised pensions provisions*

The changes made during the year are summarised in table 12.2.

### *12.3.3. Changes in the assets serving the plan over the period and other information*

For internal funds the mass of assets serving the plan is made up of liquidity. For external funds, the assets are invested in property, debt notes and liquidity.

### *12.3.4. Reconciliation between the present value of the funds, the assets serving the plan and the assets and liabilities entered in the accounts*

The book value of the fund is equal to the amount of the actuarial reserve determined by the external actuary. For the "former exonerated" fund, the relevant excess of the value of assets in service of the plan with respect to the DBO evaluated by the external actuary does not implicate the need for provisions in the Bank's financial statements.

### *12.3.5. Description of the main actuarial assumptions*

| Actuarial assumptions | 31.12.2012 | | | | 31.12.2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Discount rate | Expected yield rates | Expected increase in salaries | Annual inflation rate | Discount rate | Expected yield rates | Expected increase in salaries | Annual inflation rate |
| EMPLOYEE TERMINATION INDEMNITIES | 3.1% | X | 1.5% | 2.0% | 4.1% | X | 1.5% | 2.0% |
| INTERNAL PLANS | 2.4% | X | - | 2.0% | 4.3% | X | - | 2.0% |
| EXTERNAL PLANS | X | X | X | X | X | X | X | X |

## 12.4 Provisions for risks and charges: other provisions

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 2. Other provisions | | |
| 2.1 legal disputes | 34 | 36 |
| 2.2 staff expenses | 50 | 50 |
| incentive-driven exit plans | *35* | *38* |
| employee seniority bonuses | 5 | 3 |
| other personnel expenses | 10 | 9 |
| 2.3 other risks and charges | 4 | 21 |
| customers' complaints on Cirio, Argentina and Parmalat placements | - | - |
| other | 4 | 21 |
| TOTAL | 88 | 107 |

The remarkable decrease in sub-caption 2.3 "Other risks and charges" is due to the definition, in 2012, of price adjustment procedure with Cariparma, in the amount of about € 14 million, as well as to the tax dispute for 2008 in the amount of around € 3 million (of which € 2 million to income statement as in excess).

## SECTION 14 - SHAREHOLDERS' EQUITY - LINES 130, 150, 160, 170, 180, 190 AND 200

### 14.1 "Share capital" and "Treasury Shares": breakdown

For information on this Section, see point 14.3.

### 14.2 Share capital - No. of shares: annual changes

| Items/Types | Ordinary | Other |
|---|---|---|
| A. Initial number of shares | 828,836,017 | - |
| - fully paid-in | 828,836,017 | - |
| - not fully paid-in | - | - |
| A.1 Treasury shares (-) | - | - |
| A.2 Shares outstanding: initial number | 828,836,017 | - |
| B. Increases | 104,435,524 | - |
| B.1 New issues | 104,435,524 | - |
| - for consideration | 104,435,524 | - |
| business combinations | 104,435,524 | - |
| conversion of bonds | - | - |
| exercise of warrants | - | - |
| other | - | - |
| - for free | - | - |
| in favour of employees | - | - |
| in favour of directors | - | - |
| other | - | - |
| B.2 Sale of treasury shares | - | - |
| B.3 Other | - | - |
| C. Decreases | -101,907,194 | - |
| C.1 Annulment | -101,907,194 | - |
| C.2 Purchase of treasury shares | - | - |
| C.3 Disposal of companies | - | - |
| C.4 Other | - | - |
| D. Shares outstanding: final number | 831,364,347 | - |
| D.1 Treasury shares (+) | - | - |
| D.2 Final number of shares | 831,364,347 | - |
| - fully paid-in | 831,364,347 | - |
| - not paid-in | - | - |

### 14.3 Share capital - other information

As of 31 December 2012, the Bank's share capital was € 831,364,347, split into 831,364,347 ordinary shares with a nominal value of 1.00 euro each. On said date there were no treasury shares.
The interests of the Shareholders as of 31 December 2012 are represented below.

| | No. of shares | % Stake |
|---|---|---|
| Intesa Sanpaolo S.p.A. | 746,087,399 | 89.743% |
| Ente Cassa di Risparmio di Firenze | 85,276,948 | 10.257% |
| | 831,364,347 | 100.000% |

### 14.4 Retained earnings: other information

The breakdown of equity and reserves is shown below:

(millions of euro)

| | Amount as at 31.12.2012 | Principal | Portion of net profit | Portion of net profit subject to a suspended tax regime(a) | Portion available(b) |
|---|---|---|---|---|---|
| Shareholders' equity | | | | | |
| – Share capital | 831 | 403 | 160 | 268 | |
| – Share premiums | 189 | 188 | 1 | - | A, B, C |
| – Legal reserve | 185 | - | 185 | | A(1), B |
| – Statutory reserve | 11 | | 11 | | A, B, C |
| – Reserve for merger surplus | 14 | 1 | 13 | - | A, B, C |
| – Special reserve pursuant to articles 22 and 23 of Legisl | 15 | | 15 | - | A, B, C |
| – Other reserves - former FRBG | 62 | - | 62 | | A, B, C |
| – Reserve of transactions under common control | -71 | | -71 | | A, B, C |
| – FTA reserve | -99 | | -99 | | A, B, C |
| – Other reserves | 454 | | - | - | A, B, C |
| Valuation reserves: | | | | | |
| – AFS | -6 | | -6 | | (2) |
| – actuarial profits and losses | -14 | | -14 | | (2) |
| – cash flow hedging | 7 | | 7 | | (2) |
| Total share capital and reserves | 1,578 | 592 | 264 | 268 | - |

(a) The portion of reserves from retained earnings subject to a suspended tax regime, which will contribute to form the company's taxable income if distributed, is composed as follows:

| | |
|---|---|
| Valuation Law (Law 266/2005) | 58 |
| Valuation Law (Law 342/2000) | 45 |
| Valuation Law (Law 413/1991) | 75 |
| Valuation Law (Law 408/1990) | 75 |
| Other valuation Laws (823/1973, 576/1975 e 72/1983) | 15 |
| Total share capital reserves subject to a suspended tax regime | 268 |

(b) A = capital increase; B = loss coverage; C = distribution to shareholders.

(1) For use in capital increase (A) for the amount exceeding one fifth of the share capital

(2) The reserve is undistributable pursuant to Art. 6 of the Legislative Decree no. 38/2005

## OTHER INFORMATION

### 1. Guarantees given and commitments

(millions of euro)

| Transactions | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1) Financial guarantees given | 428 | 320 |
| a) Banks | 21 | 24 |
| b) Customers | 407 | 296 |
| 2) Commercial guarantees given | 827 | 171 |
| a) Banks | 2 | 2 |
| b) Customers | 825 | 169 |
| 3) Irrevocable commitments to lend funds | 388 | 426 |
| a) Banks | 30 | 60 |
| - of certain use | 30 | 60 |
| - of uncertain use | - | - |
| b) Customers | 358 | 366 |
| - of certain use | - | 1 |
| - of uncertain use | 358 | 365 |
| 4) Underlying commitments on credit derivatives: protection sales | - | - |
| 5) Assets pledged as collateral of third party commitments | - | - |
| 6) Other commitments | - | - |
| TOTAL | 1,643 | 917 |

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

(millions of euro)

| Portfolios | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Financial assets held for trading | - | - |
| 2. Financial assets designated at fair value through profit and loss | - | - |
| 3. Financial assets available for sale | 469 | 680 |
| 4. Financial assets held to maturity | - | - |
| 5. Amounts owing by banks | - | - |
| 6. Customer loans | - | - |
| 7. Property and equipment | - | - |
| TOTAL | 469 | 680 |

The caption consists exclusively of securities for “repurchase agreements” for borrowing transactions.

### 3. Information on operating leases

As of the closing date of the financial year, the amounts of the rentals related to existing transactions were not significant.

## 4. Asset management, custody and intermediation

(millions of euro)

| Type of service | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Execution of orders on behalf of customers | | |
| a) Purchases | - | - |
| 1. settled | - | - |
| 2. to be settled | - | - |
| b) Sales | - | - |
| 1. settled | - | - |
| 2. to be settled | - | - |
| 2. Portfolio management | | |
| a) individual | - | - |
| b) collective | - | - |
| 3. Custody and administration of securities | | |
| a) third party securities held in deposit: related to depositary bank activities (excluding portoflio management) | - | - |
| 1. securities issued by the reporting bank | - | - |
| 2. other securities | - | - |
| b) other third party securities held in deposit (excluding portoflio management): ohter | 7,451 | 7,632 |
| 1. securities issued by the reporting bank | 215 | 3,796 |
| 2. other securities | 7,236 | 3,836 |
| c) third party securities deposited with third parties | 7,301 | 7,472 |
| d) portfolio securities deposited with third parties | 685 | 7,234 |
| 4. Other | - | - |

# Part C – Information on the income statement

## SECTION 1 - INTEREST - LINES 10 AND 20

### Interest earned and similar income: breakdown

(millions of euro)

| Items/Technical forms | Debt securities | Loans | Other transaction | 2012 | 2011 |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | - | - | - | - | - |
| 2. Financial assets measured at fair value | - | - | - | - | - |
| 3. Financial assets available for sale | 17 | - | - | 17 | 18 |
| 4. Financial assets held for trading | - | - | - | - | - |
| 5. Amounts owing by banks | 1 | 3 | - | 4 | 15 |
| 6. Customer loans | - | 406 | - | 406 | 419 |
| 7. Hedging derivatives | - | - | 16 | 16 | 14 |
| 8. Other assets | - | - | - | - | - |
| TOTAL | 18 | 409 | 16 | 443 | 466 |

### 1.2. Interest earned and similar income: differentials related to hedging transactions

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| A. Positive differentials related to hedging transactions: | 42 | 45 |
| B. Negative differentials related to hedging transactions: | -26 | -31 |
| BALANCE (A - B) | 16 | 14 |

As of 31 December 2012 the net balance of differentials refers to hedging transactions performed by the Bank on sight deposits for about € 17 million, hedging mortgages for about€ -2 million and its fixed rate bond issues for about € 1 million.

### 1.3 Interest earned and similar income: other information

**1.3.1 Interest earned on financial assets in foreign currency**
As of 31 December 2012, interest earned on financial assets in foreign currency amounted to about € 0.5 million.

**1.3.2 Interest earned on financial leasing transactions**
Not applicable.

### 1.4 Interest expense and similar charges: breakdown

(millions of euro)

| | Debts | Securities | Other transactions | 2012 | 2011 |
|---|---|---|---|---|---|
| 1. Amounts owing to central banks | - | - | - | - | - |
| 2. Amounts owing to banks | -59 | - | - | -59 | -69 |
| 3. Amounts owing to customers | -36 | - | - | -36 | -25 |
| 4. Securities issued | - | -22 | - | -22 | -49 |
| 5. Financial liabilities held for trading | - | - | - | - | - |
| 6. 5. Financial liabilities designated at fair value through profit and loss | - | - | - | - | - |
| 7. Other liabilities and provisions | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | - | - |
| TOTAL | -95 | -22 | - | -117 | -143 |

### 1.5 Interest expense and similar charges: differentials related to hedging transactions

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| A. Positive differentials related to hedging transactions: | 42 | 45 |
| B. Negative differentials related to hedging transactions: | -26 | -31 |
| BALANCE (A - B) | 16 | 14 |

As of 31 December 2012, the differentials relating to hedging transactions presented a positive net balance of € 16 million and are therefore represented in table 1.2.

### 1.6 Interest expense and similar charges: other information

#### 1.6.1 Interest expense on liabilities in foreign currency

Interest expense and similar charges as of 31 December 2012 were recognised in the amount of € 0.5 million.

#### 1.6.2 Interest expense on financial leasing transactions

Not applicable.

## SECTION 2 - COMMISSIONS - LINES 40 AND 50

### 2.1 Commission earned: breakdown

(millions of euro)

| Type of services/Value | 2012 | 2011 |
|---|---|---|
| A) Guarantees given | 5 | 5 |
| B) Credit derivatives | - | - |
| C) Management, dealing and consultancy services | 76 | 84 |
| 1. trading in financial instruments | - | - |
| 2. currency dealing | 2 | 2 |
| 3. portfolio management | - | - |
| 3.1. individual | - | - |
| 3.2. collective | - | - |
| 4. custody and administration of securities | 1 | 1 |
| 5. depositary bank | - | - |
| 6. placement of securities | 37 | 41 |
| 7. receipt and issue of orders | 5 | 5 |
| 8. consultancy services | - | - |
| *8.1 relating to investments* | - | - |
| *8.2. relating to financial structure* | - | - |
| 9. distribution of third party services | 31 | 35 |
| 9.1 portfolio management | 4 | 3 |
| 9.1.1 individual | 4 | 3 |
| 9.1.2. collective | - | - |
| 9.2. insurance products | 24 | 29 |
| 9.3. other products | 3 | 3 |
| D) Collection and payment services | 15 | 14 |
| E) Servicing related to securitisations | - | 2 |
| F) Services related to factoring | - | - |
| G) Tax collection services | - | - |
| H) Management of multilateral exchange systems | - | - |
| I) Keeping and management of current accounts | 66 | 55 |
| J) Other services | 31 | 30 |
| TOTAL | 193 | 190 |

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

(millions of euro)

| Channels/Sectors | 2012 | 2011 |
|---|---|---|
| A) Group branches | 64 | 73 |
| 1. portfolio management | 3 | 3 |
| 2. placement of securities | 37 | 41 |
| 3. third party services and products | 24 | 29 |
| B) "Door-to-door" sales | - | - |
| 1. portfolio management | - | - |
| 2. placement of securities | - | - |
| 3. third party services and products | - | - |
| C) Other distribution channels | - | - |
| 1. portfolio management | - | - |
| 2. placement of securities | - | - |
| 3. third party services and products | - | - |

### 2.3 Commissions expense: breakdown

(millions of euro)

| Services/Value | 2012 | 2011 |
|---|---|---|
| A) Guarantees received | - | - |
| B) Credit derivatives | - | - |
| C) Management, dealing and consultancy services | -1 | -1 |
| 1. trading in financial instruments | - | - |
| 2. currency dealing | - | - |
| 3. portfolio management | - | - |
| 3.1. individual | - | - |
| 3.2. delegated by third parties | - | - |
| 4. custody and administration of securities | -1 | -1 |
| 5. placement of financial instruments | - | - |
| 6. "door-to-door" sale of financial instruments, products and services | - | - |
| D) Collection and payment services | -2 | -2 |
| E) Other services | -7 | -6 |
| TOTAL | -10 | -9 |

## SECTION 3 - DIVIDENDS AND SIMILAR INCOME - LINE 70

### 3.1 Dividends and similar income: breakdown

(millions of euro)

| Items/Income | 2012 | | 2011 | |
|---|---|---|---|---|
| | Dividends | Income from quotas of UCITS | Dividends | Income from quotas of UCITS |
| A. Financial assets held for trading | - | - | - | - |
| B. Financial assets available for sale | - | - | - | 1 |
| C. Financial assets designated at fair value through profit and loss | - | - | - | - |
| D. Investments in associates and companies subject to joint control | 21 | X | 34 | X |
| TOTAL | 21 | - | 34 | 1 |

The decrease in this item mainly results from lower dividends distributed by subsidiaries due to lower gains reported in 2011 compared to the previous year.

## SECTION 4 - NET RESULT FROM TRADING - LINE 80

### 4.1 Net result from trading: breakdown

(millions of euro)

| Transactions/Income components | Revaluations | Profits on trading | Write-downs | Losses on trading | Net result |
|---|---|---|---|---|---|
| 1. Financial assets held for trading | - | - | - | - | - |
| 1.1 Debt securities | - | - | - | - | - |
| 1.2 Equities | - | - | - | - | - |
| 1.3 UCITS units | - | - | - | - | - |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Other | - | - | - | - | - |
| 2. Financial liabilities held for trading | - | - | - | - | - |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Accounts payable | - | - | - | - | - |
| 2.3 Other | - | - | - | - | - |
| 3. Financial assets and liabilities: exchange differences | X | X | X | X | 4 |
| 4. Derivatives | 26 | 84 | -16 | -93 | 1 |
| 4.1 Financial derivatives | 26 | 84 | -16 | -93 | 1 |
| - On debt securities and interest rates | 26 | 84 | -16 | -93 | 1 |
| - On equities and stock indexes | - | - | - | - | - |
| - On currencies and gold | X | X | X | X | - |
| - Other | - | - | - | - | - |
| 4.2 Credit derivatives | - | - | - | - | - |
| TOTAL | 26 | 84 | -16 | -93 | 5 |

## SECTION 5 - NET RESULT FROM HEDGING - LINE 90

### 5.1 Net result from hedging: breakdown

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| A. Income from | | |
| A.1 fair value hedge derivatives | 20 | 4 |
| A.2 financial assets hedged (fair value) | 30 | 29 |
| A.3 financial liabilities hedged (fair value) | - | - |
| A.4 cash flow hedge: derivatives | - | - |
| A.5 currency assets and liabilities | - | - |
| Total income from hedging (B) | 50 | 33 |
| B. Expenses for | | |
| B.1 fair value hedge derivatives | -28 | -19 |
| B.2 financial assets hedged (fair value) | - | - |
| B.3 financial liabilities hedged (fair value) | -20 | -13 |
| B.4 cash flow hedge: derivatives | - | - |
| B.5 currency assets and liabilities | - | - |
| Total charges from hedging (B) | -48 | -32 |
| C. Net result from hedging (A - B) | 2 | 1 |

## SECTION 6 - GAINS/(LOSSES) FROM SALE OR REPURCHASE - LINE 100

### 6.1 Gains/(Losses) from sale or repurchase: breakdown

(millions of euro)

| Items/Income components | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Profits | Losses | Net result | Profits | Losses | Net result |
| Financial assets | | | | | | |
| 1. Amounts owing by banks | - | - | - | - | - | - |
| 2. Customer loans | - | -3 | -3 | - | -2 | -2 |
| 3. Financial assets available for sale | - | - | - | 155 | - | 155 |
| 3.1 Debt securities | - | - | - | 1 | - | 1 |
| 3.2 Equities | - | - | - | 154 | - | 154 |
| 3.3 UCITS units | - | - | - | - | - | - |
| 3.4 Loans | - | - | - | - | - | - |
| 4. Financial assets held to maturity | - | - | - | - | - | - |
| Total assets | - | -3 | -3 | 155 | -2 | 153 |
| Financial liabilities | | | | | | |
| 1. Amounts owing to banks | - | - | - | - | - | - |
| 2. Due to customers | 2 | - | 2 | - | - | - |
| 3. Securities issued | - | - | - | - | - | - |
| Total liabilities | 2 | - | 2 | - | - | - |

Losses from the sale of customer loans recorded in 2012 mainly refer to the sale without recourse of loans to be transferred to the non-performing category for single amounts of less than about € 15 thousand.

Profits from the sale of financial assets available for sale of 2011 related to the sale of the residual share held in Findomestic Banca S.p.A..
Gains from the repurchase of amounts owed to customers refer to the effect resulting from the ineffective macro-hedging situations occurred due to the decrease in the hedged amount, with following necessity to discontinue part of the hedges. Therefore, the reduction in the "stable" sight deposits involved a reclassification of hedging derivatives, or portions of the same, in the trading portfolio.

## SECTION 8 - VALUE ADJUSTMENTS/WRITE-BACKS FOR WORSENING - LINE 130

### 8.1 Net value adjustments for worsening of loans: breakdown

(millions of euro)

| Transactions/Income components | Impairment losses | | | Write-backs | | | | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | Individual | | Collective | Individual | | Collective | | | |
| | write-offs | other | | of interest | other | of interest | other | | |
| A. Amounts owing by banks | - | - | - | - | - | - | - | - | - |
| - Loans | - | - | - | - | - | - | - | - | - |
| - Debt securities | - | - | - | - | - | - | - | - | - |
| B. Customer loans | - 14 | - 239 | - | 21 | 50 | - | - | - 182 | - 146 |
| Impaired receivables - purchased | - | - | - | - | - | - | - | - | - |
| - Loans | - | - | X | - | - | - | X | - | - |
| - Debt securities | - | - | X | - | - | - | X | - | - |
| Other accounts receivable | - 14 | - 239 | - | 21 | 50 | - | - | - 182 | - 146 |
| - Loans | - 14 | - 239 | - | 21 | 50 | - | - | - 182 | - 146 |
| - Debt securities | - | - | - | - | - | - | - | - | - |
| C. Total | - 14 | - 239 | - | 21 | 50 | - | - | - 182 | - 146 |

### 8.2 Net value adjustments for worsening of financial assets available for sale: breakdown

(millions of euro)

| Transactions/Income components | Impairment losses | | Write-backs | | 2012 | 2011 |
|---|---|---|---|---|---|---|
| | Individual | | Individual | | | |
| | write-offs | other | of interest | other | | |
| A. Debt securities | - | - | - | - | - | - |
| B. Equities | - | - 3 | X | X | - 3 | - 5 |
| C. UCITS units | - | - 1 | X | - | - 1 | - |
| D. Amounts owing by banks | - | - | - | - | - | - |
| E. Customer loans | - | - | - | - | - | - |
| F. Total | - | - 4 | - | - | - 4 | - 5 |

Sub-caption B substantially comprises impairment adjustments on minority interests, of which € 1.7 million on Immobiliare Novoli S.p.A. and € 1.4 million on Brain Technology. For the method used to determine evidence of impairment, please see Part A, Section 17, relating to "other information".

### 8.4 Net value adjustments for worsening of other financial transactions: breakdown

This caption amounts to € 113 thousand.

## SECTION 9- ADMINISTRATIVE EXPENSES - LINE 150

### 9.1 Staff costs: breakdown

(millions of euro)

| Type of costs | 2012 | 2011 |
|---|---|---|
| 1) Personnel employed | - 207 | - 237 |
| a) wages and salaries | - 141 | - 145 |
| b) social security charges | - 38 | - 39 |
| c) termination indemnities | - | - |
| d) supplementary benefits | - | - |
| e) provision for staff termination pay | - 3 | - 4 |
| f) provisions for post employment benefits: | - | - |
| - defined contribution plans | - | - |
| - defined benefit plans | - | - |
| g) payments to external pension funds: | - 12 | - 15 |
| - defined contribution plans | - 12 | - 15 |
| - defined benefit plans | - | - |
| h) costs from share based payments | - | - |
| i) other benefits in favour of employees | - 13 | - 34 |
| 2) Other staff | - | - |
| 3) Directors and auditors | - 2 | - 2 |
| 4) Early retirement costs | - | - |
| 5) Recovery of expenses for employees seconded to other companies | 25 | 32 |
| 6) Reimbursement of expenses for third- party staff seconded to the company | - 29 | - 32 |
| TOTAL | - 213 | - 239 |

As of 31 December 2011, the sub-caption i) comprised the allocation of charges connected with the staff resignation of the Intesa Sanpaolo Group, envisaged by the Framework Agreement of 29 July 2011, in the amount of around € 30 million, adjusted in 2012 for around € 7 million following the social security reform.

### 9.2 Average number of employees by category

| | 2012 | 2011 |
|---|---|---|
| Personnel employed | 3,027 | 3,097 |
| a) managers | 31 | 33 |
| b) total officers | 1,124 | 987 |
| c) other employees | 1,872 | 2,077 |
| Other personnel | - | - |
| TOTAL | 3,027 | 3,097 |

### 9.3 Defined-benefit pension funds: total costs

As of 31 December 2012, these costs amounted to € 1 million.

### 9.4 Other employee benefits

The balance of the caption as of 31 December 2012 amounted to € 13 million.

## 9.5 Other administrative expenses: breakdown

(millions of euro)

| Type of expense/Value | 2012 | 2011 |
|---|---|---|
| Expenses for maintenance of information technology and electronic equipment | - | - |
| Telephonic, teletransmission and transmission expenses | - | - |
| Information technology expenses | - | - |
| Rentals and service charges - real estate | -22 | -25 |
| Security services | -1 | -1 |
| Cleaning of premises | -3 | -3 |
| Expenses for maintenance of real estate assets, furniture and equipment | -2 | -3 |
| Energy costs | -5 | -5 |
| Property costs | -3 | -1 |
| Management of real estate assets | -36 | -38 |
| Printing, stationery and consumables expenses | -1 | -2 |
| Transport and related services expenses (including counting of valuables) | -5 | -4 |
| Information expenses | -2 | -2 |
| Postal and telegraphic expenses | -6 | -6 |
| Other rental charges | - | - |
| General structure costs | -14 | -14 |
| Expenses for consultancy fees | -2 | -1 |
| Legal and judiciary expenses | -6 | -7 |
| Insurance premiums - banks and customers | -4 | -3 |
| Professional and legal expenses | -12 | -11 |
| Advertising and promotional expenses | -5 | -6 |
| Services rendered by third parties | -74 | -80 |
| Indirect personnel costs | -1 | -3 |
| Costs reimbursed to Group companies | - | - |
| Other costs | -5 | -3 |
| Indirect taxes and duties | -28 | -27 |
| Recovery of taxes and duties | - | - |
| Recovery of sundry expenses | 2 | 2 |
| TOTAL | -173 | -180 |

## SECTION 10 - PROVISIONS FOR RISKS AND CHARGES, NET - LINE 160

### 10.1 Provision for risks and charges, net: breakdown

(millions of euro)

| | Provisions | Uses | 2012 |
|---|---|---|---|
| Net provisions for legal disputes | -3 | - | -3 |
| Net provisions for other personnel charges | - | - | - |
| Net provisions for risks and charges | -1 | 4 | 3 |
| TOTAL | -4 | 4 | - |

## SECTION 11 - VALUE ADJUSTMENTS/WRITE-BACKS TO PROPERTY, PLANT AND EQUIPMENT - LINE 170

### 11.1 Value adjustments to property, plant and equipment: breakdown

(millions of euro)

| Assets/Income components | Depreciation | Impairment losses | Recoveries | Net result |
|---|---|---|---|---|
| A. Property and equipment | | | | |
| A.1 Owned | - 11 | - 1 | - | - 12 |
| - used in operations | - 10 | - 1 | - | - 11 |
| - investment | - 1 | - | - | - 1 |
| A.2 Acquired under financial lease | - | - | - | - |
| - used in operations | - | - | - | - |
| - investment | - | - | - | - |
| TOTAL | - 11 | - 1 | - | - 12 |

## SECTION 13 - OTHER OPERATING (EXPENSE)/INCOME - LINE 190

### 13.1 Other operating expenses: breakdown

(millions of euro)

| Type of expense/Value | 2012 | 2011 |
|---|---|---|
| Charges for litigations and provisions for customer restorations | - | - |
| Burglaries and robberies | - | - |
| Amortisation of leasehold improvements | - | - |
| Other non-recurring expenses | -5 | -5 |
| Other | -2 | -2 |
| TOTAL | -7 | -7 |

### 13.2 Other operating income: breakdown

(millions of euro)

| Income components/Value | 2012 | 2011 |
|---|---|---|
| Income on securitisations | - | - |
| Recovery of insurance costs | - | - |
| Recovery of other expenses | 1 | 1 |
| Recovery of taxes and interest of previous years | - | - |
| Cheques prescribed | - | - |
| Recovery of rents paid | - | - |
| Recovery of services rendered to Group companies | 9 | 9 |
| Recovery of services rendered to third parties | - | - |
| Recovery of taxes and duties | 25 | 25 |
| Other | 5 | 4 |
| Total | 40 | 39 |

## SECTION 14 - GAINS/(LOSSES) FROM EQUITY INVESTMENTS - LINE 210

### 14.1 Gains/(Losses) from equity investments: breakdown

(millions of euro)

| Income components/Sectors | 2012 | 2011 |
|---|---|---|
| A. Revenues | 3 | - |
| 1. Revaluations | - | - |
| 2. Profits on disposal | 3 | - |
| 3. Write-backs | - | - |
| 4. Other | - | - |
| B. Charges | - | - 14 |
| 1. Write-downs | - | - |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - 14 |
| 4. Other | - | - |
| Net result | 3 | - 14 |

As of 31 December 2012, this caption comprised the net capital gain from the sale of the equity investments in Centro Leasing and Centro Factoring, as described herein. It should be noted that this transaction, despite it is performed among entities under common control, has a remarkable economic relevance by reason of the fact that the purchase of minority interests in the above-mentioned companies owned by entities external to the Group is also planned.
"Losses from sale" in 2011 referred to the sale of Cassa di Risparmio della Spezia S.p.A..

## SECTION 17 - GAINS/(LOSSES) FROM SALE OF EQUITY INVESTMENTS - LINE 240

### 17.1 Gains/(Losses) from sale of equity investments: breakdown

(millions of euro)

| Income components/Value | 2012 | 2011 |
|---|---|---|
| A. Real estate assets | 1 | 25 |
| - profits on disposal | 1 | 25 |
| - losses on disposal | - | - |
| B. Other assets | - | 33 |
| - profits on disposal | - | 33 |
| - losses on disposal | - | - |
| Net result | 1 | 58 |

In 2011 the above-mentioned caption comprised the capital gains deriving from the sale of the property which previously housed the headquarters of the Bank and from the assignment of 11 branches to Cariparma S.p.A..

## SECTION 18 - INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - LINE 260

### 18.1 Income taxes for the year on current operations: breakdown

(millions of euro)

| Income components/Values | 2012 | 2011 |
|---|---|---|
| 1. Current taxes (-) | -24 | -74 |
| 2. Changes in current taxes of previous years (+/-) | 16 | - |
| 3. Reduction in current taxes of the year (+) | - | - |
| 3bis. Reduction in the current taxes for the year due to tax credits as per Law no. 214/2011 (+) | - | - |
| 4. Changes in deferred tax assets (+/-) | 28 | 81 |
| 5. Changes in deferred tax liabilities (+/-) | -2 | -8 |
| 6. Taxes on income for the year (-) (-1+/-2+3+/-4+/-5) | 18 | -1 |

The change as per point 2 primarily relates to the recognition of the IRES credit for IRAP deductibility on staff costs for previous years, recorded following the filing of a special reimbursement application.

## 18.2 Reconciliation between theoretical and effective tax charge in the financial statements

(millions of euro)

| | 2012 | 2011 |
|---|---|---|
| Income before tax from continuing operations | - 12 | 183 |
| Income before tax from discontinued operations | - | - |
| Theoretical taxable income | - 12 | 183 |

(millions of euro)

| | | % |
|---|---|---|
| Income tax - Theoretical tax expense (*) | - 4 | 33.3 |
| Increases of taxes | 17 | - 141.7 |
| Greater base and actual IRAP rate | 14 | - 116.7 |
| Non-deductible costs (losses on equity investments, ICI [local property tax], personnel costs, etc.) | 2 | - 16.7 |
| Other | 1 | - 8.3 |
| Decreases of taxes | - 24 | 200.0 |
| Non-taxed gains on equity investments | - | - |
| Tax-exempt portion of dividends | - 6 | 50.0 |
| Income subject to facilitated rate/Income subject to reduced income tax rate (12.5%) | - 17 | 141.7 |
| Other | - 1 | 8.3 |
| Total change in taxes | - 7 | 58.3 |
| Actual income tax expense for the period prior to realignment of goodwill (L.D. 185/2008) | - 11 | 91.7 |
| of which: - taxes on income from continuing operations | - 11 | 91.7 |
| - taxes on income from discontinued operations | - | - |

| | | % |
|---|---|---|
| Substitute tax for realignment of goodwill (L.D.185/2008) | 7 | - 58.3 |
| Deferred tax assets on realignment of goodwill | - 15 | 125.0 |
| Actual balance sheet tax charge after realignment of goodwill (L.D. 185/2008) | - 19 | 158.3 |
| of which: - taxes on income from continuing operations | - 19 | 158.3 |
| - taxes on income from discontinued operations | - | - |

(*) Includes the impact of regional add-ons to IRAP ( 0.9%)

## SECTION 19 - GAINS/(LOSSES) ASSOCIATED WITH GROUPS OF ASSETS BEING DISPOSED, NET OF TAXES - LINE 280

Not reported as of 31 December 2012 and 2011.

## SECTION 20 - OTHER INFORMATION

There is no further information in addition to that already provided in this section.

## SECTION 21 - EARNINGS PER SHARE

| Calculation of EPS - basic | 2012 | 2011 |
|---|---|---|
| Net profit (in euro) | 6,154,243 | 181.440.758 |
| | | |
| no. of outstanding shares | 831,364,347 | 828.836.017 |
| **Earnings per share - basic** | **0.0074** | **0,2189** |
| | | |
| no. of outstanding shares | 831,364,347 | 828.836.017 |
| **Dilute earnings per share** | **0.0074** | **0,2189** |

# Part D – Comprehensive income

## DETAILED STATEMENT OF COMPREHENSIVE INCOME

(millions of euro)

| | | Gross Amount | Income tax | Net Amount |
|---|---|---|---|---|
| 10. | NET PROFIT (LOSS) | X | X | 6 |
| | Other income components | | | |
| 20. | Financial assets available for sale: | 47 | - 17 | 30 |
| | a) fair value changes | 47 | - 17 | 30 |
| | b) reversal to income statement | - | - | - |
| | - impairment adjustments | - | - | - |
| | - gains/(losses) from sales | - | - | - |
| | c) other changes | - | - | - |
| 30. | Property, plant and equipment | - | - | - |
| 40. | Intangible assets | - | - | - |
| 50. | Hedging of foreign investments: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 60. | Cash flow hedge: | 5 | - 2 | 3 |
| | a) fair value changes | 5 | - 2 | 3 |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 70. | Foreign exchange differences: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 80. | Non-current assets under disposal: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | c) other changes | - | - | - |
| 90. | Actuarial gains (losses) on defined benefit plans | - 14 | 4 | - 10 |
| 100. | Changes in valuation reserve from equity investments measured using the equity method: | - | - | - |
| | a) fair value changes | - | - | - |
| | b) reversal to income statement | - | - | - |
| | - impairment adjustments | - | - | - |
| | - gains/(losses) from sales | - | - | - |
| | c) other changes | - | - | - |
| 110. | Total other income components | 38 | - 15 | 23 |
| 120. | COMPRENSIVE INCOME | X | X | 29 |

This part supplies the detailed information required by IAS 1.
The "fair value changes" are due to the general increase in market values compared to the end of the previous year.

# Part E – Information on risks and relative hedging policies

## INTRODUCTION

The Intesa Sanpaolo Group confers considerable importance to risk management and control, as conditions to guarantee a reliable and sustainable generation of value within a context of controlled risk, wherever adequate capitals, stability of profits, liquidity and a strong reputation of the Group are the key elements on which the company funds its current and future profitability.
The risk management strategy focuses on an increasingly complete and consistent vision of the risks, considering the Group's macroeconomic scenario and risk profile, while stimulating a greater risk awareness and fostering transparency in disclosing risks for the Group's portfolios.
The company's striving over these year to obtain the endorsement by the Supervisory Authorities of the internal models on market, credit and operating risks are to be read in light of the above-mentioned context. To this purpose, reference is made the paragraph dedicated to the Basel 2 Project, where the steps scheduled within the enlargement plant of internal models for credit and operating risks are described.
The definition of the Risk Appetite framework and the related operating limits linked to market risk ratios, the use of risk measuring instruments within the process of granting and managing loans and controlling operating risks, and the adoption of risk capital measures for operational reporting, as well as the assessment of the adequacy of the internal capital represent the fundamental passages of the operational arrangement of the strategic and operational directions defined by the Supervisory Board and the Management Board of the Parent Company along the Bank's whole decision-making chain, right through to the single operating unit and the single desk.
The basic risk management and control principles are:
– clear identification of responsibility for taking on risks;
– measurement and control systems in line with international best practice;
– organizational separation between the management functions and the control functions.

The policies relating to the acceptance of risks are defined by the Parent Company's Corporate Boards (Supervisory Board and Management Board), with support from specific operating Committees, among which the Auditing Committee and the Group Risk Governance Committee, as well as the action of the Chief Risk Officer who reports directly to the Chief Executive Officer. Consistently with the corporate strategic guidelines, the Chief Risk Officer is responsible for the Risk Appetite Framework and the definition of the Group's risk management policies, as well as policies on compliance and legal issues while coordinating and supervising their implementation by the units charged by the Group and acting in the various companies. He supervises the supervision of the Group's overall risk profile, while defining methodologies and monitoring disclosures of the various types of risk.
The measures relating to the single types of risk are integrated into summarised amounts, represented by the economic capital, which consists in the maximum "unexpected" loss that each bank can endure over the period of one year. It represents a key meter for defining the financial layout and the risk tolerance, and for addressing operations, guaranteeing the balance between the risks undertaken and the return for shareholders and is estimated, not only on the basis of the current situation, but also at future level, in relation to the Budget assumptions and the forecast economic setting under ordinary conditions and conditions of stress.
These general principles are translated into policies, limits and criteria applied to the various risk categories and business areas with specific sub-levels of tolerance for risk, in an articulated framework of limits and procedures of governance and control.
The scope of the risks identified, monitored and integrated, considering the benefits of diversification, in the economic capital, is articulated as follows:
– credit and counterparty risk. This category also includes the concentration risk, country risk and residual risks, from securitisations - and uncertainty regarding loan recovery rates respectively;
– Market risk (trading book), comprising the position, regulation and concentration risk on the trading portfolio;
– banking book financial risk, mainly represented by interest rate and currency;
– operating risk, also comprising the legal risk;
– strategic risk;
– risk on equity investments which are not subject to line by line consolidation;
– risk on company-owned property held for whatever reason;
– reputation risk;

The hedging of risks, depending on their nature, frequency and potential impact, is entrusted to a constant combination of actions and operations for mitigation/immunisation, control procedures/processes asset protection.
Special attention was given to the management of short-term and structural liquidity, while ensuring the fulfilment of thresholds set out at Group levels and operating sub-segments consistent with international regulations and the Risk Appetite approved at Group level.
Moreover, the Group is maintaining adequate monitoring of the reputation risk in order to minimize the risk of negative events which might affect its good image. To this purpose, the Group has implemented an ex-ante risk management process to define the main reputation and compliance risks for the Group, identify prevention and mitigation instruments and actions and prepare special reporting flows.
The Parent Company carries of guidance and overall risk management and control. The Bank operates within the limits of autonomy established at Group level and is endowed with its own control structures. These functions are performed on the

basis of a service agreement, by the Parent Company's risk control functions, which regularly report to the Bank's Management Boards.
For the purposes described above, the Intesa Sanpaolo Group makes use of a vast combination of techniques and instruments to measure and manage risks, widely described in Part E of the notes to the financial statements.
The information envisaged in this part is based on internal management data and may not coincide with the information stated in parts B and C. The only exceptions are the tables and information for which indication of the "book value" is specifically required.

## The Basel 2 Project

Within the scope of the "Basel II Project", the mission of which is the adoption by the major companies in the Group of the advanced approaches, with regard to lending risks, for the Corporate segment, the Supervisory Body has obtained authorisation to switch from the FIRB method (in use since December 2008) to the AIRB method, from the announcement on 31 December 2010. Also, in June 2010, recognition of the IRB method for the Retail Mortgages segment was recognised.
For the SME Retail segment, the authorisation for the switch to the IRB method was obtained and was effective from the announcement in December 2012.
The development of ratings relating to other segments and the enlargement of the corporate perimeter in which they operate, are being implemented according to a plan of progressive adoption of the advanced methods, as submitted to the Supervisory Body and updated on a six-month basis.
As regards the operating risks, for Supervision purposes the subsidiary adopted the AMA (internal model) advanced method to determine the relative equity requirement, effective on 31 December 2010.
During 2011, the Group presented the report on the process of prudential control for the purposes of equity adequacy as a "class 1" banking group, according to the Bank of Italy ranking, based on the extensive use of internal risk measurement methods, determination of the internal capital and the comprehensive capital available.
Within the scope of adoption of "Basel 2", the Group publishes information regarding capital adequacy, exposure to risks and the general characteristics of the systems to identify, measure and manage them in the "Pillar 3" document.
The document is published in the Parent Company's website every quarter, insofar as Intesa Sanpaolo is among the groups that have adopted IRB and/or AMA standards on lending risks or operational risks, at the website address: group.intesasanpaolo.com.

## SECTION 1 - CREDIT RISK

### QUALITATIVE INFORMATION

#### 1. General aspects

The Group's lending policies and strategies are addressed at:
- coordinating actions to achieve a growth target of the sustainable lending activities, consistent with the Group's appetite for risk and the creation of value;
- diversifying the portfolio, limiting the concentration of exposures to single counterparts/groups, single sectors of economic activity or geographic areas;
- an efficient selection of the economic groups and single assignees via meticulous analysis of their creditworthiness, aimed at limiting insolvency risk;
- prioritising, in the current market, commercial credit operations aimed at sustaining the real economy and the manufacturing system;
- the constant control of relations, implemented using IT procedures and a systematic surveillance of the positions presenting problems, with the aim of promptly sensing any signs of imbalance and promote corrective measures to prevent the possible deterioration of the relationship.

The constant monitoring of the loan portfolio quality is pursued by adopting special operating methods during all the operational phases of the assignment relationship.

#### 2. Credit risk management policies

##### 2.1 Organisational aspects

Within the Intesa Sanpaolo Group, a fundamental role in managing and controlling credit risk is played by the Corporate Bodies, which, each to the extent of its competence, ensure adequate coverage of credit risk by setting strategic guidelines and risk management policies, verifying that they remain constantly efficient and effective and assigning tasks and responsibilities to the company functions and units involved in the processes.
The coverage and governance of credit ensured by the Corporate Bodies is reflected in the current organisational structure, which identifies four important areas of central responsibility, in addition to the business units:
– Chief Lending Officer
– Chief Risk Officer

– Chief Operating Officer
– Chief Financial Officer

They ensure that risk control activities are managed and implemented, with an appropriate level of segregation.
The Chief Lending Officer evaluates the creditworthiness of the loan proposals received and, where pertinent, resolves or issues a judgement of conformity; manages and oversees critical loans and the recovery of non-performing loans and defines the Rules for Granting and Managing Loans, guarantees correct evaluation of positions classified under impaired loans falling under its responsibility for the purposes of the Financial Statement, defines, also by proposal of the various Group functions/structures, the operating lending process, engaging the aid of Intesa Sanpaolo Group Services.
The Chief Risk Officer is responsible for applying the Risk Appetite Framework in credit risk management, consistently with corporate strategies and targets, while measuring and controlling the Group's risk exposures. He defines the metrics used to measure credit risk and provides risk-adjusted pricing models and guidelines as regards the Expected Loss, the Economic Capital (ECAP), the RWAs and acceptance thresholds, formulates proposals for assigning Credit Granting and Managing Powers and constantly monitors risk and credit quality performance.
Intesa Sanpaolo supplies the operating and expertise support for credit recovery activities and definition of loans, while ensuring cost synergies and excellence in the service rendered.
In accordance with the strategic guidelines and risk management policies set by the Management Board and approved by the Supervisory Board, the Chief Financial Officer coordinates the process of formulating credit strategies (a process in which the other chiefs and the business units participate), oversees pricing from a risk/return standpoint according to value creation objectives and coordinates the process of assessing loans for reporting purposes. The Chief Financial Officer is also responsible for identifying and implementing hedging transactions for the risk exposures of the asset classes in the loan portfolio by taking advantage of the opportunities presented by the secondary credit market with a view towards active management of company value.
The levels of autonomy assigned to the decision-making bodies are determined by agreement between the Bank/banking group regarding the borrower/economic group. The rating assigned, along with any other credit-risk mitigating factors, conditions the determination of the decision-making competence of each delegated body. Intesa Sanpaolo, as the Parent Company, has set out codes of conduct in relation to credit risk acceptance, in order to prevent excessive concentrations, limit potential losses and ensure credit quality.
In the credit-granting phase, coordination mechanisms have been introduced with which Intesa Sanpaolo exercises its direction, governance and support of the Group:

- the system of Credit Strategies, Powers and Granting and Monitoring Rules governing the ways in which credit risk to customers is assumed;
- “Credit-Granting Limit”, intended as the overall limit of loans which may be granted by companies of the Intesa Sanpaolo Group to the larger Economic Groups;
- the “Compliance Opinion” on credit-granting to large customers (single name or Economic Group) which exceeds certain thresholds.

The exchange of basic information flows between different Group entities is assured by the Group’s “Centrale Rischi” (exposure monitoring and control system) and by “Posizione Complessiva di Rischio” (global risk position), that highlight and analyse credit risks for each client/economic group both towards the Group as a whole and towards individual Group companies.
The activities assigned to the Chief Risk Officer are carried out directly by the Risk Management Direction, through the Credit Risk Management Service, and by the Credit Quality Supervision Service, both for the Parent Company and for the main subsidiaries, on the basis of a service agreement, while the other auditing structures operating within the single Companies present regular reports to the aforementioned Parent Company functions.

## 2.2 Management, measurement and control systems

The Bank uses a combination of instruments, developed by the Parent Company capable of guaranteeing analytical control of the quality of the customer and financial institution loans portfolio.
With particular regard to customer loans, the risk measurement method uses differentiate rating models, according to the operating segment of the counterparty (Corporate, Small Business, Mortgage, Personal Loans). These models make it possible to summarise the credit quality of the counterparty in a measurement, the rating, which reflects the likelihood of insolvency in a period of one year, calibrated to the average level of the economic cycle. The ratings calculated are also linked to the classifications of the official rating agencies by a standardised scale of reference.
Several rating models are applied to the Corporate segment:

- most companies are subject to application of differentiated models according to the reference market (domestic or international) and size bracket;
- for specialised loans there are two specific models dedicated to property development initiatives and project finance transactions.

The structure of the models envisages the general integration of several modules:

- a quantitative module, which processes financial and behavioural data;
- qualitative module which envisages the intervention of the manager by filling in a questionnaire;
- an independent assessment by the manager, according to a structured process, which triggers the “override” procedure in the event of discrepancy with the assessment assigned by the quali-quantitative rating.

The attribution of the rating is usually carried out in a decentralised way by the Manager who represents the main figure within the scope of the assignment process of a rating to a counterparty. The validation of any “override” improvement procedures is carried out by an allocated Parent Company specialised unit, staffed to the Chief Lending Officer. The Parent

Company Specialised Unit is also responsible for assigning the so-called "centralised ratings" envisaged within the scope of the attribution process of the rating with the Business method and for intervening in the calculation of ratings with specialised models.
As regards the Retail portfolio, the models are articulated as follows:

- for the Small Business sector, from the end of 2008, a rating model by counterparty was adopted, with similar logic to that of the Corporate segment, being highly decentralised and with quantitative-objective elements integrated by qualitative-subjective elements; during 2011, the service model of the Small Business segment was redefined, particularly introducing a sub-segment between "Micro" and "Core" customers, based on size, simplicity and a partial automation of the granting process, already operational on the Micro segment from July 2011. This required an adaptation of the rating model, which was divided into the two sub-segments mentioned above, taking the opportunity to update data sources and long-term development series;
- for the Mortgage segment, the model processes information relating to both the customer and the agreement. This differs from the case of first disbursement, in which the model of acceptance and subsequent assessment during the life of the mortgage is used (performance model), taking behavioural data into consideration;
- as regards other products aimed at private customers (Other Retail segment), such as personal loans, consumer credit, credit cards, current account overdrafts, etc., a class of models is being developed to gradually replace the rating or operational scoring systems currently in use on the various products.

