FINECO
THE NEW BANK

Banca del Gruppo UniCredit

Meeting real needs with concrete solutions.

Financial Statements
as at 31 December 2011

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THE NEW BANK

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Every day, life presents new challenges and opportunities. Every day, we each have a new story to tell that involves tangible needs and requires clear answers.

In this year's annual report, we illustrate our way of banking with stories of the people, businesses and institutions who use our customized solutions. You will read stories about how we worked together to promote sports in schools and how we gave a boost to long-established industrial firms by enabling them to update their machinery. You will also learn about how we have supported the development of new computer systems and have provided broad support to the green economy.

These stories were built on entrepreneurship, courageous innovation, respect for tradition, and our strong bonds with local communities.

We strongly believe that being a bank today means making a concrete difference, day in and day out, for those who have chosen to do business with us. It means facing challenges together and creating a world of new opportunities.

These are true stories - snapshots of ordinary life that shape the mosaic of our daily work. At UniCredit, we are creating a world of relationships, where our stakeholders can best meet the changing needs of the times.

Financial Statements as at December 31, 2011

An umbrella covering countries in Central and Eastern Europe.

Many Austrian companies have subsidiaries in other European countries that do not always engage in cross-border treasury operations. When new funding is needed, especially during the start-up phase of a business, local regulations that must be addressed can often present major obstacles to success. UniCredit has created the Umbrella Facility, a flexible and user-friendly credit facility based on the parent company's credit rating, that can be accessed in most Central and Eastern European countries. Bank Austria coordinates every phase of negotiation, acting as the single point of contact between the client and UniCredit's banks across the region.
A simple way to help companies focus on their business, leaving the bank to manage their financials.

Michelangelo Pistoletto - Embrace Differences - Serigraphy on Thermodeth Mirror 2005 - 2006
UniCredit Art Collection - © Michelangelo Pistoletto - Courtesy Cittadellarte - Pistoletto Foundation - Details

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Streamlining banking through innovative technology.

In Ukraine, PSJC "Ukrsotsbank", operating under the trademark of UniCredit Bank™, created *FlexCube*, a fully centralized system for managing the territory's commercial banking activities.
The programme's implementation centralized Legal, HR, Back Office and IT functions, transferring them to the same office where a legal team is available to serve customers.
The FlexCube project has improved the servicing of bank accounts, local payments and credit cards. A 10-year agreement outsourcing the information technology system to IBM will allow for improved service and reduced costs. Moreover, Experian has developed FEBO (Fast Evaluation Business Opportunities), a retail evaluation system that manages workflow and measures risk and opportunity. FEBO, which in 2012 was smoothly integrated with FlexCube, is a first step in portfolio management and credit risk reduction. Innovation is a real need and this is a real solution for the benefit of all PSJC "Ukrsotsbank", customers.

Management Bodies

Board of Directors

Enrico Cotta Ramusino	**Chairman**
Alessandro Maria Decio	**Deputy Chairman**
Girolamo Ielo	**Deputy Chairman**
Alessandro Foti	**Managing Director**
Alfredo Michele Malguzzi Alberto Viappiani Frederik Herman Geertman Mariangela Grosoli Oreste Massolini Stefano Landi	**Board Directors**

Board of Statutory Auditors

Giancarlo Noris Gaccioli	**Chairman**
Aldo Milanese Gabriele Villa	**Permanent Auditors**
Luciano Masini Umberto Bocchino	**Alternate Auditors**

Management

Franco Ravaglia	**General Manager**

KPMG S.p.A.	**Independent auditors**

Share capital
€ 200,070,430.89 fully paid-up, divided into 606,274,033
shares with a face value of € 0.33, 100% held by UniCredit S.p.A..

Registered office
Piazza Durante 11, 20131 Milan, Italy

"FinecoBank Banca Fineco S.p.A."
in abbreviated form "FinecoBank S.p.A.", or "Banca Fineco S.p.A."
or "Fineco Banca S.p.A."
Company controlled by UniCredit S.p.A., Gruppo Bancario Unicredito Italiano, Register of Banking Groups no. 3135.1, Member of the Interbank Fund for the Protection of Deposits, Italian Banking Association Code 03015, Tax Code and Milan Company Register no. 01392970404 - R.E.A. (Economic and Administrative Index) no. 1598155,
VAT no. 12962340159

On 1 February 2011, Mr. Carmine Lamanda resigned from his position as Director and Deputy Chairman of the Board of Directors.

On 12 April 2011, on expiry of the term of office of the Board of Directors and of the Board of Statutory Auditors, the Ordinary Shareholders' Meeting re-elected the management bodies as follows:

- it appointed Alberto Viappiani, Alessandro Maria Decio and Mariangela Grosoli as Board Directors;
- it confirmed Enrico Cotta Ramusino, Girolamo Ielo, Alessandro Foti, Frederik Herman Geertman, Stefano Landi, Alfredo Michele Malguzzi and Oreste Massolini as Board Directors;
- it confirmed Enrico Cotta Ramusino as Chairman of the Board of Directors;
- it confirmed Giancarlo Noris Gaccioli, Gabriele Villa and Aldo Milanese as Permanent Statutory Auditors;
- it confirmed Luciano Masini and Umberto Bocchino as Alternate Statutory Auditors.

Subsequently, the Board of Directors appointed Board Director Alessandro Mario Decio as Deputy Chairman, confirmed Board Director Girolamo Ielo as Deputy Chairman and Board Director Alessandro Foti as Managing Director.

Financing the excitement of UEFA EURO 2012™.

Bank Pekao participated in acquisition of financing of three UEFA EURO 2012™ stadiums: Stadion Narodowy in Warsaw, the Poznań Stadium and Stadium in Gdańsk. From an architectural standpoint, the Stadium in Gdańsk is considered the most impressive construction of UEFA EURO 2012™. This year for UEFA EURO 2012™ Bank Pekao has also financed other infrastructures, such as highways, regional airports and public transportation. As the official slogan states "simple emotions are sometimes not enough", Bank Pekao has really become part of EURO UEFA 2012™ as a National Sponsor.
This is another way to be close to local communities and a concrete sign of trust in the future of the country.

Stadium in Gdańsk

Report on Operations

Introduction to the Financial Statements

The annual financial statements as at 31 December 2011 of FinecoBank Banca Fineco S.p.A. (hereinafter referred to as FinecoBank) were prepared, as required by Italian Legislative Decree no. 38/2005, in accordance with International Financial Reporting Standards and International Accounting Standards (hereinafter referred to as "IFRS", "IAS", or international accounting standards) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission according to the procedure set forth under article 6 of Community Regulation (EC) no. 1606/2002 of 19 July 2002. The Bank of Italy - whose powers already set forth by Legislative Decree no. 87/92 as regards the financial statements of banks and financial companies subject to supervision have been further confirmed by said decree - established the formats for the financial statements and for the relative notes in its Circular no. 262 of 22 December 2005.

The Financial Statements include:
- the **Report on Operations**, which contains the reclassified financial statements, the main results of business areas and comments on the results for the period;
- the report of the **Board of Statutory Auditors**;
- the report of the **Independent Auditors**;
- the **bank's financial statements**, exhibited in comparison with those of 2010;
- the **Notes to the financial statements**.