In relation to the Sovereign portfolio, the rating model implemented by the Parent Company supports the attribution of a judgement of the creditworthiness of over 260 countries. The structure of the model envisages a quantitative module for assessing country risk and a qualitative judgement component.

The picture is completed by the models for Public Entities, the Banks model, broken down into risk and non-risk countries; models of an experience-based nature for counterparties belonging to the Non-Banking Financial Institutions portfolio.

The LGD model is based on the concept of "Economic LGD", or the current value of cash flows achieved in the various phases of the recovery process, net of any directly attributed administrative costs as well as the indirect operating costs sustained by the Group. The LGD is estimated starting with the data observed in relation to a default population closed over an extensive period of observation (ten-year historical series), using econometric models of multivariate analysis. The development of an internal model to determine the EAD (Exposure At Default) is planned.
The rating models (PD and LGD) for the mortgage segment received authorisation for transition to the IRB approach effective the June 2010 report, while rating models for the corporate segment received recognition for use of the AIRB approach to calculate requirements effective the 31 December 2010 reporting date (the FIRB method was in use from December 2008). With reference to the PD and LGD models for the SME Retail segment, the authorisation for the switch to the IRB method was obtained and was effective in December 2012. For information on the plan to extend the IRB approach to other portfolios, reference is made to the paragraph concerning the Basel 2 Project.
The rating system also comprises a risk performance ratio, calculated on a monthly basis. It interacts with the credit management and control processes and procedures and allows the formulation of prompt assessments when anomalies arise or persist. The positions to which the aforementioned synthetic risk ratio attributes a high risk assessment, confirmed in time, are intercepted in the Doubtful Loan Process. This process, supported by an IT procedure, allows the constant monitoring, largely with automatic operations, of all the operational phases envisaged for risk positions. Positions which are performing anomalously are classified in different processes depending on the level of risk, until they are automatically classified among impaired assets, as described in the pertinent paragraph.
All the lending positions are also subject to regular re-examination, performed for every single counterparty/economic group by the central or peripheral structures holding jurisdiction for the loan limits.
Ratings and mitigating credit factors (guarantees, technical forms and covenants) play a fundamental role in loan granting and monitoring process and they are used to set Credit Strategies and Loan granting and monitoring rules. The Quality Supervision Service, through specific control and monitoring actions, supervises these issues at Group level. These activities are in any case included in a wider credit monitoring system that the Service is implementing directly and coordinates through updated IT instruments which are available to the Division structures, within the scope of their assignments. For this purpose, the application "Ermes- Controlli rating", an instrument which allows for the IT management of controls on rating, and the Loan Monitoring Portal are worth mentioning.
The Loan Monitoring Portal, operating since 2010 and into which data is input through the Credit Control Panel, is the application used by the Group as the primary source employed to control and monitor the loan portfolio in terms of its development over time and quantitative and qualitative composition and to carry out loan-related processes aimed at identifying any areas showing potential critical weaknesses. All information available refer to all Group banks and companies operating in the target IT system.
Within this context, the peripheral units within the Banca dei Territori and Corporate & Investment Banking Divisions down to the Area level to access "informational" dashboards that provide an organic, structured report prepared with the aim of:

- providing a structured, navigable overview of the phenomenon under review;
- reducing the time required to search for and process information;
- facilitating the identification of critical areas and defining priority action;
- supporting the exchange of information between units on a consistent basis.

The above-mentioned instrument are subject to constant maintenance by the Credit Supervision Service which, in terms of evolution, aims at guaranteeing the expansion of the informative set available with the construction of new dashboards destined to controlling and monitoring specific processes/phenomena.

The country risk represents an additional component of the insolvency risk of the single subjects, measured within the credit risk management and control systems. This component is connected to the potential losses deriving from the international funding activity caused by events in a specific country, controlled, at least partially, by the country's Government, but not to that of the single subjects resident in said Country.
The country risk also comprises the cross-border transfer risk caused by the suspension of payments to foreign countries and it is measured through the creditworthiness rating of the Sovereign debt. This definition comprises all the forms of cross-border loan to subjects resident in a given Country, whether the government, a bank, a private company or a single individual.
The country risk component is assessed within the scope of the capacity for the country of granting loans to non-resident subjects in order to preliminarily assess the country risk capacity, established ex ante by the Parent Company.

Counterparty risk is a particular kind of credit risk associated with OTC derivative contracts that refers to the possibility that a counterparty may default before the contract matures. This risk, which is often referred to as replacement risk, is related to the case in which the market value of a position has become positive and thus, were the counterparty to default, the solvent party would be forced to replace the position on the market, thereby suffering a loss.
Counterparty risk also applies to securities financing transactions (repurchase agreements, securities lending, etc.).
Counterparty risk is bilateral in nature inasmuch as the mark-to-market of the transaction may be either positive or negative depending on the performance of the market factors that underlie the financial instrument.
From a regulatory standpoint, Banks must meet strict capital requirements for counterparty risk, regardless of the portfolio to which the positions are allocated (for regulatory purposes, both the banking book and trading book are subject to capital requirements for counterparty risk).
In particular, the Intesa Sanpaolo Group applies the mark-to-market approach (to both the trading book and banking book) in order to determine the loan equivalent of OTC derivatives, which is useful when computing capital requirements.
This approach estimates the loan equivalent as the sum of the positive mark-to-market and potential future exposure, where the latter is calculated by applying certain percent rates to the notional amounts of the transactions.
From the managerial viewpoint, the counterparty risk, considered as the maximum loss that the bank is prepared to suffer in relation to a given counterparty, is quantified via the definition of credit lines to cope with the risk of replacement for operations in OTC and SFT derivatives. Utilisations are monitored by jointly using Mark to Market values and Add-On values (internal estimates, performed by the Risk Management Direction, of the maximum potential exposure on the transactions in question).

The managerial control of lending risks is achieved using a portfolio model which summarises the information available on the quality of assets into risk ratios, including expected loss and capital at risk.
The expected loss is calculated on the exposure product, probability of default (obtained from the rating) and the LGD.
The "expected" loss represents the average of the probable loss distribution, while the capital at risk is defined as the maximum "unexpected" loss which the Group could incur at specific confidence levels. These ratios are calculated with reference to the current portfolio situation and at dynamic level, determining the future level both on the basis of the expected macroeconomic setting and in relation to situations of stress.
The expected loss, appropriately transformed into "incurred loss" consistently with the dictate of IAS 39, is used in the process used for the collective assessment of loans, while the capital at risk s a fundamental element for the assessment of the Group's capital adequacy. Both ratios are also used in the operational reporting system based on the value.

## 2.3 Risk mitigation techniques

Those elements that contribute to reducing the loss that would be sustained by the Bank in the event of default by the counterpart (loss given default) fall within the scope of risk mitigation techniques. They particularly include guarantees and technical forms of loan.
The assessment of these mitigating factors is carried out by associating a loss given default with each individual loan, which assumes higher levels in the case of ordinary unsecured loans and is reduced in relation to the increased strength of any mitigating factors present.
The loss given default values are subsequently aggregated at customer level, in order to express a summarised assessment of the strength of the mitigating factors over the comprehensive lending relationship.
Within the scope of the credit granting and management process, Lending Policies encourage the presence of mitigating factors in relation to counterparties with a non-investment grade rate, or certain types of medium/long-term transactions.
The mitigating factors with the highest impact include pledges on financial assets and guarantees on home mortgages. Other forms of risk mitigation are pledges on non-financial assets and guarantees on non-residential property mortgages.
The strength of unsecured guarantees issued by rated bodies, usually banks and insurance companies, loan consortia and companies, was graduated on the basis of the type of guarantee and the guarantor's credit quality.
Detailed processes regulate the actual acquisition of the single guarantees, identifying the structures responsible as well as the method for their correct completion, for the filing of documentation and for the complete and prompt detection of the pertinent information by the applications.
The combination of the internal regulations, organisational and procedural checks is aimed at ensuring that:
- all obligations are fulfilled in relation to the validity and effectiveness of credit protection;
- for general and current guarantees, a standard form of contract is applied, accompanied by complete instructions for use;
- the methods used to approve the texts of non-standard guarantees are identified by different structures than those that manage commercial relations with customers.

The disbursement of credit with acquisition of secured guarantees is subject to internal standards and processes – for the assessment of the asset, the completion of the guarantee and the control of the value. Any enforced realisation of the guarantee is taken care of by specialised credit recovery structures.
The presence of secured guarantees is not, however, exempted from a comprehensive credit risk assessment, focused mainly on the ability of the borrower to fulfil the obligations undertaken regardless of the accessory guarantee.
The assessment of seizure-based guarantees is based on the real value, or the market value of financial instruments listed on a regulated market, or, on the presumed realisation value. Percentage gaps are then applied to these values, differentiated on the basis of the financial instruments placed as guarantee.
For real-estate guarantees, on the other hand, the prudential market value is considered or, for real-estate under construction, the construction cost, net of prudential gaps identified on the basis of the future use of the real estate property.
The evaluation of the assets is carried out by internal and external technicians. External technicians are included on a special list of professionals, credited on the basis of an individual check on their capacity, professionalism and experience. The evaluation of residential properties used as collateral on private mortgages is assigned mainly to specialised companies. The work of the surveying experts is monitored constantly, with statistic measurements and sport checks carried out at centralised level.
The technicians have to draw up their estimates on the basis of standardised survey reports, differentiated using the assessment method applicable and the features of the asset, in observance of the “Property evaluation code” drawn up by the bank. The contents of the internal "code" is consistent with the "Guidelines for the estimate of the real estate properties used as collaterals to loans" issued by ABI.
The management of property evaluations is aided by a special, integrated platform ( the so-called “Survey Platform”) which covers the entire preliminary technical phase, guaranteeing correct assignment of tasks, with independent methods and on the base of objective criteria, complete monitoring of the work flow, prompt application of the evaluation standards and the storage of all the information and documents regarding the property assets.
The market value of the property put up as collateral is recalculated every month, using various revaluation methods based on prices/coefficients acquired from an external supplier with proven skill and reputation on the measuring and establishment of the market prices for the Italian real-estate sector.

In order to limit risks of non-existence or termination of the protection, specific defence mechanisms exist, in the form of: reintegration of the pledge in the presence of a reduction in the initial value of the assets or, for mortgage guarantees, the obligation to hold insurance to cover fire damage, as well as the presence of adequate supervision of the property asset value.
The guarantees are subject to a prompt and regular audit using a supporting application known as the CRM check, which comprises a series of tests to verify the effective observance of the requirements of the regulations on prudential supervision.
The supporting application make it possible to check whether the guarantees received are eligible with reference to each of the three methods admitted by the laws on calculating the equity requirement. In accordance with the specifics of each category, the outcome of eligibility is defined in relation to each single guarantee for those that are unfunded (typically unsecured guarantees) or, in the case of secured guarantees, for each financial instrument or asset.
During 2012, a series of actions have been concluded aimed at guaranteeing data quality and the recovered eligibility of some protection forms.

## 2.4 Impaired financial assets

Impaired financial assets include loans which, following events occurring after their registration, show objective evidence of a possible loss in value.
For the classification of impaired assets in the various risk categories (non-performing, doubtful, restructured exposures and expired and/or overdue exposures, in relation to their decreasing critical status), the Bank refers to the ruling issued by the Bank of Italy consistent with the Basel agreements and the IAF/IFRS principles, along with internal instructions which set criteria and rules for the passage of loans, sometimes automatically, to the separate risk categories.
The assessment of these assets was performed in conformity to the criteria and methods explained in Part A – Accounting Policies, in the Loans and Other Information sections, to which reference should be made.
With reference to expired and/or overdue loans, restructured and non performing loans, the entities responsible for their management are identified on the basis of set relevance thresholds, in peripheral organisational units, which perform specialised activities and in specialised structures of the Parent Company, which also address and coordinate the entire matter.
With reference to non-performing loans, the bank adopted the Group organisational method, based on the specialisation of managerial skills between its internal and external structures, envisaging that the most important positions and complexities be managed internally. In particular, this model envisages:

- attribution of the coordination of all credit recovery activities to the Credit Recovery Management of Intesa Sanpaolo Group services, as well as the direct management (for Intesa Sanpaolo S.p.A. and for almost all the Banks of the Banca dei Territori Division) of customers classified as non-performing with an exposure in excess of the set threshold;
- attribution to Italfondiario S.p.A. (for Intesa Sanpaolo S.p.A. and for almost all the Banks of the Banca dei Territori Division) of direct management – through a specific mandate and with set limits of customers classified as non-performing with an exposure below the above-mentioned set threshold (the activity of Italfondiario S.p.A. is always coordinated and monitored by the Credit Recovery Management);
- the possibility, in special cases, not to assign the management of certain types of loans to Italfondiario S.p.A.;

- the substantial maintenance of managerial pertinence, defined on the basis of the previous organisational model, between Credit Recovery Management and Italfondiario S.p.A. for non-performing loans existing on the date of the Bank's complete adhesion to the Group model;
- for non-performing positions with a limited amount, the routine monthly sale without recourse to other companies at the time of classification as non-performing, with certain specific exclusions.

The Loan Recovery Department draws on its own specialist units throughout the country to manage recovery activity for loans entrusted to it. As part of these activities, in order to identify the optimal strategies to be implemented for each position, judicial and non-judicial solutions have been examined in terms of costs and benefits, also considering the financial impact of the estimated recovery times.

The assessment of the loans has been reviewed whenever events capable of significantly changing recovery prospects became known to the Bank. In order to identify such events rapidly, the information set relative to borrowers is periodically monitored and the development of out-of-court agreements and the various phases of the judicial procedures under way are constantly controlled.

The activity of Italfondiario S.p.A. in managing the loans entrusted to it under management mandate is constantly monitored by the pertaining internal units of the Parent Company.
In particular, it should be noted that the assessment of loans has been conducted using similar procedures to those established for the internal management of positions, and the other management activities have been brought into line with the guidelines established for the internally managed positions.

The classification of the positions among impaired financial assets and in the relative management systems takes place upon proposal of the territorial structures responsible for the commercial relationship, the specialised peripheral functions of the Bank and the Head Office structures of the Parent Company and Intesa Sanpaolo Group Services, responsible for checking and recovering loans.
For the purposes of the financial statements, the classification among impaired financial assets takes place via automatisms where set objective conditions of default are exceeded. These are loans which have expired and/or are overdue as well as positions which have matured conditions of Objective Non-performing Loans drawn up by Bank of Italy.

The return of exposures classified among Non-performing, Restructured and Doubtful loans to Performing loans, as regulated by the Supervisory Body as well as by specific internal rules consistent with Group rules, takes place by initiative of the aforementioned management structures, after verifying that the conditions of criticality or the state of insolvency no longer exist.
Exposures classified amongst "expired and/or past-due loans" are restored to performing status automatically when payment is received. The same mechanism is applied to exposures of moderate amounts previously classified as substandard in accordance with internal instructions when automatic mechanisms detect that the conditions that triggered reclassification no longer apply.
Impaired loans are subject to constant monitoring by a pre-defined control system and regular reporting by management.

## QUANTITATIVE INFORMATION

## A. CREDIT QUALITY

### A.1. Impaired and regular exposure: values, value adjustments, dynamics, economic and local breakdown

#### *A.1.1. Breakdown of financial assets by portfolio and credit quality (book values)*

(millions of euro)

| Portfolio/Quality | Banking group | | | | | Total |
|---|---|---|---|---|---|---|
| | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures | Other Assets | |
| 1. Financial assets held for trading | - | 14 | - | 2 | 124 | 140 |
| 2. Financial assets available for sale | - | - | - | - | 624 | 624 |
| 3. Financial assets held to maturity | - | - | - | - | - | - |
| 4. Amounts owing by banks | - | - | - | - | 314 | 314 |
| 5. Customer loans | 497 | 494 | 82 | 89 | 9,855 | 11,017 |
| 6. Financial assets designated at fair value through profit and loss | - | - | - | - | - | - |
| 7. Financial assets under disposal | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | - | 91 | 91 |
| Total 31.12.2012 | 497 | 508 | 82 | 91 | 11,008 | 12,186 |
| Total 31.12.2011 | 374 | 460 | 72 | 35 | 12,225 | 13,166 |

#### *A.1.2. Breakdown of financial assets by portfolio and credit quality (gross and net values)*

(millions of euro)

| Portfolio/quality | Impaired assets | | | Other assets | | | Total (net exposure) |
|---|---|---|---|---|---|---|---|
| | Gross exposure | Individual adjustments | Net exposure | Gross exposure | Collective adjustments | Net exposure | |
| 1. Financial assets held for trading | 18 | 2 | 20 | X | X | 124 | 144 |
| 2. Financial assets available for sale | - | - | - | 624 | - | 624 | 624 |
| 3. Investments held to maturity | - | - | - | - | - | - | - |
| 4. Amounts owing by banks | - | - | - | 314 | - | 314 | 314 |
| 5. Customer loans | 2,019 | 857 | 2,876 | 9,945 | 90 | 10,035 | 12,911 |
| 6. Financial assets designated at fair value through profit and loss | - | - | - | X | X | - | - |
| 7. Financial assets under disposal | - | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | X | X | 91 | 91 |
| Total 31.12.2012 | 2,037 | 859 | 2,896 | 10,883 | 90 | 11,188 | 14,084 |
| Total 31.12.2011 | 1,601 | 660 | 941 | 12,139 | 85 | 12,225 | 13,166 |

Within the scope of regular exposures, as at 31 December 2012, exposures subject to renegotiation against collective agreements amount to € 292 million at net values; other regular exposures therefore amount to € 10,716 million at net values.

Other regular include overdue assets with maturity term up to 3 months (€ 510 million); between three and six months (€ 68 million); between six months and a year (€ 63 million) and over one year (around€ 1 million).

#### *A.1.3. Cash and off-balance sheet exposures to banks: gross and net values*

(millions of euro)

| Types of exposures/Value | Gross exposure | Specific value adjustements | Portfolio value adjustements | Net exposure |
|---|---|---|---|---|
| A. ON-BALANCE SHEET EXPOSURES | | | | |
| a) Non-performing loans | - | - | X | - |
| b) Doubtful loans | - | - | X | - |
| c) Restructured exposures | - | - | X | - |
| d) Past due exposures | - | - | X | - |
| e) Other assets | 445 | X | - | 445 |
| TOTAL A | 445 | - | - | 445 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| B.1 Banking group | | | | |
| a) Impaired | - | - | X | - |
| b) Other | 189 | X | - | 189 |
| TOTAL B | 189 | - | - | 189 |
| TOTAL (A + B) | 634 | - | - | 634 |

### *A.1.4. Exposure by cash to banks: movements of gross impaired exposures*

There are no impaired exposures by cash to banks.

### *A.1.5. Exposure by cash to banks: movements of comprehensive value adjustments*

There are no value adjustments to cash to banks.

### *A.1.6. Cash and off-balance sheet exposures to customers: gross and net value*

(millions of euro)

| Types of exposures/Value | Gross exposure | Specific value adjustements | Portfolio value adjustements | Net exposure |
|---|---|---|---|---|
| A. ON-BALANCE SHEET EXPOSURES | | | | |
| a) Non-performing loans | 1,221 | 724 | X | 1,945 |
| b) Doubtful loans | 604 | 110 | X | 714 |
| c) Restructured exposures | 95 | 13 | X | 108 |
| d) Past due exposures | 100 | 11 | X | 111 |
| e) Other assets | 10,438 | X | 90 | 10,528 |
| TOTAL A | 12,458 | 858 | 90 | 13,406 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| a) Impaired | 52 | 5 | X | 57 |
| b) Other | 1,717 | X | 3 | 1,720 |
| TOTAL B | 1,769 | 5 | 3 | 1,777 |
| TOTAL (A + B) | 14,227 | 863 | 93 | 15,183 |

### *A.1.7. Exposure by cash to customers: dynamics of gross impaired exposures*

(millions of euro)

| | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial gross exposure | 917 | 557 | 75 | 38 |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | 846 | 734 | 150 | 489 |
| B.1 receipts from regular exposures | 11 | 262 | 1 | 399 |
| B.2 transfers from other categories of impaired exposures | 305 | 250 | 23 | 1 |
| B.3 other increases | 442 | 159 | 40 | 38 |
| B.4 business combination | 542 | 687 | 130 | 427 |
| C. Decreases | - | 68 | - | 132 |
| C.1 payments to regular exposures | 74 | 1 | 16 | - |
| C.2 write-offs | 81 | 102 | 57 | 44 |
| C.3 receipts | - | - | - | - |
| C.4 profit from assignments | 4 | 325 | 47 | 202 |
| C.5 transferrals to other categories of impaired exposures | 375 | 191 | 10 | 49 |
| C.6 other decreases | 375 | 191 | 10 | 49 |
| C.7 business combination | - | - | - | - |
| D. Final gross exposure | 1,221 | 604 | 95 | 100 |
| - of which exposures sold not derecognised | - | - | - | - |

### *A.1.8. Exposure by cash to customers: dynamics of total value adjustments*

(millions of euro)

| Reasons/Categories | Non-performing loans | Doubtful loans | Restructured exposures | Past due exposures |
|---|---|---|---|---|
| A. Initial total adjustments | 542 | 105 | 6 | 4 |
| - of which exposures sold not derecognised | - | - | - | - |
| B. Increases | 532 | 175 | 29 | 39 |
| B.1 impairment losses | 119 | 94 | 5 | 35 |
| B.2 transfers from other non-performing exposure categories | 89 | 33 | 16 | - |
| B.3 other increases | 287 | 42 | 7 | 4 |
| B.4 business combinations | 350 | 170 | 22 | 32 |
| C. Decreases | 24 | 9 | - | 1 |
| C.1 recoveries on impairment losses | 26 | 9 | 1 | - |
| C.2 recoveries on repayments | 74 | 1 | 16 | - |
| C.3 write-offs | 2 | 105 | 4 | 27 |
| C.4 transfers to other non-performing exposure categories | 217 | 46 | 1 | 4 |
| C.5 other decreases | 217 | 46 | 1 | 4 |
| C.6 business combinations | - | - | - | - |
| D. Final total adjustments | 724 | 110 | 13 | 11 |
| - of which exposures sold not derecognised | - | - | - | - |

## A.2. Classification of exposures on the basis of external and internal ratings

### *A.2.1. Breakdown of exposures by cash and "off-balance sheet" items based on external rating classes*

The external rating table indicates the ratings of the agencies Standard and Poor's, Moody's and Fitch, adopting, where there are two assessments of the same customer, the most prudent, and, where there are three assessments, that in the middle.
The Class 6 rating column includes non-performing loans.

(millions of euro)

| | External rating classes | | | | | | Unrated | Total |
|---|---|---|---|---|---|---|---|---|
| | AAA/AA- | A+/A- | BBB+/BBB- | BB+/BB- | B+/B- | lower to B- | | |
| A. On-balance sheet exposures | - | - | 882 | 25 | - | 1,162 | 9,914 | 11,983 |
| B. Derivatives | - | 1 | 89 | 4 | 1 | 16 | 120 | 231 |
| B.1. Financial derivatives | - | 1 | 89 | 4 | 1 | 16 | 120 | 231 |
| B.2. Credit derivatives | | | | | | | | - |
| C. Guarantees given | - | 1 | 3 | 2 | | 11 | 1,238 | 1,255 |
| D. Commitments to lend funds | - | - | 51 | | | 21 | 317 | 389 |
| E. Other | - | - | - | - | - | | | - |
| Total | - | 2 | 1,025 | 31 | 1 | 1,210 | 11,589 | 13,858 |

## Mapping of long-term ratings issued by independent rating agencies

Long-term rating with respect to: central administration bodies and central banks; supervised brokers; public sector entities; local entities; development multilateral banks; companies and other subjects

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | da Aaa a Aa3 | da AAA a AA- | da AAA a AA- |
| Classe 2 | da A1 a A3 | da A+ a A- | da A+ a A- |
| Classe 3 | da Baa1 a Baa3 | da BBB+ a BBB- | da BBB+ a BBB- |
| Classe 4 | da Ba1 a Ba3 | da BB+ a BB- | da BB+ a BB- |
| Classe 5 | da B1 a B3 | da B+ a B- | da B+ a B- |
| Classe 6 | Caa1 e inferiori | CCC+ e inferiori | CCC+ e inferiori |

## Mapping of short-term ratings with supervised brokers and companies

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | P-1 | F1+ , F1 | A-1 +, A-1 |
| Classe 2 | P-2 | A-2 | F2 |
| Classe 3 | P-3 | A-3 | F3 |
| Classe da 4 a 6 | NP | inferiori a A-3 | inferiori a F3 |

## Mapping of rating with OICR

| | ECAI | | |
|---|---|---|---|
| | Moody's | Fitch | Standard & Poor's |
| **Classe di merito di credito** | | | |
| Classe 1 | da Aaa a Aa3 | da AAA a AA- | da AAA m/f a AA- m/f |
| Classe 2 | da A1 a A3 | da A+ a A- | da A+ m/f a A- m/f |
| Classi 3 e 4 | da Baa1 a Ba3 | da BBB+ a BB- | da BBB m/f a BB- m/f |
| Classi 5 e 6 | B1 e inferiori | B+ e inferiori | B+ m/f e inferiori |

***A.2.2. Breakdown of exposures by cash and "off-balance sheet" items based on internal rating classes***

When drawing up the internal rating table, all the ratings utilised in the credit risk management and control system were used, including the ratings of an external agency for counterparties belonging to customer segments for which no internal model is available. Exposures with no rating refer essentially to segments that are still not covered by rating models (loans to private customers).

(millions of euro)

| | Internal rating classes | | | | | | | Unrated | Total |
|---|---|---|---|---|---|---|---|---|---|
| | AAA/AA- | A+/A- | BBB+/BBB- | BB+/BB- | B+/B- | Under B- | Non-performing exposures | | |
| A. On-balance sheet exposures | 3 | 378 | 3,427 | 3,659 | 2,082 | 179 | 1,162 | 1,065 | 11,955 |
| B. Derivatives | 1 | 2 | 107 | 62 | 40 | 2 | 16 | 1 | 231 |
| B.1. Financial derivatives | 1 | 2 | 107 | 62 | 40 | 2 | 16 | 1 | 231 |
| B.2. Credit derivatives | - | - | - | - | - | - | - | - | - |
| C. Guarantees given | 599 | 88 | 126 | 354 | 36 | 2 | 11 | 39 | 1,255 |
| D. Commitments to lend funds | - | 1 | 80 | 104 | 112 | 18 | 21 | 53 | 389 |
| E. Other | - | - | - | - | 76 | - | - | 2 | 78 |
| Total | 603 | 469 | 3,740 | 4,179 | 2,346 | 201 | 1,210 | 1,160 | 13,908 |

## A.3. Breakdown of secured exposures by type of guarantee

### *A.3.1. Secured cash exposures to (secured) banks*

(milions of euro)

| | GUARANTEED ON- BALANCE SHEET CREDIT EXPOSURES | | | | GUARANTEED OFF- BALANCE SHEET CREDIT EXPOSURES | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Totally guaranteed | | Partly guaranteed | | Totally guaranteed | | Partly guaranteed | | |
| | | of which non-performing | | of which non-performing | | of which non-performing | | of which non-performing | |
| NET EXPOSURE | 9 | - | - | - | - | - | - | - | 9 |
| COLLATERAL [1] | | | | | | | | | |
| Real estate assets | - | - | - | - | - | - | - | - | - |
| Mortgages | | | | | | | | | - |
| Financial lease | | | | | | | | | - |
| Securities | 9 | - | - | - | - | - | - | - | 9 |
| Other | - | - | - | - | - | - | - | - | - |
| GUARANTEES [1] | | | | | | | | | |
| Credit derivatives | | | | | | | | | |
| Credit linked notes | - | - | - | - | - | - | - | - | - |
| Other derivatives | | | | | | | | | |
| and Central Banks | - | - | - | - | - | - | - | - | - |
| - Other public agencies | - | - | - | - | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - |
| - Other counterparties | - | - | - | - | - | - | - | - | - |
| Guarantees given | | | | | | | | | |
| and Central Banks | - | - | - | - | - | - | - | - | - |
| Other public agencies | - | - | - | - | - | - | - | - | - |
| Banks | - | - | - | - | - | - | - | - | - |
| Other counterparties | - | - | - | - | - | - | - | - | - |
| TOTAL | 9 | - | - | - | - | - | - | - | 9 |

## *A.3.2. Secured cash exposures to customers*

(millions of euro)

| | GUARANTEED ON- BALANCE SHEET CREDIT EXPOSURES | | | | GUARANTEED OFF- BALANCE SHEET CREDIT EXPOSURES | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Totally guaranteed | | Partly guaranteed | | Totally guaranteed | | Partly guaranteed | | |
| | | of which non-performing | | of which non-performing | | of which non-performing | | of which non- | |
| NET EXPOSURE | 7,000 | 754 | 463 | 88 | 683 | 25 | 103 | - | 8,249 |
| COLLATERAL [1] | 15,941 | 1,656 | 64 | 15 | 487 | 18 | 8 | - | 16,500 |
| Real estate assets | 15,752 | 1,633 | 12 | 7 | 241 | 17 | - | - | 16,005 |
| *Mortgages* | *15,752* | *1,633* | *12* | *7* | *241* | *17* | - | - | *16,005* |
| Financial lease | - | - | - | - | - | - | - | - | - |
| Securities | 156 | 14 | 38 | 1 | 240 | 1 | 4 | - | 438 |
| Other | 33 | 9 | 14 | 7 | 6 | - | 4 | - | 57 |
| GUARANTEES [1] | - | - | - | - | - | - - | - | - | - |
| Credit derivatives | - | - | - | - | - | - - | - | - | - |
| Credit linked notes | - | - | - | - | - | - | - | - | - |
| Other derivatives | - | | | | | | | | |
| and | - | - | - | - | - | - | - | - | - |
| - Other public age | - | - | - | - | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - |
| - Other counterpa | - | - | - | - | - | - | - | - | - |
| Guarantees given | **1,352** | **170** | **226** | **46** | **186** | **4** | **53** | **-** | **1,817** |
| and | - | - | - | - | - | - | - | - | - |
| Other public agencie | 2 | - | 1 | 1 | - | - | - | - | 3 |
| Banks | 2 | - | - | - | - | - | - | - | 2 |
| Other counterparties | 1,348 | 170 | 225 | 45 | 186 | 4 | 53 | - | 1,812 |
| TOTAL | 17,293 | 1,826 | 290 | 61 | 673 | 22 | 61 | - | 18,317 |

## B. CREDIT DISTRIBUTION AND CONCENTRATION

### B.1. Breakdown by sector of cash and "off-balance sheet" exposures to customers (book value)

(millions of euro)

| Exposures/Counterparties | ON-BALANCE SHEET EXPOSURES | | | | | TOTAL ON-BALANCE SHEET EXPOSURES | OFF-BALANCE SHEET EXPOSURES | | | | TOTAL OFF-BALANCE SHEET EXPOSURES | TOTAL 31.12.2009 | TOTAL 31.12.2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-performing | Doubtful | Restructured exposures | Past due exposures | Other exposures | | Non-performing | Doubtful | Other impaired assets | Other exposures | | | |
| GOVERNMENTS | | | | | | | | | | | | | |
| Net exposure | - | - | - | - | 523 | 523 | - | - | - | 31 | 31 | 554 | 708 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Collective impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OTHER PUBLIC AGENCIES | | | | | | | | | | | | | |
| Net exposure | 1 | - | - | - | 253 | 254 | - | - | - | 8 | 8 | 262 | 286 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Collective impairment losses | - | - | - | - | 1 | 1 | - | - | - | - | - | 1 | 1 |
| FINANCIAL INSTITUTIONS | | | | | | | | | | | | | |
| Net exposure | 2 | 1 | - | - | 385 | 388 | - | - | - | 17 | 17 | 405 | 414 |
| Individual impairment losses | 2 | - | - | - | - | 2 | - | - | - | - | - | 2 | 1 |
| Collective impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| INSURANCE COMPANIES | | | | | | | | | | | | | |
| Net exposure | - | - | - | - | 27 | 27 | - | - | - | 6 | 6 | 33 | 38 |
| Individual impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Collective impairment losses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| NON-FINANCIAL COMPANIES | | | | | | | | | | | | | |
| Net exposure | 426 | 426 | 82 | 84 | 6,213 | 7,231 | 3 | 38 | 6 | 1,631 | 1,678 | 8,909 | 8,477 |
| Individual impairment losses | 656 | 98 | 13 | 10 | - | 777 | 2 | 2 | 1 | - | 5 | 782 | 576 |
| Collective impairment losses | - | - | - | - | 82 | 82 | - | - | - | 3 | 3 | 85 | 80 |
| OTHER COUNTERPARTIES | | | | | | | | | | | | | |
| Net exposure | 69 | 68 | - | 5 | 2,946 | 3,088 | - | - | - | 21 | 21 | 3,109 | 3,533 |
| Individual impairment losses | 65 | 12 | - | 1 | - | 78 | - | - | - | - | - | 78 | 85 |
| Collective impairment losses | - | - | - | - | 6 | 6 | - | - | - | - | - | 6 | 7 |

### B.2. Breakdown of cash and "off-balance sheet" exposures to customers by geographical area (book value)

(millions of euro)

| Exposure/Geographical area | ITALY | | OTHER EUROPEAN COUNTRIES | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments |
| A. ON-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| A.1. Non-performing loans | 496 | 723 | 1 | - | - | - | - | - | - | - |
| A.2. Doubtful loans | 493 | 110 | - | - | - | - | - | - | - | - |
| A.3. Restructured exposure | 82 | 13 | - | - | - | - | - | - | - | - |
| A.4. Past due exposures | 86 | 10 | 4 | 1 | - | - | - | - | - | - |
| A.5. Other exposures | 10,289 | 90 | 16 | - | 41 | - | 1 | - | 2 | - |
| Total A | 11,446 | 946 | 21 | 1 | 41 | - | 1 | - | 2 | - |
| B. OFF-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| B.1. Non-performing loans | 4 | 2 | - | - | - | - | - | - | - | - |
| B.2. Doubtful loans | 37 | 2 | - | - | - | - | - | - | - | - |
| B.3. Other impaired assets | 6 | - | - | - | - | - | - | - | - | - |
| B.4. Other exposures | 1,710 | 3 | 4 | - | - | - | - | - | - | - |
| Total B | 1,757 | 7 | 4 | - | - | - | - | - | - | - |
| TOTAL (A+B) 31.12.2012 | 13,203 | 953 | 25 | 1 | 41 | - | 1 | - | 2 | - |
| TOTAL 31.12.2011 | 13,368 | 749 | 48 | 1 | 39 | - | - | - | 1 | - |

### B.3. Breakdown of cash and "off-balance sheet" exposures to banks by geographical area (book value)

(millions of euro)

| Exposure/Geographical area | ITALY | | OTHER EUROPEAN | | AMERICA | | ASIA | | REST OF THE WORLD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments | Net exposure | Overall adjustments |
| A. ON-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| A.1. Doubtful loans | - | - | - | - | - | - | - | - | - | - |
| A.2. Substandard loans | - | - | - | - | - | - | - | - | - | - |
| A.3. Restructured exposures | - | - | - | - | - | - | - | - | - | - |
| A.4. Past due exposures | - | - | - | - | - | - | - | - | - | - |
| A.5. Other exposures | 393 | - | 17 | - | 35 | - | - | - | - | - |
| Total A | 393 | - | 17 | - | 35 | - | - | - | - | - |
| B. OFF-BALANCE SHEET EXPOSURES | | | | | | | | | | |
| B.1. Non-performing loans | - | - | - | - | - | - | - | - | - | - |
| B.2. Doubtful loans | - | - | - | - | - | - | - | - | - | - |
| B.3. Other impaired assets | - | - | - | - | - | - | - | - | - | - |
| B.4. Other exposures | 112 | - | 1 | - | - | - | - | - | - | - |
| Total B | 112 | - | 1 | - | - | - | - | - | - | - |
| TOTAL (A+B) 31.12.2012 | 505 | - | 18 | - | 35 | - | - | - | - | - |
| TOTAL 31.12.2011 | 574 | - | 20 | - | 30 | - | - | - | - | - |

**B.4. Large exposures**

At 31 December 2012 there were 7 large exposures.
The non-weighted value is € 5,142 million, while the weighted value is € 1,155 million.

Large exposures also include the General Electric Group which caused the Bank the overcoming of the individual concentration threshold by reason of the fact that the regulatory capital threshold was exceeded by 40%. This was generated by larger exposures related to the above-mentioned group related to the transfer of 78 branches by Intesa Sanpaolo made in the fourth quarter of 2012. Some interventions have been implemented which will allow for the return within the concentration limit already in the first quarter of 2013.

For the purposes of identifying Large Risks, it is worth recalling that nominal exposure is considered instead of weighted exposure which contributes to the calculation of concentration risk.

In this way, subjects like the Intesa Sanpaolo Group (€ 2,442 million) or the Ministry of the Economy (€ 880 million) are also considered as large risks which – despite a weighting of 0% - have an exposure in excess of 10% of the equity.

Also, the Regulatory Capital useful to the determination of large risks is calculated gross of the difference of expected losses with respect to the comprehensive value.

## C. SECURISATION TRANSACTIONS AND TRANSFER OF ASSETS

### C.1. Securitisation transactions

### Qualitative information

### Treasury securitisations

At the year-end date, the Bank had the following securitisation transaction in operation relating to regular loans, securitised in the fourth quarter of 2002 through the arrangers Banca IMI S.p.A. and BNP Paribas S.A. together with Finanziaria Internazionale S.p.A. and the vehicle company CR Firenze Mutui S.r.l.. This securitisation was effected as part of the measures taken to create liquidity, to obtain a balanced composition in the corporate financial statements in the presence of sustained growth in medium/long-term lending and to keep its capital ratios at adequate margins with respect to the regulatory minimums. The operation regarded a portfolio of residential property mortgage loans consisting of 8,968 transactions affecting 8,953 different parties for total principal of about € 509.0 million, of which € 268.5 million was in respect of fixed-interest loans and € 240.5 million for floating-interest loans. These had been issued for over 99% in regions of central Italy and had the following residual life at the date of the securitisation:

| Residual life (years) | Capital | % breakdown | No. of transactions |
|---|---|---|---|
| 0-2 | 0.4 | 0.08% | 23 |
| 2-4 | 2.2 | 0.43% | 66 |
| 4-6 | 46.5 | 9.13% | 1,224 |
| 6-8 | 100.2 | 19.70% | 2,355 |
| 8-10 | 31.7 | 6.23% | 591 |
| 10-12 | 113.4 | 22.28% | 1,869 |
| 12-14 | 77.0 | 15.14% | 1,161 |
| 14-16 | 7.7 | 1.51% | 112 |
| 16-18 | 74.9 | 14.71% | 957 |
| 18-20 | 25.9 | 5.09% | 307 |
| 20-22 | 0.4 | 0.08% | 5 |
| 22-24 | 8.9 | 1.74% | 90 |
| 24-26 | 0.9 | 0.17% | 7 |
| 26-28 | 11.8 | 2.32% | 127 |
| 28-30 | 7.1 | 1.39% | 74 |
| Total | 509.0 | 100.00% | 8,968 |

Against the mentioned securitisation, CR Firenze Mutui S.r.l., in which the Bank has a 10% holding, made a payment of about € 512.8 million, which also covered the interest on the ceded loans accrued up to 18 November 2002, and issued securities totalling about € 521.0 million, as follows:

| Classes | Issued amount | Yield | Amount subscribed by Banca CR Firenze S.p.A. | Subscription Price (in euro) | Book Price (in euro) | Rating at issue |
|---|---|---|---|---|---|---|
| A1 | 51.3 | 3-month Euribor + 19bp | - | 100.00 | - | AAA/Aaa/AAA |
| A2 | 425.6 | 3-month Euribor + 28bp | - | 100.00 | - | AAA/Aaa/AAA |
| B | 28.2 | 3-month Euribor + 75bp | - | 100.00 | - | A/A2/A |
| C | 7.7 | 3-month Euribor + 145bp | - | 100.00 | - | BBB/Baa2/BBB |
| D | 8.2 | Floating rate | 8.2 | 100.00 | 58.46 | - |

The refund of the securities in each class is subordinated to the refund of principal and interest on the preceding classes. All the securities have a notional expiry date in 2034, with the possibility of advance redemption even on a proportional basis as from July 2004, following their subordination order. The Bank is in charge of servicing the ceded loans, respecting an established Collection Policy. For this service, the Bank receives a quarterly servicing fee of 0.50% on collections, besides an additional servicing fee to be determined from time to time and equal to a percentage of the value of loans managed and the return on Class D Securities. With regard to performance in this securitisation, we can see that, in previous years, in consideration of the residual value of securitised loans and loans still in progress, value adjustments were carried out on class "D" securities. For these securities a quarterly monitoring activity is carried out, which is capable of quantifying the value of the Class D Securities held by the Bank, in such a way as to adjust them to the expected realizable value. As of 31 December 2012, this monitoring activity revealed a value impairment of around € 255,000.
It should be noted that in connection with this securitisation asset swap contracts were taken out to hedge CR Firenze Mutui S.r.l.'s interest rate risk whose notional value at the year-end closing date, € 53 million.

## Third party securitisations

As of the closing date of the financial year, the Bank held in portfolio securities connected to a third party securitisation transaction, linked to the privatisation process realised by MEF (Ministry of Economy and Finance) through the sale, securitisation and assignment of properties to real estate mutual funds.
The securitised portfolio was estimated, upon its initial assignment, in € 3.7 billion, but, in light of the 10% discount granted to the mutual fund ("Fund"), the transfer was carried out at a counter-value of € 3.3 billion.
The Fund issued two classes of units:
- class "A" for an aggregate amount of € 1.3 billion;
- class "B", for the remaining amount.
The main purpose of the Fund is the optimisation of the value and of the long term revenues of the portfolio through an efficient management of the real estate properties, which envisages a plan for the renovation and subsequent sale of such properties.
The securitised portfolio may be divided in several uniform groups, both in terms of features of the properties as well as in terms of the most appropriate management strategy; as of the closing date of the financial year, the Bank held class "A2" securities for an amount equal to approximately € 5 million.

## Qualitative information

### *C.1.1. Exposures from securitisation transactions broken down by quality of underlying assets*

*Cash*

| | Guarantees given | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | exposure | | exposure | | exposure | |
| | gross | net | gross | net | gross | net |
| A. Own underlying assets | - | - | - | - | 8 | 5 |
| a) Impaired | - | - | - | - | - | - |
| b) Other | - | - | - | - | 8 | 5 |
| B. Third party underlying assets | 5 | 4 | 1 | 1 | - | - |
| a) Impaired | - | - | - | - | - | - |
| b) Other | 5 | 4 | 1 | 1 | - | - |
| Total | 5 | 4 | 1 | 1 | 8 | 5 |

### *C.1.2. Exposures from the main securitisation transactions of "the Group" broken down by type of securitised assets and by type of exposure*

*Cash*

(millions of euro)

| Type of securitised assets / Exposures | On-balance sheet exposures | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Book value | Adjust./ recoveries | Book value | Adjust./ recoveries | Book value | Adjust./ recoveries |
| A. Fully derecognised | - | - | - | - | 5 | - |
| A.1CR Firenze Mutui S.r.l. | | | | | | |
| - performing residential mortgages | - | - | - | - | 5 | - |
| B. Partly derecognised | - | - | - | - | - | - |
| C. Not derecognised | - | - | - | - | - | - |
| TOTAL | - | - | - | - | 5 | - |

### *C.1.3. Exposures from the main "third party" securitisation transactions broken down by type of securitised assets and by type of exposure*

*Cash*

(millions of euro)

| Type of securitised assets / Exposures | On-balance sheet exposures | | | | | |
|---|---|---|---|---|---|---|
| | Senior | | Mezzanine | | Junior | |
| | Book value | Adjust./ recoveries | Book value | Adjust./ recoveries | Book value | Adjust./ recoveries |
| A.1 FIP FUNDING 05/23 TV | | | | | | |
| - Fondi immobiliari | 4 | - | - | - | - | - |
| TOTAL | 4 | - | - | - | - | - |

### *C.1.4. Exposures from securitisation transactions broken down by portfolio and by type of securitised assets*

(millions of euro)

| | On-balance sheet exposures | | | Off-balance sheet exposures | | |
|---|---|---|---|---|---|---|
| | Senior | Mezzanine | Junior | Senior | Mezzanine | Junior |
| Financial assets held for trading | - | - | - | - | - | - |
| Financial assets measured at fair value | - | - | - | - | - | - |
| Financial assets available for sale | 4 | 1 | - | - | - | - |
| Financial assets held to maturity | - | - | - | - | - | - |
| Loans | - | - | 5 | - | - | - |
| Total 31.12.2012 | 4 | 1 | 5 | - | - | - |
| Total 31.12.2011 | 4 | 1 | 5 | - | - | - |

Remember that the senior exposures classified among financial assets available for sale refer exclusively to a debt security attributable to a third-party securitisation transaction, linked to the privatisation process realised by the MEF (Ministry of Economy and Finance) through the sale, securitisation and conferral of property to mutual property investment funds.

### *C.1.5. Amount of securitised assets underlying the junior securities or other forms of credit aid*

(in millions of euro)

| | Traditional securitisations | Synthetic securitisations |
|---|---|---|
| A. Own underlying assets | 71 | - |
| A.1 Fully derecognised | 71 | X |
| 1. Non-performing loans | 1 | X |
| 2. Doubtful loans | - | X |
| 3. Restructured exposures | - | X |
| 4. Past due exposures | 1 | X |
| 5. Other assets | 69 | X |
| A.2 Partly derecognised | - | - |
| 1. Non-performing loans | - | X |
| 2. Doubtful loans | - | X |
| 3. Restructured exposures | - | X |
| 4. Past due exposures | - | X |
| 5. Other assets | - | X |
| A.3 Not derecognised | - | - |
| 1. Non-performing loans | - | - |
| 2. Doubtful loans | - | - |
| 3. Restructured exposures | - | - |
| 4. Past due exposures | - | - |
| 5. Other assets | - | - |
| B. Third party underlying assets | - | - |
| B.1. Non-performing loans | - | - |
| B.2. Doubtful loans | - | - |
| B.3. Restructured exposures | - | - |
| B.4. Past due exposures | - | - |
| B.5. Other assets | - | - |

### *C.1.6. Interests in vehicle companies*

| Company | Registered office | % held |
|---|---|---|
| CR Firenze Mutui Srl | Conegliano Veneto (TV) | 10.00% |

### *C.1.7. Servicer activity - receipts from securitised loans and redemptions of securities issued by vehicle companies*

| Special purpose vehicles | Securitised assets (period-end figure) | | Collections of loans in the year | | Percentage of reimbursed securities (period-end figure) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Senior | | Mezzanine | | Junior | |
| | Non-performi | Performing | Non-performi | Performing | Non-performi | Performing | Non-performi | Performing | Non-performi | Performing |
| CR Firenze Mutui Srl | 2 | 70 | 1 | 21 | - | 94.06% | - | - | - | - |
| | 2 | 70 | 1 | 21 | | | | | | |

## C.2. Transfer transactions

### *C.2.1. Transferred financial assets not written off*

(millions of euro)

| Technical forms/Portfolios | Cash assets | | | | Derivatives | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|---|---|---|---|---|
| | Debt securities | Equities | UCITS | Loans | | Total | of which impaired assets | Total | of which impaired assets |
| FINANCIAL ASSETS HELD FOR TRADING | - | - | - | - | - | - | - | - | - |
| recognised | - | - | - | - | - | - | - | - | - |
| recognised | - | - | - | - | - | - | - | - | - |
| recognised | - | - | - | - | - | - | - | - | - |
| FINANCIAL ASSETS MEASURED AT FAIR VALUE | - | - | - | - | X | - | - | - | - |
| recognised | - | - | - | - | X | - | - | - | - |
| recognised | - | - | - | - | X | - | - | - | - |
| recognised | - | - | - | - | X | - | - | - | - |
| FINANCIAL ASSETS AVAILABLE FOR SALE | 454 | - | - | - | X | 454 | - | 665 | - |
| recognised | 454 | - | - | - | X | 454 | - | 665 | - |
| recognised | - | - | - | - | X | - | - | - | - |
| recognised | - | - | - | - | X | - | - | - | - |
| FINANCIAL ASSETS HELD TO MATURITY | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| Amounts owing by banks | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| LOANS TO CUSTOMERS | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| recognised | - | X | X | - | X | - | - | - | - |
| Total 31.12.2012 | 454 | - | - | - | - | 454 | - | X | X |
| Total 31.12.2011 | 665 | - | - | - | - | X | X | 665 | X |

The above assets refer to debt securities used in repurchase transactions.

### *C.2.2. Financial liabilities resulting from transferred financial assets not written off*

(millions of euro)

| | Due to customers | | Amounts owing to banks | | Total 31.12.2012 | Total 31.12.2011 |
|---|---|---|---|---|---|---|
| | Fully recognised | Partly recognised | Fully recognised | Partly recognised | | |
| Financial assets held for trading | - | - | - | - | - | - |
| Financial assets measured at fair value | - | - | - | - | - | - |
| Financial assets available for sale | 9 | - | 453 | - | 462 | 679 |
| Financial assets held to maturity | - | - | - | - | - | - |
| Amounts owing by banks | - | - | - | - | - | - |
| Customer loans | - | - | - | - | - | - |
| TOTAL | 9 | - | 453 | - | 462 | 679 |

### *C.2.3. Transfer transactions with liabilities with recourse on disposed assets only: fair value*

(millons of euro)

| Technical forms/Portfolio | Fin. assets held for trading | | Fin. assets measured at fair value | | Fin. assets available for sale | | Fin. assets held to maturity (fair value) | | Amounts owing by banks (fair value) | | Customer loans (fair value) | | 31.12.2012 | 31.12.2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | Fin. assets sold and fully recognised | Fin. assets sold and partially recognised | TOTAL | TOTAL |
| A. On balance-sheet | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | - |
| 1. Debt securities | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | - |
| 2. Equity securities | - | - | - | - | - | - | X | X | X | X | X | X | - | - |
| 3. UCITS | - | - | - | - | - | - | X | X | X | X | X | X | - | - |
| 4. Loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| instruments | - | - | X | X | X | X | X | X | X | X | X | X | - | - |
| Total Assets | - | - | - | - | 454 | - | - | - | - | - | - | - | 454 | - |
| C. Liabilities | - | - | - | - | 453 | - | - | - | - | - | - | - | X | X |
| 1 Due to customers | - | - | - | - | | - | - | - | - | - | - | - | X | X |
| 2. Amounts owing to | - | - | - | - | 453 | - | - | - | - | - | - | - | X | X |
| Total Liabilities | - | - | - | - | 453 | - | - | - | - | - | - | - | | |
| Net value 2012 | - | - | - | - | 1 | - | - | - | - | - | - | - | 454 | X |
| Net value 2011 | - | - | - | - | -14 | - | - | - | - | - | - | - | X | 665 |

## D. CREDIT RISK MEASUREMENT MODELS

The internal rating and LGD models are subject to internal validation process and a level three control by the Internal Auditing Management. The control functions produce an annual report for the Bank of Italy on the compliance of the models with the supervisory regulations, which also verifies deviations of the ex ante estimates and the effective ex post values. The last report, approved by the Management Board and the Supervisory Board of Intesa Sanpaolo, confirmed the requirements of compliance.

## SECTION 2 – MARKET RISK

The risk profile of Cassa di Risparmio di Firenze is limited, there being an aim to create immunity against the interest rate and liquidity risk and to minimise the sensitivity of the interest margin and value of equity to negative changes in the market parameters.

The financial risk of Cassa di Risparmio di Firenze, is originated from the typical operation of customers which feeds the banking portfolio, which is immunized upon proposal of the Parent Company organizations with a view to full observance of the risk limits resolved by the Group Financial Risk Committee (GFRC) On the basis of the service agreements entered into, the Risk Management of the Parent Company Intesa Sanpaolo is responsible for the development of the measurement criteria and methodologies as well as the monitoring of exposures to financial risks, while the Treasury Management of the Parent Company Intesa Sanpaolo is assigned the task of managing the financial risks originated by Banca CR Firenze and its direct subsidiaries. The financial risk profile and appropriate interventions aimed at changing it are examined by the Group's Financial Risks Committee.

### 2.1. INTEREST RATE RISK – REGULATORY TRADING PORTFOLIO

The Bank does not perform trading activities: therefore, the trading portfolio refers to balanced brokerage activities with customers, the risk of which is transferred to Banca IMI and/or Intesa Sanpaolo; consequently there are no financial risks on this portfolio. Any Bank interest rate risk positions within the trading portfolio are residual.

### 2.2. INTEREST RATE RISK – BANKING PORTFOLIO

QUALITATIVE INFORMATION

**A. General aspects, management processes and measurement methods for interest rate risk**

Financial risks are managed directly in service by the Parent Bank Treasury Management, as envisaged in the operating organisational model implemented by the Group's Italian Bank Networks. The same operating philosophy envisaged in the Bank's organisational model is followed for activities linked with access to the financial markets and activities to afford immunisation against the market risks undertaken in the pursuit of the lending activity (retail and corporate banking). For access to the short-term and medium/long-term derivatives markets, the Group currently operates through the Parent Company and, directly, trough Banca IMI, which performs this service using the synergies deriving from its market making activities. As regards the interest rate risk, market transactions are negotiated among Group companies mainly in the form of interbank deposits and short and medium/long-term derivatives (OIS, IRS, ...) in order to trace the Banks' risk profile towards target profile.
The exposure to market risks deriving from eventual equity investments held directly by Cassa di Risparmio di Firenze in listed companies also falls within the banking portfolio.
The following methods are used to measure the financial risks generated by the banking portfolio:

- Value at Risk (VaR);
- Sensitivity analysis;

Value at Risk is calculated as the maximum potential loss in the portfolio's market value that could be recorded over a 10-day holding period with a 99% confidence level (parametric VaR).
The shift sensitivity analysis quantifies the changes in value of a financial portfolio due to negative changes of the main risk factors (rate, exchange, equity). As regards the interest rate risk, the negative movement is defined as the parallel and uniform shift of ±100 basis points of the curve, The measurements include the risk generated by core deposits with customers, the stability and partial and delayed reactivity to the change in interest rates of which have been analysed across a broad spectrum, reaching a model of representation by maturity through equivalent deposits.
The sensitivity of the interest margin expresses the impact of current net income of a parallel and instantaneous shock of the interest rate curve of ±100 basis points, referring to a time span of twelve months. This measure highlights the changes in the rates on the portfolio subject to measurement, excluding hypotheses of future changes in the mix of assets and liabilities, and cannot therefore be classed as a forecasting indicator of the future level of the interest margin.

**B. Hedging of the fair value**

Fair value hedging aims to immunise the changes in value of borrowing and lending caused by changes in the interest rate curve. The types of derivatives used are represented by interest rate swaps (IRS), overnight index swaps (OIS) and options on rates realised with the Parent Company or with Banca IMI. These, in turn, hedge the market risk so that the requirements to qualify IAS-compliant hedges at consolidated financial statement level are respected. The assets and liabilities promptly

hedged in the single strategy are mainly represented by bond loans issued by the Banks in previous years and by loans to customers.
A general hedging activity (Macrohedge) is also performed on stable sight deposits through derivative contracts (IRS and OIS).

**C. Cash flow hedging activities**

Cash flow hedges aim to immunise the changes of cash flows of asset and liability positions at floating rates, caused by shifts in the interest rate curve.
In particular, hedging strategies of macro cash flow hedge are being implemented by the Bank with the aim of stabilising the interest flow of variable rate commitments to cover fixed-rate deposits. These hedges are directly made as a counterparty with the Parent Company.
Moreover, hedging strategies of specific cash flow hedge are being provided.

The Parent Company's Risk Management is responsible for checking the effectiveness of the interest rate risk hedges for hedge accounting purposes, in observance of the standards dictated by the international accounting standards.

**D. Foreign investment hedging activities**

The Bank does not have any risks of this kind.

QUANTITATIVE INFORMATION

1. **Banking portfolio: breakdown by residual duration (repricing date) of financial assets and liabilities by cash and financial derivatives**

The interest margin sensitivity - in the event of a 100 basis points change of taxes - amounted to € 4 million at end 2012, down compared to amounts of end 2011, equal to € 11.1 million.

2. **Banking portfolio – internal models and other sensitivity analysis methods**

The interest rate risk generated by Cassa di Risparmio di Firenze's banking portfolio, measured using the shift sensitivity analysis, recorded an average value during 2012 of € 5.4 million, setting at the end of the year on a value of € 4.4 million. These figures are compared with a 2011 year-end value of € 11 million.
The interest rate risk, measured in terms of VaR, oscillated during the same period around an average value of € 2.9 million (€ 2.5 million at end 2011), with a minimum value of € 2.3 million and a maximum value of € 6 million. At the end of December 2012, the VaR was 2.5 million.

2.3. EXCHANGE RATE RISK

QUALITATIVE INFORMATION

**A. General aspects, management processes and measurement methods for exchange rate risk**

"Foreign exchange risk" is defined as the possibility that foreign exchange rate fluctuations produce significant changes, both positive and negative, in the Group's balance sheet aggregates. The key sources of exchange rate risk lie in:
- foreign currency loans and deposits held by corporate and retail customers;
- purchases of securities, equity investments and other financial instruments in foreign currencies;
- trading of foreign currencies and banknotes;
- collection and/or payment of interest, commissions, dividends and administrative costs in foreign currencies.

More specifically, "structural" foreign exchange risk refers to the exposures deriving from the commercial operations.
The types of financial instruments are primarily: spot and forward exchange transactions in foreign currencies, forex swaps, domestic currency swaps, and foreign exchange options.

**B. Exchange rate risk hedging activities**

The exchange risk originated by the foreign currency operating positions in the bank's portfolio is subject to transferral by Cassa di Risparmio di Firenze to the Treasury Management of the Parent Company in order to allow its hedging. In practice, this risk is substantially eliminated through funding in the same currency as the assets.
With reference to the exchange rate risk generated by the purchase/sale of currencies traded by customers, spot transactions are carried out by Cassa di Risparmio di Firenze, with Banca IMI, at arm's length, with the aim of achieving prompt hedging.

## QUANTITATIVE INFORMATION

### 1. Breakdown by denomination currency of assets, liabilities and derivatives

(millions of euro)

| Items | Currencies | | | | | |
|---|---|---|---|---|---|---|
| | US Dollar | Sterling | Swiss Franc | Yen | Canadian Dollar | Other currencies |
| A. FINANCIAL ASSETS | 136 | 3 | 4 | 3 | 1 | 1 |
| A.1 Debt securities | - | - | - | - | - | - |
| A.2 Equity securities | - | - | - | - | - | - |
| A.3 Amounts owing by banks | 1 | 3 | - | - | - | 1 |
| A.4 Loans to customers | 135 | - | 4 | 3 | 1 | - |
| A.5 Other financial assets | - | - | - | - | - | - |
| B. OTHER ASSETS | 2 | 1 | - | - | - | 1 |
| C. FINANCIAL LIABILITIES | 202 | 1 | 4 | 9 | 3 | 12 |
| C.1 Amounts owing to banks | 140 | - | 2 | 8 | 2 | 11 |
| C.2 Due to customers | 62 | 1 | 2 | 2 | 1 | 1 |
| C.3 Debt securities | - | - | - | - | - | - |
| C.4 Other financial liabilities | - | - | - | - | - | - |
| D. OTHER LIABILITIES | - | - | - | - | - | - |
| E. FINANCIAL DERIVATIVES | | | | | | |
| - Options | | | | | | |
| long positions | 31 | 10 | 1 | 12 | 1 | 17 |
| short positions | 32 | 10 | 1 | 13 | 1 | 17 |
| - Other derivatives | | | | | | |
| long positions | 185 | 15 | - | 20 | 15 | 30 |
| short positions | 123 | 18 | - | 11 | 13 | 20 |
| TOTAL ASSETS | 354 | 29 | 5 | 34 | 17 | 49 |
| TOTAL LIABILITIES | 357 | 29 | 5 | 34 | 17 | 49 |
| IMBALANCE (+/-) | -2 | -0 | -0 | 0 | - | 0 |

### 2. Internal models and other sensitivity analysis methodologies

The exchange risk generated by the operating positions of the banking portfolio, measured using the VaR (confidence range 99%, holding period 10 days), was in average extremely small with a value of € 0.02 million at end of 2012.

## 2.4. DERIVATIVE FINANCIAL INSTRUMENTS

## A. FINANCIAL DERIVATIVES

### A.1. Regulatory trading portfolio: period-end and average notional values

(millions of euro)

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Over the counter | Central counterpartie | Over the counter | Central counterparties |
| 1. Debt securities and interest rates | 3,652 | - | 2,996 | - |
| a) Options | 143 | - | 87 | - |
| b) Swap | 3,478 | - | 2,849 | - |
| c) Forward | 30 | - | 60 | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 2. Equity securities and share indexes | - | - | - | - |
| a) Options | - | - | - | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 3. Currencies and gold | 861 | - | 389 | - |
| a) Options | 386 | - | 30 | - |
| b) Swap | - | - | - | - |
| c) Forward | 383 | - | 319 | - |
| d) Futures | 46 | - | 20 | - |
| e) Other | 46 | - | 20 | - |
| 4. Goods | - | - | - | - |
| 5. Other underlying assets | - | - | - | - |
| TOTAL | 4,513 | - | 3,385 | - |
| AVERAGE VALUES | 3,914 | - | 3,555 | - |

## A.2. Banking portfolio: period-end and average nominal values

### *A.2.1. Hedging*

(millions of euro)

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Over the counter | Central counterpartie | Over the counter | Central counterpartie |
| 1. Debt securities and interest rates | 2,910 | - | 2,667 | - |
| a) Options | 266 | - | 339 | - |
| b) Swap | 2,644 | - | 2,328 | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 2. Equity securities and share indexes | - | - | - | - |
| a) Options | - | - | - | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 3. Currencies and gold | - | - | - | - |
| a) Options | - | - | - | - |
| b) Swap | - | - | - | - |
| c) Forward | - | - | - | - |
| d) Futures | - | - | - | - |
| e) Other | - | - | - | - |
| 4. Goods | - | - | - | - |
| 5. Other underlying assets | - | - | - | - |
| TOTAL | 2,910 | - | 2,667 | - |
| AVERAGE VALUES | 3,029 | - | 2,385 | - |

## A.3. Financial derivatives positive gross fair value – breakdown by products

(millions of euro)

| Portfolios/Types of derivatives | Positive fair value | | | |
|---|---|---|---|---|
| | 31.12.2012 | | 31.12.2011 | |
| | Over the counter | Central counterpartie | Over the counter | Central counterparties |
| A. Regulatory trading portfolio | 140 | - | 99 | - |
| a) Options | 5 | - | 1 | - |
| b) Interest rate swap | 130 | - | 94 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | 3 | - | 4 | - |
| f) Futures | - | - | - | - |
| g) Other | 1 | - | - | - |
| B. Banking portfolio - hedging | 91 | - | 83 | - |
| a) Options | 7 | - | 20 | - |
| b) Interest rate swap | 84 | - | 63 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| C. Banking portfolio - other derivatives | - | - | - | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | - | - | - | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| TOTAL | 231 | - | 182 | - |

### A.4. Financial derivatives negative gross fair value – breakdown by products

(millions of euro)

| Portfolios/Types of derivatives | Negative fair value | | | |
|---|---|---|---|---|
| | 31.12.2012 | | 31.12.2011 | |
| | Over the counter | Central counterpartie | Over the counter | Central counterparties |
| A. Regulatory tradng portfolio | - 153 | - | - 109 | - |
| a) Options | - 5 | - | - 1 | - |
| b) Interest rate swap | - 141 | - | - 104 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - 6 | - | - 4 | - |
| f) Futures | - | - | - | - |
| g) Other | - 1 | - | - | - |
| B. Banking portfolio - hedging | - 31 | - | - 20 | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | - 31 | - | - 20 | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| C. Banking portfolio - other derivatives | - | - | - | - |
| a) Options | - | - | - | - |
| b) Interest rate swap | - | - | - | - |
| c) Cross currency swap | - | - | - | - |
| d) Equity swaps | - | - | - | - |
| e) Forward | - | - | - | - |
| f) Futures | - | - | - | - |
| g) Other | - | - | - | - |
| TOTAL | - 183 | - | - 129 | - |

**A.5. Financial derivatives "over the counter": regulatory trading portfolio - notional values, positive and negative gross values by counterparties – contracts not falling within offsetting agreements**

| Contracts other than offsetting agreements | Governments and Central Banks | Other public agencies | Banks | Financial companies | Insurance companies | Non-financial companies | Other entities |
|---|---|---|---|---|---|---|---|
| 1.Debt securities and interest rates | | | | | | | |
| - notional amount | - | - | 1,903 | 1 | - | 1,732 | 16 |
| - positive fair value | - | - | 2 | - | - | 127 | 2 |
| - negative fair value | - | - | - 141 | - | - | - | - |
| - future exposure | - | - | 10 | - | - | 9 | - |
| 2. Equity securities and share indexes | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 3. Currencies and gold | | | | | | | |
| - notional amount | - | - | 446 | - | - | 364 | 5 |
| - positive fair value | - | - | 7 | - | - | 2 | - |
| - negative fair value | - | - | - 4 | - | - | - 7 | - |
| - future exposure | - | - | 5 | - | - | 3 | - |
| 4. Other values | | | | | | | |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |

## A.7. Financial derivatives "over the counter": banking portfolio - notional values, positive and negative gross values by counterparties – contracts not falling within offsetting agreements

(millions of euro)

| Contracts other than offsetting agreements | Governments and Central Banks | Other public agencies | Banks | Financial companies | Insurance companies | Non-financial companies | Other entities |
|---|---|---|---|---|---|---|---|
| 1. Debt securities and interest rates | - | - | | - | - | | - |
| - notional amount | - | - | 2,800 | - | - | 110 | - |
| - positive fair value | - | - | 81 | - | - | 10 | - |
| - negative fair value | - | - | -31 | - | - | - | - |
| - future exposure | - | - | 15 | - | - | 1 | - |
| 2. Equity securities and share indexes | - | - | - | - | - | - | - |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 3. Currencies and gold | - | - | - | - | - | - | - |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |
| 4. Other values | - | - | - | - | - | - | - |
| - notional amount | - | - | - | - | - | - | - |
| - positive fair value | - | - | - | - | - | - | - |
| - negative fair value | - | - | - | - | - | - | - |
| - future exposure | - | - | - | - | - | - | - |

## A.9. Over the counter financial derivatives - distribution by residual life: notional values

(millions of euro)

| | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|
| A. Regulatory trading book | 1,424 | 2,160 | 883 | 4,467 |
| A.1 Financial derivatives on debt securities and interest rates | 677 | 2,093 | 883 | 3,652 |
| A.2 Financial derivatives on equities and share indexes | - | - | - | - |
| A.3 Financial derivatives on foreign exchange rates and gold | 748 | 67 | - | 815 |
| A.4 Financial derivatives - other | - | - | - | - |
| B. Banking book | 789 | 1,629 | 492 | 2,910 |
| B.1 Financial derivatives on debt securities and interest rates | 789 | 1,629 | 492 | 2,910 |
| B.2 Financial derivatives on equities and share indexes | - | - | - | - |
| B.3 Financial derivatives on foreign exchange rates and gold | - | - | - | - |
| B.4 Financial derivatives - other | - | - | - | - |
| Total 31.12.2012 | 2,214 | 3,789 | 1,375 | 7,377 |
| Total 31.12.2011 | 1,794 | 2,819 | 1,420 | 6,033 |

# SECTION 3 - LIQUIDITY RISK

## QUALITATIVE INFORMATION

### A. General aspects, management processes and measurement methods for liquidity risk

The liquidity risk is the risk that the Bank will not be able to respect its payment commitments, due to an inability to find funds on the market (funding liquidity risk) and to release its assets (market liquidity risk).

The preparation of an adequate system to govern and manage this risk takes on a fundamental role in maintaining the stability not only of the single bank, but also of the market, considering that the imbalances of a single financial institution can have systemic repercussions. This system has to be incorporated in to the overall system for managing risks and envisage incisive controls consistent with the evolution of the reference context.

The "Guidelines for Governance of the Group Liquidity Risk" approved by the Corporate Bodies of Intesa Sanpaolo described the tasks of the various corporate functions, as well as ruled and the overall control and management processes aimed at ensuring a prudent monitoring of the liquidity risk, while averting the occurrence of critical situations.

On the basis of the model approved by the Intesa Sanpaolo Group, for the management of liquidity Cassa di Risparmio di Firenze is aided by the Parent Company which, though direct access to the markets and via foreign subsidiaries, supports the borrowing and lending needs originating from commercial activity with customers, overseeing the balance between equity captions with different residual life.

In this perspective, the Parent Company performs its duties of supervision and management of liquidity with reference not only to its own company situation, but also evaluating the overall operation of the Group and the singe legal entities, and the liquidity risk to which they are exposed.

In particular, the new management and control guidelines comprise the procedures for the identification of the risk factors, measurement of exposure to risk and verification of observance of the limits, performance of stress tests, identification of appropriate initiatives to mitigate risk, preparation of emergency plans and informative reporting to the company boards. Within this framework, the liquidity risk measurement systems distinguish between short-term liquidity, structural liquidity and stress analysis.

The aim of the short-term liquidity policy is to ensure an adequate and balanced level between outgoing and incoming cash flows and with a maturity that is certain or estimated to occur within 12 months, with the aim of coping with period of stress, even for a considerable length of time, on the different funding procurement markets, also by setting up adequate liquidity reserves represented by liquid securities on private markets and securities that can be refinanced by Central Banks. To this end and in keeping with the maximum tolerance of liquidity risk, the limit system envisages, among other things, a Short term gap ratio which measures, for the different short term time spans, the ratio between the availability of reserves and positive flows expected, and the cash outgoings expected, taking as reference all the balance sheet and off-balance sheet entries, taking account of behavioural maturities for entries characterised by an expected liquidity profile which is different from that established by contract.

The structural liquidity policy of the Intesa Sanpaolo Group comprises the combination of measures and limits aimed at controlling and managing the risks deriving from the mismatch of medium-long term maturities of assets and liabilities, which is indispensable for strategically planning the management of liquidity. To this end, the adoption of internal limits to the transformation of the maturities is envisaged, to avoid medium/long-term operation from giving rise to excessive imbalances to be funded in the short term.

The Guidelines also envisage the regular performance of an impact estimate in a situation of acute "combined" stress (both specific to the Group and related to the market), indicating the reference settings to use and introducing an objective threshold at 3 months on the «Stressed Short Term gap», aimed at envisaging an overall level of reserves capable of managing the major cash outgoings in an adequate space of time in order to carry out the necessary operations to place the Parent Company and the Group Companies in balanced conditions.

In addition to the short term and structural rations and the stress analysis, it is also necessary to ensure provision of the methods used to govern a possible liquidity crisis, defined as a situation of difficulty or inability of the Bank to manage its maturing cash commitments without activating procedures and/or using instruments in a manner distant, in terms of intensity or method, from ordinary administration. The Contingency Liquidity Plan, setting the aims of defending Group equity and, at the same time, guaranteeing operational continuity in conditions of serious emergency in terms of liquidity, ensures, at Parent Bank level, the identification of the pre-alarm signals, their constant monitoring, the definitions of the procedures to activate in the event that liquidity stress should arise, the immediate measures to take and instruments to implement to solve the emergency. The pre-alarm indices, aimed at sensing the signs of potential liquidity stress, either at systematic or specific level, are monitored every day by Risk Management.

The corporate functions of the Parent Company set up to guarantee the correct application of the Guidelines, are, in particular, Treasury Management, which is responsible for liquidity management, and Risk Management, which is directly responsible for second level checks and which, in its capacity as an active participant in the Financial Risk Committees, plays a leading role in the management and dissemination of information of the liquidity risk, contributing to the overall improvement of the Group's awareness of the current situation.

## QUANTITATIVE INFORMATION

### 1. Timed distribution for residual contractual duration of assets and liabilities

#### *Denomination currency: Euro*

(millions of euro)

| Items/Time intervals | On demand | Between 1and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1and 3 months | Between 3 and 6 months | Between 6 months and | Between 1and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 2,821 | 127 | 211 | 374 | 656 | 555 | 944 | 3,253 | 3,052 | 82 |
| A.1Government bonds | 4 | - | - | | 2 | | 261 | 181 | 1 | - |
| A.2 Other debt securities | - | 2 | - | | 36 | 2 | 21 | 144 | 21 | - |
| A.3 UCITS units | 27 | - | - | | | | | | | - |
| A.4 Loans | 2,790 | 125 | 211 | 374 | 618 | 553 | 662 | 2,928 | 3,030 | 82 |
| - Banks | 193 | - | - | 2 | 7 | 1 | | 10 | | 82 |
| - Customers | 2,597 | 125 | 211 | 372 | 612 | 552 | 662 | 2,918 | 3,030 | - |
| Cash liabilities | 6,473 | 260 | 33 | 856 | 1,033 | 1,076 | 701 | 352 | 1,181 | - |
| B.1Deposits and current accounts | 6,360 | 259 | 31 | 603 | 669 | 841 | 381 | 237 | 1,100 | - |
| - Banks | 177 | 250 | 8 | 552 | 552 | 658 | 14 | - | 1,100 | - |
| - Customers | 6,183 | 9 | 23 | 51 | 117 | 183 | 366 | 237 | | - |
| B.2 Debt securities | 5 | 1 | 2 | 2 | 155 | 222 | 309 | 75 | 73 | - |
| B.3 Other liabilities | 107 | - | - | 251 | 209 | 13 | 12 | 40 | 8 | - |
| Off-balance sheet transactions | 290 | 90 | 4 | 71 | 88 | 156 | 252 | 48 | 5 | 2 |
| C.1Financial derivatives with exchange of capital | 2 | 90 | 4 | 68 | 81 | 144 | 237 | 44 | - | - |
| - Long positions | - | 26 | 2 | 30 | 35 | 74 | 105 | 22 | - | - |
| - Short positions | 2 | 64 | 2 | 38 | 47 | 70 | 131 | 22 | - | - |
| C.2 Financial derivatives without exchange of ca | 274 | - | - | 3 | 7 | 12 | 14 | - | - | - |
| - Long positions | 133 | - | - | 3 | 5 | 11 | 12 | - | - | - |
| - Short positions | 141 | - | | - | 1 | 1 | 3 | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | 10 | - | - | - | 1 | - | 1 | 4 | 4 | 2 |
| - Long positions | - | - | - | - | 1 | - | 1 | 4 | 4 | 1 |
| - Short positions | 10 | - | - | - | - | - | - | - | | 1 |
| C.5 Financial guarantees issued | 4 | - | - | - | - | - | - | - | 1 | |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capita | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

### *Denomination currency: US Dollar*

(millions of euro)

| Items/Time intervals | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 100 | 2 | 7 | 9 | 23 | 1 | 1 | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 100 | 2 | 7 | 9 | 23 | 1 | 1 | - | - | - |
| - Banks | - | - | - | - | 1 | - | - | - | - | - |
| - Customers | 100 | 2 | 7 | 9 | 22 | 1 | 1 | | | - |
| Cash liabilities | 184 | - | 1 | 4 | 11 | 1 | 1 | - | - | - |
| B.1 Deposits and current accounts | 90 | - | - | 2 | 1 | 1 | 1 | - | - | - |
| - Banks | 32 | | | 2 | | - | - | - | - | - |
| - Customers | 58 | - | - | - | 1 | 1 | 1 | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | 94 | - | 1 | 2 | 10 | - | - | - | - | - |
| Off-balance sheet transactions | 2 | 34 | 3 | 51 | 69 | 91 | 119 | - | - | - |
| C.1 Financial derivatives with exchange of capital | 2 | 34 | 3 | 51 | 69 | 91 | 119 | - | - | - |
| - Long positions | 2 | 19 | 2 | 29 | 39 | 56 | 69 | - | - | - |
| - Short positions | - | 15 | 1 | 22 | 30 | 35 | 50 | - | - | - |
| C.2 Financial derivatives without exchange of cap | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capita | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

## *Denomination currency: Sterling*

(millions of euro)

| Items/Time intervals | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 3 | - | - | - | - | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 3 | - | - | - | - | - | - | - | - | - |
| - Banks | 3 | | - | - | - | - | - | - | - | - |
| - Customers | - | - | - | - | - | - | - | - | - | - |
| Cash liabilities | 1 | - | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 1 | - | - | - | - | - | - | - | - | - |
| - Banks | | | - | - | - | - | - | - | - | - |
| - Customers | 1 | | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | - | - | - | - | - | 4 | 42 | 6 | - | - |
| C.1 Financial derivatives with exchange of capital | - | - | - | - | - | 4 | 42 | 6 | - | - |
| - Long positions | - | | | | | 2 | 20 | 3 | | - |
| - Short positions | - | | | | | 2 | 22 | 3 | | - |
| C.2 Financial derivatives without exchange of capita | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

### *Denomination currency: Yen*

(millions of euro)

| Items/Time intervals | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 months and | Between 1 and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 2 | - | - | - | 1 | - | - | - | - | - |
| A.1 Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 2 | - | - | - | 1 | - | - | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | 1 | - | - | - | - | - |
| Cash liabilities | 2 | 8 | - | - | - | - | - | - | - | - |
| B.1 Deposits and current accounts | 2 | 8 | - | - | - | - | - | - | - | - |
| - Banks | | 8 | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet transactions | - | 21 | - | 4 | 6 | 2 | 15 | 7 | - | - |
| C.1 Financial derivatives with exchange of capital | - | 21 | - | 4 | 6 | 2 | 15 | 7 | - | - |
| - Long positions | - | 12 | - | 2 | 3 | 2 | 9 | 3 | - | - |
| - Short positions | - | 9 | - | 2 | 3 | - | 6 | 4 | - | - |
| C.2 Financial derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

## *Denomination currency: Swiss Franc*

(millions of euro)

| Items/Time intervals | On demand | Between 1and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1and 3 months | Between 3 and 6 months | Between 6 months and | Between 1and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 2 | - | - | - | 1 | - | 1 | - | - | - |
| A.1Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 2 | - | - | - | 1 | - | 1 | - | - | - |
| - Banks | - | - | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | 1 | - | 1 | - | - | - |
| Cash liabilities | 4 | - | - | - | - | - | - | - | - | - |
| B.1Deposits and current accounts | 4 | - | - | - | - | - | - | - | - | - |
| - Banks | 2 | - | - | - | - | - | - | - | - | - |
| - Customers | 2 | | | | | | | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off- balance sheet transactions | - | - | - | - | - | - | 2 | - | - | - |
| C.1Financial derivatives with exchange of capital | - | - | - | - | - | - | 2 | - | - | - |
| - Long positions | - | - | - | - | | - | 1 | - | - | - |
| - Short positions | - | - | - | - | - | - | 1 | - | - | - |
| C.2 Financial derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

## *Denomination currency: Other currencies*

(millions of euro)

| Items/Time intervals | On demand | Between 1and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1and 3 months | Between 3 and 6 months | Between 6 months and 1year | Between 1and 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash assets | 1 | 1 | - | - | - | - | - | - | - | - |
| A.1Government bonds | - | - | - | - | - | - | - | - | - | - |
| A.2 Other debt securities | - | - | - | - | - | - | - | - | - | - |
| A.3 UCITS units | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 1 | 1 | - | - | - | - | - | - | - | - |
| - Banks | *1* | | | | | | | | | |
| - Customers | | *1* | | | | | | | | |
| Cash liabilities | 15 | - | - | - | - | - | - | - | - | - |
| B.1Deposits and current accounts | 15 | - | - | - | - | - | - | - | - | - |
| - Banks | 13 | | - | - | - | - | - | - | - | - |
| - Customers | 2 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | - | - | - | - | - | - | - | - | - | - |
| Off- balance sheet transactions | - | 2 | - | 9 | 4 | 13 | 54 | 32 | - | - |
| C.1Financial derivatives with exchange of capital | - | 2 | - | 9 | 4 | 13 | 54 | 32 | - | - |
| - Long positions | - | *1* | | *5* | *3* | *9* | *29* | *16* | - | - |
| - Short positions | - | *1* | | *4* | *1* | *4* | *25* | *16* | - | - |
| C.2 Financial derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be settled | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees issued | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives without exchange of capital | - | - | - | - | - | - | - | - | - | - |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

## SECTION 4 – OPERATIONAL RISKS

### QUALITATIVE INFORMATION

### A. General aspects, management processes and measurement methods for operational risk

The operational risk is defined as the risk of suffering losses due to the inadequacy or dysfunction of procedures, human resources and internal systems, or exogenous events. The operational risk includes the legal risk, meaning the risk of losses due to breaches of laws or rules, contractual non-contractual responsibilities or other disputes. It does not include strategic and reputation risks.
The Parent Company Intesa Sanpaolo defined the comprehensive framework for managing operational risks, establishing standards and organisational process for measuring, managing and controlling them.
The governance of operational risks is attributed to the Management Board, which identifies the risk management policies, and to the Supervisory Board, to which their approval and verification are assigned, along with the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.
The tasks of the Group's Compliance and Operational Risk Committee include regularly checking the Group's comprehensive risk profile, arranging for any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activity and approving the operational risk transfer strategies.
The Group has a central function of operational risk management which is part of the Risk Management Direction. The Unit is responsible for planning, implementing and supervising the methodological and organisational framework, as well as measuring the risk profiles, checking the effectiveness of the mitigation measures and reporting to company management.
In conformity to the requirements of the laws in force, the single Organisational Units are responsible for identifying, assessing, managing and mitigating risks: they have internal functions responsible for the Operational Risk Management processes for the unit to which they belong (collection and structured registration of information relating to operating events, analysis of the scope and assessment of the risk associated to the operating context).

The Integrated self-assessment process, which has been conducted on an annual basis, has allowed the Group to:

- identify, measure, monitor and mitigate operational risk through the identification of the main operating critical issues and the definition of the most adequate mitigation actions;
- create significant synergies with the specialised functions of the Organisation and Security Department that supervise the planning of operational processes and business continuity issues and with control functions (Compliance and Internal Auditing) that supervise specific regulations and issues (Legislative Decree 231/01, Law 262/05) or conduct tests of the effectiveness of controls of company processes.

The Self-assessment process highlighted the overall existence of good supervision of the operational risks and contributed to extending the dissemination of a corporate culture aimed at the on-going supervision of such risks.
The data collection process on operating events (especially operating losses, obtained by both internal and external sources) supplies significant information on prior expositions. It also helps the assessment and comprehension of the exposure to the operating risk on the one hand and the evaluation of the effectiveness or potential weaknesses in the internal control system on the other hand.
The internal model for calculating capital absorption, developed by the Parent Company, is conceived in such a way as to combine all the main sources of quantitative (operating losses) and qualitative information (self-assessment).
The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (the Operational Risk Management exchange Association).
The qualitative component (scenario analyses) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by the Management, with the objective of assessing the potential economic impact of particularly serious operational events.
Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst loss); Capital-at-risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90%; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the business environment and internal control factors, to take account of the effectiveness of internal controls in the various organisational units.
The monitoring of operational risks is achieved through an integrated reporting system, which supplies the Management with the information needed for the management and/or mitigation of the risks undertaken.
To constantly support the operational risk management process, the Parent Company has activated a structured training programme for those actively involved in the operational risk management and mitigation process.
The Group also is implementing a traditional policy of operational risk transfer (to safeguard from breaches of law such as disloyalty of employees, theft and damages, transportation of values, IT fraud, fire and earthquakes, as well as liability with respect to third parties) aimed at mitigating the risk and averting any effect in terms of equity requirement. The component of insurance mitigation of the model was submitted to regulatory validation and special application was sent to the Bank of Italy in December 2012.

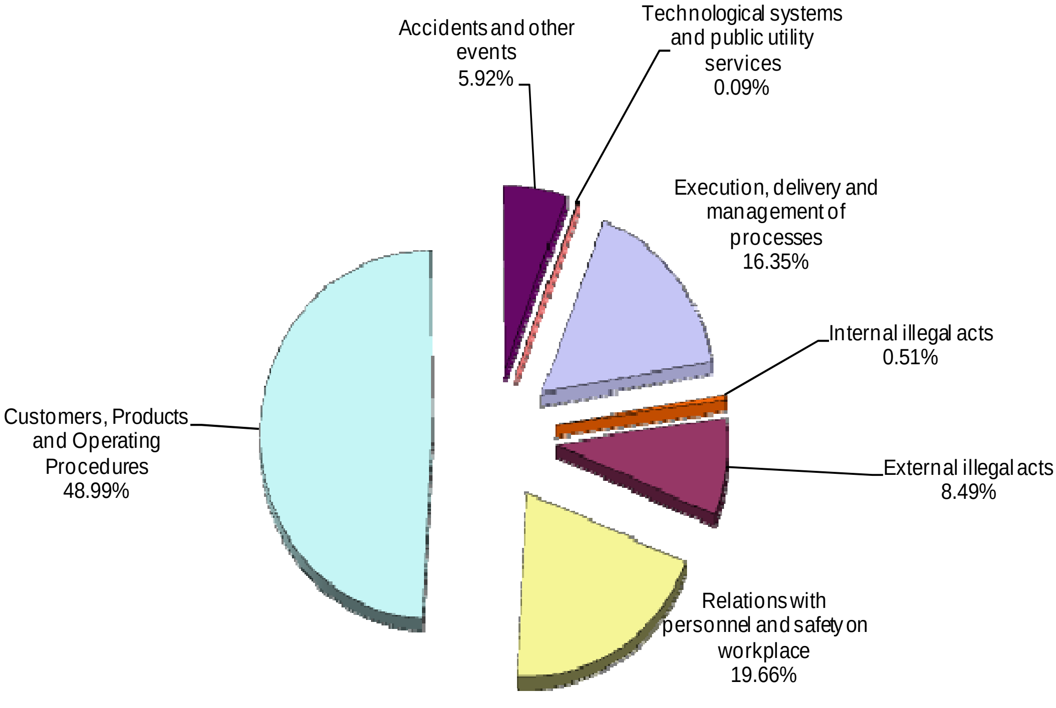
### QUANTITATIVE INFORMATION

To determine the equity requirement, the Bank adopts the AMA (internal model) advanced method authorised by the Supervisory Body, following the report dated 31/12/2010, together with the Parent Company and other subsidiaries; the equity absorption obtained in this way is of about € 63,196 thousand.

The breakdown of the operating losses (higher than the compulsory booking threshold established for the Group) booked during the year and broken down by type of event, is shown below.

## Impact of operating losses broken down by types of event

| | 2012 | |
|---|---|---|
| | impact of losses | % on total impact |
| **Overall total** | **7,867,166** | **100%** |
| Internal illegal acts | 40,000 | 0.51% |
| External illegal acts | 667,671 | 8.49% |
| Relations with personnel and safety on workplace | 1,546,880 | 19.66% |
| Customers, Products and Operating Procedures | 3,854,086 | 48.99% |
| *of which bankruptcy guarantees as per Art. 67 Law on Bankruptcy* | *99,260* | *1.26%* |
| Accidents and other events | 465,682 | 5.92% |
| Technological systems and public utility services | 6,921 | 0.09% |
| Execution, delivery and management of processes | 1,285,926 | 16.35% |



# Part F – Information on capital

## SECTION 1 – SHAREHOLDERS' EQUITY

### A. Qualitative Information
Capital management involves all policies and choices necessary to define the size of the capital, as well as the optimal combination of different alternative capitalization instruments, in order to ensure that the capital and the equity ratios of the Bank are consistent with the risk profile undertaken, while at the same time complying with supervisory requirements.

### B. Quantitative Information
The composition of the Parent Company's shareholders' equity is shown below, including the annual changes in reserves.
This Section also highlights the movements of valuation reserves envisaged by the international accounting standards during the year.

### *B.1. Company shareholders' equity: breakdown*

(millions of euro)

| Items/ Values | 31.12.2012 | 31.12.2011 |
|---|---|---|
| 1. Share capital | 831 | 829 |
| 2. Share premiums | 189 | 102 |
| 3. Reserves | 571 | 694 |
| retained earnings: | 571 | 694 |
| a) legal | 185 | 185 |
| b) statutory | 11 | 11 |
| d) other reserves | 375 | 498 |
| others: | - | - |
| 6. Valuation reserves: | -13 | -37 |
| - Financial assets available for sale | -6 | -37 |
| - Cash flow hedge | 7 | 3 |
| - Actuarial gains (losses) on defined benefit plans | -14 | -3 |
| 7. Net profit/(loss) | 6 | 181 |
| Total | 1,584 | 1,769 |

The reduction of the Company shareholders' equity compared to the previous year is substantially connected with the almost entire distribution to shareholders of the 2011 profit, totalling € 180 million.
The capital increase and share premium result from extraordinary transactions under common control, carried out during 2012 within the Intesa Sanpaolo Group and especially the main effects are highlighted:

| Transactions / Amounts in millions of euro | Share capital | Share premiums | Reserves | Total per transaction |
|---|---|---|---|---|
| Transfer to CR Pistoia e Lucchesia | 0 | 0 | 36 | **36** |
| Disposal to CR Pistoia e Lucchesia | 0 | 0 | -10 | **-10** |
| Transfer from Intesa Sanpaolo | 104 | 87 | 0 | **191** |
| Spin-off to Intesa Sanpaolo (Equity investment in CR Ascoli and bank branc | -77 | 0 | -100 | **-177** |
| Spin-off to Cassa di Risparmio in Bologna | -15 | 0 | -28 | **-43** |
| Spin-off to Cassa di Risparmio del Veneto | 0 | 0 | -1 | **-1** |
| Spin-off to Cassa di Risparmio dell'Umbria | -10 | 0 | -21 | **-31** |
| **Total** | **2** | **87** | **-124** | **-35** |

### *B.2. Valuation reserves of AFS financial assets: breakdown*

(millions of euro)

| Assets/Values | Total as at 31.12.2012 | | Total as at 31.12.2011 | |
|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | - | -7 | - | -40 |
| 2. Equity securities | 2 | -1 | 3 | -1 |
| 3. UCITS units | 1 | -1 | 1 | - |
| 4. Loans | - | - | - | - |
| Total | 3 | -9 | 4 | -41 |

The change in valuation reserves is mainly due to the highest value recorded compared with the end of 2011 on bank issues and Italian government issues.

### *B.3. Valuation reserves of AFS financial assets: annual changes*

(millions of euro)

| | Debt securities | Equity securities | UCITS units |
|---|---|---|---|
| 1. Opening balance | -40 | 2 | 1 |
| 2. Positive changes | 33 | 1 | 2 |
| 2.1 Increases in fair value | 31 | - | - |
| 2.2 Reversal to income statement of negative reserves | 2 | - | 1 |
| from impairment | - | - | 1 |
| from sale | 2 | - | - |
| 2.3 Other changes | - | 1 | 1 |
| 3. Negative changes | - | -2 | -3 |
| 3.1 Increases in fair value | - | -2 | -2 |
| 3.2 Impairment | - | - | - |
| 3.3 Reversal to income statement of positive reserves: sales | - | - | - |
| 3.4 Other changes | - | - | -1 |
| 4. Closing balance | -7 | 1 | - |

## SECTION 2 – REGULATORY CAPITAL AND CAPITAL RATIOS

### 2.1. Regulatory capital

### A. Qualitative Information

The regulatory capital and the ratios have been calculated based on equity data and operating results as determined by applying the regulations on financial statements under IAS/IFRS and taking account of the regulations of the Bank of Italy (Circular letter no. 155 of 18 December 1991, Circular letter no. 263 of 27 December 2006).
The regulatory capital is made up of primary capital and supplementary capital, net of some deductions; more in detail:

- the primary capital (Tier 1), included in the calculation with no limitation, is made up of paid-up capital, reserves including share premiums and retained earnings for the period , net of own shares or quotas in the portfolio, intangible assets and losses for the current period and those recorded in previous periods;

- the supplementary capital (Tier 2), which cannot exceed the value of the primary capital, includes valuation reserves, Upper Tier 2 and Lower Tier 2.

Equity investments, innovative equity instruments, Upper Tier 2 and the subordinated assets held in other banks and financial companies must be deducted from such aggregates, along with the excess of expected losses with respect to the comprehensive value adjustments and expected losses relating to equity instruments.