In a technical notice dated 2 March 2011, the Bank of Italy specified that securities lending transactions not guaranteed by cash are excluded from financial statements. Subsequent to this clarification, as of financial year 2011, securities lending transactions not guaranteed by cash amounts and the balancing loan payables entries have been excluded, respectively, from item 70 "Receivables from Customers" and item 20 "Payables to Customers".
Furthermore, following a clarification made by the Bank of Italy dated 14 February 2012 regarding securities lending without cash guarantees, in 2011, the Bank recognised the cost of transactions of this nature, as borrower, under item 50 "Commission expense"; previously the cost of these transactions was recognised under item 20 "Interest expense and similar expense".

In order to provide a like-for-like comparison, in the report on operations, figures relating to 2010 have also been reclassified.

Summary data

Reclassified Financial Statements

Balance Sheet

(Amounts in Euro/000)

ASSETS	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Cash and cash equivalents	4	9	(5)	-55.6%
Financial assets held for trading	11,413	22,434	(11,021)	-49.1%
Loans and receivables from banks	16,282,014	10,067,146	6,214,868	61.7%
Loans and receivables Receivables from customers	524,547	626,036	(101,489)	-16.2%
Financial investments	57,784	5,069	52,715	1039.9%
Hedging instruments	78,290	81,164	(2,874)	-3.5%
Property, plant and equipment	9,362	9,126	236	2.6%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,718	8,857	(139)	-1.6%
Tax assets	46,018	46,398	(380)	-0.8%
Non-current assets and discontinued operations	145	145	-	-
Other assets	168,992	175,933	(6,941)	-3.9%
Total assets	**17,276,889**	**11,131,919**	**6,144,970**	**55.2%**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Deposits from banks	1,198,064	424,461	773,603	182.3%
Deposit from customers and debt securities in issue	15,279,318	9,989,694	5,289,624	53.0%
Financial liabilities held for trading	3,630	6,718	(3,088)	-46.0%
Hedging instruments	75,423	79,943	(4,520)	-5.7%
Provisions for risks and charges	98,361	97,872	489	0.5%
Tax liabilities	58,736	29,746	28,990	97.5%
Other liabilities	186,117	139,496	46,621	33.4%
Shareholders' equity	377,240	363,989	13,251	3.6%
- capital and reserves	*315,120*	*312,141*	*2,979*	*1.0%*
- revaluation reserves for available-for-sale financial assets	*(644)*	*(33)*	*(611)*	*1851.5%*
- net profit	*62,764*	*51,881*	*10,883*	*21.0%*
Total liabilities and shareholders' equity	**17,276,889**	**11,131,919**	**6,144,970**	**55.2%**

Summary data (Continued)

Balance Sheet - Quarterly data

(Amounts in Euro/000)

ASSETS	12.31.2011	09.30.2011	06.30.2011	03.31.2011	12.31.2010
Cash and cash equivalents	4	9	7	12	9
Financial assets held for trading	11,413	23,063	24,647	31,900	22,434
Loans and receivables from banks	16,282,014	15,528,857	13,890,031	12,597,370	10,067,146
Loans and receivables from customers	524,547	480,866	602,787	597,124	626,036
Financial investments	57,784	47,655	19,053	5,057	5,069
Hedging instruments	78,290	33,428	80,114	77,050	81,164
Property, plant and equipment	9,362	9,421	9,169	8,925	9,126
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,718	8,041	8,616	8,587	8,857
Tax assets	46,018	44,805	43,214	44,729	46,398
Non-current assets and discontinued operations	145	145	145	145	145
Other assets	168,992	145,176	158,659	147,379	175,933
Total assets	**17,276,889**	**16,411,068**	**14,926,044**	**13,607,880**	**11,131,919**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2011	09.30.2011	06.30.2011	03.31.2011	12.31.2010
Deposits from banks	1,198,064	828,353	963,782	1,153,537	424,461
Deposit from customers and debt securities in issue	15,279,318	14,906,468	13,257,303	11,744,913	9,989,694
Financial liabilities held for trading	3,630	11,404	11,934	9 ,425	6,718
Hedging instruments	75,423	32,058	79,209	76,327	79,943
Provisions for risks and charges	98,361	92,490	95,155	93,736	97,872
Tax liabilities	58,736	46,757	34,655	37,162	29,746
Other liabilities	186,117	136,487	143,427	115,044	139,496
Shareholders' equity	377,240	357,051	340,579	377,736	363,989
- capital and reserves	*315,120*	*315,120*	*315,120*	*364,022*	*312,141*
- revaluation reserves for available-for-sale financial assets	*(644)*	*(349)*	*(72)*	*(15)*	*(33)*
- net profit	*62,764*	*42,280*	*25,531*	*13,729*	*51,881*
Total liabilities and shareholders' equity	**17,276,889**	**16,411,068**	**14,926,044**	**13,607,880**	**11,131,919**

Income Statement

(Amounts in Euro/000)

	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Net interest	133,602	103,998	29,604	28.5%
Dividends and other income from equity investments	-	8	(8)	-100.0%
Net fees and commissions	155,127	157,396	(2,269)	-1.4%
Net trading, hedging and fair value income	24,891	27,342	(2,451)	-9.0%
Net other expenses/income	(13,722)	(3,365)	(10,357)	307.8%
OPERATING INCOME	**299,898**	**285,379**	**14,519**	**5.1%**
Payroll costs	(59,971)	(56,014)	(3,957)	7.1%
Other administrative expenses	(135,076)	(139,166)	4,090	-2.9%
Recovery of expenses	30,256	27,054	3,202	11.8%
Amortization,, depreciation and impairment losses on intangible and tangible assets	(8,581)	(9,034)	453	-5.0%
Operating costs	**(173,372)**	**(177,160)**	**3,788**	**-2.1%**
OPERATING PROFIT (LOSS)	**126,526**	**108,219**	**18,307**	**16.9%**
Net impairment losses on loans and provisions for guarantees and commitments	(2,794)	(1,759)	(1,035)	58.8%
NET OPERATING PROFIT (LOSS)	**123,732**	**106,460**	**17,272**	**16.2%**
Provisions for risks and charges	(17,381)	(18,061)	680	-3.8%
Net profit from investments	94	417	(323)	-77.5%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**106,445**	**88,816**	**17,629**	**19.8%**
Income tax for the period	(43,681)	(36,935)	(6,746)	18.3%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**62,764**	**51,881**	**10,883**	**21.0%**
NET PROFIT (LOSS) FOR THE YEAR	**62,764**	**51,881**	**10,883**	**21.0%**

Summary data (Continued)

Income Statement - Quarterly data

(Amounts in Euro/000)

	2011			
	Q4	Q3	Q2	Q1
Net interest	44,332	34,127	29,948	25,195
Dividends and other income from equity investments	-	-	-	-
Net fees and commissions	37,883	39,771	35,163	42,310
Net trading, hedging and fair value income	6,455	7,845	4,087	6,504
Balance of other income/expense	(1,332)	(10,723)	(805)	(862)
EARNINGS MARGIN	**87,338**	**71,020**	**68,393**	**73,147**
Personnel expenses	(14,467)	(15,167)	(15,732)	(14,605)
Other administrative expenses	(31,838)	(32,006)	(33,315)	(37,917)
Recovery of expenses	8,308	8,110	6,966	6,872
Amortization,, depreciation and impairment losses on intangible and tangible assets	(2,341)	(2,103)	(2,164)	(1,973)
Operating costs	**(40,338)**	**(41,166)**	**(44,245)**	**(47,623)**
OPERATING PROFIT (LOSS)	**47,000**	**29,854**	**24,148**	**25,524**
Net impairment losses on loans and provisions for guarantees and commitments	(1,269)	(1,143)	(332)	(50)
NET OPERATING PROFIT (LOSS)	**45,731**	**28,711**	**23,816**	**25,474**
Provisions for risks and charges	(9,576)	(1,060)	(4,187)	(2,558)
Net profit from investments	-	-	(1)	95
GROSS PROFIT FROM CONTINUING OPERATIONS	**36,155**	**27,651**	**19,628**	**23,011**
Income tax for the period	(15,671)	(10,902)	(7,826)	(9,282)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**20,484**	**16,749**	**11,802**	**13,729**
PROFIT (LOSS) FOR THE YEAR	**20,484**	**16,749**	**11,802**	**13,729**

Income Statement - Quarterly data

(Amounts in Euro/000)

	2010			
	Q4	Q3	Q2	Q1
Net interest	29,296	29,799	27,717	17,186
Dividends and other income from equity investments	-	8	-	-
Net fees and commissions	41,365	36,985	40,378	38,668
Net trading, hedging and fair value income	7,344	4,956	7,883	7,159
Net other expenses/income	(1,554)	(666)	(506)	(639)
OPERATING INCOME	**76,451**	**71,082**	**75,472**	**62,374**
Payroll costs	(13,633)	(14,311)	(14,492)	(13,578)
Other administrative expenses	(32,918)	(32,780)	(35,717)	(37,751)
Recovery of expenses	6,793	6,744	6,752	6,765
Value adjustments to plant, property and equipment and intangible assets	(2,468)	(2,389)	(2,124)	(2,053)
Operating costs	**(42,226)**	**(42,736)**	**(45,581)**	**(46,617)**
OPERATING PROFIT	**34,225**	**28,346**	**29,891**	**15,757**
Net adjustments to loans and to provisions for guarantees and commitments	22	(684)	(495)	(602)
NET OPERATING PROFIT	**34,247**	**27,662**	**29,396**	**15,155**
Provisions for risks and charges	(10,678)	(3,326)	(3,951)	(106)
Net profit from investments	(16)	(4)	441	(4)
GROSS PROFIT FROM CONTINUING OPERATIONS	**23,553**	**24,332**	**25,886**	**15,045**
Income tax for the period	(10,172)	(9,807)	(10,697)	(6,259)
NET PROFIT FROM CONTINUING OPERATIONS	**13,381**	**14,525**	**15,189**	**8,786**
PROFIT (LOSS) FOR THE YEAR	**13,381**	**14,525**	**15,189**	**8,786**

Key balance sheet figures

(Amounts in Euro/000)

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
Receivables from customers (1)	363,132	350,860	12,272	3.5%
Total assets	17,276,889	11,131,919	6,144,970	55.2%
Customer direct deposits (2)	10,660,256	9,954,547	705,709	7.1%
Customer indirect deposits (3)	24,418,654	25,280,114	(861,460)	-3.4%
Total customer (direct and indirect) deposits	35,078,910	35,234,661	(155,751)	-0.4%
Shareholders' equity	377,240	363,989	13,251	3.6%

(1) Ordinary customer loans relate solely to loans granted to customers;

(2) Direct deposits from customers include overdrawn current accounts and repurchase agreements and the Cash Park deposit account;

(3) Indirect deposits from customers consist of the Bank’s own products and third-party products placed online or through the sales networks of FinecoBank.

Key figures

Operating Structure

	12.31.2011	12.31.2010
No. of employees	910	825
No. of Human Resources (excluding PFA, sponsors, and project workers)	923	901
No. of Financial Advisers (including PFA, sponsors and project workers)	2,305	2,318
No. of Operating financial outlets	285	289

Number of resources: includes permanent employees, atypical employees, Group employees seconded to FinecoBank net of FinecoBank employees seconded to the Group. Number of financial shops: financial shops managed by the Bank and financial shops managed by financial advisers.

Profitability, productivity and efficiency ratios

(Amounts in Euro/000)

	12.31.2011	12.31.2010
Net interest/Operating income	44.55%	36.44%
Income from brokerage and other income/Operating income	55.45%	63.56%
Income from brokerage and other income/Operating costs	95.92%	102.38%
Cost/income ratio	57.81%	62.08%
ROE	19.82%	16.54%
EVA	50,163	40,556
RARORAC	37.90%	32.35%
ROAC	47.35%	41.05%
Earnings margin/Average resources	329	322
Total customer deposits/Average resources	38,464	39,768
Total customer deposits/(Average resources + PFA)	10,882	10,655

ROE: the shareholders' equity used for the ratio is the average figure for the period excluding dividends to be distributed and valuation reserves for available-for-sale assets. EVA (Economic Value Added): expresses the ability to create value in monetary terms, as the difference between net operating profit and the figurative cost of the capital allocated. RARORAC (Risk adjusted Return on Risk adjusted Capital): is the ratio of EVA to Allocated Capital and expresses the ability to create value by risk unit as a percentage. ROAC (Return on Allocated Capital): is the ratio of net operating profit and Allocated Capital and expresses the value generated by the Allocated Capital as a percentage. To calculate the indicators as at 31 December 2011, the figure for Internal Capital is that relating to 30 September 2011, as it is the latest available figure provided by the Parent Company. Income from brokerage and other income: Net commissions, Income from trading, hedges and fair value and Balance of other income/expense.

Balance Sheet indicators

	12.31.2011	12.31.2010
Loans and receivables with ordinary customers/Total assets	2.10%	3.15%
Loans and receivables with banks/Total assets	94.24%	90.43%
Financial assets/Total assets	0.40%	0.25%
Direct deposits/Total liabilities and shareholders' equity	61.70%	89.42%
Shareholders' equity (including profit)/Total liabilities and shareholders' equity	2.18%	3.27%
Loans and receivables with ordinary customers/Customer direct deposits	3.41%	3.52%

Solvency indicators

	12.31.2011	12.31.2010
Common Equity Tier 1 ratio (CET1 ratio)	9.23%	14.85%
Total capital ratio	9.23%	14.85%

Risk-weighted assets are calculated by multiplying total prudential requirements by 12.5 (the inverse of the minimum compulsory coefficient of 8%). Note that FinecoBank calculates its capital requirement against operational risk using advanced methods, integrating total capital requirements for the floors envisaged by Bank of Italy regulations. More specifically, FinecoBank has applied a floor corresponding to the positive difference between 80% of the capital requirements calculated on the basis of the rules in force as at 31 December 2006 and the sum of the capital requirements against credit, counterparty, market and operational risks, calculated applying the current provisions of Basel II.