In light of such regulatory framework, the calculation of the regulatory capital of the Bank took account of the following rules:

- for financial assets available for sale, net capital losses on each of the portfolios of debt securities, credit securities and UCITS units, after tax, were deducted in full from the primary capital as prudential filters;
- the main characteristic of the hybrid instruments and subordinated liabilities which, together with the capital and reserves, fall under the Tier one and Tier two capital, are summarised in Section 3.2 of line 30 – "Outstanding securities" of the liabilities.

### B. Quantitative Information

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| A. Primary capital (Tier 1) before the application of prudential filters | 1,300 | 1,364 |
| B. Prudential filters of primary capital: | - 22 | - 28 |
| B.1 Positive IAS/IFRS prudential filters (+) | - | - |
| B.2 Negative IAS/IFRS prudential filters (-) | - 22 | - 28 |
| C. Primary capital, including the elements to be deducted (A+B) | 1,278 | 1,336 |
| D. Elements to be deducted from the primary capital | 93 | 60 |
| E. Total primary capital (TIER1) (C- D) | 1,185 | 1,276 |
| F. Supplementary capital before the application of prudential filters | 218 | 437 |
| G. Prudential filters of supplementary capital: | **- 1** | **- 2** |
| G.1 Positive IAS/IFRS prudential filters (+) | - | - |
| G.2 Negative IAS/IFRS prudential filters (-) | - 1 | - 2 |
| H. Supplementary capital, including the elements to be deducted (F+G) | 217 | 435 |
| I. Elements to be deducted from the supplementary capital | 93 | 60 |
| L. Total supplementary capital (TIER 2) (H- I) | 124 | 375 |
| M. Elements to be deducted from the total primary and supplementary capital | - | - |
| N. Regulatory capital (E+L- M) | 1,309 | 1,651 |
| O. Tier 3 capital | - | - |
| P. Including regulatory capital TIER 3 (N+O) | 1,309 | 1,651 |

The main changes in the Regulatory Capital with respect to the value disclosed as of 31 December 2011 are described below:

- reduction of the Tier 1 before applying prudential filters, in the amount of about € 64 million, linked mainly to:
  - share capital increase of € 2.6 million and share premiums (€ 87.1 million). These changes are the net effect of the capital increase, reserved to Intesa Sanpaolo, connected with the transfer operation to the bank of a business unit comprising 78 branches and the write-off of the share capital resulting from spin-offs of business units comprising the equity in favour of Intesa Sanpaolo, as well as from the sale of branches to Cassa di Risparmio in Bologna, a Cassa di Risparmio del Veneto and Casse di Risparmio dell'Umbria;
  - decrease in reserves, equal to € 123.7 million and increase in goodwill and other intangible assets, amounting € 30 million, due to the aforementioned territory reorganisation operations;

- decrease in "negative prudential filters" of Tier 1, amounting to around € 6 million. This change is partly due to the increase, equal to approx. € 10 million, of negative evaluation reserves related to actuarial profits and losses of defined benefit bonds on pension funds and employee termination indemnities on the one hand, and a lower impact, amounting to around € 16 million, of negative evaluation reserves on AFS financial assets on the other hand;

- reduction of Tier 2, inclusive of elements to be deducted, in the amount of around € 218 million, primarily determined by the reimbursement upon expiration of an "Upper Tier II" bond loan, equal to € 200 million, in addition to the amortisation of the last subordinated loan still outstanding, totalling around € 17 million. The remaining million euro decrease is due to the lower contribution of positive evaluation reserves on equity securities and UCITS, classified unde AFS financial assets;

- increase of elements to be deducted from both Tier 1 and tier 2, in the amount of around € 33.3 million each, following the increase of the increase in expected losses compared to the aggregate value adjustments recorded in the balance sheet, in the amount of around € 31.5 million, as well as the expected loss (approx. € 1.8 million) due to the acquisition of further shares of Cassa di Risparmio di Pistoia e della Lucchesia and Casse di Risparmio dell'Umbria.

It is also worth noting that, as of 31 December 2012, the elements to be deducted from both regulatory capital and Tier 2, totalling around € 186 million, substantially include, 50% each, the equity investment in the Bank of Italy, equal to € 57 million, and the aforementioned surplus of expected losses compared to doubtful receivables reported in the balance sheet and the expected loss on the aforementioned equity investments (€ 129 million).

**2.2. Capital adequacy**

**A. Qualitative Information**

Banca CR Firenze periodically measures and monitors the equity profile of the Group, doing so in accordance with the expected growth dynamics of loans and other assets, quantifying risks (credit and market risks) and verifying the compatibility of the ratios.

A standardised approach and two approaches of an increasing degree of complexity based on in-house risk management tools (known as internal rating based, or IRB) are envisaged for credit risks; since 2009 the Bank has been using the IRB method, progressively adopting the rating system used by the Parent Company. The methods used to determine market risks did not change, and neither did the criterion used to calculate the equity absorption for operation risks, based on the Advanced Measurement Approaches method; for further information on this computation method, see Section 4 Operating Risks of Part E of these financial statements.

As of 31 December 2012, the reduction of equity requisites on credit risks and weighted risk assets is primarily due to the adoption of internal models for the SME Retail segment as well, in addition to the refinement of the risk models used in the application of the IRB method indicated above. Despite ther reduction of weighted risk assets, the TIER 1 ratio is substantially unchanged compared to figures reported at the end of last year by reason of the above-mentioned reduction of Tier 1, while the the Total capital ratio decreased of around 4 percentage points due to the strong reduction of Tier 2, primarily related to the maturity of a subordinated liability amounting to around € 200 million.

Compliance with capital requirements is achieved using several instruments, such as the pay out policy, the definition of strategic finance transactions (capital increases, issues of subordinated bonds) and the management of loan policies according to the counterparty risk.

A further phase of preliminary analysis and control on the Group capital requirements takes place every time extraordinary transactions are made, such as mergers, acquisitions and transfers, through an estimate of the impact on the coefficients of these events and planning any corrective actions aimed at complying with the limitations required by the Supervisory Authority.

## B. Quantitative Information

(millions of euro)

| Categories/Values | Unweighted amounts | | Weighted amounts/requirements | |
|---|---|---|---|---|
| | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
| A.RISKS ASSETS | | | | |
| A.1 Credit and counterparty risk | 16,672 | 16,912 | 7,970 | 8,539 |
| 1. Standard methodology | 5,107 | 7,821 | 2,432 | 4,021 |
| 2. 2. Methodology based on internal ratings | 11,565 | 9,091 | 5,538 | 4,518 |
| 2.1 Base | 166 | 13 | 607 | 46 |
| 2.2 Advanced | 11,399 | 9,078 | 4,931 | 4,472 |
| 3. Securitisations | - | - | - | - |
| B. REGULATORY CAPITAL REQUIREMENTS | | | | |
| B.1 Credit and counterparty risk | | | 637 | 683 |
| B.2 Market risks | | | 1 | - |
| 1. Standard methodology | | | 1 | - |
| 2. Internal models | | | - | - |
| 3. Concentration risk | | | - | - |
| B.3 Operational risk | | | 63 | 58 |
| 1. Base method | | | - | - |
| 2. Standard method | | | - | - |
| 3. Advanced method | | | 63 | 58 |
| B.4 Other prudential requirements | | | - | - |
| B.5 Other calculation elements | | | - 175 | - 185 |
| B.6 Total prudential requirements | | | 526 | 556 |
| C. RISKS ASSETS AND REGULATORY RATIOS | | | | |
| C.1 Risk weighted assets | | | 6,575 | 6,947 |
| C.2 Primary Capital/Risk weighted assets (Tier 1 capital ratio) | | | 18.02% | 18.37% |
| C.3 Regulatory Capital comprising TIER3/Risk weighted assets (Total capital ratio) | | | 19.91% | 23.77% |

# Part G – Business combinations of companies or business branches

## SECTION 1 - TRANSACTIONS CARRIED OUT IN THE YEAR

No business combination transactions were carried out during the year concerning companies or business branches which required the acquisition of control of businesses or juridical entities.
Some non-recurring intercompany transactions, not included in the IFRS 3 standard provisions, were carried out instead and involved the transfer of business branches of juridical entities between companies included in the Intesa Sanpaolo Group and the Bank itself. In view of the mere reorganization purpose of these transactions, and in application of the Group accounting policy concerning this issue, they were accounted for consistently with the book values, without recognising any economic effects.
Intercompany transactions concluded over the year regarded:

- Purchase of 10 branches / operating points from Cassa di Risparmio di Pistoia e della Lucchesia;
- Purchase of 1 branch/ operating point from Cassa di Risparmio di Città di Castello
- Transfer of 78 branches / operating points from Intesa Sanpaolo;
- Sale of 2 branches / operating points to Cassa dei Risparmi di Forlì e della Romagna;
- Sale of 1 branch/ operating point to Cassa di Risparmio di Ascoli Piceno;
- Transfer of 25 branches / operating points to Cassa di Risparmio di Pistoia e della Lucchesia;
- Spin-off of 23 branches / operating points to Intesa Sanpaolo;
- Spin-off of 32 branches / operating points to Cassa di Risparmio in Bologna;
- Spin-off of 1 branch / operating point to Cassa di Risparmio del Veneto;
- Transfer of 17 branches / operating points to Casse di Risparmio dell'Umbria;
- Merger of CRF Romania in ISP Romania;
- Spin-off of the equity investment held in CR Ascoli in favour of Intesa Sanpaolo;
- Sale of the equity investment held in Centro Factoring to Intesa Sanpaolo;
- Sale of the equity investment held in Centro Leasing to Leasint.

**SECTION 2 – TRANSACTIONS PERFORMED AFTER BALANCE SHEET DATE**

After the end of 2012, no aggregation transactions were performed under the IFRS 3 standard.

# Part H – Information on compensation and transactions with related parties

## INFORMATION ON COMPENSATION AND TRANSACTIONS WITH RELATED PARTIES

### 1. Information on remuneration paid to the members of the boards of directors and auditors and to managers with strategic responsibilities

Below is the table showing the amounts relating to the remuneration paid to Directors, Statutory Auditors, the General Manager and to managers with strategic responsibilities of Banca CR Firenze as required by paragraphs 16 and 18 of IAS 24.

| | (millions of euro) 31.12.2012 |
|---|---|
| Short-term benefits [(1)] | 4 |
| Post-retirement benefits [(2)] | - |
| Other long-term benefits [(3)] | - |
| Employee termination indemnities [(4)] | - |
| Stock option plans [(5)] | - |
| Total remuneration paid to Key Managers | 4 |

[(1)] Includes fixed and variable compensation of directors that may be assimilated with labour cost and social security charges paid by the company for its employees.

[(2)] Includes company contribution to pension funds and allocation to employee termination indemnities pursuant to law and company regulations.

[(3)] Includes estimate of allocations for length of service awards for employees.

[(4)] Includes fees paid for early retirement incentive.

[(5)] Includes cost for stock option plans determined on the basis of IFRS 2 and charged to the financial statements.

### 2. Information on transactions with related parties

Below is the additional information on transactions and relations with related parties of Banca CR Firenze S.p.A., required in order to understand their potential effects on the financial statements.

It should be noted that, as from 31 December 2012, transactions with related parties are governed by the new Group Regulations for the management of transactions with related parties of Intesa Sanpaolo S.p.A. and Group-related entities, as approved by the Parent Company on 19 June 2012 and then adopted by subsidiaries. These Regulations were adopted in compliance with provisions set forth by Art. 2391-bis of the Italian Civil Code and Consob's related implementation provisions, as well as with provisions set out in Art. 53 of the TUB (Consolidated Banking Law) and related implementation provisions of the Bank of Italy aiming at presenting the objectivity and impartiality of decisions on the granting of loans and other transactions and averting any possible deviations in the allocation process of resources and the exposure of banks to risks not adequately monitored.

The responsibilities regarding the passing of resolutions, the preliminary methods and obligations on the reporting of these operations have been defined herein. As regards the periodic financial disclosure, law regulations and international accounting principles are still valid to prepare the annual and interim financial statements, according to IAS 24.

The subsidiaries draw up their financial reports using the setting of the related parties defined in the new IAS 24, which specified that subsidiaries of associated entities must be considered among related parties.
Pursuant to provisions set out in article 18 of IAS 24, the information is reported separately for each category of related parties.

While implementing the reorganization plan of the Intesa Sanpaolo Group trademarks, aimed at completing the Banca dei Territori organizational model which envisages the adoption of one single trademark at local level, some extraordinary transactions, as described in detail in the following sections, were carried out in 2012. As regards the methods used to measure the above-mentioned transactions, reference is made to the paragraph hereunder.

a) Parent Company

Control over Banca CR Firenze S.p.A. is held by Intesa Sanpaolo S.p.A., which manages and coordinates Banca CR Firenze S.p.A. and its subsidiaries.

Control was acquired in January 2008.

On 15 June 2012, Banca CR Firenze renewed the adhesion to the domestic tax consolidation regime in order to obtain the related tax benefits.

On 8 October, Intesa Sanpaolo transferred the business unit, inclusive of 78 branches located in the provinces of Arezzo, Florence, Grosseto, Livorno, Pisa, Prato, Siena and Viterbo, to Banca CR Firenze. As a result of this transaction, the shareholders' equity of the Bank increased by around € 191 million, especially in terms of capital increase (€ 104 million) and share premium (€ 87 million) for the transfer.

Moreover, starting from 12 November 2012, Banca CR Firenze provided for the spin-off, in favour of Intesa Sanpaolo, of a business unit inclusive of 23 branches located in the provinces of Mantua and Rome, as well as of an equity investment, 100% held in Cassa di Risparmio di Ascoli Piceno S.p.A., reporting a reduction in the shareholders' equity of around € 177 million. By virtue of the above-mentioned spin-off, around 77 million shares were cancelled, resulting in a decrease in the company's share capital and reserves equal to around € 100 million.

In December 2012, within the rationalisation project of equity investments at Group level, with special reference to "product companies", the Bank sold equity investments equal to 41.77% of share capital in Centro Factoring S.p.A. and 30.10% in Centro Leasing S.p.A., respectively to the parent company Intesa Sanpaolo S.p.A. and Leasint S.p.A., recording a net capital gain to income statement of around € 3 million. It should be specified that this transaction, despite it has been carried out between entities under common control is economically relevant by reason of the fact that involves the purchase of minority interests of the aforementioned companied owned by entities external to the Group.

Special agreements govern the supply of services, on a continuous and centralised basis, by Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Group Services S.c.p.A. In 2012, the charges for these services amounted to around € 16 million and € 54 million, respectively.

Within the scope of the agreements with Intesa Sanpaolo Group Service, the supplies of information system management services, back-office services, property and purchase management services, organisation and security services, contact units, as well as services regarding personnel and training, legal issues and legal disputes and credit recovery have been arranged. The services more closely related to corporate governance (Credit, Planning, Commercial and Marketing services, etc.) on the other hand, have been arranged with the Parent Company.

Within the scope of the above-mentioned agreements, fees and service levels have been defined, at standard group terms and conditions, which allow the Bank to benefit from scale and scope economies at Group level.

In particular, the Treasury activities regarding the management of the liquidity of the Banca were centralised with the Parent Company. These activities comprise the following types of operations:

- short term borrowing (<18 months), aimed at the management of the Company's liquidity requirements, regulated at the Euribor rate for the period of reference plus a liquidity spread based upon the duration;
- borrowing in "Repurchase agreements", entered into against company-owned securities that are made available and regulated at reference market rates;
- M/L-term borrowing operations, entered into with the foreign companies belonging to the Group (Société Européenne de Banque – Luxembourg), aimed at rebalancing the "structural liquidity" imbalances and regulates at the 3-month Euribor rate, plus the "inter-Group" spread in force at the times, in proportion to the spread of the Parent Company securities on the secondary market, for the reference duration;
- any residual balances of "Mutual Account" with the Parent Company, regulated at the average of the Eonia (overnight) rates;
- other forms of operation between Group companies, such as loans relating to "in monte" (accumulated) management of the Compulsory Reserve (regulated at the current MRO rate) and/or loans in Repurchase Agreements aimed at balancing similar operations with customers (regulated at the reference market rates).

As of 31.12.2012, the consolidated net inter-bank position in relation to the Parent Company € -2,584 million, as specified in the table further ahead. This position comprises, in addition to the operations indicated above, Parent Company securities classified as "Loans & Receivables" for € 15 million.

### b) Entities who exercise a significant influence on the Company

No shareholder of Banca CR Firenze S.p.A. is able to exercise a remarkable influence over management for the purposes of IAS 24. However, Cassa di Risparmio di Firenze, both because it holds more than 2% of the shares of Intesa Sanpaolo and is a related party of the Parent Company according to the provisions of the aforementioned Regulation, and because it holds more than 10% of the shares of the Bank, in consideration of the agreements entered into with Intesa Sanpaolo and the statutory regulations currently in force, which guarantee representation within the Board of Director, is considered to be one of the Related Parties included among the Shareholders.

During 2012, no relevant transactions were carried out between Cassa di Risparmio di Firenze and Banca CR Firenze S.p.A..

c) Subsidiaries

As mentioned above, the role of Banca CR Firenze in relation to its subsidiaries was addressed towards undertaking the role of sub-holding and therefore tasks of governance and address rather than operational support.

The supply of professional services in the managerial area (administration, auditing, compliance, external relations, privacy) and certain operational areas (real estate, credit area, organizational back-office) has been agreed upon by contract with them, in line with the sub-holding model.

This kind of inter-exchange was initially adopted with all the banks of the network belonging to the sub-holding, also through the creation of special organisational bodies logistically positioned within the banks themselves.

On 23 July 2012 the following transactions were carried out:

- sale of the business unit, through which the Bank acquired 10 operating points of Cassa di Risparmio di Pistoia e Lucchesia S.p.A. (former Cassa di Risparmio di Pistoia S.p.A.), located in the provinces of Prato and Florence, reporting a negative impact to shareholders' equity equal or around € 10 million;
- transfer of the business unit, inclusive of 25 branches located in the provinces of Massa, Lucca and Pistoia, from Banca CR Firenze to Cassa di Risparmio di Pistoia e della Lucchesia S.p.A., with a positive impact onto the shareholders' equity of around € 36 million, in addition to the increase in the equity investment in the Cassa equal to € 48 million, corresponding to the value of new shares subscribed for the share capital increase.

The following transactions were carried out between the end of September and the first days of October:

- sale of the business unit, inclusive of 1 branch located in L'Aquila, from Banca CR Firenze S.p.A. to Cassa di Risparmio di Ascoli Piceno S.p.A., effective from 24 September 2012, with a positive impact onto the shareholders' equity equal to around € 0.2 million;
- sale of the business unit through which Banca CR Firenze acquired 1 branch located in Arezzo from Cassa di Risparmio di Castello (merged into Casse di Risparmio dell'Umbria, former CR Spoleto), effective on 8 October 2012, with a negative impact onto the shareholders' equity of around € 0.2 million.

On 17 December 2012, the following transaction was carried out:

- spin-off of the business unit inclusive of 17 branches to Casse di Risparmio dell'Umbria S.p.A. (former Cassa di Risparmio di Spoleto S.p.A.), located in the province of Perugia, effective on 17 December 2012, reporting a negative impact onto shareholders' equity equal or around € 31 million.

The instrumental company Infogroup, has a sphere of operation extended to the Intesa Sanpaolo Group as a whole, and in particular it has become the subject of reference for the Group and for the IT activities in support of corporate banking.

The instrumental company Immobiliare Nuova Sede S.r.l. was in charge of the realisation of the complex which has housed the general management of Banca CR Firenze S.p.A., which financially supported the initiative, since May 2009. The premises owned by Immobiliare Nuova Sede are rented to Banca CR Firenze on the basis of an agreement expiring on 19 April 2013.

d) Associated Companies

Amongst the companies with significant operations is Agriventure S.p.A., the group company specialised in consulting and assistance for initiatives regarding the farming and agri-alimentary sector. Amongst these companies and the Bank the terms of the supply of services have been contracted according to the service model that Agriventure implements with the Banche dei Territori, in the amount of approx. € 1.5 million in 2012.

e) Joint ventures

In 2012 there were no subjects in this category.

f) Manager with strategic responsibilities

This definition includes the members of the Governing and Supervisory Bodies, the General Manager, and the members of the Territories and Internal Auditing and Administration as well as Control Committees of Banca CR Firenze.

Information on the various kinds of remuneration paid to these managers is indicated in article 1.

The category also encompasses the members of the company bodies and management of the holding company Intesa Sanpaolo S.p.A., considered as managers with strategic responsibilities. Some of them are also members of the management and audit bodies of Banca CR Firenze and are already considered related parties in said capacity.

g) Other related parties

This residual category includes, according to the new rules of IAS 24, Intesa Sanpaolo S.p.A.'s other subsidiaries and associates, the Cassa di Risparmio di Firenze Staff Provident Fund, which has an independent legal status, and, in general, all the pension funds created for related parties, as well as the close relatives of key executives as specified in point (f) above and the economic activities in which executives or members of their families are involved.

It also includes those who, as stated earlier, fall within the category of related parties as a consequence of the extensions contained in the Rules referred to above.

During 2012, within the above-mentioned reorganization plan of the Intesa Group trademarks, the following transactions with subsidiaries were carried out by the Parent Company:

- sale of 2 branches located in the province of Rimini and Ravenna from Banca CR Firenze S.p.A. to CR Romagna S.p.A., effective on 24 September 2012, with a positive impact on the shareholders' equity of around € 0.2 million;
- spin-off of the business branch comprising 32 branches located in the provinces of Bologna, Ferrara, Modena and Reggio Emilia from Banca CR Firenze S.p.A. to Cassa di Risparmio in Bologna S.p.A, effective on 12 November 2012, reporting a reduction in the shareholders' equity of around € 43 million;
- spin-off of the business branch comprising 1 branch located in the province of Verona, from Banca CR Firenze S.p.A. to Cassa di Risparmio del Veneto S.p.A, effective on 12 November 2012, reporting a reduction in the shareholders' equity of around € 1 million;

As mentioned under letter a), the terms of supply of the operating services have been agreed with the Intesa Sanpaolo Group Services Consortium.

During 2012, Banca CR Firenze S.p.A. adhered to the framework agreement with Intesa Sanpaolo Vita S.p.A. for the implementation of the insurance and placement activities for supplementary pension benefits.

In view of the relevance of relations held, the related party was taken into consideration and the company Immobiliare Novoli S.p.A. was included in this residual category. (equity investment classified as "AFS", in the amount of around € 11 million). During 2012, no transactions were carried out with Immobiliare Novoli S.p.A..

## 2. Information on transactions with related parties

***Ordinary or recurring transactions.***

| | 31.12.2012 | |
|---|---|---|
| | Amount (millions of euro) | % weight |
| Total financial assets | 800 | 6.6 |
| Total other assets | 121 | 31.4 |
| Total financial liabilities | 4,112 | 33.1 |
| Total other liabilities | 73 | 13.4 |

| | 31.12.2012 | |
|---|---|---|
| | Amount(millions of euro) | % weight |
| Total Interest earned | 48 | 10.8 |
| Total Interest expense | -81 | 69.5 |
| Total Commissions earned | 63 | 32.4 |
| Total Commissions expense | -6 | 57.3 |
| Total operating costs | -88 | 22.9 |

"Operating costs" mainly relate to Staff costs (around € 6 million) and Other administrative expenses, mainly due to services rendered by Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Group Services S.c.p.A. (equal to around € 16 million and € 54 million, respectively), as described in point 1, letter a) above, as well as to the rental paid to Immobiliare Nuova Sede, as per the previous point 1, letter c), in the amount of around € 6 million.

(millions of euro)

| | Financial assets held for trading | Financial assets available for sale | Amounts owing by banks | Customer loans | Other assets | Amounts owing to banks | Customer deposits | Financial liabilities held for trading | Other liabilities | Guarantees issued / received and commitments |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent Company (a) | 3 | 5 | 303 | | 15 | 2,887 | | 3 | 23 | 34 |
| Subsidiaries | | | 10 | 124 | 20 | 67 | 6 | | 3 | 5 |
| Companies subject to joint control | | | | | | | | | | |
| Associated companies (b) | | | | | | | | | | |
| Management with strategic responsibilities and control bodies | | | | 1 | | | 4 | | | |
| Other related parties (c) | 6 | - | | 348 | 86 | 979 | 24 | 142 | 46 | 51 |
| Total | 10 | 5 | 313 | 472 | 121 | 3,933 | 34 | 145 | 73 | 90 |
| Shareholders (*) | | | | | | | 16 | | | |

(*) Shareholders and their groups that hold a stake in Banca CR Firenze and Intesa San Paolo Sp.A's voting share capital exceeding 2% (calculated considering only shares owned).

(a) All the balances refer to relations with the Parent Company, Intesa Sanpaolo S.p.A.

(b) Item Other related parties includes the ISP Group companies, excluding the Parent Company and the companies directly controlled by the Bank. Accounts payable to banks primarily relate to relations undergone with Société Europeenne de banque S.A..

## Other relevant information - Measurement methods adopted for extraordinary transactions in 2012

As already mentioned at the beginning of this Section, during 2012 Banca CR Firenze and its subsidiary Banks were subjected to the reorganization plan of the Intesa Sanpaolo Group trademarks, aimed at completing the organisational model of Banca dei Territory, which envisages one single trademark at territorial level.
Transfer transactions were therefore carried out as regards equity investments and branches, through the non-proportional transfer by cash, transfer or spin-offs between Intesa Sanpaolo, other subsidiaries of the latter and Banca CR Firenze and its subsidiaries, where relevant interest of other related parties were present. More specifically: CR Firenze, shareholder of Banca CR Firenze, able to exercise a significant influence, is a related party for Intesa Sanpaolo by reason of the fact that it holds 3.32% of the bank's shareholding.

In aggregate, these transactions were concluded according to homogeneous evaluation criteria, also assessed by the independent external Advisor Deloitte Financial Advisory Services S.p.A. (see Table 1 and Table 2).
With reference to evaluations made pursuant to Art. 2343ter, par. 2, letter b) of the Italian Civil Code, the independent expert used the Dividend Discount Model (DDM) as main method, in the Excess Capital version, and the method of Multiples, reported in recent transactions connected with branches, as control method.

The main features of these measurement methods adopted by the Expert to define the values are described hereunder:

### Dividend Discount Model (DDM - in the Excess Capital version)

Widely used by the more consolidated assessment practice and supported by the best doctrine in corporate evaluation, especially with reference to banks, this method determined the value of a company/branch based on its development plan and its intrinsic characteristics. Moreover, the use of the DDM (Excess Capital) method is widely used in the financial segment as well, in which the measure of cash flows pertaining to shareholders is influenced by the level of capitalisation required by the Supervisory Authorities. The adoption of DDM has also been supported by the consideration that these companies carry out business of the financial type, entirely or partially based on capital amounts (i.e., in particular, deposits collected and undetermined), which are more and more connected with efficiency and profitability.

### Comparable multiples of transactions (Price / Book Value and Goodwill / Deposits)

The value of a Company of business unit is estimated based on measurements made on market transactions which have had comparable subjects.

With special reference to transactions related to Banca CR Firenze, the Committee for transactions with Related Parties of Intesa Sanpaolo, assessed that criteria applied to determine the values are substantially homogeneous and, therefore, these Transactions are at arm's length. A favourable opinion was therefore expressed on general transactions carried out.

Table 1. Transactions accounted for as Opi1 under common control

| | | | | | |
|---|---|---|---|---|---|
| **Transfer of Branches** | | | | | |
| | | | | Valuation method | |
| Outgoing | A | Modality | DDM | Price / B.Value | Avv. / Deposits |
| 2 | CariRomagna | Disposal | X | X | X |
| 1 | CR Ascoli Piceno | Disposal | X | X | X |
| 25 | CR Pistoia e Lucchesia | Transfer | X | X | X |
| 23 | Intesa SanPaolo | Spin-off | X | X | X |
| 32 | CR Bologna | Spin-off | X | X | X |
| 1 | CR Veneto | Spin-off | X | X | X |
| 17 | CR Umbria | Transfer | X | X | X |
| | | | | Valuation method | |
| Ingoing | A | Modality | DDM | Price / B.Value | Avv. / Deposits |
| 10 | CR Pistoia e Lucchesia | Disposal | X | X | X |
| 1 | | Disposal | X | X | X |
| 78 | Intesa Sanpaolo | Transfer | X | X | X |
| **Equity Investment CR Ascoli** | | | | | |
| | | | | Valuation method | |
| Outgoing | A | Modality | DDM | Price / B.Value | Avv. / Deposits |
| | Intesa Sanpaolo | Spin-off | X | X | X |

**Table 2. Transactions accounted for at fair value** due to corporate organisational and streamlining requirements with impact on transferred assets, in terms of cash flow changes deductible from the same, also thanks to the purchase of third-party minority interests in C.Factoring and C.Leasing. The negative/positive difference between total price paid and book value of the aforementioned interest was recorded as contra-entry in the Income Statement.

| Equity investments | | | | | |
|---|---|---|---|---|---|
| | | | | Valuation method | |
| Outgoing | A | Modality | DDM | Price / B.Value | Avv. / Deposits |
| Centro Factoring | Intesa Sanpaolo | Disposal | X | X | |
| Centro Leasing | Leasint | Disposal | X | X | |

# Exhibits

# Income statement reclassification criteria

As regards the income statement, the reclassifications involved:
- the dividends on shares classified as financial assets available for sale and held for trading, which were re-allocated in the framework of the "Result from trading"; in the same way, the figurative cost of the finance to buy share instruments for trading was re-allocated from the interest sector to the said "Result from trading";
- the margins on interest earned and paid and collected on currency interest rate swap agreements envisaging the exchange of two variable rates, classified in the trading portfolio and entered into in order to hedge the raising of funds in foreign currency at variable rates, which were transferred to "Net interests" in view of the close relationship existing between them;
- "Net result from hedging", which was re-allocated to "Result from trading";
- "Gains (losses) from sale or repurchase of financial assets available for sale or of financial liabilities", which were re-allocated to "Result from trading";
- "Gains (losses) from sale or repurchase of loans", which were posted among "Value adjustments/write-backs for worsening of loans";
- recoveries of indirect taxes and those for services rendered to Group companies classified among other operating income, which have been reallocated to "Other administrative expenses";
- Value adjustments/write-backs for worsening of other financial transactions" regarding guarantees, undertakings and credit derivatives, which were transferred to "Value adjustments/write-backs for worsening of loans";
- the reversal in time value on loans, which was recorded in Net interests instead of being recognised among "Value adjustments/write-backs for worsening of loans", since the phenomenon derives directly from the application of the amortised cost criterion, in the absence of changes in expected future cash flows; a consistent approach was adopted for the time value of staff termination pay and "Provisions for risks and charges - net";
- Write–downs of property, plant and equipment and intangible assets, which were excluded from "Value adjustments to property, plant and equipment and intangible assets" - which thus only express amortisation or depreciation - and were included into "Value adjustments/write-backs for worsening of other assets", to which are added "Value (adjustments)/write-backs for worsening of financial assets available for sale, held to maturity and other financial transactions";
- the component of "Gains (losses) from equity investments", which, together with "Profits (losses) on disposal of investments" and "Net result of valuation of property, plant and equipment and intangible assets at fair value", contributes to the formation of "Gains (Losses) from financial assets held to maturity and other investments", net of the results of the equity investments for the period measured on the basis of net shareholders' equity, recognised in a specific item under "Operating income";
- integration-related costs and resignation incentives, which were reclassified, after tax, in their own right under "Net Interests", "Net commissions", "Dividends", "Staff costs", "Other administrative expenses", "Value adjustments/write-backs to property, plant and equipment and intangible assets" and "Gains/(Losses) from sale of investments".

# Balance sheet reclassification criteria

In order to offer a more immediately representation of the company's equity and financial situation, a summarised table of the suitably grouped assets and liabilities has been prepared, regarding:
- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the inclusion of the value of Hedging derivatives and Adjustment of the value of financial assets and liabilities subject to generic hedging among Other assets and Other liabilities;
- the combination of Plant and property and Intangible assets in a single caption;
- the combination of amounts Due to customers and Outstanding securities in a single caption;
- the grouping together of specific funds (Staff termination pay and Provisions for risks and charges) into a single caption;
- the combined indication of Reserves other than Valuation reserves, net of any own shares;
- the combination of Share Capital and any reimbursable shares in a single caption..

# Reconciliation statement between the reclassified income statement and the Bank of Italy income statement layout

*(millions of euros)*

| Reconciliation Income Statement Lines Bank of Italy | 31 December 2012 Proforma (*) | 31 December 2011 Proforma (*) |
|---|---|---|
| Line 30 - Interest margin | 326 | 322 |
| Line 30 - Interest margin - Impact of changes in setting | -5 | 1 |
| Line 130 a) (partial) - Value (adjustments)/write-backs for worsening of loans (Time value allowances for loans) | 21 | 19 |
| Line 180 a) (partial) - Staff costs (Time value allowances on staff termination pay) | -4 | -3 |
| Line 190 (partial) - Provision for risks and charges - net (time value allowances on provisions for risks and charges) | 0 | -1 |
| **Net interests** | 338 | 337 |
| Line 70 - Dividends and similar income | 20 | 34 |
| **Dividends and gains (losses) from equity investments valuated under the equity method** | 20 | 34 |
| Line 60 - Net commissions | 183 | 181 |
| Line 60 - (Partial) - Reclassification of expenses for surveys relating to subentry into mortgages | -1 | -1 |
| Line 60 - (Partial) - Changes in setting | 8 | 7 |
| **Net commissions** | 190 | 187 |
| Line 80 - Net result from trading | 5 | 6 |
| Line 80 - (Partial) - Impact of changes in setting | 2 | 2 |
| Line 90 - Net result from hedging | 2 | 0 |
| Line 100 b) - Gains/(Losses) from sale or repurchase of financial assets available for sale | 0 | 155 |
| Line 100 d) - Gains(Losses) from sale or repurchase of financial liabilities | 2 | 0 |
| Line 70 (partial) - Dividend and similar income (on dividends available for sale / held for trading) | 0 | 1 |
| **Result from trading** | 10 | 164 |
| Line 190 - Other operating (expense)/income | 33 | 32 |
| Line 220 (Partial) - Other operating (expenses) income (different cost recoveries) | -25 | -24 |
| **Other operating income (expenses)** | 8 | 8 |
| **Net operating income** | 567 | 730 |
| Line 150a) - Staff costs | -213 | -239 |
| Line 150a) - Impact of changes in setting | 3 | -2 |
| Line 150a) - Staff costs (integration-related costs) | 6 | 31 |
| Line 150 a) (Partial) - Staff costs (Time value allowances on staff termination pay) | 4 | 3 |
| **Staff costs** | -200 | -207 |
| Line 150b) - Other administrative expenses | -173 | -180 |
| Line 150b) - (Partial) - Impact of changes in setting | -1 | -2 |
| Line 150b) - Other administrative expenses (integration-related costs) | 1 | 4 |
| Line 220 (Partial) Other operating (expense)/income (different cost recoveries) | 25 | 24 |
| **Other administrative expenses** | -148 | -154 |
| Line 170 - Value (adjustments)/write-backs to property, plant and equipment | -12 | -11 |
| Line 180 - Value (adjustments)/write-backs to intangible assets | 1 | 0 |
| **Value adjustments/write backs on property, plant and equipment and intangible assets** | -11 | -11 |
| **Operating costs** | -359 | -372 |
| **Operating result** | 208 | 358 |
| Line 160 - Provisions for risks and charges - net | 0 | -10 |
| Line 160 (Partial) - Provision for risks and charges - net (time value allowances on provisions for risks and charges) | 0 | 1 |
| **Provisions for risks and charges - net** | 0 | -9 |
| Line 100 a) - Gains(Losses) from sale or repurchase of loans | -3 | -2 |
| Line 130 a) - Value (adjustments)/write-backs for worsening of loans | -182 | -146 |
| Line 130a ) (Partial) - Impact of changes in setting | 3 | 10 |
| Line 130 a) (partial) - Value (adjustments)/write-backs for worsening of loans (Time value allowances for loans) | -21 | -19 |
| **Value adjustments/write-backs for worsening of loans** | -203 | -157 |
| Line 130 b) - Value (adjustments)/write-backs for worsening of financial assets available for sale | -4 | -5 |
| Line 130 c) - Value (adjustments)/write-backs for worsening of financial assets held to maturity | -1 | 0 |
| **Value adjustments/write-backs for worsening of other assets** | -6 | -5 |
| Line 210 - Gains/(Losses) from equity investments | 3 | -14 |
| Line 240 - Gains/(Losses) from sale of investments | 1 | 59 |
| Line 240 (partial) - Gains/(Losses) from sale of investments (impact of changes in scope of consolidation) | -8 | -14 |
| **Gains (Losses) on financial assets held to maturity and other investments** | -4 | 31 |
| **Gains (losses) from current operations, including taxes** | -4 | 218 |
| Line 260 - Income taxes for the year on current operations | 19 | -1 |
| Line 260 - Income taxes for the year on current operations (integration-related costs) | -3 | -10 |
| **Income taxes for the year on current operations** | 16 | -11 |
| **Gains (Losses) associated with groups of assets being disposed (net of taxes)** | 0 | 0 |
| **Profit/(Loss)** | 12 | 207 |
| **Integration-related costs (net of tax)** | -6 | -25 |
| **Net profit (loss)** | 6 | 181 |

(1) The figures are presented proforma to backdate to 1 January 2011 the effects of the area reorganisation transactions completed in 2012. Furthermore, the 2011 figures are presented proforma to backdate to 1st January the effects of the assignment of 11 branches to Cariparma.

# Reconciliation statement between the reclassified balance sheet and the Bank of Italy balance sheet layout

*(millions of euros)*

| | Reconciliation Balance sheet lines BANK OF ITALY | 31 December 2012 | 31 December 2011 PF |
|---|---|---|---|
| **Lines of the reclassified balance sheet - Assets** | **Lines of the balance sheet - Assets** | | |
| **Financial assets held for trading** | | 140 | 135 |
| | Line 20 - Financial assets held for trading | 140 | 135 |
| **Financial assets available for sale** | | 698 | 909 |
| | Line 40 - Financial assets available for sale | 698 | 909 |
| **Amounts owing by banks** | | 314 | 539 |
| | Line 60 - Amounts owing by banks | 314 | 539 |
| **Customer loans** | | 11,017 | 11,454 |
| | Line 70 - Customer loans | 11,017 | 11,454 |
| **Equity investments** | | 1,157 | 967 |
| | Line 100 - Equity investments | 1,157 | 967 |
| **Property, plant and equipment and intangible assets** | | 460 | 433 |
| | Line 110 - Property, plant and equipment | 167 | 174 |
| | Line 120 - Intangible assets | 293 | 259 |
| **Tax assets** | | 298 | 279 |
| | Line 130 - Tax assets | 298 | 279 |
| **Other assets** | | 585 | 521 |
| | Line 10 - Cash and cash on hand | 198 | 132 |
| | Line 150 - Other assets | 295 | 306 |
| | Line 80 - Hedging derivatives | 91 | 83 |
| Total assets | Total assets | 14,668 | 15,236 |
| Lines of the reclassified balance sheet - Liabilities an | Lines of the balance sheet - Liabilities and Shareholders' Equity | | |
| **Amounts owing to banks** | | 3,970 | 3,685 |
| | Line 10 - Amounts owing to banks | 3,970 | 3,685 |
| **Customers deposits and outstanding securities** | | 8,187 | 8,838 |
| | Line 20 - Customer deposits | 7,347 | 7,346 |
| | Line 30 - Outstanding securities | 840 | 1,492 |
| **Financial liabilities held for trading** | | 153 | 151 |
| | Line 40 - Financial liabilities held for trading | 153 | 151 |
| **Tax liabilities** | | 20 | 34 |
| | Line 80 - Tax liabilities | 20 | 34 |
| **Other liabilities** | | 572 | 578 |
| | Line 100 - Other liabilities | 487 | 526 |
| | Line 60 - Hedging derivatives | 31 | 20 |
| | Line 70 - Fair value change of financial liabilities in hedged portfolios (+/-) | 54 | 33 |
| **Provisions for specific purpose** | | 183 | 198 |
| | Line 110 - Provision for staff termination pay | 87 | 87 |
| | Line 120 - Provision for risks and charges | 96 | 111 |
| **Share capital** | | 831 | 829 |
| | Line 180 - Share capital | 831 | 829 |
| **Reserves** | | 760 | 777 |
| | Line 160 - Reserves | 571 | 675 |
| | Line 170 - Share premiums | 189 | 102 |
| | Line 190 - Own shares (-) | 0 | 0 |
| **Valuation reserves** | | -14 | -37 |
| | Line 130 - Valuation reserves | -14 | -37 |
| **Parent Company net profit** | | 6 | 181 |
| | Line 200 - Net profit/(loss) (+/-) | 6 | 181 |
| Total liabilities | Total liabilities and Shareholders' Equity | 14,668 | 15,236 |

(*) The comparison figures are presented proforma to backdate to 1 January 2011 the effects of the assignment of 11 branches to Cariparma and the area reorganisation transactions completed in 2012.