Market share

TRADING ON ITALIAN STOCK MARKET (ASSOSIM)	12.31.2011	12.31.2010
Third party volumes traded on MTA	14.75%	15.95%
Classification of third party volumes traded on MTA	1°	1°
Third party volumes traded on TAH	33.95%	33.45%
Classification of third party volumes traded on TAH	1°	1°
Volumes traded on S&P/MIB/Futures	12.89%	11.62%
Classification of volumes traded on S&P/MIB/Futures	1°	1°
Volumes traded on S&P/MIB/Mini	39.06%	35.53%
Classification of volumes traded on S&P/MIB/Mini	1°	1°
No. of MTA transactions	7.32%	8.39%
Classification of no. of MTA transactions	1°	1°

PERSONAL FINANCIAL ADVISERS NETWORK (ASSORETI)	12.31.2011	12.31.2010
Share of Stock market	12.32%	12.02%
Stock classification	3°	3°

PERSONAL FINANCIAL ADVISERS NETWORK (ASSORETI)	12.31.2011	12.31.2010
Share of Net Deposits market	18.71%	9.18%
Classification of Net Deposits	2°	4°

TOTAL DEPOSITS (BANK OF ITALY)	30.09.2011	12.31.2010
Share of Total Deposits market	1.02%	1.07%
Share of Direct Deposits market	0.80%	0.92%
Share of Indirect Deposits market	1.19%	1.15%

The market share of total deposits relate to 30 September 2011, the latest feedback from the Bank of Italy.

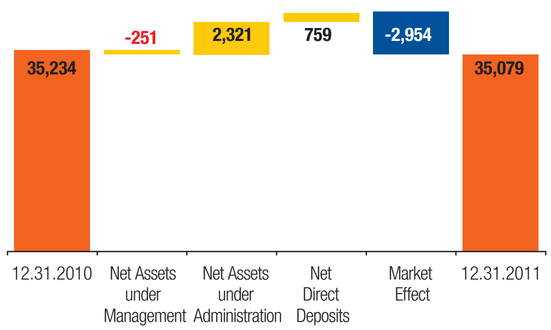
Business performance and main initiatives during the year

FinecoBank holds first place in terms of volumes traded for third parties on the Mercato Telematico Azionario Italiano (MTA) [Italian Electronic Bonds and Securities Market] with a market share of 14.75%, and continues to hold first place in terms of the number of transactions with a share of 7.32%[1].
In 2011, FinecoBank continued to be the leading broker In Italy, with a total of 27.4 million transactions, as well as the leading European broker in terms of the number of orders executed and the extent of the products offered in a single account.
FinecoBank also holds first place in Italy in the Assoreti ranking for average net deposits per financial adviser, strengthening its market share in terms of overall equity (12.32%,+2.5% compared to 2010). In terms of customer satisfaction, an excellent level of consensus was again recorded (98%)2, as with positive perception of the quality and completeness of the products and services provided, the versatility of internet banking and relations with the Bank.
In 2011, over 70,000 new current accounts were opened, 18% more than the same period last year, with total net deposits in excess of € 2,829 million.

Performance of balance sheet aggregates

Net deposits in 2011 more than doubled in comparison to last year (+107%). The stock totalled € 35,079 million, influenced by poor market performance. Direct customer deposits as at 31 December 2011 totalled € 10,660 million, recording a 7% increase over the € 9,954 million recorded as at 31 December 2010.

Performance of stock and Net Deposits 2011



The number of active accounts amounted to 643 thousand, with an average total deposit (direct + indirect) of over € 55 thousand per account.

Performance of income statement aggregates

The net profit from current operations amounted to € 62.8 million, up 21% against the figure for the same period of 2010.

This increase was mainly driven by a higher interest margin, which more than offset the lower commissions generated by trading and internalisation, and by continued efforts to make operations more efficient and consequently cut costs. Other administrative expenses net of Recoveries of expenses and of Advertising, promotion and entertainment expenses fell by 5% compared to 2010.

The difficult market situation highlighted the success of a strategy which has been focused for several years now on strengthening the offer and introducing new products and services. Thanks to this positioning, customers have maintained and strengthened their relations with FinecoBank, precisely because that have found all of the products and services that need to diversify their operations and their investment and trading strategies, with the support of the reference platform of through financial advisers.

Communications and external relations

The 2011 advertising campaign was based on two main themes: promoting the “Transfer of securities and funds” and the launch of the new “CashPark” Deposit Account.

The “Transfer of securities and funds” campaign offered customers a bonus of up to € 2,000 throughout the year, to transfer their assets to FinecoBank, resulting in a positive impact on both the acquisition of assets from new customers and on the increase of the share of wallet of ‘multibanking’ customers.
From a media perspective, in addition to traditional approaches, high-impact means of communication were experimented, such as sponsoring the high-speed Frecciarossa trains, the total branding of airport shuttles at Malpensa and of several trains on the Milan metro.

“CashPark” was launched in October 2011 through a nationwide campaign on digital and traditional media, including satellite TV and bill boards in all major Italian cities. Guerilla marketing methods were also used to promote this campaign, such as the distribution of personalised “scratch&stay” parking vouchers in Milan and Rome, and “dynamic” campaigns by sponsoring city buses and several “bike-sharing” stations in Milan.

In terms of acquisitions, the Member gets Member (MGM) campaign confirmed the extraordinary strength of word of mouth between satisfied customers. More specifically, the strategy to change the entity and the symmetry of bonuses and to alternate periods with different durations (flash vs. standard).

In terms of more institutional communications, FinecoBank took part in the Trading Online Expo organised by Borsa Italiana, the “Fineco Village” 5-stop tour and the traditional end of year Charity event, which seeks to raise funds for selected charity associations.

1. Source Assosim. Fineco also confirms its leading position on the After Hours Market (TAH) with a share of 33.95%, on S&P/MIB Futures with 12.89% and S&P/MIB Mini with 39.06% (source Assosim).
2. Source TNS Infratest, report April 2011.

Commercial activities and development of new products and services

FinecoBank is a direct bank, which focuses almost exclusively on the retail customer segment.
In addition to pursuing the consolidation of its leadership position at domestic and European level in the trading segment, FinecoBank is the reference bank for "asset gathering" within the UniCredit Group, with 2,305 personal financial advisers dedicated to those customers which prefer to deal with professionals.