# Reconciliation statement between the income statement figures published and those presented proforma at 31 December 2011

*(thousands of euros)*

| | Items | 31.12.2011 | Changes in the consolidation setting (*) | | | | | | | | | | | 31.12.2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sale of 10 branches from CR Pistoia e Lucchesia to CR Firenze | Transfer of 25 branches from CR Firenze to CR Pistoia e Lucchesia | Sale of 2 branches from CR Firenze to Cariromagna | Sale of 1 branch from CR Firenze to CR Ascoli | Transfer of 78 branches from ISP to CR Firenze | Sale of 1 branch from CR Città di Castello to CR Firenze | Spin-off of 32 branches from CR Firenze to Carisbo | Spin-off of 1 branch from CR Firenze to CariVeneto | Spin-off of 23 branches from CR Firenze to ISP | Spin-off of 17 branches from CR Firenze to CR Umbria | Proforma |
| 10. | Interest earned and similar income | 465,754 | 3,184 | -14,537 | -192 | -279 | 61,340 | 321 | -14,528 | -432 | -21,772 | -11,044 | 467,815 |
| 20. | Interest expense and similar charges | -143,402 | | | | | | | | | | | -143,402 |
| **30.** | **Interest margin** | **322,352** | **3,184** | **-14,537** | **-192** | **-279** | **61,340** | **321** | **-14,528** | **-432** | **-21,772** | **-11,044** | **324,413** |
| 40. | Commissions earned | 190,296 | 2,541 | -9,259 | -91 | -78 | 33,834 | 106 | -6,710 | -197 | -7,879 | -4,148 | 198,415 |
| 50. | Commissions expense | -9,496 | | | | | | | | | | | -9,496 |
| **60.** | **Net commissions** | **180,800** | **2,541** | **-9,259** | **-91** | **-78** | **33,834** | **106** | **-6,710** | **-197** | **-7,879** | **-4,148** | **188,919** |
| 70. | Dividends and similar income | 34,813 | | | | | | | | | | | 34,813 |
| 80. | Net result from trading | 5,757 | 54 | -289 | - | -2 | 2,731 | 1 | -418 | - | -363 | -214 | 7,257 |
| 90. | Result from hedging | 802 | | | | | | | | | | | 802 |
| 100. | Gains/(Losses) from sale or repurchase of: | 153,011 | - | - | - | - | - | - | - | - | - | - | 153,011 |
| | *a) loans* | *-2,170* | | | | | | | | | | | *-2,170* |
| | *b) financial assets available for sale* | *155,181* | | | | | | | | | | | *155,181* |
| | *c) financial assets held to maturity* | | | | | | | | | | | | - |
| | *d) financial liabilities* | | | | | | | | | | | | - |
| 110. | Net result of financial assets and liabilities measured at fair value | | - | - | - | - | - | - | - | - | - | - | - |
| **120.** | **Net banking revenues** | **697,535** | **5,779** | **-24,085** | **-283** | **-359** | **97,905** | **428** | **-21,656** | **-629** | **-30,014** | **-15,406** | **709,215** |
| 130. | Value (adjustments)/write-backs for worsening of: | -150,866 | -2,187 | 13,012 | 127 | 99 | -39,818 | - | 11,919 | 983 | 17,640 | 7,629 | -141,462 |
| | *a) loans* | *-145,888* | *-2,187* | *13,012* | *127* | *99* | *-39,818* | | *11,919* | *983* | *17,640* | *7,629* | *-136,484* |
| | *b) financial assets available for sale* | *-5,332* | | | | | | | | | | | *-5,332* |
| | *c) financial assets held to maturity* | | | | | | | | | | | | - |
| | *d) other financial transactions* | *354* | | | | | | | | | | | *354* |
| **140.** | **Net result from financial activities** | **546,669** | **3,592** | **-11,073** | **-156** | **-260** | **58,087** | **428** | **-9,737** | **354** | **-12,374** | **-7,777** | **567,753** |
| 150. | Administrative expenses: | -419,406 | -5,481 | 19,126 | 856 | 354 | -66,954 | -394 | 18,221 | 541 | 14,317 | 9,904 | -428,916 |
| | *a) staff costs* | *-238,966* | *-2,401* | *9,080* | *385* | *186* | *-31,411* | *-216* | *9,042* | *270* | *6,038* | *4,826* | *-243,167* |
| | *b) other administrative expenses* | *-180,440* | *-3,080* | *10,046* | *471* | *168* | *-35,543* | *-178* | *9,179* | *271* | *8,279* | *5,078* | *-185,749* |
| 160. | Provision for risks and charges, net | -10,164 | | | | | | | | | | | -10,164 |
| 170. | Value (adjustments)/write-backs to property, plant and equipment | -10,903 | | | | | | | | | | | -10,903 |
| 180. | Value (adjustments)/write-backs to intangible assets | | | | | | | | | | | | - |
| 190. | Other operating (expense)/income | 31,878 | 435 | -1,490 | -62 | -35 | 5,965 | 26 | -1,260 | -26 | -1,040 | -881 | 33,510 |
| **200.** | **Operating costs** | **-408,595** | **-5,046** | **17,636** | **794** | **319** | **-60,989** | **-368** | **16,961** | **515** | **13,277** | **9,023** | **-416,473** |
| 210. | Gains/(Losses) from equity investments | -13,719 | | | | | | | | | | | -13,719 |
| 220. | Net result of valuation of property, plant and equipment and intangible assets at fair | - | | | | | | | | | | | - |
| 230. | Impairment on goodwill | - | | | | | | | | | | | - |
| 240. | Gains/(Losses) from sale of investments | 58,427 | 1,454 | -6,563 | -638 | -59 | 2,902 | -60 | -7,224 | -869 | -903 | -1,246 | 45,221 |
| **250.** | **Gains/(Losses) from current operations, including taxes** | **182,782** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **182,782** |
| 260. | Income taxes for the year on current operations | -1,341 | - | - | - | - | - | - | - | - | - | - | -1,341 |
| **270.** | **Gains/(Losses) from current operations, net of taxes** | **181,441** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **181,441** |
| 280. | Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | | | | | | | | | | | - |
| **290.** | **Net profit/(loss)** | **181,441** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **181,441** |

# Reconciliation statement between the income statement figures published and those presented proforma at 31 December 2012

*(thousands of euros)*

| | Items | 31.12.2012 | Changes in the consolidation setting (*) | | | | | | | | | | | 31.12.2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sale of 10 branches from CR Pistoia e Lucchesia to CR Firenze | Transfer of 25 branches from CR Firenze to CR Pistoia e Lucchesia | Sale of 2 branches from CR Firenze to Cariromagna | Sale of 1 branch from CR Firenze to CR Ascoli | Transfer of 78 branches from ISP to CR Firenze | Sale of 1 branch from CR Città di Castello to CR Firenze | Spin-off of 32 branches from CR Firenze to Carisbo | Spin-off of 1 branch from CR Firenze to CariVeneto | Spin-off of 23 branches from CR Firenze to ISP | Spin-off of 17 branches from CR Firenze to CR Umbria | Proforma |
| 10. | Interest earned and similar income | 443,186 | 1,865 | -8,378 | -163 | -190 | 53,081 | 237 | -15,267 | -401 | -22,547 | -13,376 | 438,047 |
| 20. | Interest expense and similar charges | -117,035 | | | | | | | | | | | -117,035 |
| **30.** | **Interest margin** | **326,151** | **1,865** | **-8,378** | **-163** | **-190** | **53,081** | **237** | **-15,267** | **-401** | **-22,547** | **-13,376** | **321,012** |
| 40. | Commissions earned | 193,128 | 1,300 | -5,322 | -75 | -67 | 28,633 | 89 | -5,481 | -171 | -6,673 | -4,386 | 200,975 |
| 50. | Commissions expense | -10,147 | | | | | | | | | | | -10,147 |
| **60.** | **Net commissions** | **182,981** | **1,300** | **-5,322** | **-75** | **-67** | **28,633** | **89** | **-5,481** | **-171** | **-6,673** | **-4,386** | **190,828** |
| 70. | Dividends and similar income | 20,568 | | | | | | | | | | | 20,568 |
| 80. | Net result from trading | 4,542 | 18 | -181 | -1 | - | 2,042 | - | -143 | - | -287 | -202 | 5,788 |
| 90. | Result from hedging | 1,826 | | | | | | | | | | | 1,826 |
| 100. | Gains/(Losses) from sale or repurchase of : | -927 | - | - | - | - | - | - | - | - | - | - | -927 |
| | *a) loans* | *-2,905* | | | | | | | | | | | *-2,905* |
| | *b) financial assets available for sale* | *-72* | | | | | | | | | | | *-72* |
| | *c) financial assets held to maturity* | | | | | | | | | | | | - |
| | *d) financial liabilities* | *2,050* | | | | | | | | | | | *2,050* |
| 110. | Net result of financial assets and liabilities measured at fair value | 42 | - | - | - | - | - | - | - | - | - | - | 42 |
| **120.** | **Net banking revenues** | **535,183** | **3,183** | **-13,881** | **-239** | **-257** | **83,756** | **326** | **-20,891** | **-572** | **-29,507** | **-17,964** | **539,137** |
| 130. | Value (adjustments)/write-backs for worsening of: | -185,863 | -891 | 6,787 | 174 | 350 | -41,035 | - | 11,239 | 148 | 18,837 | 6,929 | -183,325 |
| | *a) loans* | *-181,792* | *-891* | *6,787* | *174* | *350* | *-41,035* | | *11,239* | *148* | *18,837* | *6,929* | *-179,254* |
| | *b) financial assets available for sale* | *-4,184* | | | | | | | | | | | *-4,184* |
| | *c) financial assets held to maturity* | | | | | | | | | | | | - |
| | *d) other financial transactions* | *113* | | | | | | | | | | | *113* |
| **140.** | **Net result from financial activities** | **349,320** | **2,292** | **-7,094** | **-65** | **93** | **42,721** | **326** | **-9,652** | **-424** | **-10,670** | **-11,035** | **355,812** |
| 150. | Administrative expenses: | -386,076 | -3,002 | 10,940 | 592 | 265 | -47,162 | -302 | 16,348 | 470 | 12,512 | 9,552 | -385,863 |
| | *a) staff costs* | *-213,207* | *-1,332* | *5,387* | *252* | *145* | *-19,896* | *-166* | *8,426* | *236* | *5,367* | *4,683* | *-210,105* |
| | *b) other administrative expenses* | *-172,869* | *-1,670* | *5,553* | *340* | *120* | *-27,266* | *-136* | *7,922* | *234* | *7,145* | *4,869* | *-175,758* |
| 160. | Provision for risks and charges, net | -78 | | | | | | | | | | | -78 |
| 170. | Value (adjustments)/write-backs to property, plant and equipment | -12,324 | | | | | | | | | | | -12,324 |
| 180. | Value (adjustments)/write-backs to intangible assets | -292 | | | | | | | | | | | -292 |
| 190. | Other operating (expense)/income | 33,117 | 226 | -771 | -42 | -24 | 4,576 | 20 | -1,088 | -23 | -898 | -845 | 34,248 |
| **200.** | **Operating costs** | **-365,653** | **-2,776** | **10,169** | **550** | **241** | **-42,586** | **-282** | **15,260** | **447** | **11,614** | **8,707** | **-364,309** |
| 210. | Gains/(Losses) from equity investments | 3,435 | | | | | | | | | | | 3,435 |
| 220. | Net result of valuation of property, plant and equipment and intangible assets at fair | - | | | | | | | | | | | - |
| 230. | Impairment on goodwill | - | -1 | | | | | | | | | | -1 |
| 240. | Gains/(Losses) from sale of investments | 533 | 484 | -3,075 | -485 | -334 | -135 | -44 | -5,608 | -23 | -944 | 2,328 | -7,303 |
| **250.** | **Gains/(Losses) from current operations, including taxes** | **-12,365** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-12,366** |
| 260. | Income taxes for the year on current operations | 18,519 | - | - | - | - | - | - | - | - | - | - | 18,519 |
| **270.** | **Gains/(Losses) from current operations, net of taxes** | **6,154** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **6,153** |
| 280. | Gains (Losses) associated with groups of assets being disposed (net of taxes) | - | | | | | | | | | | | - |
| **290.** | **Net profit/(loss)** | **6,154** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **6,153** |

(*) 2012 economic results relating to the period before entry or exit of branches from the scope of consolidation of Banca CR Firenze and its subsidiaries.

# Reconciliation statement between the balance sheet figures published and those presented proforma

(euros)

| Assets | 31.12.2011 published | Sale 23/07/12 From CRF to CrPT | Sale 23/07/13 From CrPT to | Sale 24/09/12 From CRF to Cr | Sale 24/09/12 From CRF to Cr | Sale 8/10/12 From Cr Cast to | Sale 8/10/12 From ISP to CRF | Sale 12/11/12 From CrF to CrBO | Sale 12/11/12 From CrF to | Sale 12/11/12 From CrF to ISP | Sale 17/12/12 From CrF to | 31.12.2011 proforma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10. Cash and cash on hand | **132,272,901** | **-3,942,583** | **1,019,117** | **-154,880** | **-25,962** | **101,573** | **10,282,297** | **-2,835,771** | **-72,377** | **-2,844,159** | **-1,978,575** | **131,821,581** |
| 20. Financial assets held for trading | **99,532,340** | **-2,326,778** | **215,607** | **-138** | | | **43,991,962** | **-14,873** | | **-3,031,903** | **-3,723,918** | **134,642,299** |
| 30. Financial assets measured at fair value | **-** | | | | | | | | | | | **-** |
| 40. Financial assets available for sale | **909,333,540** | | | | | | | | | | | **909,333,540** |
| 60. Amounts owing by banks | **359,889,592** | | | | | | **178,862,715** | | | | | **538,752,307** |
| 70. Customer loans | **11,785,915,086** | **-752,986,632** | **229,607,270** | **-16,822,264** | **-9,670,721** | **15,437,011** | **2,462,213,498** | **-728,289,993** | **-18,619,681** | **-946,442,437** | **-566,371,428** | **11,453,969,709** |
| 80. Hedging derivatives | **83,053,828** | | | | | | | | | | | **83,053,828** |
| 100. Equity investments | **1,101,519,769** | | | | | | | | | -134,684,700 | | **966,835,069** |
| 110. Property, plant and equipment | **174,019,542** | | | **-51,065** | **-568** | **1,016** | **1,368,689** | **-673,744** | **-2,227** | **-341,457** | **-62,018** | **174,258,168** |
| 120. Intangible assets | **262,300,028** | **-511,437** | **19,280** | | | | **14,300,000** | **-8,400,000** | | -6,200,000 | **-2,800,000** | **258,707,871** |
| of which: | | | | | | | | | | | | |
| - goodwill | *262,300,028* | | | | | | | *-8,400,000* | | -6,200,000 | *-2,800,000* | *244,900,028* |
| 130. Tax assets | **280,660,017** | **-264,962** | **83,132** | | | | **4,911,380** | **-3,400,411** | **-1,550** | **-2,261,384** | **-1,179,562** | **278,546,660** |
| a) current | *37,277,135* | | | | | | | | | | | *37,277,135* |
| b) deferred | *243,382,882* | *-264,962* | *83,132* | | | | *4,911,380* | *-3,400,411* | *-1,550* | *-2,261,384* | *-1,179,562* | *241,269,525* |
| 140. Non current assets and groups of assets being disposed | | | | | | | | | | | | |
| 150. Other assets | **317,916,851** | **-2,724,004** | **1,082,966** | **-65,192** | **-51,148** | **8,636** | **7,345,740** | **-11,172,469** | **-130,841** | **-3,609,318** | **-2,443,526** | **306,157,695** |
| Total assets | **15,506,413,494** | **-762,756,396** | **232,027,372** | **-17,093,539** | **-9,748,399** | **15,548,236** | **2,723,276,281** | **-754,787,261** | **-18,826,676** | **-1,099,415,358** | **-578,559,027** | **15,236,078,727** |

| Liabilities and Shareholders' equity | 31.12.2011 published | Sale 23/07/12 From CRF to CrPT | Sale 23/07/13 From CrPT to CRF | Sale 24/09/12 From CRF to Cr Rom | Sale 24/09/12 From CRF to Cr Asc | Sale 8/10/12 From Cr Cast to CRF | Sale 8/10/12 From ISP to CRF | Sale 12/11/12 From CrPT to CrBO | Sale 12/11/12 From CrF to CrVen | Sale 12/11/12 From CrF to ISP | Sale 17/12/12 From CrF to CrUmb | 31.12.2011 Pro-forma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10. Amounts owing to banks | **4,732,627,108** | **-378,252,348** | **139,283,878** | **-13,958,667** | **-7,278,579** | **10,998,896** | **935,054,059** | **-498,928,595** | **-14,221,503** | **-783,991,174** | **-436,162,569** | **3,685,170,506** |
| 20. Customer deposits | **6,741,743,899** | **-377,835,367** | **90,070,201** | **-2,435,142** | **-2,411,213** | **3,903,364** | **1,423,096,443** | **-207,847,085** | **-3,785,647** | **-209,535,277** | **-108,776,477** | **7,346,187,699** |
| 30. Outstanding securities | **1,493,960,544** | -399,217 | 118,750 | | | | **1,416,612** | **-2,945,050** | | **-99,618** | **-131,299** | **1,491,920,722** |
| 40. Financial liabilities held for trading | **108,481,429** | -956,751 | 216,878 | -138 | | | **47,053,231** | **-3,622,621** | | **-26,514** | **-10,490** | **151,135,024** |
| 60. Hedging derivatives | **20,226,397** | | | | | | | | | | | **20,226,397** |
| 70. Fair value change of financial liabilities in hedged portfolios (+/-) | **32,578,297** | | | | | | | | | | | **32,578,297** |
| 80. Tax liabilities | **34,335,633** | | | | | | **980** | | | | | **34,336,613** |
| a) current | *17,962,343* | | | | | | *980* | | | | | 17,963,323 |
| b) deferred | *16,373,290* | | | | | | | | | | | 16,373,290 |
| 100. Other liabilities | **381,301,494** | **-2,426,449** | **1,152,978** | **-687,765** | | **616,562** | **153,567,241** | **-2,696,085** | **-8,644** | **-2,873,546** | **-2,402,354** | **525,543,432** |
| 110. Provision for staff termination pay | **80,915,607** | **-1,922,766** | **882,391** | **-4,795** | **-49,569** | **19,747** | **11,616,520** | **-1,807,609** | **-18,218** | **-758,095** | **-1,653,648** | **87,219,565** |
| 120. Provision for risks and charges | **110,411,854** | **-963,498** | **302,296** | **-7,032** | **-9,038** | **9,667** | **5,439,195** | **-2,263,749** | **-5,635** | **-767,434** | **-922,190** | **111,224,436** |
| a) provisions for pensions and similar obliga | 3,253,185 | | | | | | *1,245,814* | | | | | 4,498,999 |
| b) other provisions | 107,158,669 | -963,498 | 302,296 | -7,032 | -9,038 | 9,667 | 4,193,381 | -2,263,749 | -5,635 | -767,434 | -922,190 | 106,725,437 |
| 130. Valuation reserves | **-37,159,467** | | | | | | | | | | | **-37,159,467** |
| 160. Reserves | **694,453,151** | | | | | | **146,032,000** | **-34,676,467** | **-787,029** | **-101,363,700** | **-28,500,000** | **675,157,955** |
| 170. Share premiums | **102,260,773** | | | | | | | | | | | **102,260,773** |
| 180. Share capital | **828,836,017** | | | | | | | | | | | **828,836,017** |
| 200. Net profit/(loss) | **181,440,758** | | | | | | | | | | | **181,440,758** |
| Total liabilities and Shareholders' equity | 15,506,413,494 | -762,756,396 | 232,027,372 | -17,093,539 | -9,748,399 | 15,548,236 | 2,723,276,281 | -754,787,261 | -18,826,676 | -1,099,415,358 | -578,559,027 | 15,236,078,727 |

# List of financial assets available for sale ("AFS"), consisting of minority interests acquired for investment purposes held at year-end

(amounts in euros)

| Entity or company | Nominal value | Book value as at 31/12/2012 | Ratio % | Share capital of the investee (1) | No. shares or investment units | Unit value |
|---|---|---|---|---|---|---|
| AREZZO FIERE E CONGRESSI S.R.L. | 816,000 | 787,116 | 2.073 | 39,365,319 | 81,600,000 | 0.010 |
| BANCO POPOLARE SOCIETA' COOPERATIVA | 12,731 | 6,591 | - | 4,294,149,629 | 5,239 | 2.430 |
| BRAIN TECHNOLOGY S.P.A. | 50,000 | 671,335 | 10.000 | 500,000 | 100,000 | 0.500 |
| CARICENTRO SERVIZI S.R.L. | 5,165 | 5,165 | 5.165 | 100,000 | 5,165 | 1.000 |
| CEDACRI S.p.A. | 379,000 | 2,918,000 | 3.006 | 12,609,000 | 379 | 1,000.000 |
| CENTRALE DEL LATTE DI FIRENZE, PISTOIA E LIVORNO S | 449 | 298 | 0.003 | 12,888,789 | 864 | 0.520 |
| CENTROFIDI TERZIARIO S.C.P.A. | 1,258,340 | 2,021,000 | 8.350 | 15,069,235 | 1,258,340 | 1.000 |
| ENGINEERING INGEGNERIA INFORMATICA S.p.A. | 255,000 | 2,523,000 | 0.800 | 31,875,000 | 100,000 | 2.550 |
| FIDI TOSCANA S.p.A. | 13,389,272 | 13,389,272 | 8.898 | 150,477,184 | 257,486 | 52.000 |
| FIRENZE FIERA S.P.A. | 477,338 | 440,733 | 2.185 | 21,843,978 | 120,540 | 3.960 |
| FIRENZE PARCHEGGI S.P.A. | 2,350,746 | 2,785,847 | 9.184 | 25,595,158 | 45,513 | 51.650 |
| GEPAFIN S.p.A.-GARANZIE PARTECIPAZIONI E FINANZIAM | 7,872 | 19,286 | 0.208 | 3,792,366 | 1,312 | 6.000 |
| GROSSETO SVILUPPO S.P.A. | 181 | 84 | 0.028 | 646,718 | 35 | 5.160 |
| GROSSETOFIERE S.P.A. | 159,753 | 177,916 | 5.000 | 3,195,169 | 30,900 | 5.170 |
| IDROENERGIA Società consortile a responsabilità limitata | 1,032 | 1,032 | 0.067 | 1,548,000 | 2 | 516.000 |
| IMMOBILIARE LA MARCHESA S.P.A. | 38,734 | 31,077 | 1.389 | 2,788,866 | 5 | 7,746.850 |
| IMMOBILIARE NOVOLI S.P.A. | 11,610,000 | 11,097,532 | 25.000 | 46,440,000 | 2,250,000 | 5.160 |
| INTERPORTO DELLA TOSCANA CENTRALE S.P.A. | 241,500 | 219,866 | 2.000 | 12,075,000 | 1,150,000 | 0.210 |
| MARINA CALA GALERA CIRCOLO NAUTICO S.P.A. | 5,676 | 4,149 | 0.367 | 1,548,000 | 1,100 | 5.160 |
| PATTO 2000 SOCIETA' CONSORTILE A R.L. | 1,470 | 4,265 | 2.646 | 55,584 | 40 | 36.760 |
| PROFINGEST - CONSORZIO | 2,933 | 2,317 | 0.500 | 586,544 | 2 | 1,466.360 |
| PROTERA S.R.L. | 18,053 | 16,864 | 8.286 | 217,888 | 1,805,324 | 0.010 |
| S.E.A.M. S.P.A. | 221,386 | 238,986 | 10.000 | 2,213,860 | 100,630 | 2.200 |
| SOCIETA' INFRASTRUTTURE TOSCANE S.P.A. | 225,000 | 225,000 | 1.500 | 15,000,000 | 450,000 | 0.500 |
| SVILUPPO IMPRESE CENTRO ITALIA S.G.R. S.P.A. | 774,690 | 809,802 | 15.000 | 5,164,600 | 1,500 | 516.460 |
| SWIFT S.C.R.L. | 250 | 6,580 | 0.002 | 13,885,625 | 2 | 125.000 |
| VER CAPITAL S.G.R. p.A. | 240,000 | 297,000 | 16.000 | 1,500,000 | 240,000 | 1.000 |
| VISA EUROPE LTD | 10 | 10 | 0.007 | 150,000 | 1 | 10.000 |
| WELCOME ITALIA S.P.A. | 250,253 | 96,753 | 5.000 | 5,000,000 | 87,501 | 2.860 |
| TOTAL | | 38,796,875 | | | | |

( 1 ) Data drawn from the financial statements as of 31 December 2011 and updated where changes occurred during 2012.

Take note that, as to the participating interest in Immobiliare Novoli S.p.A., where the Bank holds an interest of 25%, the classification under "Financial assets available for sale" is due to the prevailing financial nature of the investment made in the capital of the company, over which no significant influence as defined by IAS 28 is exercised.

# LIST OF THE IAS/IFRS ENDORSED AT THE CLOSING DATE

**INTERNATIONAL ACCOUNTING STANDARDS ENDORSED UP TO 31 DECEMBER 20 Endorsement regulation**

| ACCOUNTING STANDARDS | | Endorsement regulation |
|---|---|---|
| IFRS 1 | First-time adoption of IFRS | 1126/2008 amd. 1260/2008 - 1274/2008 - 69/2009 - 70/2009 -254/2009 - 494/2009 - 495/2009 - 1136/2009 - 1164/2009 - 550/2010 - 574/2010 - 662/2010 - 149/2011 - 1205/2011 - 475/2012 (*) - 1254/2012 (**) - 1255/2012 (***) |
| IFRS 2 | Share-based payments | 1126/2008 amd. 1261/2008 - 495/2009 - 243/2010 - 244/2010 - 1254/2012 (**) - 1255/2012(***) |
| IFRS 3 | Business Combinations | 1126/2008 amd. 495/2009 - 149/2011 - 1254/2012 (**) - 1255/2012 (***) |
| IFRS 4 | Insurance contracts | 1126/2008 amd. 1274/2008 - 494/2009 - 1165/2009 - 1255/2012 (***) |
| IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1126/2008 amd. 1274/2008 - 70/2009 - 494/2009 - 1142/2009 - 243/2010 - 475/2012 (*) - 1254/2012(**) - 1255/2012 (***) |
| IFRS 6 | Exploration for and Evaluation of Mineral Resources | 1126/2008 |
| IFRS 7 | Financial instruments: Disclosures | 1126/2008 amd. 1274/2008 - 53/2009 - 70/2009 - 495/2009 - 824/2009 - 1165/2009 - 574/2010 - 149/2011 - 1205/2011 - 475/2012 (*) - 1254/2012 (**) - 1255/2012 (***) - 1256/2012 (****) |
| IFRS 8 | Operating Segments | 1126/2008 amd. 1274/2008 - 243/2010 - 632/2010 |
| IFRS 10 | Consolidated Financial Statements | 1254/2012 (**) |
| IFRS 11 | Joint Arrangements | 1254/2012 (**) |
| IFRS 12 | Disclosure of Interests in Other Entities | 1254/2012 (**) |
| IFRS 13 | Fair Value Measurement | 1255/2012 (***) |
| IAS 1 | Presentation of Financial Statements | 1126/2008 amd. 1274/2008 - 53/2009 - 70/2009 - 494/2009 - 243/2010 - 149/2011 - 475/2012(*) - 1254/2012 (**) - 1255/2012 (***) |
| IAS 2 | Inventories | 1126/2008 amd. 70/2009 - 1255/2012 (***) |
| IAS 7 | Cash flow statement | 1126/2008 amd. 1260/2008 - 1274/2008 - 70/2009 - 494/2009 - 243/2010 - 1254/2012 (**) |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | 1126/2008 amd. 1274/2008 - 70/2009 - 1255/2012 (***) |
| IAS 10 | Events after the Reporting Period | 1126/2008 amd. 1274/2008 - 70/2009 - 1142/2009 - 1255/2012 (***) |
| IAS 11 | Construction Contracts | 1126/2008 amd. 1260/2008 - 1274/2008 |
| IAS 12 | Income Taxes | 1126/2008 amd. 1274/2008 - 495/2009 - 475/2012 (*) - 1254/2012 (**) - 1255/2012 (***) |
| IAS 16 | Property, Plant and Equipment | 1126/2008 amd. 1260/2008 - 1274/2008 - 70/2009 - 495/2009 - 1255/2012 (***) |
| IAS 17 | Leases | 1126/2008 amd. 243/2010 - 1255/2012 (***) |
| IAS 18 | Revenue | 1126/2008 amd. 69/2009 - 1254/2012 (**) - 1255/2012 (***) |
| IAS 19 | Employee benefits | 1126/2008 amd. 1274/2008 - 70/2009 - 475/2012 (*) - 1255/2012 (***) |
| IAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | 1126/2008 amd. 1274/2008 - 70/2009 - 475/2012 (*) - 1255/2012 (***) |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates | 1126/2008 amd. 1274/2008 - 69/2009 - 494/2009 - 475/2012 (*) - 1254/2012 (**) - 1255/2012(***) |
| IAS 23 | Borrowing Costs | 1126/2008 amd. 1260/2008 - 70/2009 |
| IAS 24 | Related Party Disclosures | 1126/2008 amd. 1274/2008 - 632/2010 - 475/2012 (*) - 1254/2012 (**) |
| IAS 26 | Accounting and Reporting by Retirement Benefit Plans | 1126/2008 |
| IAS 27 | Consolidated and Separate Financial Statements | 1126/2008 amd. 1274/2008 - 69/2009 - 70/2009 - 494/2009 - 1254/2012 (**) |
| IAS 28 | Investments in Associates | 1126/2008 amd. 1274/2008 - 70/2009 - 494/2009 - 495/2009 - 1254/2012 (**) - 1255/2012(***) |
| IAS 29 | Financial Reporting in Hyperinflationary Economies | 1126/2008 amd. 1274/2008 - 70/2009 |
| IAS 31 | Interests In Joint Ventures (repealed by Regulation 1254/2012) | 1126/2008 amd. 70/2009 - 494/2009 - 1254/2012 (**) - 1255/2012 (***) |
| IAS 32 | Financial Instruments: Presentation | 1126/2008 amd. 1274/2008 - 53/2009 - 70/2009 - 494/2009 - 495/2009 - 1293/2009 - 475/2012(*) - 1254/2012 (**) - 1255/2012 (***) - 1256/2012 (****) |
| IAS 33 | Earnings Per Share | 1126/2008 amd. 1274/2008 - 494/2009 - 495/2009 - 475/2012 (*) - 1254/2012 (**) - 1255/2012(***) |
| IAS 34 | Interim Financial Reporting | 1126/2008 amd. 1274/2008 - 70/2009 - 495/2009 - 149/2011 - 475/2012 (*) - 1255/2012 (***) |
| IAS 36 | Impairment of Assets | 1126/2008 amd. 1274/2008 - 69/2009 - 70/2009 - 495/2009 - 243/2010 - 1254/2012 (**) |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets | 1126/2008 amd. 1274/2008 - 495/2009 |
| IAS 38 | Intangible assets | 1126/2008 amd. 1260/2008 - 1274/2008 - 70/2009 - 495/2009 - 243/2010 - 1254/2012 (**) - 1255/2012 (***) |
| IAS 39 | Financial Instruments: Recognition and Measurement (except certain provisions relating to hedge accounting) | 1126/2008 amd. 1274/2008 - 53/2009 - 70/2009 - 494/2009 - 495/2009 - 824/2009 - 839/2009 - 1171/2009 - 243/2010 - 1254/2012 (**) - 1255/2012 (***) |
| IAS 40 | Investment Property | 1126/2008 amd. 1274/2008 - 70/2009 - 1255/2012 (***) |
| IAS 41 | Agriculture | 1126/2008 amd. 1274/2008 - 70/2009 - 1255/2012 (***) |

(*) Companies apply the provisions of this Regulation at the latest from the beginning of their financial year starting on or after 1 January 2013.

(**) Companies apply the provisions of this Regulation at the latest from the beginning of their financial year starting on or after 1 January 2014.

(***) Companies apply the provisions of this Regulation at the latest from the beginning of their financial year starting on or after 1 January 2013.

(****) Companies apply the provisions of this Regulation at the latest from the beginning of their financial year starting on or after 1 January 2013 (IFRS 7 amendments) or after 1 January 2014 (IAS 32 amendments).

ANNUAL ACCOUNTS OF THE SUPPLEMENTARY PENSION FUND (FIP, Fondi di Previdenza Integrativa) WITHOUT INDEPENDENT LEGAL PERSONALITY

## Supplementary pension fund for pensioned staff

As highlighted in Part B, Section 12 - "Provision for risks and charges" of these notes to the financial statements, the defined-performance Fund relating to the former CR Mirandola, incorporated in 2006, which amounted to € 2,492 thousand as of 31 December 2011, following utilisations and provisions during the year, reached € 2,903 thousand at 31 December 2012, with an increase of about € 411 thousand.

Actuarial checks, carried out every year to verify the consistency of the SPF with the commitments to be met, have shown the substantial technical and financial balance of said SPF.

Considering the results of the accounts, the final equity of the SPF on the closing date consists entirely of cash and cash equivalents.

# Statement of property, plant and equipment and financial assets subject to revaluation

(thousands of euros)

| | Revaluations | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | L. 823/1973 | L. 576/1975 | L. 72/1983 | L. 413/1991 | L. 218/1990 | L. 408/1990 | L. 342/2000 | L. 266/2005 | |
| **Property, plant and equipment** | **1,096** | **1,287** | **6,446** | **53,359** | **5,145** | **39,145** | **36,071** | **66,145** | **208,694** |
| a) Property | 1,096 | 1,287 | 6,446 | 53,359 | 4,326 | 39,145 | 36,071 | 66,145 | 207,875 |
| b) Works of art | | | | | 819 | | | | 819 |
| **Equity investments** | **-** | **-** | **-** | **-** | **47,220** | | **-** | **-** | **47,220** |
| a) Subsidiaries | | | | | 39 | | | | 39 |
| b) Other equity investments | | | | | 47,181 | | | | 47,181 |
| **AFS - investment reclassification** | | | | | **40** | | | | **40** |
| **Assets under disposal** | - | - | 57 | 57 | - | 80 | - | 280 | **474** |
| a) Property | - | - | 57 | 57 | - | 80 | - | 280 | 474 |
| **Total** | **1,096** | **1,287** | **6,503** | **53,416** | **52,405** | **39,225** | **36,071** | **66,425** | **256,428** |

## List of the services provided by the audit firm and by the entities belonging to its network (information provided pursuant to article 149 – duodecies of the Consob Regulations on Issuers)

During 2012 the audit firm KPMG SpA performed, on behalf of the Bank and of the subsidiaries for that year, the services outlined below:

- check on the regular keeping of accounts;
- audit of the half-year situation only;
- audit of the financial statements for the year;
- reporting package audit for the Parent Company;
- certification on contribution basis of the National Guarantee Fund.

(thousands of euros)

| Type of service | Service provider | Service beneficiary | Fees |
|---|---|---|---|
| Audit | Independent Auditor of Banca CR Firenze S.p.A. | Banca CR Firenze S.p.A | 303 |
| | | Subsidiaries | 391 |
| Certification services | Independent Auditor of Banca CR Firenze S.p.A. | Banca CR Firenze S.p.A | 0 |
| | | Subsidiaries | 124 |
| Other services | Independent Auditor of Banca CR Firenze S.p.A. | Banca CR Firenze S.p.A | 0 |
| | | Subsidiaries | 0 |

## Summarised data of the Parent Company

| Financial Statements figures | 2011 | 2010 | Changes absolute | Changes % |
|---|---|---|---|---|
| Income statement figures (millions of euros) | | | | |
| Net interests | 2,546 | 2,813 | -267 | -9.5 |
| Net commissions | 1,962 | 2,072 | -110 | -5.3 |
| Result from trading | 267 | 72 | 195 | |
| Net operating income | 6,506 | 6,672 | -166 | -2.5 |
| Operating costs | -3,856 | -3,938 | -82 | -2.1 |
| Operating result | 2,650 | 2,734 | -84 | -3.1 |
| Value adjustments/write-backs for worsening of loans | -1,537 | -853 | 684 | 80.2 |
| Net income from groups of discontinued assets | - | 946 | -946 | |
| Net profit (loss) | -7,679 | 2,327 | -10,006 | |
| Balance sheet figures (millions of euros) | | | | |
| Customer loans | 170,045 | 177,432 | -7,387 | -4.2 |
| Direct borrowing | 238,021 | 244,860 | -6,839 | -2.8 |
| Indirect borrowing | 144,473 | 153,205 | -8,732 | -5.7 |
| of which: Asset management | 63,011 | 66,787 | -3,776 | -5.7 |
| Total assets | 419,245 | 408,786 | 10,459 | 2.6 |
| Shareholders' equity | 44,271 | 48,849 | -4,578 | -9.4 |
| Operating structure | | | | |
| Number of employees | 27,990 | 28,205 | -215 | |
| of which: Italy | 27,453 | 27,701 | -248 | |
| Abroad | 537 | 504 | 33 | |
| Number of bank branches | 2,256 | 2,304 | -48 | |
| of which: Italy | 2,244 | 2,292 | -48 | |
| Abroad | 12 | 12 | - | |

Figures restated on a like-for-like basis

# REPORT AND ACCOUNTS 2012

This report accompanies the Accounts for the 2012 financial year, which have been drawn up to give a clear, true and fair view of the financial position and results for the year for each of the five Fund sections. In accordance with the instructions issued by the Supervisory Commission for Pension Funds they comprise the following documents for each sector:

1. Balance Sheet
2. Income Statement
3. Notes to the accounts

## General description of the Fund's position at the year-end

The "C.R.F. PREVIDENZA" Open-end Pension Fund, set up by Banca CR Firenze S.p.A. through its Board of Directors' resolution of 13 November 2000, authorised to operate in accordance with the decision by This Supervisory Commission of 7 November 2000, is recorded at no. 110 of the Official Register held by This Supervisory Commission pursuant to Legislative Decree no. 124 of 21 April 1993. The Fund started operating on 18 June 2011 and was placed through the banks of the former Banca CR Firenze Group until this banking group dissolved following the merger of Banca CR Firenze and its subsidiaries into the Intesa Sanpaolo Banking Group.
This arrangement continued unchanged until 17 September 2012, when the Parent Company Intesa Sanpaolo requested the suspension of the placement of every form of supplementary pension funds distributed by the group banks and focussed on selling only two products, an OPF and a PIP.
Therefore, The CRF Previdenza Open-end Pension Fund has not acquired new members in the last quarter, except for new adhesions deriving from the collective agreements in place.
Overall, at the end of the year, there were 32,409 individual adhesions and 3,860 group adhesions.

## Offer of investment

During 2012, the offer of investments remained unchanged.
The financial management of the available resources of 4 segments continued to be assigned to EURIZON CAPITAL SGR S.p.A. and was implemented through direct operations in securities, both for the part relating to bonds and the stock component.
With regards to the financial management of segment 5 "with capital guarantee and minimum return", the agreement with INTESA SAN PAOLO VITA is still in place.
If it useful to remember that, as the Fund admits the simultaneous division of the contribution over several investment lines, it is not possible to show the distribution of the members among the various segments.
The management assignments granted were performed in keeping with the investment policy defined for each line and in observance of the limits envisaged by Decree of the Ministry of the Treasury no. 703 dated 21 November 1996.
In relation to the first 4 investment segments, BANCA CR FIRENZE S.p.A. has reserved the faculty to make investments, also directly, in all the financial instruments for which a mandate has been issued. The mandate does not implicate exoneration or limitation of responsibility of the manager. It has a set duration and can be withdrawn at any time following written communication sent by recorded delivery.
The manager also constantly controls the correspondence of the execution of the activities subject to mandate with respect to any instructions given to EURIZON CAPITAL SGR S.p.A. by the tutor.
The Notes to the Financial Statements were updated, as usual, by 31 March of last year.
As regards the other contractual documents, remember that the Pension Fund website (www.crfprevidenza.it) - where there are two reserved areas, one for employers and one for members

- contains the complete series of forms and the engine for the planning the social security exemplification.
In the area of the website reserved for members, they can check the regular progress of their social security position in complete freedom and confidentiality.
The information on the members is made available through the front end procedures of the network of placement operators.

## Governance activity

The Manager of the Fund is still the same, whose mandate expires on 31 March 2013.
The members of the Regulatory Body are in office until 30.6.2014.
In compliance with the provisions of the sector regulations, the governance bodies periodically assess the correctness and transparency of the management, financial and administrative activity by auditing external partners, monitoring on the trend of reconciliations and value of contributions, the handling of any complaints by members, the provision of the ordinary and non-ordinary services, legislative updates and instructions issued by the Supervisory Authority. Minutes are drawn up for every quarterly meeting, signed by all those attending the meeting, and kept in the Pension Fund deeds.

## Macroeconomic outlook

The central theme for the markets in 2012 was the debt crisis in the Eurozone.
The year began with the positive trend (both on stock and bond markets of peripheral countries) that continued from the end of 2011, thanks to the two 3-year refinancing transactions (the first in December 2011 and the second on 29 February 2012) decided by the ECB and aimed at injecting liquidity into the banking system. Since March, the markets have experienced a new period of tension, which saw in Spain and Greech the themes of interest. In the first case, the trigger was the announcement by Mr. Rajoy's Government of the delay in deficit reduction compared with the targets previously set, to which further fears were added around the capitalisation needs of Spanish banks. Greece, conversely, kept the markets with bated breath almost for the entire year (only at the end of December did the EU unblock the aid package). After the debt restructure, the markets experienced an extended period of uncertainty around the outcome of the elections (May-June) and this fuelled concerns about the country's potential exit from the monetary union.
The tension started to dissipate between June and July thanks to two important events: the EU summit of 28-29 June (which lay the foundations for the future structure of the Eurozone) and above all the speech by Mr. Draghi at the end of July which reassured the markets on the ECB's political will to preserve the Euro project. Essentially, this led to the creation of a mechanism that can ease pressure on the markets, the so-called anti-spread shield. According to this mechanism, the Central Bank is ready to act as the ultimate buyer of government bonds for the countries who request it, after having agreed to a programme of reforms with the EU Commission. Even though this instrument has not yet been used, the announcement was enough to cause a significant reduction in the differentials of bonds issued by peripheral countries and in spread bonds, which brought about a rise in share prices.
The recovery of risky assets marked the entire second half of the year, which benefited also from the slight improvement in global growth figures compared with the weakness of the summer month and, above all, by the stimulus measures implemented by the central banks, chiefly among them the Fed. In order to sustain employment, the Fed promoted two interventions (in September and at the end of December) of quantitative easing, which aim at maintaining low interest rates on mortgages and on long-term Government Securities.
Towards the end of the year, the markets experienced two other moments of tension. The first was the debate on the fiscal cliff in the United States. The uncertainty surrounding the US Congress's ability to reach an agreement that could avoid the fiscal cliff, potentially causing a recession in early 2013 (an agreement which was reached shortly before the deadline of 31 December) generated volatility on the markets, particularly on the US Stock Exchange, which in the last quarter of the year lost part of the recovery obtained from June onwards.
In Italy, the announcement of early elections caused a limited and temporary tension on Government Bonds. During the year, Italian Government Bonds and shares fluctuated significantly, despite the country not being the cause of the tension but, rather, at the receiving end. The uncertainty around

the results of the polls is now becoming a theme of interest for the markets, as it makes higher volatility more likely though within a risk framework that was significantly changed by the structural interventions agreed by the ECB and by the early institutional reforms resolved by the EU.

Portfolio management

- *Segments 1, 2, 3 and 4 – Bond component*

In 2012, the management privileged an underweight on the duration of the long-term component, concentrated particularly on the issues by core Countries (especially Germany) and on the intermediate sections of the curve.

- *Segments 2, 3 and 4 – Stock component*

With regards to the share segment, the positions in the first quarter of the year were essentially neutral, after the significant fluctuations recorded on the markets in the last two months of 2011. The corrections triggered by the elections in France followed by those in Greece (between the first and the second half of the year) led to the accumulation of equity positions that made it possible to deal with the reduction in the risk premium after Draghi's speech, with portfolios clearly set on a pro-cyclical stance. From a segment point of view, this choice was represented by overweight positions taken on particularly within the financial segment, funded by sales in the telecommunication segment and, to a lesser extent, in public utilities services.

- *Guaranteed Segment*

The management of the guaranteed segment was characterised as cautious with regards to the general choices around duration and share exposure, but dynamic in relation to tactical opportunities. The duration of the government bond portion always settled at about 1.5 years. At the start of the year, it was invested by approximately 40% in medium-term bonds of core and semi-core countries of the euro area, and the remaining part was invested mostly in Italian short-term bonds (especially BOT) and residually in Spanish short-term bonds. During the year, thanks to the trust generated by particularly aggressive fiscal and monetary policies, the weight of core and semi-core countries from the euro area was gradually reduced, leading to total profit on some positions (such as Dutch or Finnish bonds) or a significant reduction in their weight (such as for Belgium, Germany and Austria). Conversely, the weight increased in bonds issued by some peripheral countries of the euro area, such as Italian bonds (exclusively with fixed-rate issues, approximately 70% of the government portfolio at the end of the year) and Spanish bonds, thanks to attractive return opportunities.
The corporate portion, which accounted for about 10% of the total portfolio, was invested in Italian, Spanish and British banking bonds, commensurate to the duration of the mandate. During the year this component was managed dynamically, seizing the various arbitrage opportunities.
The drawdowns on the share risk budget at the start of the year were approximately 60%, and were mainly invested in North-American shares, and residually in euro area and Japanese shares. In March, the share exposure was taken to 50% due to a less positive view of the general medium-term macroeconomic scenario, to then be brought back to 60% in August, following the trust generated by the new rhetoric of the ECB. In December, the use of the risk budget was significantly reduced due to the risks deriving from the fiscal debate in America and to benefit from the gain realised thus far. During the year, the North-American portion was gradually reduced to make more space for European and Japanese shares. In September a moderate exposure to the US Dollar (10%) was purchased as partial hedging of the risk positions, after the significant rally of the European stock exchanges in August. This share exposure was obtained through funds from EEF Equity North America, EEF Equity Europe and EEF Equity Japan.

Economic trend

The funds' management fees are charged back to the individual lines on a quarterly basis.
The time-weighted performance of portfolio management for the year 2012, which is the only indicator that allows for a comparison with the benchmark, given that it neutralizes the effect of investment inflows, was as follows:

| Fund | Benchmark | Portfolio gross performance | Performance Benchmark | *Difference* |
|---|---|---|---|---|

BANCA CR FIRENZE

| | | | | |
|---|---|---|---|---|
| Section 1 | - 60% JPMEuroCash 3m<br>- 40% JPM EMU | 4.87% | 5.18% | *-0.31%* |
| Section 2 | - 80% JPM EMU<br>- 20% MSCI EMU | 10.64% | 13.11% | *-2.47%* |
| Section 3 | - 50% JPM EMU<br>- 50% MSCI EMU | 14.19% | 15.55% | *-1.36%* |
| Section 4 | - 30% JPM EMU<br>- 70% MSCI EMU | 15.68% | 17.10% | *-1.42%* |
| Section 5 | - 95% EMU 1-5 years<br>- 5% MSCI EMU | 0.96% | 0.06% | *+0.89%* |

The results of the management policies applied to each individual section are described hereunder.