The main commercial activities, products and services released in 2011, which have involved all areas of the bank, within the scope of the same, in feasibility studies, in subsequent implementation and in their sale/placement, are summarised below:
- extension of the "Porta titoli e fondi in Fineco" (Bring securities and funds to Fineco) and "Member Get Member - Invita i tuoi amici in Fineco" (Member gets Member - Invite your friends to join Fineco) campaigns;
- renewal of the Fineco application for iPhone. In particular, users are now able to purchase phone credit, use the Maxi-withdrawal service, trade in futures, see the Funds Portfolio, top up Fineco payment cards as well as organise bank transfers, check transactions and spending, see share prices, graphs and news and buy and sell securities and currency;
- introduction of the Core Series product, an investment programmed split between 8 different funds, which exploits all of the strength of Fineco's open platform with over 3,500 funds with 56 different brands and a real multibrand which is completely at the service of customers. The Core Series solutions select only the best funds, the real champions of the Fineco platform, to create specific portfolios that offer quality, transparency and no compromise or conflict of interest; - reduction of the minimum commission per order executed on a list of bond securities including all Italian Government bonds and over 1,500 Italian corporate bonds;
- resumption of training courses on trading, organised for customers and potential customers;
- introduction of the possibility of setting long and short intraday trading margins also on Italian Government bonds;
- introduction of reduced margins for intraday transactions on the main futures of the Idem, Eurex and CME markets and new graphs by single maturity;
- introduction of a Powerdesk2 Chart Trading function, which enables orders to be directly input from graphs;
- extension of the range of futures products on precious metals and agricultural products, including corn, soya and silver;
- introduction of the Logos platform to trade in new DFC products on an intraday basis; Differential Financial Contracts (DFC) are derivative financial instruments, whose value is directly related to that of the underlying asset (securities, commodities, indices). More specifically, DFC envisage the payment of the price Differential recorded on the underlying asset between the time the Contract is opened and the time the Contract is closed;
- introduction of the Government Bonds Auction, which enables customers to directly participate in bond issues on the primary market;
- introduction of the CashPark product, the Deposit Account, associated to a Fineco account, which enables a customer to "park" liquid assets, tying up the same for 3, 6, 12 or 18 months, with a return that is always higher than that of the current account;
- from the beginning of 2011, all customers now have access to the new package of Apex services, addressed to customers with considerable equity. With this new service, customers with over € 500,000 in assets or over € 250,000 in managed savings, can benefit from the lower commissions of the roll-on plan, previously only available on the basis of the commissions generated over a quarter. This new service benefits the customer's best customers and seeks to increase the satisfaction of this cluster and their loyalty.

The following pages contain the main indicators and results of the Business Areas into which the Bank's operations are divided: On-line Trading, On-line Banking and Personal Financial Advisers Network. All the activities were carried out with the aim of obtaining economic results from the "industrial" management of the businesses, minimizing the financial risk profile thereof. The financial management of FinecoBank is oriented towards risk management aimed at protecting the industrial returns on various businesses and not assuming risk positions on its own account.

Commercial activities and development of new products and services (CONTINUED)

On-line Trading

In 2011, FinecoBank further consolidated its leadership of the on-line trading market in Italy, despite the fact that market conditions had deteriorated against 2010 in terms of lower volumes and restrictions to short-selling in various European markets.
The active traders' segment has no doubt felt the impact of this new market configurations, and overall transactions have fallen, particularly in the domestic market. Customers have therefore tended to differentiate their activities, by including futures, Forex and bonds in their portfolios. These instruments, combined with the profit generated from trading, have partially offset the reduction of commission on equity.

2011 also saw a higher number of new customers using the Fineco platform to operate on the markets, due to the continuous improvement of the offering and the positive impact of the "securities transfer" campaign; the transfer of assets to a Fineco account has often also entailed the transfer of a customer's business, both for the disposal of securities and relative reallocation of assets, and for new investments in different products and markets.

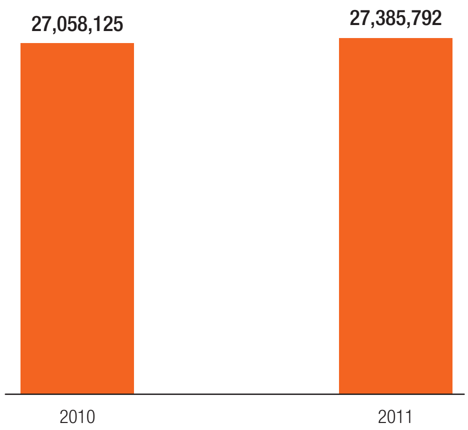
The Bank continued to pursue a strategy to complete, innovate and evolve the services and products offered by continuing to analyse customer requests, combined with the monitoring of international best practices and listening to feedback from the commercial network and customer care. Increasing attention has been focused on improving the ease of use, intuitiveness and graphics of the interfaces of all channels through which the Bank offers products and services.
These elements trigger ideas to develop new products and services and to improve existing ones.

Developments in 2011 have regarded all operating platforms (PowerDesk2, Fineco on-line and mobile websites) and have affected all customer targets (investors, traders and active traders).

More specifically, the products and services offered were continually improved throughout the year with new releases of the Fineco APP for iPhone, the new App for the Android operating system, the release of Chart Trading, the margin-setting service for bonds, the introduction of new margins on the major futures, the trading of futures on commodities and the service for on-line participation in auctions for Government bonds.

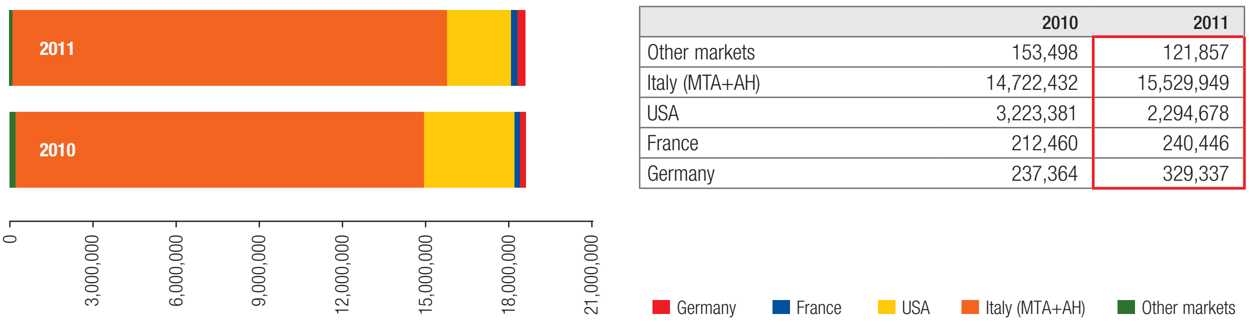
In general, the results achieved confirm the success of a business model focused on offering very easy to use innovative services with highly competitive costs, able to reach and satisfy all investors that are gradually approaching the world of on-line trading, from amateurs to professionals.

Total number executed



The total number of orders executed refers to the transactions of retail and institutional customers to buy and sell shares, bonds, derivatives, Forex, DFC, funds and repurchase agreements.