### Management policy - Section 1

The investment line followed for this section is directed at ensuring a "low" risk profile, aiming at preserving invested capital through dealing in bond securities.
The investment time span is very short-term.
The compositions of the portfolio and the benchmark are as follows

| BENCHMARK | PORTFOLIO |
|---|---|
| 60% JPM Euro Cash 3 month | 0.51% liquidity |
| 40% JPM Emu Government Bond Index | 99.49% bonds |

In the financial year 2012 the net return (the variation between unit value at 30 December 2012 and 30 December 2011) was equivalent to 3.72%.
The only management charges affecting the return are the financial commissions, which, for this Segment, come to 0.75% annually: as such, the gross return increases to 4.47%.
Below are the net returns in the last 12, 24, 36, 48 and 60 months:

| PERIOD | NET RETURN |
|---|---|
| December 2012 on December 2011 | 3.72% |
| December 2012 on December 2010 | 5.00% |
| December 2012 on December 2009 | 4.87% |
| December 2012 on December 2008 | 8.15% |
| December 2012 on December 2007 | 11.66% |

Some tables showing the most significant indicators in the portfolio at 31 December 2012 follow:

Bond portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 10.18% | 1.69% | 8.49% |
| Belgium | 13.03% | 2.61% | 10.42% |
| Euro Zone | 0.00% | 59.81% | -59.81% |
| Finland | 0.20% | 0.61% | 0.41% |
| France | 28.98% | 9.62% | 19.37% |
| Germany | 19.28% | 8.47% | 10.81% |
| Ireland | 0.00% | 0.75% | -0.75% |
| Italy | 9.47% | 8.80% | 0.67% |
| Luxembourg | 5.70% | 0.00% | 5.70% |
| Holland | 12.64% | 2.67% | 9.97% |
| Portugal | 0.00% | 0.71% | -0.71% |

| | | | |
|---|---|---|---|
| Spain | 0.00% | 4.25% | -4.25% |
| Total | 99.49% | 100.00% | *-0.51%* |

Bond Portfolio by curve section

| Ranges | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| 0-1 | 54.19% | 59.81% | -5.22% |
| 1-3 | 18.86% | 9.29% | 9.57% |
| 3-5 | 5.76% | 7.75% | -1.99% |
| 5-7 | 6.15% | 5.12% | 1.02% |
| 7-10 | 5.95% | 7.79% | -1.84% |
| M10 | 8.19% | 10.23% | -2.04% |
| Total | 99.49% | 100.00% | *-0.51%* |

Duration Bond Portfolio by curve section

| Ranges | Weighted Duration portfolio | Weighted Duration benchmark | *Difference* |
|---|---|---|---|
| 0-1 | 0.39 | 0.15 | 0.24 |
| 1-3 | 0.27 | 0.17 | 0.10 |
| 3-5 | 0.20 | 0.28 | -0.08 |
| 5-7 | 0.33 | 0.27 | 0.06 |
| 7-10 | 0.44 | 0.51 | -0.07 |
| M10 | 1.17 | 1.29 | 0.13 |
| Total | 2.79 | 2.68 | 0.11 |

Management policy - Section 2

The investment line followed for this section has a medium/low risk profile, aimed at increasing invested capital in the medium term through operating in appropriately diversified and selected equities and bonds securities.
This line has a medium term investment horizon.
The compositions of the portfolio and the benchmark are as follows

| BENCHMARK | PORTFOLIO |
|---|---|
| 80% JPM EMU | 77.98 % bonds |
| 20% MSCI EMU | 21.71% shares |
| | 0.31% liquidity |

In the financial year 2012 the net return (the variation between unit value at 30 December 2012 and 30 December 2011) for the Segment was equivalent to 8.60%.
The only management charges affecting the return are the financial commissions, which, for this Segment, come to 0.90% annually: as such, the gross return increases to 9.50%.
Below are the net returns in the last 12, 24, 36, 48 and 60 months:

| PERIOD | NET RETURN |
|---|---|
| December 2012 on December 2011 | 8.60% |
| December 2012 on December 2010 | 7.21% |
| December 2012 on December 2009 | 8.01% |
| December 2012 on December 2008 | 14.80% |
| December 2012 on December 2007 | 9.04% |

Some tables showing the most significant indicators in the portfolio at 31 December 2012 follow:

Bond portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 5.75% | 3.35% | *2.40%* |
| Belgium | 8.49% | 5.18% | *3.32%* |
| Finland | 0.37% | 1.22% | *-0.85%* |
| France | 21.78% | 19.09% | *2.69%* |
| Germany | 11.72% | 16.82% | *-5.10%* |
| Ireland | 0.00% | 1.48% | *-1.48%* |
| Italy | 14.87% | 17.47% | *-2.60%* |
| Luxembourg | 7.49% | 0.00% | *7.49%* |
| Holland | 7.51% | 5.30% | *2.21%* |
| Portugal | 0.00% | 1.41% | *-1.41%* |
| Spain | 0.00% | 8.44% | *-8.44%* |
| **Total** | **77.98%** | **79.75%** | ***-1.77%*** |

Bond Portfolio by curve section

| Ranges | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| 0-1 | 1.35% | 0.00% | *1.35%* |
| 1-3 | 25.73% | 18.43% | *7.30%* |
| 3-5 | 11.25% | 15.39% | *-4.14%* |
| 5-7 | 12.06% | 10.17% | *1.89%* |
| 7-10 | 11.45% | 15.46% | *-4.01%* |
| M10 | 16.14% | 20.30% | *-4.17%* |
| **Total** | **77.98%** | **79.75%** | ***-1.77%*** |

Duration Bond Portfolio by curve section

| Ranges | Weighted Duration portfolio | Weighted Duration benchmark | *Difference* |
|---|---|---|---|
| 0-1 | 0.01 | 0.00 | *0.01* |
| 1-3 | 0.40 | 0.35 | *0.05* |
| 3-5 | 0.40 | 0.55 | *-0.15* |
| 5-7 | 0.64 | 0.53 | *0.11* |
| 7-10 | 0.85 | 1.02 | *-0.17* |
| M10 | 2.31 | 2.56 | *-0.25* |
| Total | 4.60 | 5.01 | ***-0.41*** |

Equity portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 0.00% | 0.21% | *-0.21%* |
| Belgium | 0.45% | 0.82% | *-0.36%* |
| Finland | 0.50% | 0.55% | *-0.05%* |
| France | 7.18% | 6.72% | *0.46%* |
| Germany | 7.13% | 6.16% | *0.97%* |
| Greece | 0.00% | 0.04% | *-0.04%* |
| Ireland | 0.12% | 0.19% | *-0.07%* |
| Italy | 2.21% | 1.58% | *0.63%* |
| Holland | 1.85% | 1.75% | *0.10%* |
| Portugal | 0.00% | 0.13% | *-0.13%* |

| | | | |
|---|---|---|---|
| Spain | 2.27% | 2.11% | *0.16%* |
| Total | 21.71% | 20.25% | ***1.46%*** |

Equity portfolio by sector

| Sectors | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Materials | 2.22% | 1.91% | *0.32%* |
| Telecommunication Serv | 0.88% | 1.14% | *-0.26%* |
| Utilities | 1.13% | 1.22% | *-0.09%* |
| Financials | 4.91% | 4.22% | *0.69%* |
| Consumer Discretionary | 2.48% | 2.49% | *-0.01%* |
| Health Care | 2.05% | 1.76% | *0.29%* |
| Information Technology | 1.18% | 1.00% | *0.18%* |
| Consumer Staples | 2.43% | 2.32% | *0.11%* |
| Industrials | 2.90% | 2.66% | *0.24%* |
| Energy | 1.52% | 1.53% | *0.01%* |
| Total | 21.71% | 20.25% | ***1.46%*** |

Management policy - Section 3

The investment line followed for this section has a medium/high risk profile, aimed at responding to the requirements of those who envisage asking for their pensions in the long term and therefore, considering they will be in the fund over a long period, wish to diversify their portfolio by balancing investment between the equities and bonds markets.
The investment time span is long-term.
The compositions of the portfolio and the benchmark are as follows

| BENCHMARK | PORTFOLIO |
|---|---|
| 50% JPM EMU | 47.30% bonds |
| 50% MSCI EMU | 52.38% shares |
| | 0.32% liquidity |

In the financial year 2012 the net return (the variation between unit value at 30 December 2012 and 30 December 2011) for this Segment was equivalent to 11.46%.
The only management charges affecting the return are the financial commissions, which, for this Segment, come to 1.00% annually: as such, the gross return increases to 12.46%.
Below are the net returns in the last 12, 24, 36, 48 and 60 months:

| PERIOD | NET RETURN |
|---|---|
| December 2012 on December 2011 | 11.46% |
| December 2012 on December 2010 | 3.88% |
| December 2012 on December 2009 | 4.92% |
| December 2012 on December 2008 | 17.92% |
| December 2012 on December 2007 | -5.22% |

Some tables showing the most significant indicators in the portfolio at 31 December 2012 follow:

Bond portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 2.96% | 2.08% | *0.88%* |
| Belgium | 4.18% | 3.22% | *0.96%* |
| Finland | 0.59% | 0.76% | *-0.17%* |
| France | 10.31% | 11.88% | *-1.57%* |

| | | | |
|---|---|---|---|
| Germany | 5.23% | 10.46% | *-5.24%* |
| Ireland | 0.00% | 0.92% | *-0.92%* |
| Italy | 19.51% | 10.87% | *8.64%* |
| Luxembourg | 0.96% | 0.00% | *0.96%* |
| Holland | 3.58% | 3.30% | *0.28%* |
| Portugal | 0.00% | 0.88% | *-0.88%* |
| Spain | 0.00% | 5.25% | *-5.25%* |
| Total | **47.30%** | **49.62%** | ***-2.32%*** |

Bond Portfolio by curve section

| Ranges | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| 0-1 | 2.03% | 0.00% | *2.03%* |
| 1-3 | 13.50% | 11.47% | *2.03%* |
| 3-5 | 6.75% | 9.98% | *-3.23%* |
| 5-7 | 6.04% | 6.33% | *-0.28%* |
| 7-10 | 9.43% | 9.62% | *-0.19%* |
| M10 | 9.25% | 12.63% | *-3.39%* |
| **Total** | **47.30%** | **49.62%** | ***-2.32%*** |

Duration Bond Portfolio by curve section

| Ranges | Weighted Duration portfolio | Weighted Duration benchmark | *Difference* |
|---|---|---|---|
| 0-1 | 0.01 | 0.00 | *0.01* |
| 1-3 | 0.24 | 0.22 | *0.02* |
| 3-5 | 0.27 | 0.34 | *-0.07* |
| 5-7 | 0.32 | 0.33 | *-0.01* |
| 7-10 | 0.71 | 0.64 | *0.07* |
| M10 | 1.35 | 1.60 | *-0.25* |
| **Total** | **2.90** | **3.12** | ***-0.22*** |

Equity portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 0.00% | 0.51% | *0.51%* |
| Belgium | 1.09% | 2.03% | *-0.94%* |
| Finland | 1.21% | 1.38% | *-0.17%* |
| France | 17.32% | 16.71% | *0.61%* |
| Germany | 17.18% | 15.32% | *1.86%* |
| Greece | 0.00% | 0.10% | *-0.10%* |
| Ireland | 0.28% | 0.46% | *-0.18%* |
| Italy | 5.35% | 3.94% | *1.41%* |
| Holland | 4.50% | 4.36% | *0.14%* |
| Portugal | 0.00% | 0.31% | *-0.31%* |
| Spain | 5.46% | 5.26% | *-0.20%* |
| Total | **52.38%** | **50.38%** | ***-2.00%*** |

Equity portfolio by sector

| Sectors | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Materials | 5.37% | 4.74% | *0.63%* |
| Telecommunication Serv | 2.13% | 2.83% | *-0.71%* |

| | | | |
|---|---|---|---|
| Utilities | 2.73% | 3.04% | *-0.30%* |
| Financials | 11.84% | 10.50% | *1.34%* |
| Consumer Discretionary | 5.95% | 6.21% | *-0.26%* |
| Health Care | 4.95% | 4.37% | *0.58%* |
| Information Technology | 2.85% | 2.49% | *0.36%* |
| Consumer Staples | 5.86% | 5.77% | *0.10%* |
| Industrials | 7.03% | 6.61% | *0.42%* |
| Energy | 3.67% | 3.82% | *-0.15%* |
| Total | 52.38% | 50.38% | *2.00%* |

## Management policy - Section 4

The investment line followed for this section has a high risk profile, aimed at responding to the requirements of those who being young in years envisage they will be in the Pension Fund for a very long time and wish to increase the capital value of their investment, by operating in the equities markets which can vary considerably and provide opportunity for high performance.
The investment time span is very long-term.
The compositions of the portfolio and the benchmark are as follows

| BENCHMARK | PORTFOLIO |
|---|---|
| 30% JPM EMU | 27.03% bonds |
| 70% MSCI EMU | 72.76% shares |
| | 0.21% liquidity |

In the financial year 2012 the net return (the variation between unit value at 30 December 2012 and 30 December 2011) for this Segment was equivalent to 12.44%.
The only management charges affecting the return are the financial commissions, which, for this segment, come to 1.20% annually: as such, the gross return increases to 13.64%.
Below are the net returns in the last 12, 24, 36, 48 and 60 months:

| PERIOD | NET RETURN |
|---|---|
| December 2012 on December 2011 | 12.44% |
| December 2012 on December 2010 | 0.74% |
| December 2012 on December 2009 | 1.78% |
| December 2012 on December 2008 | 18.01% |
| December 2012 on December 2007 | -15.99% |

Some tables showing the most significant indicators in the portfolio at 31 December 2012 follow:

Bond portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 1.71% | 1.25% | *0.46%* |
| Belgium | 2.40% | 1.93% | *0.47%* |
| Finland | 0.35% | 0.45% | *0.10%* |
| France | 5.93% | 7.10% | *-1.17%* |
| Germany | 3.04% | 6.26% | *-3.22%* |
| Ireland | 0.00% | 0.55% | *-0.55%* |
| Italy | 11.06% | 6.50% | *4.56%* |
| Luxembourg | 0.56% | 0.00% | *0.56%* |
| Holland | 1.98% | 1.97% | *0.01%* |
| Portugal | 0.00% | 0.53% | *-0.53%* |
| Spain | 0.00% | 3.14% | *-3.14%* |
| Total | 27.03% | 29.68% | *-2.65%* |

Bond Portfolio by curve section

| Ranges | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| 0-1 | 1.10% | 0.00% | *1.10%* |
| 1-3 | 7.71% | 6.86% | *0.84%* |
| 3-5 | 4.04% | 5.73% | *-1.69%* |
| 5-7 | 3.42% | 3.78% | *-0.36%* |
| 7-10 | 5.41% | 5.75% | *-0.34%* |
| M10 | 5.35% | 7.56% | *-2.20%* |
| Total | 27.03% | 29.68% | ***-2.65%*** |

Duration Bond Portfolio by curve section

| Ranges | Weighted Duration portfolio | Weighted Duration benchmark | *Difference* |
|---|---|---|---|
| 0-1 | 0.00 | 0.00 | *0.00* |
| 1-3 | 0.14 | 0.13 | *0.01* |
| 3-5 | 0.15 | 0.20 | *-0.05* |
| 5-7 | 0.18 | 0.20 | *-0.02* |
| 7-10 | 0.40 | 0.38 | *0.02* |
| M10 | 0.78 | 0.95 | *-0.17* |
| Total | 1.66 | 1.87 | ***-0.21*** |

Equity portfolio by country

| Countries | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Austria | 0.00% | 0.72% | *-0.72%* |
| Belgium | 1.51% | 2.83% | *-1.32%* |
| Finland | 1.70% | 1.93% | *-0.22%* |
| France | 23.98% | 23.32% | *0.66%* |
| Germany | 23.87% | 21.38% | *2.49%* |
| Greece | 0.00% | 0.14% | *-0.14%* |
| Ireland | 0.39% | 0.63% | *-0.24%* |
| Italy | 7.40% | 5.50% | *1.90%* |
| Holland | 6.27% | 6.08% | *0.19%* |
| Portugal | 0.00% | 0.44% | *-0.44%* |
| Spain | 7.63% | 7.34% | *0.29%* |
| Total | 70.21% | 69.11% | ***1.10%*** |

Equity portfolio by sector

| Sectors | Portfolio weight | Benchmark weight | *Difference* |
|---|---|---|---|
| Materials | 7.55% | 6.62% | *0.93%* |
| Telecommunication Serv | 2.97% | 3.95% | *-0.98%* |
| Utilities | 3.78% | 4.24% | *-0.46%* |
| Financials | 16.43% | 14.66% | *1.77%* |
| Consumer Discretionary | 8.23% | 8.66% | *-0.43%* |
| Health Care | 6.86% | 6.10% | *0.76%* |
| Information Technology | 3.97% | 3.47% | *0.50%* |
| Consumer Staples | 8.17% | 8.05% | *0.12%* |
| Industrials | 9.68% | 9.23% | *0.45%* |
| Energy | 5.11% | 5.33% | *-0.22%* |
| Total | 72.76% | 70.32% | ***2.44%*** |

Management policy - Section 5

This investment line is characterised by a guaranteed minimum return and by a low risk profile. The minimum guaranteed return is equal to 1.50%, in case of occurrence of the events outlined in article 7, subparagraph 5 of the Fund's Regulations. Its objective is to satisfy the needs of those interested in a minimum return or with a low risk appetite.
This line has a medium term investment horizon. This is the section intended for the tacit contribution of the Staff Termination Pay.
The compositions of the portfolio and the benchmark are as follows

| BENCHMARK | PORTFOLIO |
|---|---|
| 95% JPM EMU 1-5 YEARS | 3.03% liquidity |
| 5% MSCI EMU | 95.83% bonds |
| | 1.14% multi-asset component |

The net return (the variation between unit value at 30 December 2012 and 30 December 2011) for 2012 was 3.62%.
Below are the net returns in the last 12, 24, 36, 48 and 60 months:

| PERIOD | NET RETURN |
|---|---|
| December 2012 on December 2011 | 3.62% |
| December 2012 on December 2010 | 3.68% |
| December 2012 on December 2009 | 4.21% |
| December 2012 on December 2008 | 6.92% |
| December 2012 on December 2007 | 10.19% |

Some tables showing the most significant indicators in the portfolio at 31 December 2012 follow:

Bond portfolio by country

| Countries | Portfolio weight |
|---|---|
| Italy | 70.56% |
| Austria | 5.65% |
| Belgium | 4.72% |
| France | 4.38% |
| Spain | 4.11% |
| Others | 6.40% |
| **Total** | **95.83%** |

Bond Portfolio by curve section

| Ranges | Portfolio weight |
|---|---|
| 0-1 | 44.87% |
| 1-3 | 50.96% |
| 3-5 | 0.00% |
| 5-7 | 1.00% |
| 7-10 | 0.00% |
| M10 | 0.00% |

Equity portfolio by sector

| Sectors | Portfolio weight |
|---|---|
| Materials | 0.08% |

| | |
|---|---|
| Telecommunication Serv | 0.04% |
| Utilities | 0.03% |
| Financials | 0.23% |
| Consumer Discretionary | 0.14% |
| Health Care | 0.10% |
| Information Technology | 0.12% |
| Consumer Staples | 0.16% |
| Industrials | 0.14% |
| Energy | 0.10% |
| Total | 1.14% |

Payment of benefits

The existing agreement with CENTROVITA Assicurazioni S.p.A. for the payment of annuities was maintained in being.

The agreement with the same Company dealing with accessory benefits has, however, remained unchanged.

We proceeded to pay out no. 995 benefits on account of capital which can be described as follows:

- 210 for retirement;
- 168 for loss of requirements (resignation or collective dismissal);
- 38 for advances for medical expenses;
- 37 for death;
- 72 partial at 50% (for unemployment > 12 or 48 months, mobility, CIGS, adhesion to redundancy fund);
- 35 total for unemployment over 48 months;
- 39 for main home purchase or renovation;
- 336 for other needs (30% after 8 years);
- 20 for permanent invalidity.

The total amount paid out was over € 5.5 million.

Administration

In accordance with the general regulations and guidelines fixed when the Fund was established, the Founder bears all the charges made by the operators for depositary bank services (now assigned to State Street Bank S.p.A.), financial management (entrusted to EURIZON CAPITAL SGR S.p.A. and EURIZON VITA S.p.A.) and administration (entrusted to Intesa Sanpaolo Previdenza SIM S.p.A.), together with the costs for meetings, procedures, forms and news information.

Transactions involving conflicts of interest

As regards the possibilities envisaged in Articles 7 and 8 of Ministry Decree 703/96, during the period purchases were made at market prices of INTESASANPAOLO instruments (ordinary and savings shares), GENERALI (ordinary shares) and CREDIT AGRICOLE instruments (ordinary shares).

This type of transaction did not entail any operational risks and were duly notified to the Supervisory Authority by the Fund Manager.

Significant events occurring in 2012

On 17 January 2012, IntesaSanPaoloVita formally notified about the cancellation of the management of the guaranteed segment expiring on 30 June 2012.

The Board of Directors of Banca CR Firenze of 6 February 2012 resolved to request an extension from the counterparty to have more time to search for a new partner, or to decide to potentially reduce the investment offer in the fund.

The extension, initially agreed until 30 September 2012 and subsequently further extended to 31 December 2012, was finally fixed indefinitely with reference to the planned merger of the CRF Previdenza OPF into the open-end pension fund of reference for the Group.

During the meeting of 7 May 2012, the Board of Directors of Banca CR Firenze, having examined the COVIP resolution of 16 March 2012 "Provisions on the implementation of the investment policy" to be adopted by 31 December 2012, asked the fund's financial committee to draw up the required document.
The Investment Policy Document for the CRF Previdenza Open-end Pension Fund, drawn up by the fund's financial committee and specifically approved by the Board of Directors of Banca CR Firenze on 17 December 2012, was sent to the Authority, the fund's control bodies, the Manager, the operators and the depositary bank on 24 December 2012. This document is also available to whoever request it.
During the same Board meeting, it was also communicated that on 22 February 2012 the limit set to the bond component was exceeded significantly with ratings of the segment 1 (monetary) and 2 (balanced bond) of the CRF Previdenza OPF ranging between BBB- and A- (rating by S&P). The event was due to the downgrading of the ratings for Italy and Spain.
The delegated financial manager proposed considering whether to authorise a permanent derogation to the limits set in the fund regulations, in order to make the management as closely aligned as possible to the reference benchmark, i.e. by agreeing a deadline by which the risk level would go below the limit shown in the Regulations and the Information Sheet.
On this point, the fund's financial committee had already expressed its belief that it was inappropriate to keep such high percentages of securities with low credit merit, so it proposed bringing the assets back within the regulatory limits.
The Board of Directors entrusted the financial committee with drawing up a further in-depth document.
Having carried out the analysis required by elaborating stress scenarios and measuring the trend of "recovered" portfolios in terms of rist/return, the Committee proposed the Board a prompt return within the limits of the mandate (given the incompatibility of the investment choices of the members and the lack of prejudice in terms of returns towards them) and an authorisation to exceed the liquidity limit by 20% for the two segments. The Board approved this proposal on 28 May.
In application of this resolution, Eurizon Capital disposed of the positions exceeding the set limits for the bond component of segments 1 and 2.
The financial committee, in agreement with the financial manager, reviewed a liquidity investment proposal deriving from the decision to return within the limits described above, which was approved during the Board meeting of 30 July 2012.
An inspection by the Supervisory Authority on the CRF Previdenza Open-end Pension Fund was formally activated on 31 May 2012 and completed on 21 October 2012. It focussed mainly on the management of the outgoing requests for transfer and on the management and control structure of the investment activity.
The inspection team, consisting of three COVIP officials, met frequently with the contact person identified by Banca CRF, who supplied every documentation and operational clarification requested. The team arranged also formal meetings with the Chairman and the General Manager of Banca CR Firenze, with members of the Regulatory Body and with the Manager.
The formal outcome of the inspection will be received reasonably by the second half of the current year.

## Significant events after the year-end

There are no significant events to report after the end of the financial year, apart from the operational and conventional aspects that will be implemented following the definition of the rationalisation process for the Group pension fund offer.

## Complaints

Implementing the instructions supplied by the Supervisory Authority, the procedures and necessary measures have been adopted to ensure that they are observed.
In 2012, seven formal complaints were received and dealt with, four of which referred to the lack of information support by the placement network and three to mishaps in the contribution process (one of these arose from the geographical reorganisation of the sales network).
In none of these cases was the Pension Fund found to be responsible or at fault.

New legislation

There is nothing significantly new in the sector, either at ordinary legislative or regulatory level.

The Director of the Open-End Pension Fund
"CRF PREVIDENZA"
Eraldo Vannoni

BANCA CR FIRENZE

## AGGREGATE OF SECTORS
## BALANCE SHEET – ACCUMULATION PERIOD

| | | 2012 | 2011 |
|---|---|---|---|
| | **ASSETS** | | |
| **10** | **Investments** | **202,144,347,37** | **173,605,889.46** |
| | a) Bank deposits | 4,104,862.70 | 5,444,884.76 |
| | c) Securities issued by Governments or International Org. | 134,932,010.49 | 116,136,823.10 |
| | d) Listed debt securities | - | 2,269,374.98 |
| | e) Listed Equities | 58,242,165.19 | 46,034,127.34 |
| | h) UCITS shares | 222,785.06 | 530,664.43 |
| | l) Accrued income and prepaid expenses | 1,896,875.31 | 1,953,533.73 |
| | n) Other financial management assets | 2,745,648.63 | 1,236,481.12 |
| **20** | **Performance guarantees on individual position received** | **-** | **-** |
| **30** | **Tax credits** | **780,483.26** | **787,730.73** |
| | **TOTAL ASSETS** | **202,924,830.64** | **174,393,620.19** |
| | **LIABILITIES** | **2012** | **2011** |
| **10** | **Liabilities for pension activities** | **(3,070,732.09)** | **(3,434,541.16)** |
| | a) Amounts payable for pension activities | (3,070,732.09) | (3,434,541.16) |
| **20** | **Performance guarantees on individual position - given** | - | **-** |
| **30** | **Liabilities for financial activities** | **(2,738,219.60)** | **(1,991,321.63)** |
| | c) Accrued expenses and deferred income | (139,470.82) | (127,812.63) |
| | d) Other Liabilities for financial activities | (2,598,748.78) | (1,863,509.00) |
| **40** | **Taxes payable** | **(1,741,469.27)** | **(31,859.46)** |
| | **TOTAL LIABILITIES** | **(7,550,420.96)** | **(5,457,722.25)** |
| **100** | **Net assets available for benefits** | **195,374,409.68** | **168,935,897.94** |

## INCOME STATEMENT– ACCUMULATION PERIOD

| | | 2012 | 2011 |
|---|---|---|---|
| **10** | **Net result of pensions activities** | **12,322,378.55** | **16,679,548.37** |
| | a) Members' contributions | 24,929,573.91 | 27,000,963.43 |
| | b) Advances | (1,377,755.47) | (926,842.92) |
| | c) Transfers and redemptions | (8,544,855.58) | (7,445,755.92) |
| | d) Transformations into income | - | (13,704.38) |
| | e) Capital disbursements | (2,625,861.59) | (1,870,480.57) |
| | f) Premiums for accessory services | (58,722.72) | (64,631.27) |
| **20** | **Net result of financial activities** | **18,145,757.14** | **(4,629,077.01)** |
| | a) Dividends and interest | 5,918,276.71 | 5,360,683.98 |
| | b) Gains and losses on financial activities | 12,227,480.43 | (9,989,760.99) |
| **30** | **Management costs** | **(2,288,154.68)** | **(2,142,938.10)** |
| | a) Management company | (2,288,154.68) | (2,142,938.10) |
| **40** | **Change in net assets available for benefits before Substitute tax(10)+(20)+(30)** | **28,179,981.01** | **9,907,533.26** |
| **50** | **Substitute tax** | **(1,741,469.27)** | **748,623.80** |
| | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **26,438,511.74** | **10,656,157.06** |

BANCA CR FIRENZE

## STATEMENT SECTION 1
## BALANCE SHEET – ACCUMULATION PERIOD

**ASSETS**

| | | 2012 | 2011 |
|---|---|---|---|
| **10** | **Investments** | **36,128,446.13** | **33,655,409.67** |
| | a) Bank deposits | 696,493.56 | 1,436,563.99 |
| | c) Securities issued by Governments or International Org. | 32,304,881.89 | 30,569,925.06 |
| | l) Accrued income and prepaid expenses | 395,839.08 | 412,439.50 |
| | n) Other financial management assets | 2,731,231.60 | 1,236,481.12 |
| **20** | **Performance guarantees on individual position received** | **-** | **-** |
| **30** | **Tax credits** | **-** | **7,247.47** |
| | | | |
| | **TOTAL ASSETS** | **36,128,446.13** | **33,662,657.14** |

**LIABILITIES**

| | | 2012 | 2011 |
|---|---|---|---|
| **10** | **Liabilities for pension activities** | **(660,905.58)** | **(756,381.83)** |
| | a) Amounts payable for pension activities | (660,905.58) | (756,381.83) |
| **20** | **Performance guarantees on individual position - given** | - | - |
| **30** | **Liabilities for financial activities** | **(2,617,490.31)** | **(1,882,452.05)** |
| | c) Accrued expenses and deferred income | (18,741.53) | (18,943.05) |
| | d) Other Liabilities for financial activities | (2,598,748.78) | (1,863,509.00) |
| **40** | **Taxes payable** | **(129,823.89)** | **(31,859.46)** |
| | | | |
| | **TOTAL LIABILITIES** | **(3,408,219.78)** | **(2,670,693.34)** |
| | | | |
| **100** | **Net assets available for benefits** | **32,720,226.35** | **30,991,963.80** |

## INCOME STATEMENT– ACCUMULATION PERIOD

| | | 2012 | 2011 |
|---|---|---|---|
| **10** | **Net result of pensions activities** | **672,977.56** | **1,762,577.71** |
| | a) Members' contributions | 3,798,216.68 | 4,039,035.40 |
| | b) Advances | (312,901.28) | (296,621.61) |
| | c) Transfers and redemptions | (1,841,478.82) | (1,342,274.56) |
| | d) Transformations into income | - | - |
| | e) Capital disbursements | (959,279.27) | (624,278.93) |
| | f) Premiums for accessory services | (11,579.75) | (13,282.59) |
| **20** | **Net result of financial activities** | **1,530,795.53** | **631,529.20** |
| | a) Dividends and interest | 1,033,146.97 | 834,993.05 |
| | b) Gains and losses on financial activities | 497,648.56 | (203,463.85) |
| **30** | **Management costs** | **(345,686.65)** | **(335,043.95)** |
| | a) Management company | (345,686.65) | (335,043.95) |
| **40** | **Change in net assets available for benefits before Substitute tax(10)+(20)+(30)** | **1,858,086.44** | **2,059,062.96** |
| | | | |
| **50** | **Substitute tax** | **(129,823.89)** | **(31,859.46)** |
| | | | |
| | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **1,728,262.55** | **2,027,203.50** |

## NOTES TO THE ACCOUNTS AT 28 DECEMBER 2012 OF THE ACCUMULATION PERIOD

GENERAL INFORMATION

### Members

As of 28 December 2012, there were 6,817 positions, divided as follows:

| AGE RANGE | MALES | FEMALES | TOTAL |
|---|---|---|---|
| Under < 20 | 158 | 112 | 270 |
| Age 20-24 | 70 | 37 | 107 |
| Age 25-29 | 187 | 139 | 326 |
| Age 30-34 | 327 | 273 | 600 |
| Age 35-39 | 550 | 374 | 924 |
| Age 40-44 | 638 | 443 | 1,081 |
| Age 45-49 | 631 | 459 | 1,090 |
| Age 50-54 | 599 | 372 | 971 |
| Age 55-59 | 476 | 330 | 806 |
| Age 60-64 | 314 | 134 | 448 |
| Age >64 | 149 | 45 | 494 |
| **TOTAL** | **4,099** | **2,718** | **6,817** |

### Table summarising shares in circulation

| | NUMBER | CONTERVALUE |
|---|---|---|
| Shares at the beginning of the year | 3,742,646*227 | 30,991,963*80 |
| Shares issued | 448,425*986 | 3,793,679*57 |
| Shares cancelled | 381,416*715 | 3,227,143*72 |
| Shares at the end of the year | 3,809,655*498 | 32,720,226*35 |

### Prospectus of the value and composition of Equity as of 28 December 2012

| ASSETS | |
|---|---|
| Investments [1] | 35,533,396.86 |
| Tax credits | |
| **Total Assets** | **35,533,396.86** |
| **LIABILITIES** | |
| Liabilities for pension activities [1] | 65,856.31 |
| Liabilities for financial activities | 2,617,490.31 |
| Tax debt | 129,823.89 |
| **Total Liabilities** | **2,813,170.51** |
| | |
| **NET ASSETS AVAILABLE FOR BENEFITS** | **32,720,226.35** |
| | |
| Number of outstanding units | 3,809,655.498 |
| Unit value | 8.589 |

[1] *The captions do not include the part of the sums deposited in Fund accounts relating to contributions not yet reconciled at the end of the year.*

BANCA CR FIRENZE

**NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS FOR THE ACCUMULATION PERIOD**

**BALANCE SHEET – ACCUMULATION PERIOD**

**ASSETS**
**Investments**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 36,128,446.13 | 33,655,409.67 | 7.35% |

The prospectus below indicates the names of the first 50 securities in portfolio, in decreasing value of investment, with the percentage of overall assets represented:

| LIST OF SECURITIES BY WEIGHT ON THE TOTAL ASSETS (IN DESCENDING ORDER) | | | | | |
|---|---|---|---|---|---|
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| NETHER 4.25 07/13 | 2,972,000.000 | 102.210000 | | 3,037,681.20 | 8.408 |
| BGB 4.25 09/13 | 2,815,000.000 | 103.021000 | | 2,900,041.15 | 8.027 |
| OAT 4 10/13 | 2,667,000.000 | 103.270000 | | 2,754,210.90 | 7.623 |
| BTNS 2 09/13 | 2,703,000.000 | 101.396400 | | 2,740,744.70 | 7.586 |
| OBL 4 10/13 | 2,499,000.000 | 103.090000 | | 2,576,219.10 | 7.131 |
| BKO 0.75 09/13 | 1,950,000.000 | 100.525000 | | 1,960,237.50 | 5.426 |
| EFSF 1 03/14 | 1,842,000.000 | 100.941600 | | 1,859,344.28 | 5.146 |
| RAGB 3.8 10/13 | 1,689,000.000 | 102.950000 | | 1,738,825.50 | 4.813 |
| BTNS 2.5 01/14 | 654,000.000 | 102.505200 | | 670,384.01 | 1.856 |
| RAGB 4.125 01/14 | 609,000.000 | 104.020000 | | 633,481.80 | 1.753 |
| BTNS 3 07/14 | 463,000.000 | 104.461700 | | 483,657.67 | 1.339 |
| RAGB 4.3 07/14 | 442,000.000 | 106.431500 | | 470,427.23 | 1.302 |
| DBR 2 01/22 | 403,000.000 | 107.010000 | | 431,250.30 | 1.194 |
| BTNS 2.25 02/16 | 388,000.000 | 106.227000 | | 412,160.76 | 1.141 |
| FRTR 4.25 10/18 | 342,000.000 | 118.453000 | | 405,109.26 | 1.121 |
| BTP 5 09/40 | 376,000.000 | 100.170000 | | 376,639.20 | 1.043 |
| FRTR 2.5 10/20 | 337,000.000 | 107.230000 | | 361,365.10 | 1.000 |
| BGB 4 03/14 | 327,000.000 | 104.697000 | | 342,359.19 | 0.948 |
| DBR 3.75 01/19 | 285,000.000 | 118.925000 | | 338,936.25 | 0.938 |
| BTNS 1.75 02/17 | 320,000.000 | 105.082200 | | 336,263.04 | 0.931 |
| FRTR 4 10/38 | 273,000.000 | 118.917000 | | 324,643.41 | 0.899 |
| FRTR 4.5 04/41 | 223,000.000 | 128.823000 | | 287,275.29 | 0.795 |
| BGB 4.25 09/14 | 261,000.000 | 107.200000 | | 279,792.00 | 0.774 |
| BTP 5 03/22 | 262,000.000 | 105.350000 | | 276,017.00 | 0.764 |
| BUND 5.625 01/28 | 178,000.000 | 149.598000 | | 266,284.44 | 0.737 |
| DBR 4.75 07/34 | 175,000.000 | 146.245000 | | 255,928.75 | 0.708 |
| BTNS 2 07/15 | 230,000.000 | 104.619600 | | 240,625.08 | 0.666 |
| NETHER 4 07/19 | 192,000.000 | 119.650000 | | 229,728.00 | 0.636 |
| NETHER 3.75 01/23 | 187,000.000 | 120.267300 | | 224,899.85 | 0.623 |

BANCA CR FIRENZE

| Description of security | Quantity | Price | Exchange | Contravalue in euro | % |
|---|---|---|---|---|---|
| BTP 3.75 03/21 | 223,000.000 | 98.440000 | | 219,521.20 | 0.608 |
| DBR 4.75 07/40 | 138,000.000 | 154.456000 | | 213,149.28 | 0.590 |
| BTP 4.5 08/18 | 198,000.000 | 105.110000 | | 208,117.80 | 0.576 |
| FRTR 4 10/14 | 186,000.000 | 107.020000 | | 199,057.20 | 0.551 |
| BGB 2.75 03.16 | 184,000.000 | 107.560000 | | 197,910.40 | 0.548 |
| NETHER 2.5 01/17 | 176,000.000 | 108.635700 | | 191,198.83 | 0.529 |
| NETHER 3.75 07/14 | 178,000.000 | 105.570000 | | 187,914.60 | 0.520 |
| BTP 2.5 03/15 | 186,000.000 | 100.740000 | | 187,376.40 | 0.519 |
| DBR 3.5 07/19 | 149,000.000 | 118.120000 | | 175,998.80 | 0.487 |
| BTP 3 06/15 | 167,000.000 | 101.600000 | | 169,672.00 | 0.470 |
| BGB 4.25% 03/41 | 137,000.000 | 122.650000 | | 168,030.50 | 0.465 |
| BTP 4.5 03/19 | 153,000.000 | 104.560000 | | 159,976.80 | 0.443 |
| BTP 4 02/37 | 183,000.000 | 87.100000 | | 159,393.00 | 0.441 |
| BTP 4.75 06/17 | 141,000.000 | 106.590000 | | 150,291.90 | 0.416 |
| NETHER 4 07/18 | 127,000.000 | 117.970000 | | 149,821.90 | 0.415 |
| FRTR 3.75 4/21 | 128,000.000 | 116.306000 | | 148,871.68 | 0.412 |
| BTP 6 11/14 | 127,000.000 | 107.341000 | | 136,323.07 | 0.377 |
| BGB 3.25 09/16 | 116,000.000 | 110.150000 | | 127,774.00 | 0.354 |
| BTP 3 11/15 | 125,000.000 | 101.680000 | | 127,100.00 | 0.352 |
| BTP 4.25 09/19 | 119,000.000 | 103.000000 | | 122,570.00 | 0.339 |
| BTP 4.75 09/16 | 114,000.000 | 107.000000 | | 121,980.00 | 0.338 |
| **Other securities** | | | | **1,568,300.57** | |
| **Total portfolio** | | | | **32,304,881.89** | **89.417** |

All of the instruments in the portfolio are denominated in Euros.
Details of the average financial duration (altered duration) of the debt securities held in the portfolio are shown in the table below:

**Contravalue of securities with average financial duration**

| Stock category | Less than or equal to 1 | Between 1 and 3.6 | Over 3.6 |
|---|---|---|---|
| Government securities and similar listings | 18,418,057.35 | 6,330,702.49 | 7,556,122.05 |
| **TOTAL** | **18,418,057.35** | **6,330,702.49** | **7,556,122.05** |

**Conflicting transactions**

There are no investments in securities issued by parties linked to the INTESA SANPAOLO Group, of which BANCA CR FIRENZE S.p.A. is part

**Volumes traded and related trading fees:**

| PURCHASES | | |
|---|---|---|
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 80,258,044.93 | - |
| Debt securities | 2,508,250.00 | |
| **Total** | **82,766,294.93** | **-** |

| SALES | | |
|---|---|---|
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 79,028,952.92 | - |
| Debt securities | 2,500,000.00 | |
| **Total** | **81,528,952.92** | **-** |

**Bank deposits**
The caption (also used for the investment of the above-mentioned contributions) amounts to a total of € 696,493.56 and is mainly represented by the management current account balance of € 101,444.29 and by € 595,049.27 as the part (proportionally divided on the basis of the number of shares at 28 December 2012) of liquidity converged into the current accounts of the fund at 31 December 2012, relating to contribution not yet reconciled or invested at year end.

**Securities issued by Governments or International Organisations**
The total amount of € 32,304,881.89, is broken down geographically as follows:

| | |
|---|---|
| Government securities - Italy | 3,077,239.17 |
| Other EU Government Securities | 29,227,642.72 |
| **TOTAL** | **32,304,881.89** |

**Accrued income and prepaid expenses**
This caption amounts to € 395,839.08 and refers to accrued income on securities.

**Other financial management assets**
On the date of this Report there are transactions entered into but not yet regulated for an amount of € 2,731,231.60. They were entered into with Credit Institutes.

**Tax credits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| - | 7,247.47 | - |

On the date of this Report there are no tax credits.

**LIABILITIES**
**Liabilities for pension activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (660,905.58) | (756,381.83) | - 12.62% |

Liabilities from social security management, amounting to € 660,905.58, refer to the part of the contributions paid and debts for benefits awaiting liquidation temporarily paid into special current accounts common to all segments (proportionally shared on the basis of the number of shares in circulation as of 28 December 2011), and withholdings on social security management.

**Liabilities for financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (2,617,490.31) | (1,882,452.05) | 39.05% |

**Accrued expenses and deferred income**
The caption, equating to € 18,741.53, refers to accruals on fees and commission payable to the Founder and matured as of 28 December 2012.

**Other Liabilities for financial activities**
On the Report date there were transactions entered into but not yet settled for an amount of € 2,598,748.78. They were entered into with Credit Institutes.

**Taxes payable**
The debt of € 129,823.89 derives from tax accrued to 2012 and, net of tax credit that can be used for compensation, is paid within the terms established by law by 18 February 2013.

**Net assets available for benefits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 32,720,226.35 | 30,991,963.80 | 5.58% |

Net assets available for benefits amount to € 32,720,226.35 consisting of 3,809,655.498 units of € 8.589 each.

## INCOME STATEMENT– ACCUMULATION PERIOD

**Net result of pensions activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 672,977.56 | 1,762,577.71 | - 61.82% |

**Members' contributions**
Contributions received during the year total € 3,798,216.68, of which € 210,610.02 represent switches from other segments and € 155,634.30 transferred from other Funds. The amount comprises subscription fees, administration fees and premiums for accessory benefits.
The details per type of contribution collected are indicated below:

| **Description** | ***2012*** | ***2011*** |
|---|---|---|
| Contributions payable by the employer | 128,971.23 | 180,007.10 |
| Contributions payable by the employee | 2,811,490.35 | 3,225,414.55 |
| STP contributions | 491,510.78 | 569,546.10 |
| **Total** | **3,431,972.36** | **3,974,967.75** |

**Advances**
Advances paid out during 2012, amounted to a total of € 312,901.28.

**Transfers and redemptions**
The caption amounts to a total of € 1,841,478.82, made up as follows:
- redemptions of € 319,370.13;
- switches to other investment lines of € 52,629.41;
- transfers to other pension funds of € 1,469,479.28.

**Transformations into income**
No income was disbursed in 2012.

### Capital disbursements
€ 959,279.27 in Capital disbursements was paid in 2012.

### Premiums for accessory benefits
Premiums for accessory benefits amount to € 11,579.75, which were entirely paid to INTESA SANPAOLO VITA S.p.A.

### Net result of financial activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 1,530,795.53 | 631,529.20 | n.s. |

### Dividends and interest
This caption, amounting to € 1,033,146.97, in total, is made up as follows:

| | |
|---|---|
| Interest on securities issued by Gov. and Int. Orgs | 474,389.15 |
| Interest on Debt securities | 558,617.19 |
| Interest on current account | 140.63 |
| **TOTAL** | **1,033,146.97** |

### Gains and losses on financial activities
Details of the positive balance of € 497,648.56 are shown in the following table:

| **Items/Values** | **Profit/Loss** |
|---|---|
| Government securities and similar | 511,601.72 |
| Debt securities | (13,986.90) |
| Contingent assets/liabilities | 33.74 |
| **Total** | **497,648.56** |

### Management costs

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (345,686.65) | (335,043.95) | 3.18% |

The amount of € 345,686.65 is made up of commissions payable to the Tutor, divided into the following types:

- Financial Management Fees, to be calculated pursuant to Article 8, paragraph 1, letter b.2) of the Regulations: € 239,244.94;
- Administrative Management Fees: € 102,553.19;
- Subscription Fees: € 725.20;
- Portability Fees: € 3,163.32.

### Change in net assets available for benefits, before “substitute” tax
At 28 December 2012 the change in net assets available for benefits, before “substitute” tax amounts to € 1,858,086.44.

### Substitute tax

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (129,823.89) | (31,859.46) | n.s. |

As of the date of the Report, the income management of the Segment determined a tax of € 129,823.89, broken down as follows:

| | | |
|---|---|---|
| + | Fund equity as of 28 December 2012 before "substitute" tax and gross of the loss of the previous year | 32,850,050.24 |
| + | Social security contributions | 3,124,347.45 |
| - | Contributions paid to Pension Fund | 3,802,216.68 |
| - | Revenues subjected to withholding or “substitute” tax (except for those coming from Italian UCITS or historical Luxembourg funds) | |
| - | Revenues exempt from or otherwise not subject to tax | |
| - | Fund equity as of 01 January 2012 | 30,991,963.80 |
| = | Operating surplus | 1,180,217.21 |
| + | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| | Taxable base | 1,180,217.21 |
| | Gross “substitute” tax (11% of the taxable base) | (129,823.89) |
| - | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| **=** | **Substitute tax due** | **(129,823.89)** |

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 1,728,262.55 | 2,027,203.50 | -14.75% |

The change in net assets available for benefits amounts to € 1,728,262.55.