Number of orders executed on line broken down by stock market



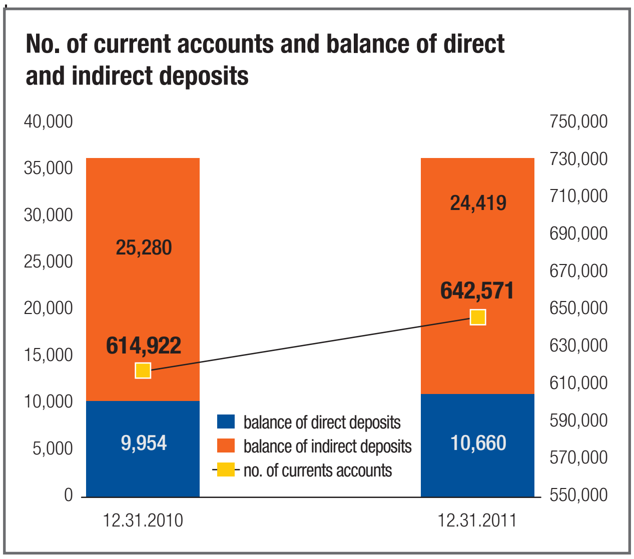
	2010	2011
Other markets	153,498	121,857
Italy (MTA+AH)	14,722,432	15,529,949
USA	3,223,381	2,294,678
France	212,460	240,446
Germany	237,364	329,337

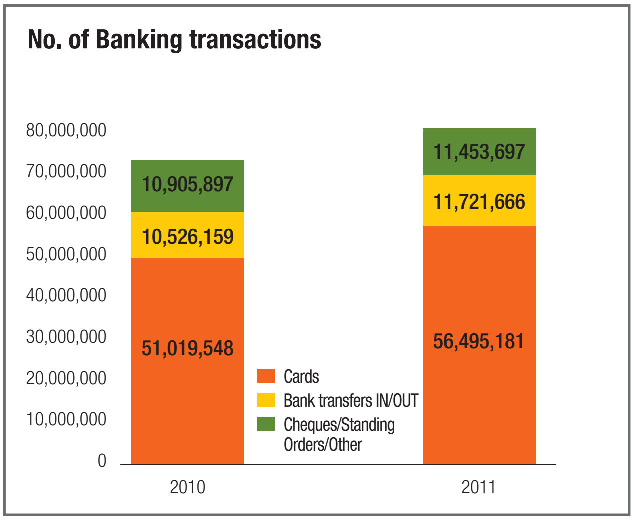
On-line Banking

Banking

Indirect customer deposits (under management and under administration) totalled € 35,079 million, down 0.4% against 31 December 2010.
Direct deposits are represented by current accounts, totalling € 8,822 million, the CashPark deposit account amounting to € 790 million and by repurchase agreements totalling € 1,048 million. There are 643 thousand active current accounts compared to 615 thousand as at 31 December 2010. In 2011, around 71 thousand new current accounts were opened; a significant number of banking transactions were performed, totalling almost 80 million.

In the Banking area, with the aim of segmenting the customer base and rewarding customers that generate the most value, a package of exclusive services called Apex was created. The latter includes lower trading commissions (share and bonds markets in Italy, France, Germany and USA), better returns on liquid assets and a top-level customer care service.
These services are also combined with other advantageous banking conditions, such as no charges for withdrawing and paying in funds in the branch, no commission on post office payment slips, a full bonus on the account and a higher daily and monthly spending limit for cashpoint cards. In addition, Apex customers enjoy particularly competitive spreads on loans and the opportunity to obtain the exclusive Black Card.





Payment systems

n 2011, new services and new payment collection and payment systems were implemented, to comply with legislative amendments that involved the entire banking system, in particular:

Debit cards

- in implementation of Directive 2007/64/EC (P.S.D. = Payment Services Directive), a "subject to final payment" refund has been introduced to customer accounts to cover cases of disputed payment transactions;
- a new system to manage theft/fraud reports sent to the S.I.P.A.F. information system of the Central Antifraud Office (UCAMP) established within the Ministry of Finance has been launched;
- a new refund system for cases involving the cloning of "magnetic band" cards has been envisaged, with a specific procedure called LIABILITY SHIFT, accessed through the S.I.A. (Società Interbancaria per l'Automazione - Interbank Company for Automation) portal.

Commercial activities and development of new products and services (Continued)

On-line Banking (Continued)

Incoming bank transfers and Payment of F24-I24 forms

- as regards incoming bank transfers relating to payments under Italian Law 449/97 or Law 296/06 (e.g. “Restructuring”, “Energy Saving”), the automatic deduction of withholding tax has been introduced, made by the Bank as withholding agent, and the subsequent generation of the tax certificates to the beneficiaries of the deduction, in compliance with the provisions of Italian legislative Decree 78/2010;
- in implementation of Directive 2007/64/EC (Payment Services Directive - PSD), a new system for crediting incoming bank transfers has been launched with the aim of making funds available to customers on the same day they are received;
- a new repayment system has been adopted as regards Delegated Tax Payments made by customers using the I24 form in line with the provisions of ABI circulars for which, as of 29 November 2011, the bank transfer made to the Inland Revenue has now been brought forward to the second working day following the registration of the I24 instructions

Foreign bank transfers

- introduction of stamp duty to money transfers abroad, in compliance with Italian Legislative Decree 138/2011.

Paying in cheques

- reduction of the terms of communication for dishonoured cheques (Interbank Procedure: Electronic Outcome for Cheques).

Utilities and Preauthorised Debit Instructions (RID)

- management of the new “FINANCIAL RID” service, a variation of the ordinary RID service used exclusively for collections relating to transactions that are covered by the provisions of art. 2, letter i) of Italian Legislative Decree 11/2010, namely in the event of “payment transactions relating to the administration of financial instruments, including dividends, income or other distributions, refunds or income from disposals, made by investment companies, credit entities, collective investment undertakings or asset management companies that provide investments services and any other entity authorised to have custody of financial instruments”;
- in implementation of Directive 2007/64/EC (P.S.D. = Payment Services Directive), the option of debiting “Fast RIDs” has been introduced, only and exclusively on current accounts of customers that do not belong to the consumer segment (companies and small business operators).

(Amounts in Euro/000 and numbers in units)

PAYMENT SYSTEMS - SERVICES OFFERED	2011	2010	% CHANGE
Amount of outgoing bank transfers	10,516,271	10,661,997	-1.4%
Number of outgoing bank transfers	4,752,690	4,201,791	13.1%
Amount of incoming bank transfers	20,957,322	19,853,500	5.6%
Number of incoming bank transfers	8,013,805	7,382,517	8.6%
Amount of preauthorised debits	1,366,773	1,341,099	1.9%
Number of preauthorised debits	6,060,990	5,573,791	8.7%
Amount of preauthorised credits	1,230,344	1,172,442	4.9%
Number of preauthorised credits	677,555	617,398	9.7%
Amount of ATM withdrawal transactions	2,556,677	2,278,862	12.2%
Number of ATM withdrawal transactions	13,183,706	12,187,587	8.2%
Amount of ATM cash pay-in transactions	574,010	549,995	4.4%
Amount of POS payment transactions	1,086,467	960,598	13.1%
Number of POS payment transactions	18,804,290	16,278,841	15.5%
Amount of bank cheques debited from accounts other than cash accounts	2,858,322	3,036,396	-5.9%
Number of bank cheques debited from accounts other than cash accounts	1,104,754	1,188,287	-7.0%

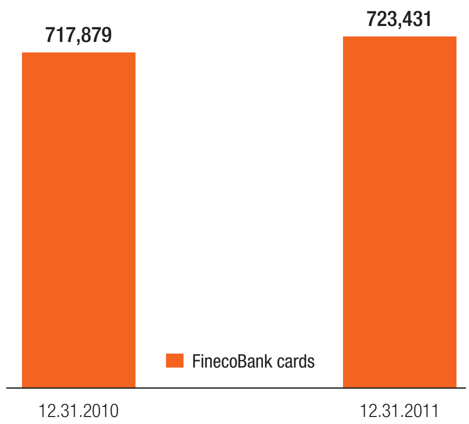
Credit

In 2011, in line with the performance figures for last year, the indicators relating to the credit card sector showed an upward trend. More specifically, a 1.5% increase was recorded in the number of active credit cardholders with full payment of the balance at term, whilst a 9.4% increase was recorded in the number of customers with credit cards with instalment payment plans (also known as *revolving*).
Furthermore, the figure relating to spending, which continues to be the main profitability driver, rose 7% compared to the previous year, recording an overall sum of around € 1.8 billion.

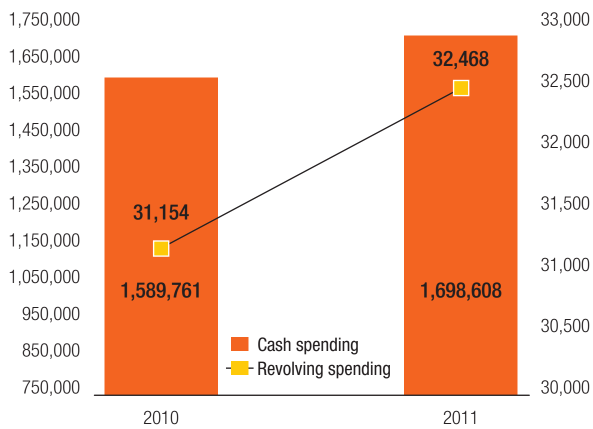
The spending of revolving cards represented 1.9% of the total.

The following measures were taken to curb any attempts of fraud:
- the introduction of an applications infrastructure called 3D Secure to make transactions performed by customers on the internet safer;
- the automatic and systematic sending of Text alerts to the mobile phones of credit card holders;
- the development of new procedures aimed to identify possible compromising situations, with a view to putting preventive measures in place for cards that risk being cloned.

N. of Credit Cards issued, net of expired cards



Credit Card spending (cash and revolving) Amounts in Euro/000



Commercial activities and development of new products and services (CONTINUED)

Personal Financial Advisers Network

Following the efforts made in 2010 to better define the structure and organisation of the network, therefore concluding the integration process, in 2011, work focused on increasing the productivity and improving the quality of resources.
In particular, during the year, a far-reaching assessment plan was implemented involving all Group Managers; after establishing a set of qualitative/quantitative indicators, periodic individual meetings were held to examine areas for improvement and to draw up a plan of action (activities, initiatives, training) to fill any gaps identified.
Furthermore, projects to support growth continued, in particular:
- large investments in marketing to launch advertising and communications campaigns, with a view to promoting and supporting projects to acquire new customers;
- the Securities Transfer campaign, extended for the whole of 2011;
- the introduction of the CashPark deposit account which, with significant returns and an extensive advertising campaign, is aimed at the top end of the market;
- the introduction of the Core Series product which, thanks to the careful selection of the best funds in the platform inserted into eight different segments, contributed with net deposits of around € 900 million. The Core Series product, exclusive to Fineco, is the result of distribution agreements between FinecoBank and carefully selected prestigious partners, which has enabled it to further extend and increase the quality of the range of products and services offered, taking increasing advantage of the open architecture approach;
- the excellent advisory service, Fineco Advice, which has also proven to be an excellent tool to attract new business.

Furthermore, FinecoBank has maintained its presence on the domestic front through local marketing events, in coherence with its strategy of “fare e far sapere” (doing and spreading the word) launched at the beginning of the year to support the Bank’s repositioning. 500 events were organised, involving over 16,800 customers and prospective customers.
In 2011, recruitment activities resumed with renewed vigour as a result of revised economic terms and the involvement of managers through targeted local meetings. During the year 71 “senior” PFA and 62 “beginners” were recruited. FinecoBank has confirmed its interest in recruiting, as necessary to extending its sales network, and intends to target high potential resources, namely people who, beyond managing the portfolio, are able to demonstrate future potential.

As at 31 December 2011, the network was made up of 2,305 personal financial advisers, who operate countrywide through 285 financial shops (Fineco Centres), managed directly by the bank or by the personal financial advisers themselves.

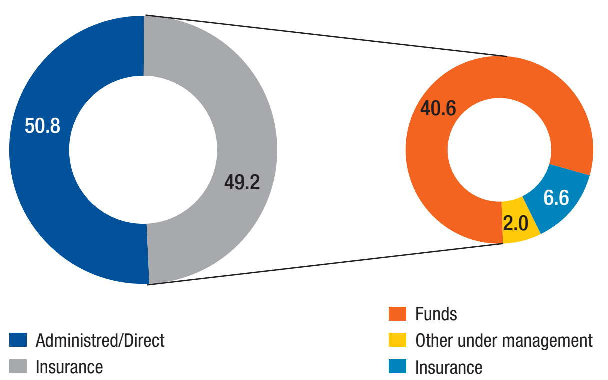
Personal financial advisers Network - assets

(Amounts in Euro/000)

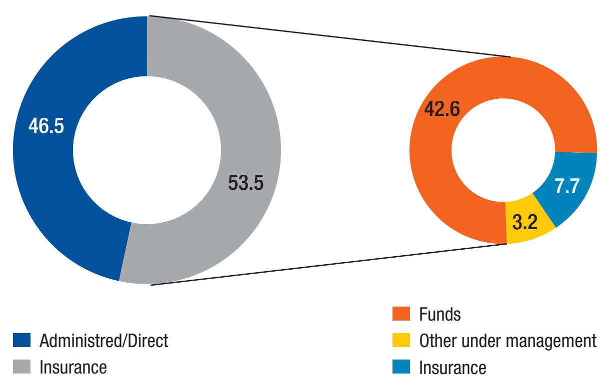
	12.31.2011	% OF TOTAL	12.31.2010	% OF TOTAL	CHANGE	% CHANGE
Current accounts, repos and deposit account	7,138,778	25.1%	6,488,434	22.8%	650,344	10.0%
BALANCE DIRECT DEPOSITS	**7,138,778**	**25.1%**	**6,488,434**	**22.8%**	**650,344**	**10.0%**
Mutual funds and other funds	11,527,229	40.6%	12,105,702	42.6%	(578,473)	-4.8%
Insurance products	1,861,638	6.6%	2,174,457	7.7%	(312,819)	-14.4%
Other assets under management	578,492	2.0%	919,226	3.2%	(340,734)	-37.1%
BALANCE ASSETS UNDER MANAGEMENT	**13,967,359**	**49.2%**	**15,199,385**	**53.5%**	**(1,232,026)**	**-8.1%**
Government securities, bonds and stocks	7,288,851	25.7%	6,708,573	23.6%	580,278	8.6%
BALANCE ASSETS UNDER ADMINISTRATION	**7,288,851**	**25.7%**	**6,708,573**	**23.6%**	**580,278**	**8.6%**
BALANCE DIRECT AND INDIRECT DEPOSITS	**28,394,988**	**100.0%**	**28,396,392**	**100.0%**	**(1,404)**	**0.0%**

The table above illustrates the breakdown of the assets managed by the personal financial advisers network as at 31 December 2011.
Total assets, amounting to € 28,395 million, are substantially unchanged compared to 2010, despite the excellent result achieved in terms of net deposits of € 2,133 million, as negatively influenced by the fall in the market value of administered and managed products.