## STATEMENT SECTION 2
## BALANCE SHEET – ACCUMULATION PERIOD

### ASSETS

| | | 2012 | 2011 |
|---|---|---|---|
| 10 | **Investments** | **71,990,208.20** | **62,511,532.88** |
| | a) Bank deposits | 1,119,124.78 | 1,182,845.31 |
| | c) Securities issued by Governments or International Org. | 54,617,750.50 | 48,104,399.17 |
| | e) Listed Equities | 15,394,089.66 | 12,350,520.82 |
| | l) Accrued income and prepaid expenses | 855,434.02 | 873,767.58 |
| | n) Other financial management assets | 3,809.24 | - |
| 20 | **Performance guarantees on individual position received** | **-** | **-** |
| 30 | **Tax credits** | **125,197.86** | **125,197.86** |
| | | | |
| | **TOTAL ASSETS** | **72,115,406.06** | **62,636,730.74** |

### LIABILITIES

| | | 2012 | 2011 |
|---|---|---|---|
| 10 | **Liabilities for pension activities** | **(906,120.55)** | **(1,048,713.67)** |
| | a) Amounts payable for pension activities | (906,120.55) | (1,048,713.67) |
| 20 | **Performance guarantees on individual position - given** | **-** | **-** |
| 30 | **Liabilities for financial activities** | **(48,404.96)** | **(45,047.66)** |
| | c) Accrued expenses and deferred income | (48,404.96) | (45,047.66) |
| | d) Other Liabilities for financial activities | - | - |
| 40 | **Taxes payable** | **(645,424.72)** | **-** |
| | | | |
| | **TOTAL LIABILITIES** | **(1,599,950.23)** | **(1,093,761.33)** |
| | | | |
| 100 | **Net assets available for benefits** | **70,515,455.83** | **61,542,969.41** |

## INCOME STATEMENT– ACCUMULATION PERIOD

| | | 2012 | 2011 |
|---|---|---|---|
| 10 | **Net result of pensions activities** | **3,737,481.60** | **5,053,499.16** |
| | a) Members' contributions | 7,836,124.77 | 8,539,687.65 |
| | b) Advances | (611,882.29) | (243,522.14) |
| | c) Transfers and redemptions | (2,654,482.10) | (2,510,216.94) |
| | d) Transformations into income | - | (13,704.38) |
| | e) Capital disbursements | (807,372.13) | (692,366.95) |
| | f) Premiums for accessory services | (24,906.65) | (26,378.08) |
| 20 | **Net result of financial activities** | **6,696,493.33** | **(355,409.17)** |
| | a) Dividends and interest | 2,143,941.04 | 2,100,065.15 |
| | b) Gains and losses on financial activities | 4,552,552.29 | (2,455,474.32) |
| 30 | **Management costs** | **(816,063.79)** | **(768,323.23)** |
| | a) Management company | (816,063.79) | (768,323.23) |
| 40 | **Change in net assets available for benefits before substitute tax (10)+(20)+(30)** | **9,617,911.14** | **3,929,767.76** |
| | | | |
| 50 | **Substitute tax** | **(645,424.72)** | **125,197.86** |
| | | | |
| | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **8,972,486.42** | **4,054,964.62** |

# NOTES TO THE ACCOUNTS AT 28 DECEMBER 2012 OF THE ACCUMULATION PERIOD

## GENERAL INFORMATION

### Members

As of 28 December 2012, there were 14,120 positions, divided as follows:

| AGE RANGE | MALES | FEMALES | TOTAL |
|---|---|---|---|
| Under < 20 | 326 | 332 | 658 |
| Age 20-24 | 173 | 134 | 307 |
| Age 25-29 | 471 | 337 | 808 |
| Age 30-34 | 823 | 648 | 1,471 |
| Age 35-39 | 1,194 | 831 | 2,025 |
| Age 40-44 | 1,439 | 948 | 2,387 |
| Age 45-49 | 1,439 | 950 | 2,389 |
| Age 50-54 | 1,175 | 843 | 2,018 |
| Age 55-59 | 797 | 487 | 1,284 |
| Age 60-64 | 382 | 176 | 558 |
| Age >64 | 153 | 62 | 215 |
| **TOTAL** | **8,372** | **5,748** | **14,120** |

### Table summarising shares in circulation

| | NUMBER | CONTRAVALUE |
|---|---|---|
| Shares at the beginning of the year | 5,357,655.319 | 61,542,969.41 |
| Shares issued | 656,355.607 | 7,817,225.15 |
| Shares cancelled | 361,294.385 | 4,304,015.65 |
| Shares at the end of the year | 5,652,716.541 | 70,515,455.83 |

### Prospectus of the value and composition of Equity as of 28 December 2012

| | |
|---|---|
| **ASSETS** | |
| Investments [1] | 71,107,281.95 |
| Substitute tax due | 125,197.86 |
| **Total Assets** | **71,232,479.81** |
| **LIABILITIES** | |
| Liabilities for pension activities [1] | 23,194.30 |
| Liabilities for financial activities | 48,404.96 |
| Tax debt | 645,424.72 |
| **Total Liabilities** | **717,023.98** |
| | |
| **NET ASSETS AVAILABLE FOR BENEFITS** | **70,515,455.83** |
| | |
| Number of outstanding units | 5,652,716.541 |
| Unit value | 12.475 |

[1] *The captions do not include the part of the sums deposited in Fund accounts relating to contributions not yet reconciled at the end of the year.*

## NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS FOR THE ACCUMULATION PERIOD

### BALANCE SHEET – ACCUMULATION PERIOD

### ASSETS

#### Investments

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 71,990,208.20 | 62,511,532.88 | 15.16% |

The prospectus below indicates the names of the first 50 securities in portfolio, in decreasing value of investment, with the percentage of overall assets represented:

| LIST OF SECURITIES BY WEIGHT ON THE TOTAL ASSETS (IN DESCENDING ORDER) | | | | | |
|---|---|---|---|---|---|
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| EFSF 1 03/14 | 5,238,000.000 | 100.941600 | | 5,287,321.01 | 7.332 |
| BTNS 3 07/14 | 2,080,000.000 | 104.461700 | | 2,172,803.36 | 3.013 |
| RAGB 4.3 07/14 | 1,984,000.000 | 106.431500 | | 2,111,600.96 | 2.928 |
| DBR 2 01/22 | 1,834,000.000 | 107.010000 | | 1,962,563.40 | 2.721 |
| BTNS 2.25 02/16 | 1,771,000.000 | 106.227000 | | 1,881,280.17 | 2.609 |
| FRTR 4.25 10/18 | 1,579,000.000 | 118.453000 | | 1,870,372.87 | 2.594 |
| FRTR 2.5 10/20 | 1,559,000.000 | 107.230000 | | 1,671,715.70 | 2.318 |
| BGB 4 03/14 | 1,538,000.000 | 104.697000 | | 1,610,239.86 | 2.233 |
| DBR 3.75 01/19 | 1,353,000.000 | 118.925000 | | 1,609,055.25 | 2.231 |
| BTNS 1.75 02/17 | 1,513,000.000 | 105.082200 | | 1,589,893.69 | 2.205 |
| FRTR 4 10/38 | 1,279,000.000 | 118.917000 | | 1,520,948.43 | 2.109 |
| BUND 5.625 01/28 | 861,000.000 | 149.598000 | | 1,288,038.78 | 1.786 |
| BTP 5 09/40 | 1,283,000.000 | 100.170000 | | 1,285,181.10 | 1.782 |
| FRTR 4.5 04/41 | 997,000.000 | 128.823000 | | 1,284,365.31 | 1.781 |
| BGB 4.25 09/14 | 1,171,000.000 | 107.200000 | | 1,255,312.00 | 1.741 |
| DBR 4.75 07/34 | 813,000.000 | 146.245000 | | 1,188,971.85 | 1.649 |
| NETHER 3.75 01/23 | 877,000.000 | 120.267300 | | 1,054,744.22 | 1.463 |
| BTNS 2 07/15 | 998,000.000 | 104.619600 | | 1,044,103.61 | 1.448 |
| DBR 4.75 07/40 | 669,000.000 | 154.456000 | | 1,033,310.64 | 1.433 |
| NETHER 4 07/19 | 814,000.000 | 119.650000 | | 973,951.00 | 1.351 |
| BTP 5 03/22 | 896,000.000 | 105.350000 | | 943,936.00 | 1.309 |
| FRTR 4 10/14 | 810,000.000 | 107.020000 | | 866,862.00 | 1.202 |
| BGB 2.75 03.16 | 801,000.000 | 107.560000 | | 861,555.60 | 1.195 |
| NETHER 2.5 01/17 | 785,000.000 | 108.635700 | | 852,790.24 | 1.183 |
| DBR 3.5 07/19 | 707,000.000 | 118.120000 | | 835,108.40 | 1.158 |
| NETHER 3.75 07/14 | 775,000.000 | 105.570000 | | 818,167.50 | 1.135 |
| BTP 3.75 03/21 | 759,000.000 | 98.440000 | | 747,159.60 | 1.036 |

| | | | | | |
|---|---|---|---|---|---|
| BGB 4.25% 03/41 | 595,000.000 | 122.650000 | | 729,767.50 | 1.012 |
| BTP 4.5 08/18 | 675,000.000 | 105.110000 | | 709,492.50 | 0.984 |
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| SANOFI | 9,942.000 | 70.730000 | | 703,197.66 | 0.975 |
| NETHER 4.25 07/13 | 670,000.000 | 102.210000 | | 684,807.00 | 0.950 |
| FRTR 3.75 4/21 | 567,000.000 | 116.306000 | | 659,455.02 | 0.914 |
| BTP 2.5 03/15 | 633,000.000 | 100.740000 | | 637,684.20 | 0.884 |
| NETHER 4 07/18 | 523,000.000 | 117.970000 | | 616,983.10 | 0.856 |
| BGB 3.25 09/16 | 505,000.000 | 110.150000 | | 556,257.50 | 0.771 |
| BTP 3 06/15 | 545,000.000 | 101.600000 | | 553,720.00 | 0.768 |
| BTP 4.5 03/19 | 526,000.000 | 104.560000 | | 549,985.60 | 0.763 |
| BANCO SANTANDER SA | 86,527.000 | 6.008000 | | 519,854.22 | 0.721 |
| BTP 4 02/37 | 594,000.000 | 87.100000 | | 517,374.00 | 0.717 |
| BTP 4.75 06/17 | 480,000.000 | 106.590000 | | 511,632.00 | 0.709 |
| SIEMENS AG REG | 6,209.000 | 82.200000 | | 510,379.80 | 0.708 |
| BASF SE | 7,151.000 | 71.150000 | | 508,793.65 | 0.706 |
| BAYER AG REG | 6,594.000 | 71.890000 | | 474,042.66 | 0.657 |
| BTP 6 11/14 | 438,000.000 | 107.341000 | | 470,153.58 | 0.652 |
| BGB 4 03/22 | 395,000.000 | 117.600000 | | 464,520.00 | 0.644 |
| UNILEVER NV CVA | 15,775.000 | 28.775000 | | 453,925.63 | 0.629 |
| ALLIANZ SE REG | 4,316.000 | 104.800000 | | 452,316.80 | 0.627 |
| RAGB 3.65 04/22 | 385,000.000 | 116.994100 | | 450,427.29 | 0.625 |
| TOTAL SA | 11,526.000 | 38.910000 | | 448,476.66 | 0.622 |
| BGB 4.25 09/21 | 375,000.000 | 119.250000 | | 447,187.50 | 0.620 |
| **Other securities** | | | | **17,760,053.74** | |
| **Total portfolio** | | | | **70,011,840.16** | **97.083** |

All of the instruments in the portfolio are denominated in Euros.
Details of the average financial duration (altered duration) of the debt securities held in the portfolio are shown in the table below:

**Contravalue of securities with average financial duration**

| **Stock category** | Less than or equal to 1 | Between 1 and 3.6 | Over 3.6 |
|---|---|---|---|
| Government securities and similar listings | 949,385.86 | 21,795,639.95 | 31,872,724.69 |
| **TOTAL** | **949,385.86** | **21,795,639.95** | **31,872,724.69** |

## Conflicting transactions

Attention is drawn to the following investments in securities issued by companies linked to the INTESA SANPAOLO group, to which BANCA CR FIRENZE SpA belongs:

| Balance sheet category | ISIN Code | Description of security | Nominal at 28/12/12 | LC Market value at 28/12/12 |
|---|---|---|---|---|
| Listed Equity secured | IT0000072618 | INTESA SANPAOLO | 126,474.000 | 164,416.20 |

There are no investments in securities issued by parties linked to the INTESA SANPAOLO Group, of which BANCA CR FIRENZE S.p.A. is part.

## Volumes traded and related trading fees:

| PURCHASES | | |
|---|---|---|
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 64,716,991.18 | - |
| | 1,540,065.50 | |
| Equity securities | 27,260,656.37 | 34,493.18 |
| **Total** | **93,517,713.05** | |
| **SALES** | | |
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 60,832,629.32 | - |
| Debt securities | 1,535,000.00 | |
| Equity securities | 26,190,601.39 | 10,371.02 |
| **Total** | **88,558,230.71** | |

## Bank deposits

The caption (also used for the investment of the above-mentioned contributions) amounts to a total of € 1,119,124.78 with € 236,198.53 represented by the management current account balance, € 882,926.25 by the part (proportionally divided according to the number of shares at 28 December 2012) of liquidity converged into the fund current accounts at 31 December 2012, relating to contributions which have not yet been reconciled or invested at the end of the year.

## Securities issued by Governments or International Organisations

The total amount of € 54,617,750.50, is broken down geographically as follows:

| | |
|---|---|
| Government securities - Italy | 10,459,252.54 |
| Government securities – other EU | 44,158,497.96 |
| **TOTAL** | **54,617,750.50** |

## Listed Equities

Listed equity securities, amounting to € 15,394,089.66, are broken down geographically as follows:

| | |
|---|---|
| Listed Equities Italy | 1,573,859.36 |
| Listed Equities EU | 13,820,230.30 |
| **TOTAL** | **15,394,089.66** |

## Accrued income and prepaid expenses

This caption amounts to € 855,434.02 and refers to accrued income on securities.

## Other financial management assets

On the date of this Report there are transactions entered into but not yet regulated for an amount of € 3,809.24. They were entered into with Credit Institutes.

**Tax credits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 125,197.86 | 125,197.86 | - |

The amount of € 125,197.86 relates to the tax credit generated in 2011 with reference to the substitute tax of 11%. This amount was offset in early 2013 with the tax payable for the year 2012.

**LIABILITIES**
**Liabilities for pension activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (906,120.55) | (1,048,713.67) | - 13.60% |

Liabilities from social security management, amounting to € 906,120.55, refer to the part of the contributions paid and debts for benefits awaiting liquidation temporarily paid into special current accounts common to all segments (proportionally shared on the basis of the number of shares in circulation as of 28 December 2012), and withholdings on social security management.
**Liabilities for financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (48,404.96) | (45,047.66) | 7.45% |

**Accrued expenses and deferred income**
The caption, equating to € 48,404.96, refers to accruals on fees and commission payable to the Founder and matured as of 28 December 2012.

**Other liabilities for financial activities**
On the date of this Report there are no transactions still to be regulated.

**Net assets available for benefits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 70,515,455.83 | 61,542,969.41 | 14.58% |

Net assets available for benefits amount to € 70,515,455.83 consisting of 5,652,716.541 units of € 12.475 each.

**INCOME STATEMENT– ACCUMULATION PERIOD**
**Net result of pensions activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 3,737,481.60 | 5,053,499.16 | -26.04% |

**Members' contributions**
Contributions received during the year total € 7,836,124.77, of which € 219,633.50 represent switches from other segments and € 123,477.87 transferred from other Funds. The amount comprises subscription fees, administration fees and premiums for accessory benefits.
The details per type of contribution collected are indicated below:

| Description | *2012* | *2011* |
|---|---|---|
| Contributions payable by the employer | 301,699.63 | 370,847.61 |
| Contributions payable by the employee | 5,912,951.02 | 6,620,815.69 |
| STP contributions | 1,278,362.75 | 1,419,507.77 |
| **Total** | **7,493,013.40** | **8,411,171.07** |

**Advances**
Advances paid out during 2012, amounted to a total of € 611,882.29.

**Transfers and redemptions**
The caption amounts to a total of € 2,654,482.10, made up as follows:
- redemptions of € 344,378.14;
- switches to other investment lines of € 226,330.42;
- transfers to other pension funds of € 2,083,773.54.

**Transformations into income**
No income was disbursed in 2012.

**Capital disbursements**
€ 807,372.13 in Capital disbursements was paid in 2012.

**Premiums for accessory benefits**
Premiums for accessory benefits amount to € 24,906.65, which were entirely paid to INTESA SANPAOLO VITA S.p.A.

**Net result of financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| *2012* | *2011* | *Change %* |
| 6,696,493.33 | (355,409.17) | n.s. |

**Dividends and interest**
This caption, amounting to € 2,143,941.04 in total, is made up as follows:

| | |
|---|---|
| Interest on securities issued by Gov. and Int. Orgs | 503,547.19 |
| Interest on listed debt securities | 1,228,798.74 |
| Listed Equities | 411,409.97 |
| Interest on current account | 185.14 |
| **TOTAL** | **2,143,941.04** |

**Gains and losses on financial activities**
Details of the positive balance of € 4,552,552.29 are shown in the following table:

| Items/Values | Profit/Loss |
|---|---|
| Government securities and similar | 1,651,181.83 |
| Listed debt securities | 972,742.14 |
| Listed Equities | 1,973,513.86 |
| Sight deposits | 0.01 |
| Trading costs | (44,864.20) |
| Contingent assets/liabilities | (21.31) |
| Other Expenses and Income | (0.04) |
| **Total** | **4,552,552.29** |

BANCA CR FIRENZE

### Management costs

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (816,063.79) | (768,323.23) | 6.21% |

The item is exclusively made up of the Fees due to Founder, divided by type:

- Management commissions: € 591,791.69;
- administration fees: € 216,716.85;
- subscription fees: € 1,513.37;
- portability fees: € 6,041.88.

### Change in net assets available for benefits, before “substitute” tax

At 28 December 2012 the change in net assets available for benefits, before “substitute” tax amounts to € 9,617,911.14.

### Substitute tax

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (645,424.72) | 125,197.86 | n.s. |

As of the date of the Report, the income management of the Segment determined a tax of € 645,424.72, broken down as follows:

| | | |
|---|---|---|
| + | Shareholders' equity of the fund as of 28 December 2012 before "substitute" tax and gross of the loss of the previous year | 71,160,880.55 |
| + | Social security contributions | 4,085,711.07 |
| - | Contributions paid to Pension Fund | 7,836,124.77 |
| - | Revenues subjected to withholding or “substitute” tax (except for those coming from Italian UCITS or historical Luxembourg funds) | |
| - | Revenues exempt from or otherwise not subject to tax | |
| - | Fund equity as of 01 January 2012 | 61,542,969.41 |
| = | Operating surplus | 5,867,497.44 |
| + | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| | Taxable base | 5,867,497.44 |
| | Gross “substitute” tax (11% of the taxable base) | (645,424.72) |
| - | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| **=** | **Substitute tax due** | **(645,424.72)** |

### CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 8,972,486.42 | 4,054,964.62 | n.s. |

The change in net assets available for benefits amounts to € 8,972,486.42.

## STATEMENT SECTION 3
## BALANCE SHEET – ACCUMULATION PERIOD

| | | ASSETS | 2012 | 2011 |
|---|---|---|---|---|
| 10 | | **Investments** | **51,054,588.56** | **42,418,772.11** |
| | a) | Bank deposits | 942,244.40 | 1,013,261.64 |
| | c) | Securities issued by Governments or International Org. | 23,481,481.30 | 20,220,856.48 |
| | e) | Listed Equities | 26,286,558.26 | 20,819,279.33 |
| | l) | Accrued income and prepaid expenses | 337,803.90 | 365,374.66 |
| | n) | Other financial management assets | 6,500.70 | - |
| 20 | | **Performance guarantees on individual position received** | **-** | **-** |
| 30 | | **Tax credits** | **383,372.60** | **383,372.60** |
| | | | | |
| | | **TOTAL ASSETS** | **51,437,961.16** | **42,802,144.71** |

| | | LIABILITIES | 2012 | 2011 |
|---|---|---|---|---|
| 10 | | **Liabilities for pension activities** | **(791,141.87)** | **(873,599.67)** |
| | a) | Amounts payable for pension activities | (791,141.87) | (873,599.67) |
| 20 | | **Performance guarantees on individual position - given** | **-** | **-** |
| 30 | | **Liabilities for financial activities** | **(38,160.14)** | **(34,050.51)** |
| | c) | Accrued expenses and deferred income | (38,160.14) | (34,050.51) |
| 40 | | **Taxes payable** | **(600,887.93)** | |
| | | | | |
| | | **TOTAL LIABILITIES** | **(1,430,189.94)** | **(907,650.18)** |
| | | | | |
| 100 | | **Net assets available for benefits** | **50,007,771.22** | **41,894,494.53** |

## INCOME STATEMENT– ACCUMULATION PERIOD

| | | | 2012 | 2011 |
|---|---|---|---|---|
| 10 | | **Net result of pensions activities** | **3,245,757.50** | **4,324,867.55** |
| | a) | Members' contributions | 5,919,174.06 | 6,616,128.82 |
| | b) | Advances | (296,472.50) | (204,809.74) |
| | c) | Transfers and redemptions | (2,090,434.22) | (1,879,346.34) |
| | e) | Capital disbursements | (273,539.76) | (192,275.25) |
| | f) | Premiums for accessory services | (12,970.08) | (14,829.94) |
| 20 | | **Net result of financial activities** | **6,070,305.13** | **(2,913,218.64)** |
| | a) | Dividends and interest | 1,494,785.75 | 1,413,306.20 |
| | b) | Gains and losses on financial activities | 4,575,519.38 | (4,326,524.84) |
| 30 | | **Management costs** | **(601,898.01)** | **(562,377.38)** |
| | a) | Management company | (601,898.01) | (562,377.38) |
| 40 | | **Change in net assets available for benefits before substitute tax (10)+(20)+(30)** | **8,714,164.62** | **849,271.53** |
| | | | | |
| 50 | | **Substitute tax** | **(600,887.93)** | **383,372.60** |
| | | | | |
| | | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **8,113,276.69** | **1,232,644.13** |

## NOTES TO THE ACCOUNTS AT 28 DECEMBER 2012 OF THE ACCUMULATION PERIOD

*GENERAL INFORMATION*

**Members**

As of 28 December 2012, there were 9,405 positions, divided as follows:

| AGE RANGE | MALES | FEMALES | TOTAL |
|---|---|---|---|
| Under < 20 | 319 | 282 | 601 |
| Age 20-24 | 194 | 142 | 336 |
| Age 25-29 | 483 | 326 | 809 |
| Age 30-34 | 762 | 473 | 1,235 |
| Age 35-39 | 993 | 650 | 1,643 |
| Age 40-44 | 1,029 | 621 | 1,650 |
| Age 45-49 | 934 | 515 | 1,449 |
| Age 50-54 | 614 | 340 | 954 |
| Age 55-59 | 334 | 172 | 506 |
| Age 60-64 | 128 | 37 | 165 |
| Age >64 | 47 | 10 | 57 |
| **TOTAL** | **5,837** | **3,568** | **9,405** |

**Table summarising shares in circulation**

| | NUMBER | CONTRAVALUE |
|---|---|---|
| Shares at the beginning of the year | 4,431,277.854 | 41,894,494.53 |
| Shares issued | 599,071.149 | 5,909,574.80 |
| Shares cancelled | 284,317.797 | 2,809,516.61 |
| Shares at the end of the year | 4,746,031.206 | 50,007,771.22 |

**Prospectus of the value and composition of Equity as of 28 December 2012**

| ASSETS | |
|---|---|
| Investments (1) | 50,313,282.06 |
| Tax credits | 383,372.60 |
| **Total Assets** | **50,696,654.66** |
| | |
| Liabilities for pension activities (1) | 49,835.37 |
| Liabilities for financial activities | 38,160.14 |
| Tax debt | 600,887.93 |
| **Total Liabilities** | **688,883.44** |
| | |
| **NET ASSETS AVAILABLE FOR BENEFITS** | **50,007,771.22** |
| | |
| Number of outstanding units | 4,746,031.206 |
| Unit value | 10.537 |

(1) The captions do not include the part of the sums deposited in Fund accounts relating to contributions not yet reconciled at the end of the year.

BANCA CR FIRENZE

## NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS FOR THE ACCUMULATION PERIOD

### BALANCE SHEET – ACCUMULATION PERIOD

### ASSETS

**Investments**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 51,054,588.56 | 42,418,772.11 | 20.36% |

The prospectus below indicates the names of the first 50 securities in portfolio, in decreasing value of investment, with the percentage of overall assets represented:

**LIST OF SECURITIES BY WEIGHT ON THE TOTAL ASSETS (IN DESCENDING ORDER)**

| Description of security | Quantity | Price | Exchange | Contravalue in euro | % |
|---|---|---|---|---|---|
| SANOFI | 16,962.000 | 70.730000 | | 1,199,722.26 | 2.332 |
| FRTR 3.75 04/17 | 878,000.000 | 113.650000 | | 997,847.00 | 1.940 |
| BTNS 2 07/15 | 949,000.000 | 104.619600 | | 992,840.00 | 1.930 |
| BTP 6 11/14 | 836,000.000 | 107.341000 | | 897,370.76 | 1.745 |
| BANCO SANTANDER SA | 146,433.000 | 6.008000 | | 879,769.46 | 1.710 |
| DBR 2 01/22 | 818,000.000 | 107.010000 | | 875,341.80 | 1.702 |
| SIEMENS AG REG | 10,597.000 | 82.200000 | | 871,073.40 | 1.693 |
| BASF SE | 12,174.000 | 71.150000 | | 866,180.10 | 1.684 |
| BGB 4.25 09/14 | 803,000.000 | 107.200000 | | 860,816.00 | 1.674 |
| DBR 4.75 07/34 | 582,000.000 | 146.245000 | | 851,145.90 | 1.655 |
| BAYER AG REG | 11,246.000 | 71.890000 | | 808,474.94 | 1.572 |
| RAGB 4.3 07/14 | 736,000.000 | 106.431500 | | 783,335.84 | 1.523 |
| UNILEVER NV CVA | 26,851.000 | 28.775000 | | 772,637.53 | 1.502 |
| ALLIANZ SE REG | 7,362.000 | 104.800000 | | 771,537.60 | 1.500 |
| TOTAL SA | 19,670.000 | 38.910000 | | 765,359.70 | 1.488 |
| BTP 3.75 08/15 | 728,000.000 | 103.380000 | | 752,606.40 | 1.463 |
| SAP AG | 12,293.000 | 60.690000 | | 746,062.17 | 1.450 |
| NETHER 3.75 07/14 | 683,000.000 | 105.570000 | | 721,043.10 | 1.402 |
| BTP 4.75 06/17 | 671,000.000 | 106.590000 | | 715,218.90 | 1.390 |
| BNP PARIBAS | 16,557.000 | 42.335000 | | 700,940.60 | 1.363 |
| BTP 4.75 09/16 | 654,000.000 | 107.000000 | | 699,780.00 | 1.360 |
| BTP 4.5 08/18 | 650,000.000 | 105.110000 | | 683,215.00 | 1.328 |
| BOT 12/01.13 12 | 666,000.000 | 99.996000 | | 648,899.25 | 1.262 |
| FRTR 4 10/38 | 531,000.000 | 118.917000 | | 631,449.27 | 1.228 |
| ENI SPA | 33,984.000 | 18.340000 | | 623,266.56 | 1.212 |
| BTP 3 04/14 | 610,000.000 | 101.630000 | | 619,943.00 | 1.205 |
| BTP 3.75 08/21 | 621,000.000 | 97.890000 | | 607,896.90 | 1.182 |
| BTP 5 03/22 | 570,000.000 | 105.350000 | | 600,495.00 | 1.167 |

| | | | | | |
|---|---|---|---|---|---|
| BTP 5.25 08/17 | 539,000.000 | 108.740000 | | 586,108.60 | 1.139 |
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| ING GROEP NV CVA | 83,556.000 | 6.990000 | | 584,056.44 | 1.135 |
| DAIMLER AG REGISTERE | 14,034.000 | 41.320000 | | 579,884.88 | 1.127 |
| ANHEUSER BUSCH INBEV | 8,325.000 | 65.760000 | | 547,452.00 | 1.064 |
| DBR 3.5 07/19 | 454,000.000 | 118.120000 | | 536,264.80 | 1.043 |
| FRTR 2.5 10/20 | 484,000.000 | 107.230000 | | 518,993.20 | 1.009 |
| BTP 5 09/40 | 515,000.000 | 100.170000 | | 515,875.50 | 1.003 |
| SCHNEIDER ELECTRIC S | 9,083.000 | 54.580000 | | 495,750.14 | 0.964 |
| EFSF 1 03/14 | 476,000.000 | 100.941600 | | 480,482.01 | 0.934 |
| BTP 4.5 03/19 | 455,000.000 | 104.560000 | | 475,748.00 | 0.925 |
| DANONE | 9,574.000 | 49.360000 | | 472,572.64 | 0.919 |
| FRTR 3 04/22 | 427,000.000 | 109.467000 | | 467,424.09 | 0.909 |
| FRTR 2.75 10/27 | 452,000.000 | 102.696000 | | 464,185.92 | 0.902 |
| BANCO BILBAO VIZCAYA | 66,799.000 | 6.920000 | | 462,249.08 | 0.899 |
| FRTR 4.25 10/18 | 388,000.000 | 118.453000 | | 459,597.64 | 0.893 |
| BTP 6 05/31 | 408,000.000 | 111.480000 | | 454,838.40 | 0.884 |
| VOLKSWAGEN AG PFD | 2,538.000 | 172.150000 | | 436,916.70 | 0.849 |
| BTP 3 11/15 | 412,000.000 | 101.680000 | | 418,921.60 | 0.814 |
| LINDE AG | 3,072.000 | 132.000000 | | 405,504.00 | 0.788 |
| DEUTSCHE TELEKOM AG | 44,893.000 | 8.595000 | | 385,855.34 | 0.750 |
| UNICREDIT SPA | 101,772.000 | 3.706000 | | 377,167.03 | 0.733 |
| MUENCHENER RUECKVER | 2,756.000 | 136.000000 | | 374,816.00 | 0.729 |
| **Other securities** | | | | **17,323,106.55** | |
| **Total portfolio** | | | | **49,768,039.56** | **96.754** |

All of the instruments in the portfolio are denominated in Euros.
Details of the average financial duration (altered duration) of the debt securities held in the portfolio are shown in the table below:

**Contravalue of securities with average financial duration**

| **Stock category** | Less than or equal to 1 | Between 1 and 3.6 | Over 3.6 |
|---|---|---|---|
| Government securities and similar listings | 1,005,416.71 | 7,420,873.54 | 15,055,191.05 |
| **TOTAL** | **1,005,416.71** | **7,420,873.54** | **15,055,191.05** |

**Conflicting transactions**
Attention is drawn to the following investments in securities issued by companies linked to the INTESA SANPAOLO group, to which BANCA CR FIRENZE SpA belongs:

| **Balance sheet category** | **ISIN Code** | **Description of security** | **Nominal at 28/12/12** | **LC Market value at 28/12/12** |
|---|---|---|---|---|
| Listed Equity secured | IT0000072618 | INTESA SANPAOLO | 217,929.000 | 283,307.70 |

There are no investments in securities issued by parties linked to the INTESA SANPAOLO Group, of which BANCA CR FIRENZE S.p.A. is part.

**Volumes traded and related trading fees:**

| PURCHASES | | |
|---|---|---|
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 20,296,698.97 | - |
| Equity securities | 45,737,626.00 | 58,160.37 |
| **Total** | **66,034,324.97** | **-** |
| **SALES** | | |
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 18,414,551.80 | - |
| Equity securities | 43,543,051.81 | 17,487.11 |
| **Total** | **61,957,603.61** | **-** |

**Bank deposits**
The caption (also used for the investment of the above-mentioned contributions) amounts to a total of € 942,244.40 with € 200,937.90 represented by the management current account balance, € 741,306.50 by the part (proportionally divided according to the number of shares at 28 December 2012) of liquidity converged into the fund current accounts at 31 December 2012, relating to contributions which have not yet been reconciled or invested at the end of the year.

**Securities issued by Governments or International Organisations**
The total amount of € 23,481,481.30, is broken down geographically as follows:

| | |
|---|---|
| Government securities - Italy | 9,701,799.17 |
| Government securities – other EU | 13,779,682.13 |
| **TOTAL** | **23,481,481.30** |

**Listed Equities**
Listed equity securities, amounting to € 26,286,558.26, are broken down geographically as follows:

| | |
|---|---|
| Listed Equities Italy | 2,692,775.31 |
| Listed Equities EU | 23,593,782.95 |
| **TOTAL** | **26,286,558.26** |

**Accrued income and prepaid expenses**
This caption amounts to € 337,803.90 and refers to accrued income on securities.

**Other financial management assets**
On the date of this Report there are transactions entered into but not yet regulated for an amount of € 6,500.70. They were entered into with Credit Institutes.

**Tax credits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 383,372.60 | 383,372.60 | - |

The amount of € 383,372.60 relates to the tax credit generated in 2011 with reference to the substitute tax of 11%. This amount was offset in early 2013 with the tax payable for the year 2012.

## LIABILITIES

### Liabilities for pension activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (791,141.87) | (873,599.67) | - 9.44% |

Liabilities from social security management, amounting to € 791,141.87, refer to the part of the contributions paid and debts for benefits awaiting liquidation temporarily paid into special current accounts common to all segments (proportionally shared on the basis of the number of shares in circulation as of 28 December 2012), and withholdings on social security management.

### Liabilities for financial activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (38,160.14) | (34,050.51) | 12.07% |

**Accrued expenses and deferred income**

The caption, equating to € 38,160.14, refers to accruals on fees and commission payable to the Founder and matured as of 28 December 2012.

**Other liabilities for financial activities**

On the date of this Report there are no transactions still to be regulated.

### Net assets available for benefits

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 50,007,771.22 | 41,894,494.53 | 19.37% |

Net assets available for benefits amount to € 50,007,771.22 consisting of 4.746,031.206 units of € 10.537 each.

## INCOME STATEMENT– ACCUMULATION PERIOD

### Net result of pensions activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 3,245,757.50 | 4,324,867.55 | -24.95% |

**Members' contributions**

Contributions received during the year total € 5,919,174.06, of which € 35,106.18 represent switches from other segments and € 29,423.10 transferred from other Funds. The amount comprises subscription fees, administration fees and premiums for accessory benefits.
The details per type of contribution collected are indicated below:

| **Description** | ***2012*** | ***2011*** |
|---|---|---|
| Contributions payable by the employer | 320,123.53 | 400,120.15 |
| Contributions payable by the employee | 4,237,664.75 | 4,668,691.94 |
| STP contributions | 1,296,856.50 | 1,431,537.06 |

| | | |
|---|---|---|
| **Total** | **5,854,644.78** | **6,500,349.15** |

**Advances**
Advances paid out during 2012, amounted to a total of € 296,472.50.

**Transfers and redemptions**
The caption amounts to a total of € 2,090,434.22, made up as follows:
- redemptions of € 243,407.08;
- switches to other investment lines of € 509,735.13;
- transfers to other pension funds of € 1,337,292.01.

**Capital disbursements**
€ 273,539.76 in Capital disbursements was paid in 2012.

**Premiums for accessory benefits**
Premiums for accessory benefits amount to € 12,970.08, which were entirely paid to INTESA SANPAOLO VITA S.p.A.

**Net result of financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 6,070,305.13 | 2,913,218.64 | n.s. |

**Dividends and interest**
The item, amounting to € 1,494,785.75 in total, is made up as follows:

| | |
|---|---|
| Interest on Government securities and similar | 330,328.73 |
| Interest on listed debt securities | 466,683.27 |
| Listed Equities | 697,623.69 |
| Interest on current account | 150.06 |
| **TOTAL** | **1,494,785.75** |

**Gains and losses on financial activities**
Details of the positive balance of € 4,575,519.38 are shown in the following table:

| **Items/Values** | **Profit/Loss** |
|---|---|
| Government securities and similar | 861,477.20 |
| Listed debt securities | 517,000.45 |
| Listed Equities | 3,272,704.74 |
| Bank deposits | 0.01 |
| Trading costs | (75,647.48) |
| Contingent assets/liabilities | (16.28) |
| Other Expenses and Income | 0.74 |
| **Total** | **4,575,519.38** |

**Management costs**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (601,898.01) | (562,377.38) | 7.03% |

The item is exclusively made up of the Fees due to Founder, divided by type:
- Management commissions: 456,198.70;
- Administrative Management Fees: € 140,577.29;

- subscription fees: € 1,171.56;
- portability fees: € 3,950.46.

**Change in net assets available for benefits, before “substitute” tax**

At 28 December 2012 the change in net assets available for benefits, before “substitute” tax amounts to € 8,714,164.62.

**Substitute tax**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (600,887.93) | 383,372.60 | n.s. |

As of the date of the Report, the income management of the Segment determined a tax of € 600,887.93, broken down as follows:

| | | |
|---|---|---|
| + | Shareholders' equity of the fund as of 28 December 2012 before "substitute" tax and gross of the loss of the previous year | 50,608,659.15 |
| + | Social security contributions | 2,669,617.64 |
| - | Contributions paid to Pension Fund | 5,921,164.71 |
| - | Revenues subjected to withholding or “substitute” tax (except for those coming from Italian UCITS or historical Luxembourg funds) | |
| - | Revenues exempt from or otherwise not subject to tax | |
| - | Fund equity as of 01 January 2012 | 41,894,494.53 |
| = | Operating surplus | 5,462,617.55 |
| + | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| | Taxable base | 5,462,617.55 |
| | Gross “substitute” tax (11% of the taxable base) | (600,887.93) |
| - | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| **=** | **Substitute tax due** | **(600,887.93)** |

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 8,113,276.69 | 1,232,644.13 | n.s. |

The change in net assets available for benefits amounts to € 8,113,276.69.

BANCA CR FIRENZE

## STATEMENT SECTION 4

### BALANCE SHEET – ACCUMULATION PERIOD

| | ASSETS | 2012 | 2011 |
|---|---|---|---|
| **10** | **Investments** | **23,183,465.05** | **18,770,540.80** |
| | a) Bank deposits | 444,351.02 | 511,224.91 |
| | c) Securities issued by Governments or International Org. | 6,085,932.84 | 5,298,301.46 |
| | e) Listed Equities | 16,561,517.27 | 12,864,327.19 |
| | l) Accrued income and prepaid expenses | 87,556.83 | 96,687.24 |
| | n) Other financial management assets | 4,107.09 | - |
| **20** | **Performance guarantees on individual position received** | - | **-** |
| **30** | **Tax credits** | **268,205.30** | **268,205.30** |
| | **TOTAL ASSETS** | **23,451,670.35** | **19,038,746.10** |
| | **LIABILITIES** | **2012** | **2011** |
| **10** | **Liabilities for pension activities** | **(400,121.43)** | **(445,486.90)** |
| | a) Amounts payable for pension activities | (400,121.43) | (445,486.90) |
| **20** | **Performance guarantees on individual position - given** | **-** | **-** |
| **30** | **Liabilities for financial activities** | **(20,835.30)** | **(18,110.10)** |
| | c) Accrued expenses and deferred income | (20,835.20) | (18,110.10) |
| | d) Other Liabilities for financial activities | - | - |
| **40** | **Taxes payable** | **(293,695.28)** | **-** |
| | **TOTAL LIABILITIES** | **(714,652.01)** | **(463,597.00)** |
| **100** | **Net assets available for benefits** | **22,737,018.34** | **18,575,149.10** |

### INCOME STATEMENT– ACCUMULATION PERIOD

| | | 2012 | 2011 |
|---|---|---|---|
| **10** | **Net result of pensions activities** | **1,781,191.79** | **2,307,227.25** |
| | a) Members' contributions | 3,123,366.86 | 3,341,691.38 |
| | b) Advances | (123,430.70) | (175,944.02) |
| | c) Transfers and redemptions | (1,071,525.74) | (782,862.77) |
| | e) Capital disbursements | (139,560.18) | (67,514.49) |
| | f) Premiums for accessory services | (7,658.45) | (8,142.85) |
| **20** | **Net result of financial activities** | **2,987,040.54** | **(2,140,431.32)** |
| | a) Dividends and interest | 645,118.92 | 627,470.95 |
| | b) Gains and losses on financial activities | 2,341,921.62 | (2,767,902.27) |
| **30** | **Management costs** | **(312,667.81)** | **(292,351.27)** |
| | a) Management company | (312,667.81) | (292,351.27) |
| **40** | **Change in net assets available for benefits before Substitute tax(10)+(20)+(30)** | **4,455,564.52** | **(125,555.34)** |
| **50** | **Substitute tax** | **(293,695.28)** | **268,205.30** |
| | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **4,161,869.24** | **142,649.96** |

BANCA CR FIRENZE

## NOTES TO THE ACCOUNTS AT 28 DECEMBER 2012 OF THE ACCUMULATION PERIOD

*GENERAL INFORMATION*

**Members**

As of 28 December 2012, there were 4,315 positions, divided as follows:

| AGE RANGE | MALES | FEMALES | TOTAL |
|---|---|---|---|
| Under < 20 | 318 | 278 | 596 |
| Age 20-24 | 118 | 69 | 187 |
| Age 25-29 | 286 | 179 | 465 |
| Age 30-34 | 386 | 239 | 625 |
| Age 35-39 | 496 | 252 | 748 |
| Age 40-44 | 456 | 212 | 668 |
| Age 45-49 | 377 | 145 | 522 |
| Age 50-54 | 218 | 74 | 292 |
| Age 55-59 | 111 | 33 | 144 |
| Age 60-64 | 41 | 10 | 51 |
| Age >64 | 12 | 5 | 17 |
| **TOTAL** | **2,819** | **1,496** | **4,315** |

**Table summarising shares in circulation**

| | NUMBER | CONTRAVALUE |
|---|---|---|
| Shares at the beginning of the year | 2,310,071.971 | 18,575,149.10 |
| Shares issued | 370,811.549 | 3,115,952.69 |
| Shares cancelled | 165,947.917 | 1,400,849.51 |
| Shares at the end of the year | 2,514,935.603 | 22,737,018.34 |

**Prospectus of the value and composition of Equity as of 28 December 2012**

| ASSETS | |
|---|---|
| Investments [1] | 22,790,664.60 |
| Tax credits | 268,205.30 |
| **Total Assets** | **23,058,849.90** |
| **LIABILITIES** | |
| Liabilities for pension activities | 7,300.98 |
| Liabilities for financial activities | 20,835.30 |
| Tax debt | 293,695.28 |
| **Total Liabilities** | **321,831.56** |
| | |
| **NET ASSETS AVAILABLE FOR BENEFITS** | **22,737,018.34** |
| | |
| Number of outstanding units | 2,514,935.603 |
| Unit value | 9.041 |

[1] The captions do not include the part of the sums deposited in Fund accounts relating to contributions not yet reconciled at the end of the year.

BANCA CR FIRENZE

**NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS FOR THE ACCUMULATION PERIOD**

**BALANCE SHEET – ACCUMULATION PERIOD**
**ASSETS**
***Investments***

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 23,183,465.05 | 18,770,540.80 | 23.51% |

The prospectus below indicates the names of the first 50 securities in portfolio, in decreasing value of investment, with the percentage of overall assets represented:

| LIST OF SECURITIES BY WEIGHT ON THE TOTAL ASSETS (IN DESCENDING ORDER) | | | | | |
|---|---|---|---|---|---|
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| SANOFI | 10,666.000 | 70.730000 | | 754,406.18 | 3.217 |
| BANCO SANTANDER SA | 93,403.000 | 6.008000 | | 561,165.22 | 2.393 |
| SIEMENS AG REG | 6,695.000 | 82.200000 | | 550,329.00 | 2.347 |
| BASF SE | 7,718.000 | 71.150000 | | 549,135.70 | 2.342 |
| BAYER AG REG | 7,074.000 | 71.890000 | | 508,549.86 | 2.169 |
| UNILEVER NV CVA | 17,010.000 | 28.775000 | | 489,462.75 | 2.087 |
| ALLIANZ SE REG | 4,629.000 | 104.800000 | | 485,119.20 | 2.069 |
| TOTAL SA | 12,427.000 | 38.910000 | | 483,534.57 | 2.062 |
| SAP AG | 7,767.000 | 60.690000 | | 471,379.23 | 2.010 |
| BNP PARIBAS | 9,963.000 | 42.335000 | | 421,783.61 | 1.799 |
| ENI SPA | 21,489.000 | 18.340000 | | 394,108.26 | 1.681 |
| ING GROEP NV CVA | 52,485.000 | 6.990000 | | 366,870.15 | 1.564 |
| DAIMLER AG REGISTERE | 8,865.000 | 41.320000 | | 366,301.80 | 1.562 |
| ANHEUSER BUSCH INBEV | 5,260.000 | 65.760000 | | 345,897.60 | 1.475 |
| SCHNEIDER ELECTRIC S | 5,728.000 | 54.580000 | | 312,634.24 | 1.333 |
| DANONE | 6,049.000 | 49.360000 | | 298,578.64 | 1.273 |
| BANCO BILBAO VIZCAYA | 41,853.000 | 6.920000 | | 289,622.76 | 1.235 |
| VOLKSWAGEN AG PFD | 1,593.000 | 172.150000 | | 274,234.95 | 1.169 |
| BTNS 2 07/15 | 253,000.000 | 104.619600 | | 264,687.59 | 1.129 |
| LINDE AG | 1,976.000 | 132.000000 | | 260,832.00 | 1.112 |
| FRTR 3.75 04/17 | 222,000.000 | 113.650000 | | 252,303.00 | 1.076 |
| DEUTSCHE TELEKOM AG | 28,558.000 | 8.595000 | | 245,456.01 | 1.047 |
| INDITEX | 2,262.000 | 104.350000 | | 236,039.70 | 1.006 |
| UNICREDIT SPA | 63,681.000 | 3.706000 | | 236,001.79 | 1.006 |
| BTP 6 11/14 | 219,000.000 | 107.341000 | | 235,076.79 | 1.002 |
| MUENCHENER RUECKVER | 1,725.000 | 136.000000 | | 234,600.00 | 1.000 |
| TELEFONICA SA | 23,024.000 | 10.170000 | | 234,154.08 | 0.998 |

| Description of security | Quantity | Price | Exchange | Contravalue in euro | % |
|---|---|---|---|---|---|
| ENEL SPA | 74,074.000 | 3.138000 | | 232,444.21 | 0.991 |
| DBR 4.75 07/34 | 158,000.000 | 146.245000 | | 231,067.10 | 0.985 |
| DBR 2 01/22 | 210,000.000 | 107.010000 | | 224,721.00 | 0.958 |
| DEUTSCHE POST AG REG | 13,464.000 | 16.600000 | | 223,502.40 | 0.953 |
| ALSTOM | 7,424.000 | 29.925000 | | 222,163.20 | 0.947 |
| BGB 4.25 09/14 | 207,000.000 | 107.200000 | | 221,904.00 | 0.946 |
| CARREFOUR SA | 11,418.000 | 19.265000 | | 219,967.77 | 0.938 |
| DEUTSCHE BANK AG REG | 6,508.000 | 32.950000 | | 214,438.60 | 0.914 |
| LVMH MOET HENNESSY L | 1,542.000 | 137.800000 | | 212,487.60 | 0.906 |
| SOCIETE GENERALE | 7,238.000 | 28.150000 | | 203,749.70 | 0.869 |
| RAGB 4.3 07/14 | 190,000.000 | 106.431500 | | 202,219.85 | 0.862 |
| SAMPO OYJ A SHS | 8,113.000 | 24.340000 | | 197,470.42 | 0.842 |
| BTP 3.75 08/15 | 181,000.000 | 103.380000 | | 187,117.80 | 0.798 |
| E.ON AG | 13,065.000 | 14.090000 | | 184,085.85 | 0.785 |
| BTP 4.75 09/16 | 172,000.000 | 107.000000 | | 184,040.00 | 0.785 |
| BTP 4.75 06/17 | 171,000.000 | 106.590000 | | 182,268.90 | 0.777 |
| INTESA SANPAOLO | 136,503.000 | 1.300000 | | 177,453.90 | 0.757 |
| L' OREAL | 1,668.000 | 104.800000 | | 174,806.40 | 0.745 |
| NETHER 3.75 07/14 | 164,000.000 | 105.570000 | | 173,134.80 | 0.738 |
| KONINKLIJKE DSM NV | 3,789.000 | 45.560000 | | 172,626.84 | 0.736 |
| BTP 4.5 08/18 | 164,000.000 | 105.110000 | | 172,380.40 | 0.735 |
| ARKEMA | 2,117.000 | 79.480000 | | 168,259.16 | 0.717 |
| ASML HOLDING | 3,503.000 | 47.885000 | | 167,741.16 | 0.715 |
| **Other securities** | | | | **7,975,134.37** | |
| **Total portfolio** | | | | **22,647,450.11** | **96.571** |

All of the instruments in the portfolio are denominated in Euros.
Details of the average financial duration (altered duration) of the debt securities held in the portfolio are shown in the table below:

**Contravalue of securities with average financial duration**

| **Stock category** | Less than or equal to 1 | Between 1 and 3.6 | Over 3.6 |
|---|---|---|---|
| Government securities and similar listings | 246,336.60 | 1,924,151.99 | 3,915,444.25 |
| **TOTAL** | **246,336.60** | **1,924,151.99** | **3,915,444.25** |

**Conflicting transactions**

Attention is drawn to the following investments in securities issued by companies linked to the INTESA SANPAOLO group, to which BANCA CR FIRENZE SpA belongs:

| Balance sheet category | ISIN Code | Description of security | Nominal at 28/12/12 | LC Market value at 28/12/12 |
|---|---|---|---|---|
| Listed Equity secured | IT0000072618 | INTESA SANPAOLO | 136,503.000 | 177,453.90 |

BANCA CR FIRENZE

There are no investments in securities issued by parties linked to the INTESA SANPAOLO Group, of which BANCA CR FIRENZE S.p.A. is part.

**Volumes traded and related trading fees:**

| PURCHASES | | |
|---|---|---|
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 5,230,055.40 | - |
| Equity securities | 28,894,908.53 | 35,054.43 |
| **Total** | **34,124,963.93** | |
| **SALES** | | |
| **Type** | **Volumes** | **Fees** |
| Government of Int. Org. sec. | 4,803,360.22 | |
| Equity securities | 27,226,808.53 | 13,037.13 |
| **Total** | **32,030,168.75** | |

**Bank deposits**

The caption (also used for the investment of the above-mentioned contributions) amounts to a total of € 444,351.02 with € 51,530.57 represented by the management current account balance, € 392,820.45 by the part (proportionally divided according to the number of shares at 28 December 2012) of liquidity converged into the fund current accounts at 31 December 2012, relating to contributions which have not yet been reconciled or invested at the end of the year.

**Securities issued by Governments or International Organisations**

The total amount of € 6,085,932.84, is broken down geographically as follows:

| | |
|---|---|
| Government securities - Italy | 2,495,501.59 |
| Government securities – other EU | 3,590,431.25 |
| **TOTAL** | **6,085,932.84** |

**Listed Equities**

Listed equity securities, amounting to € 16,561,517.27, are broken down geographically as follows:

| | |
|---|---|
| Listed Equities Italy | 1,690,353.48 |
| Listed Equities EU | 14,871,163.79 |
| **TOTAL** | **16,561,517.27** |

**Accrued income and prepaid expenses**

This caption amounts to € 87,556.83 and refers to accrued income on securities.

**Other financial management assets**

On the date of this Report there are transactions entered into but not yet regulated for an amount of € 4,107.09. They were entered into with Credit Institutes.

**Tax credits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 268,205.30 | 268,205.30 | - |

The amount of € 268,205.30 relates to the tax credit generated in 2011 with reference to the substitute tax of 11%. This amount was offset in early 2013 with the tax payable for the year 2012.

## LIABILITIES

### Liabilities for pension activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (400,121.43) | (445,486.90) | - 10.18% |

Liabilities from social security management, amounting to € 400,121.43, refer to the part of the contributions paid and debts for benefits awaiting liquidation temporarily paid into special current accounts common to all segments (proportionally shared on the basis of the number of shares in circulation as of 28 December 2012), and withholdings on social security management.

### *Liabilities for financial activities*

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (20,835.20) | (18,110.10) | 15.05% |

**Accrued expenses and deferred income**
The caption, equating to € 20,835.20, refers to accruals on fees and commission payable to the Founder and matured as of 28 December 2012.

**Other liabilities for financial activities**
On the date of this Report there are no transactions still to be regulated.

### *Net assets available for benefits*

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 22,737,018.34 | 18,575,149.10 | 22.41% |

Net assets available for benefits amount to € 22,737,018.34 consisting of 2,514,935.603 units of € 9.041 each.

## INCOME STATEMENT– ACCUMULATION PERIOD

### Net result of pensions activities

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 1,781,191.79 | 2,307,227.25 | - 22.80% |

**Members' contributions**
Contributions received during the year total € 3,123,366.86, of which € 129,738.51 represent switches from other segments and € 42,903.78 transferred from other Funds. The amount comprises subscription fees, administration fees and premiums for accessory benefits.
The details per type of contribution collected are indicated below:

| **Description** | ***2012*** | ***2011*** |
|---|---|---|

| | | |
|---|---|---|
| Contributions payable by the employer | 179,590.98 | 214,030.57 |
| Contributions payable by the employee | 2,049,543.31 | 2,201,144.74 |
| STP contributions | 721,590.28 | 812,697.54 |
| **Total** | **2,950,724.57** | **3,227,872.85** |

**Advances**
Advances paid out during 2012, amounted to a total of € 123,430.70.

**Transfers and redemptions**
The caption amounts to a total of € 1,071,525.74, made up as follows:
- redemptions of € 123,204.79;
- switches to other investment lines of € 367,805.75;
- transfers to other pension funds of € 580,515.20.

**Capital disbursements**
€ 139,560.18 in Capital disbursements was paid in 2012.

**Premiums for accessory benefits**
Premiums for accessory benefits amount to € 7,658.45, which were entirely paid to INTESA SANPAOLO VITA S.p.A.

***Net result of financial activities***

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 2,987,040.54 | (2,140,431.32) | n.s. |

**Dividends and interest**
This caption, amounting to € 645,118.92 in total, is made up as follows:

| | |
|---|---|
| Government securities and similar | 86,639.66 |
| Interest on listed debt securities | 122,472.44 |
| Listed Equities | 435,918.68 |
| Interest on current account | 88.14 |
| **TOTAL** | **645,118.92** |

***Gains and losses on financial activities***
Details of the positive balance of € 2,341,921.62 are shown in the following table:

| Items/Values | Profit/Loss |
|---|---|
| Government securities and similar | 225,194.53 |
| Listed debt securities | 135,741.67 |
| Listed Equities | 2,029,090.08 |
| Bank deposits | 0.01 |
| Trading costs | (48,091.56) |
| Contingent assets/liabilities | (14.43) |
| Other Expenses and Income | 1.32 |
| **Total** | **2,341,921.62** |

**Management costs**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (312,667.81) | (292,351.27) | -6.50% |

The item is exclusively made up of the Fees due to Founder, divided by type:

- Financial Management Fees, to be calculated pursuant to Article 8, paragraph 1, letter b.2) of the Regulations: € 246,579.20;
- Administrative Management Fees: € 63,443.67;
- subscription fees: € 889.18;
- portability fees: € 1,755.76.

**Change in net assets available for benefits, before "substitute" tax**
At 28 December 2012 the change in net assets available for benefits, before "substitute" tax amounts to € 4,455,564.52.

**Substitute tax**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (293,695.28) | 268,205.30 | n.s. |

As of the date of this Report, the Segment's income management determined a tax credit of € 293,695.28, calculated as follows:

| | | |
|---|---|---|
| + | Shareholders' equity of the fund as of 28 December 2012 before "substitute" tax and gross of the loss of the previous year | 23,030,713.62 |
| + | Social security contributions | 1,337,759.42 |
| - | Contributions paid to Pension Fund | 3,123,366.86 |
| - | Revenues subjected to withholding or "substitute" tax (except for those coming from Italian UCITS or historical Luxembourg funds) | |
| - | Revenues exempt from or otherwise not subject to tax | |
| - | Fund equity as of 01 January 2012 | 18,575,149.10 |
| = | Operating surplus | 2,669,957.08 |
| + | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| | Taxable base | 2,669,957.08 |
| | Gross "substitute" tax (11% of the taxable base) | (293,695.28) |
| - | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| **=** | **Substitute tax due** | **(293,695.28)** |

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 4,161,869.24 | 142,649.96 | n.s. |

The change in net assets available for benefits amounts to € 4,161,869.24.

## STATEMENT SECTION 5

### BALANCE SHEET – ACCUMULATION PERIOD

| | | | |
|---|---|---|---|
| | **ASSETS** | | |
| | | **2012** | **2011** |
| **10** | **Investments** | **19,787,639.44** | **16,249,633.99** |
| | a) Bank deposits | 902,648.94 | 1,300,988.90 |
| | c) Securities issued by Governments or International Org. | 18,441,963.96 | 11,943,340.93 |
| | d) Listed debt securities | - | 2,269,374.98 |
| | h) UCITS shares | 222,785.06 | 530,664.43 |
| | l) Accrued income and prepaid expenses | 220,241.48 | 205,264.75 |
| **20** | **Performance guarantees on individual position received** | **-** | **-** |
| **30** | **Tax credits** | **3,707.50** | **3,707.50** |
| | | | |
| | **TOTAL ASSETS** | **19,791,346.94** | **16,253,341.49** |
| | **LIABILITIES** | | |
| | | **2012** | **2011** |
| **10** | **Liabilities for pension activities** | **(312,442.66)** | **(310,359.08)** |
| | a) Amounts payable for pension activities | (312,442.66) | (310,359.08) |
| **20** | **Performance guarantees on individual position - given** | **-** | **-** |
| **30** | **Liabilities for financial activities** | **(13,328.89)** | **(11,661.31)** |
| | c) Accrued expenses and deferred income | (13,328.89) | (11,661.31) |
| **40** | **Taxes payable** | **(71,637.45)** | **-** |
| | | | |
| | **TOTAL LIABILITIES** | **(397,409.00)** | **(322,020.39)** |
| | | | |
| **100** | **Net assets available for benefits** | **19,393,937.94** | **15,931,321.10** |

### INCOME STATEMENT– ACCUMULATION PERIOD

| | | | |
|---|---|---|---|
| | | **2012** | **2011** |
| **10** | **Net result of pensions activities** | **2,884,970.10** | **3,231,376.70** |
| | a) Members' contributions | 4,252,691.54 | 4,464,420.18 |
| | b) Advances | (33,068.70) | (5,945.41) |
| | c) Transfers and redemptions | (886,934.70) | (931,055.31) |
| | e) Capital disbursements | (446,110.25) | (294,044.95) |
| | f) Premiums for accessory services | (1,607.79) | (1,997.81) |
| **20** | **Net result of financial activities** | **861,122.61** | **148,452.92** |
| | a) Dividends and interest | 601,284.03 | 384,848.63 |
| | b) Gains and losses on financial activities | 259,838.58 | (236,395.71) |
| **30** | **Management costs** | **(211,838.42)** | **(184,842.27)** |
| | a) Management company | (211,838.42) | (184,842.27) |
| **40** | **Change in net assets available for benefits before Substitute tax(10)+(20)+(30)** | **3,534,254.29** | **3,194,987.35** |
| | | | |
| **50** | **Substitute tax** | **(71,637.45)** | **3,707.50** |
| | | | |
| | **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (40)+(50)** | **3,462,616.84** | **3,198,694.85** |

## NOTES TO THE ACCOUNTS AT 28 DECEMBER 2012 OF THE ACCUMULATION PERIOD

*GENERAL INFORMATION*

**Members**

As of 28 December 2012, there were 3,687 positions, divided as follows:

| AGE RANGE | MALES | FEMALES | TOTAL |
|---|---|---|---|
| Under < 20 | 62 | 64 | 126 |
| Age 20-24 | 69 | 42 | 111 |
| Age 25-29 | 200 | 95 | 295 |
| Age 30-34 | 285 | 141 | 426 |
| Age 35-39 | 388 | 204 | 592 |
| Age 40-44 | 383 | 198 | 581 |
| Age 45-49 | 351 | 207 | 558 |
| Age 50-54 | 264 | 153 | 417 |
| Age 55-59 | 192 | 158 | 350 |
| Age 60-64 | 96 | 66 | 162 |
| Age >64 | 53 | 16 | 69 |
| **TOTAL** | **2,343** | **1,344** | **3,687** |

**Table summarising shares in circulation**

| | NUMBER | CONTRAVALUE |
|---|---|---|
| Shares at the beginning of the year | 1,480,508.758 | 15,931,321.10 |
| Shares issued | 388,190.458 | 4,254,624.50 |
| Shares cancelled | 129,499.570 | 1,421,191.60 |
| Shares at the end of the year | 1,739,199.646 | 19,393,937.94 |

**Prospectus of the value and composition of Equity as of 28 December 2012**

| | |
|---|---|
| **ASSETS** | |
| Investments [1] | 19,515,985.09 |
| Substitute tax due | 3,707.50 |
| **Total Assets** | **19,519,692.59** |
| **LIABILITIES** | |
| Liabilities for pension activities [1] | 40,788.31 |
| Liabilities for financial activities | 13,328.89 |
| | 71,637.45 |
| **Total Liabilities** | **125,754.65** |
| | |
| **NET ASSETS AVAILABLE FOR BENEFITS** | **19,393,937.94** |
| | |
| Number of outstanding units | 1,739,199.646 |
| Unit value | 11.151 |

[1] *The captions do not include the part of the sums deposited in Fund accounts relating to contributions not yet reconciled at the end of the year.*

BANCA CR FIRENZE

**NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS FOR THE ACCUMULATION PERIOD**

**BALANCE SHEET – ACCUMULATION PERIOD**
**ASSETS**
**Investments**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 19,787,639.44 | 16,249,633.99 | 21.77% |

The prospectus below indicates the names of held in the portfolio, in decreasing value of investment, with the percentage of overall assets represented:

| LIST OF SECURITIES BY WEIGHT ON THE TOTAL ASSETS (IN DESCENDING ORDER) | | | | | |
|---|---|---|---|---|---|
| **Description of security** | **Quantity** | **Price** | **Exchange** | **Contravalue in euro** | **%** |
| BTP 4.25 08/14 | 5,100,000.000 | 103.670000 | | 5,287,170.00 | 26.715 |
| BOT 12/07.13 12 | 4,566,000.000 | 99.479000 | | 4,487,659.54 | 22.675 |
| BTP 3 06/15 | 2,650,000.000 | 101.600000 | | 2,692,400.00 | 13.604 |
| RAGB 3.4 10/14 | 1,032,000.000 | 105.957400 | | 1,093,480.37 | 5.525 |
| BGB 4.25 09/13 | 883,000.000 | 103.021000 | | 909,675.43 | 4.596 |
| BTNS 4.5 07/13 | 817,000.000 | 102.303600 | | 835,820.41 | 4.223 |
| SPGB 4.2 07/13 | 779,000.000 | 100.860000 | | 785,699.40 | 3.970 |
| BTP 2.25 11/13 | 616,000.000 | 100.770000 | | 620,743.20 | 3.136 |
| BTP 4.25 08/13 | 488,000.000 | 101.805000 | | 496,808.40 | 2.510 |
| OAT I/L 2.5 07/13 | 403,000.000 | 121.185749 | | 488,378.57 | 2.468 |
| DBR 4.25 07/14 | 436,000.000 | 106.385000 | | 463,838.60 | 2.344 |
| BTP 09/14 2.15 | 225,000.000 | 124.573351 | | 280,290.04 | 1.416 |
| EEF-EQ EUROPE-IH | 1,236.000 | 90.570000 | | 111,944.52 | 0.566 |
| EEF EQ NORTH AMERICA | 642.000 | 100.470000 | | 64,501.74 | 0.326 |
| EEF-EQ JAPN-IH | 398.000 | 63.910000 | | 25,436.18 | 0.129 |
| EEF EQ NO AMR-I | 293.000 | 71.340000 | | 20,902.62 | 0.106 |
| Total portfolio | | | | **18,664,749.02** | **94,308** |

All of the instruments in the portfolio are denominated in Euros.
Details of the average financial duration (altered duration) of the debt securities held in the portfolio are shown in the table below:

| | Contravalue of securities with average financial duration | | |
|---|---|---|---|
| **Stock category** | Less than or equal to 1 | Between 1 and 3.6 | Over 3.6 |
| Government securities and similar listings | 8,905,074.99 | 9,536,888.97 | |
| **TOTAL** | **8,905,074.99** | **9,536,888.97** | |

**Conflicting transactions**

Attention is drawn to the following investments in securities issued by companies linked to the INTESA SANPAOLO group, to which BANCA CR FIRENZE SpA belongs:

| Balance sheet category | ISIN Code | Description of security | Nominal at 28/12/12 | LC Market value at 28/12/12 |
|---|---|---|---|---|
| UCITS units | LU0130324675 | EURIZON EF EQUITY NORTH AMER.IH | 642.000 | 64,501.74 |
| UCITS units | LU0155225005 | EURIZON EF EQUITY EUROPE IH | 1,236.000 | 111,944.52 |
| UCITS units | LU0130323941 | EURIZON EF EQUITY NORTH AMER.I | 293.000 | 20,902.62 |
| UCITS units | LU0130323271 | EURIZON EASYFUND-EQ JAPAN IH | 398.000 | 25,436.18 |

There are no investments in securities issued by parties linked to the INTESA SANPAOLO Group, of which BANCA CR FIRENZE S.p.A. is part.

**Volumes traded and related trading fees:**

| PURCHASES | | |
|---|---|---|
| Type | Volumes | Fees |
| Government of Int. Org. sec. | 26,427,039.18 | - |
| Debt securities | 2,193,510.00 | - |
| UCITS units | 300,526.00 | - |
| **Total** | **28,921,075.18** | **-** |
| **SALES** | | |
| Type | Volumes | Fees |
| Government of Int. Org. sec. | 20,019,908.93 | - |
| Debt securities | 4,557,179.88 | - |
| UCITS units | 673,308.17 | - |
| **Total** | **25,250,396.98** | **-** |

**Bank deposits**

The caption (also used for the investment of the above-mentioned contributions) amounts to a total of € 902,648.94 with € 630,994.59 represented by the management current account balance, € 271,654.35 by the part (proportionally divided according to the number of shares at 28 December 2012) of liquidity converged into the fund current accounts at 31 December 2012, relating to contributions which have not yet been reconciled or invested at the end of the year.

**Securities issued by Governments or International Organisations**

The total amount of € 18,441,963.96 is broken down geographically as follows:

| | |
|---|---|
| Government securities - Italy | 13,865,071.18 |
| Government securities – other EU | 4,576,892.78 |
| **TOTAL** | **18,441,963.96** |

**UCITS units**

The breakdown of the UCITS, equating to € 222,785.06, is the following:

| | |
|---|---|
| EU open stock UCITS shares | 222,785.06 |
| **TOTAL** | **222,785.06** |

**Accrued income and prepaid expenses**

The caption, which amounts to € 220,241.48, is comprised of accruals on securities for an amount of € 218,035.91 and of Rebates set aside for an amount of € 2,205.57.

**Other financial management assets**

On the date of this Report there are no transactions still to be regulated.

**Performance guarantees on individual position received**
For 2012 there are no expenses to be borne by the insurance company INTESA SANPAOLO VITA S.p.A. guaranteeing the single positions of the minimum return indicated in the regulation of the Fund.

**Tax credits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 3,707.50 | 3,707.50 | - |

The amount of € 3,707.50 relates to the tax credit generated in 2011 with reference to the substitute tax of 11%. This amount was offset in early 2013 with the tax payable for the year 2012.

## LIABILITIES

**Liabilities for pension activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (312,442.66) | (310,359.08) | 0.67% |

Liabilities from social security management, amounting to € 312,442.66, refer to the part of the contributions paid and debts for benefits awaiting liquidation temporarily paid into special current accounts common to all segments (proportionally shared on the basis of the number of shares in circulation as of 28 December 2012), and withholdings on social security management.

**Performance guarantees on individual position - given**
For 2012 there are no expenses to be borne by the insurance company INTESA SANPAOLO VITA S.p.A. guaranteeing the single positions of the minimum return indicated in the regulation of the Fund.

**Liabilities for financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (13,328.89) | (11,661.31) | 14.30% |

**Accrued expenses and deferred income**
The caption, equating to € 13,289.89 refers to accruals on fees and commission payable to the Founder and matured as of 28 December 2012.

**Other liabilities for financial activities**
On the date of this Report there are no transactions still to be regulated.

**Net assets available for benefits**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 19,393,937.94 | 15,931,321.10 | 21.73% |

Net assets available for benefits amount to € 19,393,937.94 consisting of 1,739,199.646 units of € 11.151 each.

## INCOME STATEMENT– ACCUMULATION PERIOD

**Net result of pensions activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 2,884,970.10 | 3,231,376.70 | - 10.72% |

**Members' contributions**

Contributions received during the year total € 4,252,691.54, of which € 580,538.78 represent switches from other segments and € 51,190.89 transferred from other Funds. The amount comprises subscription fees, administration fees and premiums for accessory benefits.
The details per type of contribution collected are indicated below:

| **Description** | ***2012*** | ***2011*** |
|---|---|---|
| Contributions payable by the employer | 251,215.35 | 269,507.42 |
| Contributions payable by the employee | 1,549,431.62 | 1,600,299.61 |
| STP contributions | 1,820,314.90 | 1,926,888.14 |
| **Total** | **3,620,961.87** | **3,796,695.17** |

**Advances**

Advances paid out during 2012 amounted to a total of € 33,068.70.

**Transfers and redemptions**

The caption amounts to a total of € 886,934.70, made up as follows:
- redemptions of € 474,370.01;
- switches to other investment lines of € 19,099.28;
- transfers to other pension funds of € 393,465.41.

**Capital disbursements**

€ 446,110.25 in Capital disbursements was paid in 2012.

**Premiums for accessory benefits**

Premiums for accessory benefits amount to € 1,607.79, which were entirely paid to INTESA SANPAOLO VITA S.p.A.

**Net result of financial activities**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 861,122.61 | 148,452.92 | n.s. |

**Dividends and interest**

This caption, amounting to € 601,284.03 in total, is made up as follows:

| | |
|---|---|
| Interest on Government securities and similar | 328,840.15 |
| Interest on listed debt securities | 272,132.39 |
| Interest on current account | 311.49 |
| **TOTAL** | **601,284.03** |

**Gains and losses on financial activities**

Details of the positive balance of € 259,838.58 are shown in the following table:

| **Items/Values** | **Profit/Loss** |
|---|---|

| | |
|---|---|
| Government securities and similar | 237,667.22 |
| Listed debt securities | (51,879.54) |
| UCITS units | 64,902.80 |
| Operating revenues | 9,246.48 |
| Contingent assets/liabilities | (14.60) |
| Other Expenses and Income | (83.78) |
| **Total** | **259,838.58** |

**Management costs**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (211,838.42) | (184,842.27) | 14.60% |

The item is exclusively made up of the Fees due to Founder, divided by type:

- Financial Management Fees, to be calculated pursuant to Article 8, paragraph 1, letter b.2) of the Regulations: € 160,301.22;
- administrative management fees: € 48,640.03;
- subscription fees: € 1,864.37;
- commissions on transfers: € 1,032.80.

**Change in net assets available for benefits, before "substitute" tax**

At 28 December 2012 the change in net assets available for benefits, before "substitute" tax amounts to € 3,534,254.29.

**Substitute tax**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| (71,637.45) | 3,707.50 | n.s. |

As of the date of this Report, the Segment's income management determined a tax credit of € 71,637.45, calculated as follows:

| | | |
|---|---|---|
| + | Shareholders' equity of the fund as of 28 December 2012 before "substitute" tax and gross of the loss of the previous year | 19,465,575.39 |
| + | Social security contributions | 1,369,686.81 |
| - | Contributions paid to Pension Fund | 4,252,691.54 |
| - | Revenues subjected to withholding or "substitute" tax (except for those coming from Italian UCITS or historical Luxembourg funds) | |
| - | Revenues exempt from or otherwise not subject to tax | |
| - | Fund equity as of 01 January 2012 | 15,931,321.10 |
| = | Operating surplus | 651,249.56 |
| + | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| | Taxable base | 651,249.56 |
| | Gross "substitute" tax (11% of the taxable base) | (71,637.45) |
| - | Tax credit (15% of revenues from Italian UCITS or historical Luxembourg funds) | |
| **=** | **Substitute tax due** | **(71,637.45)** |

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**

| AMOUNT AT END OF YEAR | | |
|---|---|---|
| ***2012*** | ***2011*** | ***Change %*** |
| 3,462,616.84 | 3,198,694.85 | 8.25% |

The change in net assets available for benefits amounts to € 3,462,616.84.

# BANCA CR FIRENZE TERRITORIAL NETWORK

***(Regional Management, Areas, Branches, Company Branches as of 31 December 2012)***

| | |
|---|---|
| **GENERAL MANAGEMENT** | Via C. Magno, 7 – Florence |
| **TUSCANY-UMBRIA REGIONAL MANAGEMENT** | Via C. Magno, 7 – Florence |

## AREAS

| | |
|---|---|
| **Firenze Area** | Via C. Magno, 7 – Florence |
| **Toscana Area** | Via C. Magno, 7 – Florence |

## BRANCHES

### FLORENCE AND PROVINCE

| | |
|---|---|
| ANTELLA | VIA UBALDINO PERUZZI, 34/36 |
| AZIENDA DEI PRESTI | VIA MAURIZIO BUFALINI, 27 R |
| BADIA A SETTIMO | VIA DEL BOTTEGHINO, 162 |
| BAGNO A RIPOLI | VIA F.LLI ORSI, 4/6 |
| BARBERINO DI MUGELLO | PIAZZA CAVOUR ANG. VIA DELLA REPUBBLICA 2 |
| BARBERINO VAL D'ELSA | VIA CASSIA,61 |
| BORGO SAN LORENZO | PIAZZA MARTIRI DELLA LIBERTA', 12 |
| BORGO SAN LORENZO 1 | PIAZZA SAN GIOVANNI BOSCO, 8 |
| CALDINE | VIA FAENTINA, 264-268 |
| CALENZANO 1 | VIA DI PRATO , SN |
| CAMPI BISENZIO 1 | VIA BRUNO BUOZZI, 132 |
| CAMPI BISENZIO SP DISTACCATO | VIA BUOZZI ANG.VIA FERMI, 132 |
| CAPALLE | VIA VAL DI SETTA ANG. VIA DELLE TRE VILLE |
| CAPRAIA SPORTELLO | VIA G. LA PIRA, 29 |
| CASELLINA | VIA BACCIO DA MONTELUPO, 20 |
| CASTELFIORENTINO | PIAZZA CAVOUR |
| CERTALDO | VIA 2 GIUGNO, 7 |
| COLONNATA | VIALE I MAGGIO, 324/A |
| CONTEA SPORTELLO | STRADA STATALE 67 ANGOLO VIA M |
| DICOMANO | VIA DANTE ALIGHIERI, 6 |
| EMPOLI | VIA PIEVANO ROLANDO, 6 |
| EMPOLI 1 | VIA DEL GIGLIO, 71 |
| EMPOLI 2 | VIA PONZANO, 58 |
| EMPOLI 3 | VIA BELLINI, 56 |
| EMPOLI 4 | VIA SEGANTINI, 4 |
| FIRENZE BARACCA | VIA BARACCA, 235 |
| FIESOLE | PIAZZA GARIBALDI, 24 |
| FIGLINE VALDARNO | PIAZZA MARSILIO FICINO, 33 |
| FIGLINE VALDARNO 1 | VIA COPERNICO,76 |

| | |
|---|---|
| FILIALE AGRARIA | PIAZZA SIGNORIA, 20/R |
| FIRENZE | VIA BUFALINI, 4 |
| FIRENZE 1 | VIALE MATTEOTTI, 20/R |
| FIRENZE 10 | VIA F. DE SANCTIS, 48-50 |
| FIRENZE 13 | VIA BALDOVINI, 4/R |
| FIRENZE 14 | VIA TORNABUONI, 23/R ANG. VIA DEL PARIONE 1 R |
| FIRENZE 15 | PIAZZA DEGLI OTTAVIANI, 13/R |
| FIRENZE 16 | VIA DEGLI SPEZIALI, 14-16/R |
| FIRENZE 17 | VIA MARTIRI DEL POPOLO, 35/R |
| FIRENZE 19 | PIAZZA PUCCINI, 2/2A R |
| FIRENZE 2 | VIA DE' SERRAGLI, 126/R |
| FIRENZE 20 | VIA DEL GELSOMINO, 101 |
| FIRENZE 21 | VIA CASENTINO, 57 |
| FIRENZE 22 | VIALE ELEONORA DUSE, 24/A |
| FIRENZE 23 | VIA ANTONIO DEL POLLAIOLO, 152 |
| FIRENZE 24 | VIA ARETINA, 265/A |
| FIRENZE 25 | VIALE EUROPA,27 A |
| FIRENZE 26 | VIA S.CATERINA D'ALESSANDRIA, 14 |
| FIRENZE 27 | VIA ADRIANO CECIONI, 86 |
| FIRENZE 29 | PIAZZA E. ARTOM, 7 |
| FIRENZE 3 | VIA DELLA CERNAIA, 82/R |
| FIRENZE 30 | VIALE PETRARCA, 120 B/C/D |
| FIRENZE 31 SP STACCATO | VIA LOCCHI, 108 |
| FIRENZE 32 SP DISTACCATO | VIA BARACCA , 161/A |
| FIRENZE 33 SP DISTACCATO | VIA DONI, 49 R |
| FIRENZE 34 | VIA MASACCIO, 41-43 |
| FIRENZE 35 | VIALE PIERACCINI,17 |
| FIRENZE 36 | VIA PERFETTI RICASOLI, 11 - C/O NUOVA PIGNONE |
| FIRENZE 37 SPORTELLO | VIA CENTO STELLE, 24/B |
| FIRENZE 38 | VIALE EUROPA, 181-183 |
| FIRENZE 39 SPORTELLO | VIA MONTELATICI, 5 |
| FIRENZE 4 | PIAZZA DALMAZIA, 37/R |
| FIRENZE 41 | PIAZZA GUALFREDOTTO DA MILANO,19 /R |
| FIRENZE 42 | VIA GHERARDO STARNINA, 41 |
| FIRENZE 43 | VIA DOMENICO COMPARETTI, 32-34 |
| FIRENZE 46 | VIA CARLO MAGNO ,3 |
| FIRENZE 47 | VIA S CATERINA D'ALESSANDRIA,2 |
| FIRENZE 48 | VIA DELLA MATTONAIA, 68 R |
| FIRENZE 5 | VIA GIOBERTI, 163/R |
| FIRENZE 50 | VIA DELLA VILLA DEMIDOFF, 68 |
| FIRENZE 51 | PIAZZA DELLA REPUBBLICA, 16/R |
| FIRENZE 52 | VIALE MORGAGNI , 4 |
| FIRENZE 53 | VIA MASACCIO , 40/R |
| FIRENZE 54 | PRESSO STAZ.S.M.NOVELLA , SN |
| FIRENZE 55 | VIA DUCCIO DI BUONINSEGNA, 21 |
| FIRENZE 56 | VIA DOGALI, 5/R |
| FIRENZE 57 | VIA PRATESE, 191 |
| FIRENZE 58 | VIALE CIALDINI , 5 |
| FIRENZE 59 | VIA SEGANTINI , 2 |
| FIRENZE 6 | VIA NAZIONALE, 93-95/R |
| FIRENZE 60 | VIA GIOVANNI BECCIOLINI , 2 |
| FIRENZE 62 | VIA DE' PESCIONI, SN |

| | |
|---|---|
| FIRENZE 63 | VIA DATINI, 45/B |
| FIRENZE 7 | VIA DEGLI ALFANI, 79/R |
| FIRENZE 8 | IL PRATO, 109/R |
| FIRENZE 9 | VIALE DEI MILLE, 26/R |
| FIRENZE FILIALE SUPERFLASH | PIAZZA DELLA SIGNORIA 26 R |
| FIRENZE SPORTELLO C.T.O | LARGO PALAGI, 1 - C/O C. TRAUMAT. ORTOP. |
| FIRENZE SPORTELLO COMILITER | VIA CAVOUR,49 |
| FIRENZE SPORTELLO I.S.M.A. | VIALE DELL'AERONAUTICA, 14 |
| FIRENZE SPORTELLO I.U.E. | VIA DEI ROCCETTINI,9 |
| FIRENZE VIA CASTELLO SPORTELLO | VIA DEL CASTELLO D'ALTAFRONTE, 11 |
| FIRENZUOLA | CORSO VILLANI, 54 |
| FUCECCHIO | PIAZZA MONTANELLI, 27 |
| FUCECCHIO 2 | VIA PISANA, SN |
| GALLIANO | VIA I MAGGIO, 68 |
| GALLUZZO | PIAZZA ACCIAIOLI, 1-2/ R |
| GRASSINA | PIAZZA UMBERTO I 12 |
| GREVE IN CHIANTI | PIAZZA MATTEOTTI, 1 |
| IMPRUNETA | VIALE DELLA LIBERTA', 1 |
| INCISA VALDARNO | VIA XX SETTEMBRE, 38 |
| LASTRA A SIGNA | VIA CASTRACANE, 20 |
| LE BAGNESE | VIA S. LEGA, 12 |
| LONDA | VIA ROMA, 35 |
| MARCIALLA SPORTELLO | PIAZZA BRANDI, 15 |
| MARRADI | VIA TALENTI, 21 |
| MATASSINO | VIA F.LLI ROSSELLI, 4 |
| MERCATALE VAL DI PESA | VIA MATTONCETTI, 16 - MERCAT |
| MONTAIONE | PIAZZA CAVOUR, 14 |
| MONTELUPO FIORENTINO | VIALE CENTO FIORI, 41 |
| MONTESPERTOLI | PIAZZA DEL POPOLO, 41 |
| OSMANNORO | VIA VOLTURNO,10 /12 |
| PALAZZUOLO SUL SENIO SPORTELLO | VIA ROMA, 19 |
| PELAGO SPORTELLO | VIA DELLA RIMEMBRANZA, 19 |
| PERETOLA | VIA I SETTEMBRE ,34 |
| PONTASSIEVE | PIAZZA CAIROLI, 2/A |
| PONTE A EMA SPORTELLO | VIA CHIANTIGIANA, 60/RPONTE A EMA |
| PONTE A GREVE | VIA BACCIO DA MONTELUPO,64 B |
| PRATOLINO | PIAZZA DEMIDOFF,44 |
| REGGELLO | VIA DANTE ALIGHIERI, 20 |
| RIGNANO SULL'ARNO | VIA UNITA' ITALIANA, 34 |
| RONTA | VIA FAENTINA,112 |
| RUFINA | PIAZZA TRIESTE, 10 |
| S. PIERO A SIEVE | VIA PROVINCIALE, 18/A |
| S.BARTOLO A CINTOIA | VIA NIGETTI, 18 |
| S.CASCIANO VAL DI PESA | PIAZZA DELLE ERBE,1 |
| SAN DONNINO | VIA PISTOIESE, 375 |
| SAN GODENZO SPORTELLO | VIA MATTEOTTI, 6 |
| SAN MAURO A SIGNA | PIAZZA A.CIAMPI,8 |
| SANTA BRIGIDA SPORTELLO | VIA PIANA, 13/E |
| SCANDICCI | VIA PANTIN 1 |
| SCANDICCI 2 | VIA SAN BARTOLO IN TUTO, 24/26 |
| SCANDICCI 3 | VIA TURRI, 13 |
| SCARPERIA | VIALE KENNEDY, 31 |

BANCA CR FIRENZE

| | |
|---|---|
| SESTO FIORENTINO | VIA DANTE ALIGHIERI, 38 |
| SESTO FIORENTINO 1 | VIA A.DE GASPERI, 11-13 |
| SESTO FIORENTINO 3 | PIAZZA SPARTACO LAVAGNINI, 27 |
| SIECI | VIA ARETINA, 31/C |
| SIGNA | VIA ROMA, 324 |
| SOVIGLIANA | VIA SILVIO PELLICO,91 |
| SPORTELLO BERLINGHIERI | VIA BERLINGHIERI , 1/B |
| SPORTELLO CAVALLOTTI | VIA FELICE CAVALLOTTI, 52 |
| SPORTELLO DUSE | VIA ELEONORA DUSE, 14/E |
| SPORTELLO FORTEZZA DA BASSO FIRENZE | PIAZZA ADUA,1 |
| SPORTELLO INNOCENTI FIGLINE VALDARNO | VIA DEGLI INNOCENTI, 3 |
| TAVARNELLE VAL DI PESA | VIA ROMA,85 |
| VICCHIO DI MUGELLO | PIAZZA GIOTTO,10 |

**AREZZO AND PROVINCE**

| | |
|---|---|
| AREZZO | VIA ROMA, 4 |
| AREZZO 1 | VIA VITTORIO VENETO, 43 |
| AREZZO 2 | VIA DON STURZO, 14 |
| AREZZO 3 | VIALE S.MARGHERITA, 43/A |
| AREZZO 4 | VIA RISTORO DA AREZZO, 110 |
| AREZZO 5 | VIALE MECENATE, 2 |
| AREZZO 6 | VIA PASQUI, 4 |
| AREZZO 7 | VIA MADONNA DEL PRATO , 120 |
| AREZZO 8 | VIA ROMANA, 65 |
| AREZZO 9 | VIA MONTE FALCO, 64 |
| BIBBIENA STAZIONE | S.S.208 ANG. VIA G.DI VITTORIO |
| BUCINE | VIA ROMA, 37 |
| CAMUCIA | VIALE REGINA ELENA,3 |
| CAPOLONA | V.LE DANTE, 74R |
| CASTELFRANCO DI SOPRA | PIAZZA VITTORIO EMANUELE,18 |
| CASTIGLION FIORENTINO | CORSO ITALIA, 28/A |
| CASTIGLION FIORENTINO 2 SPORTELLO | VIA VECCHIE CIMINIERE N 74 |
| CORTONA | PIAZZA SIGNORELLI, 7 |
| FOIANO DELLA CHIANA | CORSO VITTORIO EMANUELE, 32-34 |
| LEVANE | PIAZZA DEL SECCO, 15-16 |
| LORO CIUFFENNA | PIAZZA MATTEOTTI, 7 |
| LUCIGNANO | VIA PROV.LE SENESE, 10 |
| MERCATALE CORTONA SPORTELLO | VIA DEI PONTI, 2 |
| MONTE SAN SAVINO | VIA DELLA PACE, 25 |
| MONTEMIGNAIO SPORTELLO | VIA DELLA PIEVE, 22/R |
| MONTERCHI | VIA PIER DELLA FRANCESCA, 54/56 |
| MONTEVARCHI | VIA ROMA, 36 |
| PIAN DI SCO' | VIALE MARCONI ANG.VIA ROMA |
| PIEVE AL TOPPO | VIA DANTE ALIGHIERI, 1/B |
| PIEVE SANTO STEFANO | PIAZZA LOGGE DEL GRANO, 3 |
| PONTE A POPPI | VIA ROMA , 204 |
| RASSINA | PIAZZA MAZZINI, 57 |
| RIGUTINO | VIA NAZIONALE OVEST ,90 |
| SAN GIOVANNI VALDARNO | CORSO ITALIA, 20 |
| SANSEPOLCRO | VIA XX SETTEMBRE,82 |
| SESTINO | VIA ROMA, 5 |

| | |
|---|---|
| SPORTELLO DIAZ | VIALE ARMANDO DIAZ, 6/A |
| STIA | PIAZZA TANUCCI, 70/A-B |
| STRADA IN CASENTINO | VIA ROMA, 29/T |
| SUBBIANO | VIALE EUROPA, 24 |
| TALLA SPORTELLO | PIAZZA G. MONACO, 8 |
| TERONTOLA | VIA XX SETTEMBRE, 27 |
| TERRANUOVA BRACCIOLINI | PIAZZA DELLA REPUBBLICA, 15 |
| TERRANUOVA BRACCIOLINI SPORTELLO | P.ZZA DELLA REPUBBLICA, 7 |

## GROSSETO AND PROVINCE

| | |
|---|---|
| ARCIDOSSO | CORSO TOSCANA,46 |
| BAGNO DI GAVORRANO | VIA G.MARCONI, 88 |
| CASTEL DEL PIANO | V.LE IMBERCIADORI, 1 |
| CASTELL'AZZARA | PIAZZA MARTIRI DI NICCIOLETA, 3 |
| CASTIGLIONE DELLA PESCAIA | VIA ROMA, 1 |
| FOLLONICA | VIA LITORANEA, 87 |
| FOLLONICA 3 | VIA ROMA, 72 |
| GIGLIO PORTO | VIA CARDINALE OREGLIA,14 |
| GROSSETO | PIAZZA F.LLI ROSSELLI, 7 |
| GROSSETO 1 | VIA SENESE,2 |
| GROSSETO 2 | VIA GIOVANNI XXIII, 31 |
| GROSSETO 3 | VIA STATI UNITI D'AMERICA, 124 |
| GROSSETO 4 | VIA ROMA, 35 |
| GROSSETO 5 | PIAZZA DE MARIA, 23 |
| MANCIANO | VIA MARSALA, 118 |
| MASSA MARITTIMA | P.ZZA GARIBALDI, 17 |
| ORBETELLO | CORSO ITALIA, 86 |
| PORTO ERCOLE | VIA DON PARADISI,13 |
| PORTO SANTO STEFANO | PIAZZALE DEI RIONI, 5 |
| ROCCASTRADA | PIAZZA GRAMSCI, 22 |
| SCANSANO | VIA XX SETTEMBRE, 21 |
| SORANO | PIAZZA BUSATTI, 21 |
| SPORTELLO PRATELLI | VIA NORMA PRATELLI , 2/A |

## LIVORNO AND PROVINCE

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| CECINA | VIA DIAZ, 14-16 |
| COLLESALVETTI | VIA ROMA, 272 |
| DONORATICO | VIA DEL MERCATO, 6 |
| LIVORNO | VIA DEI FULGIDI, 12/A |
| LIVORNO 1 | VIA DELL'ARTIGIANATO, 35/B |
| LIVORNO 2 | VIALE DELLA LIBERTA', 57 |
| LIVORNO 3 | VIA CAIROLI, 20 |
| LIVORNO 4 | VIA PIERONI, 12 |
| LIVORNO 5 | VIALE IPPOLITO NIEVO , 124/B |
| LIVORNO 6 | VIA TOSCANA, 99 |
| MARINA DI CAMPO | VIA ROMA, 371/E |
| PIOMBINO | VIA REPUBBLICA,27 |

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| PORTO AZZURRO | VIA PROVINCIALE ES,T 6 |
| PORTOFERRAIO | PIAZZA CAVOUR, 60 |
| PORTOFERRAIO 1 | VIA CARPANI, 68 |
| ROSIGNANO | VIA AURELIA, 575 |
| SAN VINCENZO | PIAZZA UMBERTO 1° |
| VENTURINA | VIA E. CERRINI, 35 |

## PISA AND PROVINCE

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| BIENTINA | LARGO ROMA, 13 |
| CALCI | P.ZZA CAIROLI, 10 |
| CALCINAIA - FORNACETTE | VIA TOSCO ROMAGNOLA, 111 - F |
| CASCINA | VIALE COMASCHI, 1 |
| CASTELFRANCO DI SOTTO | PIAZZA XX SETTEMBRE ANG. VIA GRAMSCI |
| CASTELNUOVO VAL DI CECINA | VIA DELLA REPUBBLICA,49 |
| NAVACCHIO | VIA A. GRAMSCI, 2 |
| PISA | CORSO ITALIA, 2 |
| PISA – FRAZ. TIRRENIA/MARINA DI PISA | VIA DEGLI OLEANDRI, 57 |
| PISA 1 | VIA LUIGI BIANCHI , 95 |
| PISA 2 | PIAZZA DELLA STAZIONE , 13 |
| PISA 5 | CORSO ITALIA, 131 |
| PISA CISANELLO | VIA MATTEUCCI - C/O CEN. DIR. CISANELLO |
| PISA OSPEDALE CISANELLO | VIA PARADISA, 2 |
| PISA OSPEDALE SANTA CHIARA | VIA ROMA, 67 |
| POMARANCE | PIAZZA SANT'ANNA, 2 |
| PONSACCO | VIA G.CARDUCCI,55 /A ANG VIA XXV APRILE |
| PONTE A EGOLA | VIA A. DIAZ, 102 |
| PONTEDERA 3 | VIA CASTELLI, 36 |
| PONTEDERA 4 | VIA PISANA, 14/A |
| PONTEDERA SPORTELLO | V.LE R. PIAGGIO, 9 |
| SAN MINIATO BASSO | PIAZZALE DELLA PACE, 9 |
| SANTA CROCE SULL'ARNO | VIA CAVOUR ANG. VIA BASILI |
| VECCHIANO | VIA ARGINE VECCHIO 40/A |
| VOLTERRA | VIA MATTEOTTI, 1 |

## PRATO AND PROVINCE

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| OSTE DI MONTEMURLO | VIA DI OSTE, 130 |
| OSTE DI MONTEMURLO 2 | VIA DELLA VIACCIA, 50 |
| POGGIO A CAIANO | VIA ARDENGO SOFFICI, 56 |
| POGGIO A CAIANO 2 | VIA SOFFICI, 70 |
| PRATO | VIA G FABBRONI ,1 |
| PRATO 1 | VIA PISTOIESE,115 |
| PRATO 12 | PIAZZA SAN FRANCESCO D'ASSISI, |
| PRATO 13 | VIALE VITTORIO VENETO, 13A |
| PRATO 2 | VIA MOZZA SUL GORONE,5 |
| PRATO 3 | VIALE MONTEGRAPPA, 302/G-H |
| PRATO 4 | VIA PISTOIESE 846 |
| PRATO 5 | VIALE DELLA REPUBBLICA, 247-9 |

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| PRATO 7 | VIA FRANCESCO FERRUCCI , 55 |
| PRATO 8 | VIA E.GHERARDI, 48 |
| PRATO 9 | VIA MUZIO CLEMENTI , 28 |
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| PRATO MACROLOTTO | VIA DEI FOSSI, 14 |
| PRATO VERGAIO | VIA TOBBIANESE ANG. VIA DI VERGAIO |
| SAN GIORGIO A COLONICA SPORTELLO | VIA DEL LEONE, 27/A |
| SEANO | VIA BACCHERETANA, 158 |
| VAIANO | VIA VAL DI BISENZIO, 205/C |

## SIENA AND PROVINCE

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| ABBADIA SAN SALVATORE | VIA TRENTO, 23 |
| BUONCONVENTO | P.ZZA MATTEOTTI, 2 |
| CASTELLINA IN CHIANTI | VIA DELLE MURA, 2 |
| CASTELLINA STAZIONE | VIA BERRETTINI,44 |
| CASTELNUOVO BERARDENGA | VIA DELLA SOCIETA' OPERAIA, 1 |
| CHIANCIANO TERME | VIALE DELLA LIBERTA',503 |
| CHIUSI ETRUSCO | PRESSO CENTRO COMM.LE ETRUSCO |
| CHIUSI STAZIONE | VIA CASSIA AURELIA, 85 |
| COLLE VAL D'ELSA | VIA ROMA , 17 |
| GAIOLE IN CHIANTI | VIA RICASOLI, 76 |
| MONTALCINO | P.ZZA DEL POPOLO, 34 |
| MONTEPULCIANO | P.ZZA MICHELOZZO, 2 |
| MONTERONI D'ARBIA SPORTELLO | VIA ROMA, 134 |
| PIANCASTAGNAIO SPORTELLO | VIA DELLE ACACIE, 162 |
| PIEVE DI SINALUNGA | VIALE TRIESTE, 39 |
| PIEVE DI SINALUNGA 2 SPORTELLO | VIA TRIESTE,15-PIEV.SINALUNGA |
| POGGIBONSI 2 | VIA PISANA, 110 |
| POGGIBONSI 3 | PIAZZA MAZZINI, 36 |
| POGGIBONSI 5 | VIA DEL COMMERCIO, 53 |
| POGGIBONSI SPORTELLO | VIA SENESE, 123/ F |
| RADDA IN CHIANTI | VIA ROMA, 36 |
| RAPOLANO TERME | VIA PROV.LE SUD, 35 |
| SAN GIMIGNANO | P.ZZA DELLA CISTERNA, 26 |
| SAN GIMIGNANO SPORTELLO | PIAZZA DELLA CISTERNA, 2 |
| SIENA | PIAZZA TOLOMEI, 11 |
| SIENA 3 | VIALE CAVOUR, 70 |
| SIENA SAN MARCO | VIA MASSETANA ROMANA, 2 |
| SIENA ZONA DUE PONTI | VIA TOSELLI, 94 |
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BANCA CR FIRENZE

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| DISTACCAMENTO FIRENZE NOVOLI | PIAZZA E. ARTOM, 7 |
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| FILIALE IMPRESE AREZZO | VIA MARTIRI DI CIVITELLA, 7-9 |
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| FILIALE IMPRESE MONTEVARCHI | VIA ROMA, 38 |
| FILIALE IMPRESE PISA | CORSO ITALIA, 131 |
| FILIALE IMPRESE PRATO | VIA DEI FOSSI, 14 |
| FILIALE IMPRESE SANTA CROCE | VIA CAVOUR ANG.VIA BASILI |
| FILIALE IMPRESE SIENA | VIA MASSETANA ROMANA, 2 |
| FUCECCHIO DISTACCAMENTO IMPRESE | VIA PISANA, SN |
| GROSSETO DISTACCAMENTO IMPRESE | PIAZZALE COSIMINI 9 |
| MDI FIRENZE PESCIONI | VIA DE' PESCIONI, SN |
| MDI FIRENZE VIA DELLA MATTONAIA | VIA DELLA MATTONAIA, 68/R |
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