% Composition of Total Stock of Assets Personal Financial Advisers Network as at December 31, 2011



% Composition of Total Stock of Assets Personal Financial Advisers Network as at December 31, 2010



Personal Financial Advisers Network - net deposits

(Amounts in Euro/000)

	2011	% OF TOTAL	2010	% OF TOTAL	CHANGE	% CHANGE
Current accounts, repos and deposit account	659,382	30.9%	(1,305,881)	-114.1%	1,965,263	n.d.
BALANCE DIRECT DEPOSITS	**659,382**	**30.9%**	**(1,305,881)**	**-114.1%**	**1,965,263**	**n.d.**
Mutual funds and other funds	251,029	11.8%	1,717,882	150.1%	(1,466,853)	-85.4%
Insurance products	(203,381)	-9.5%	(147,498)	-12.9%	(55,883)	37.9%
Other assets under management	(271,448)	-12.7%	(239,399)	-20.9%	(32,049)	13.4%
BALANCE ASSETS UNDER MANAGEMENT	**(223,800)**	**-10.5%**	**1,330,985**	**116.3%**	**(1,554,785)**	**-116.8%**
Government securities, bonds and stocks	1,697,732	79.6%	1,119,590	97.8%	578,142	51.6%
BALANCE ASSETS UNDER ADMINISTRATION	**1,697,732**	**79.6%**	**1,119,590**	**97.8%**	**578,142**	**51.6%**
BALANCE DIRECT AND INDIRECT DEPOSITS	**2,133,314**	**100.0%**	**1,144,694**	**100.0%**	**988,620**	**86.4%**

Net deposits for 2011 amounted to € 2,133 million, mainly represented by administered savings instruments, and also by the contribution of the Securities Transfer campaign.
The acquisition of new customers continues to be an important source of growth, with over 54 thousand current accounts opened through the personal financial advisers network.
In 2011 considerable efforts continued to restructure and diversify assets under management, steering them towards the Core Series and Advice products with deposits of over € 900 million and € 297 million respectively.

Assets under administration and under management - Total

(Amounts in Euro/000)

	12.31.2011	% OF TOTAL	12.31.2010	% OF TOTAL	CHANGE	% CHANGE
Mutual funds and other funds	11,784,277	48.3%	12,427,015	49.2%	(642,738)	-5.2%
Insurance products	1,905,053	7.8%	2,233,742	8.8%	(328,689)	-14.7%
Other assets under management	587,186	2.4%	934,053	3.7%	(346,867)	-37.1%
BALANCE ASSETS UNDER MANAGEMENT	**14,276,516**	**58.5%**	**15,594,810**	**61.7%**	**(1,318,294)**	**-8.5%**
Government securities, bonds and stocks	10,142,138	41.5%	9,685,304	38.3%	456,834	4.7%
BALANCE ASSETS UNDER ADMINISTRATION	**10,142,138**	**41.5%**	**9,685,304**	**38.3%**	**456,834**	**4.7%**
BALANCE DIRECT AND INDIRECT DEPOSITS	**24,418,654**	**100.0%**	**25,280,114**	**100.0%**	**(861,460)**	**-3.4%**

The table above shows the figures for assets under management and under administration of FinecoBank customers, regardless of whether they are related to a financial adviser or they are on-line customers. The figures shown refer to the bank's own products and to those of third parties placed on-line or via the personal financial advisers network.

Operating structure

Resources

At the end of 2011, FinecoBank's workforce comprised 914 resources excluding Directors, compared with the figure of 933 as at 31 December 2010. If Sponsored Personal Financial Advisers are excluded from the 2010 figure - a total of 39 resources hired under temporary contracts, which then became part of the sales network in 2011 - it can be seen how in a difficult market scenario, FinecoBank managed to increase the number of resources, guaranteeing operational efficiency and business productivity.

RESOURCES	12.31.2011	12.31.2010
FinecoBank employees	910	825
Workers with atypical contracts* (+)	2	112
Group employees seconded to FinecoBank (+)	4	6
FinecoBank employees seconded to the Group (-)	(2)	(10)
Total resources excluding Directors	**914**	**933**
Directors (+)	9	9
Total resources	**923**	**942**

* Of which 2 are project workers

In 2011, efforts continued to staff, render efficient and rationalise the workforce, specifically through the recruitment of 144 people, of which:

- 15 originated from other Group Companies;
- 91 already on employment agency contracts;
- 38 from the market.

New employees were mainly concentrated in CRM, Back Office, ICT and Operations Banking areas.

Furthermore, careful and effective management and development has meant that vacancies have been filled mostly using internal resources, therefore exploiting professional skills already present in the company. In 2011, the rate of mobility was 16.4%, and involved 144 employees.
Also as regards new recruits, the Bank pays considerable and constant attention to hiring young graduates, particularly in the CRM area, who represent the starting point to build professional figures needed to cover positions in the company in the future.

A total of 59 resources left the bank in 2011, of which:

- 15 due to resignations;
- 35 due to transfers to Group companies;
- 5 due to Early Retirement incentives;
- 4 for other reasons.

The Bank's workforce can be broken down as follows:

The Bank continues to focus on women in its workforce, who represent around 41.4% of the total, and 96% of the 58 part-time employees in the company as at 31 December 2011, an important indicator in terms of "diversity".
Average length of service stood at 5.17 years, whereas the average age was 36 years and 8 months.

Employee training

Employee training is adequately structured and integrated with HR development systems, and represents the basic tool through which employees can acquire and consolidate the distinctive skills and competences for their positions needed to meet company needs.
Employees were given 22,648 hours of training in 2011 and covered the company's entire population.
The breakdown is as follows:

AREA CONCERNED	TRAINING HOURS
Compulsory	3,394
Technical	7,054
Language	10,180
Behavioural/Managerial	**2,020**
Total	**22,648**

Technical training

Technical training mainly focused on the project to migrate the company's operating systems to Windows 7, which took place in the second half of 2011, and the consequent installation of the Office 2010 package. The project, which was carried out in collaboration with the Information Technology area, involved all FinecoBank employees and will conclude in the first half of 2012.
In order to present and illustrate the changes and the impact of this project on the work of employees, half-day information seminars were organised for 82 managers. In addition to presenting the potential of the new system and of the Office package, these meetings were useful to draw up a proposal able to cover the training needs of resources and to gauge requirements.
The training courses, which were provided alongside the change of systems, took the form of theoretical seminars in the classroom and Webcasts.
Classes regarding the Excel programme involved around 130 people for a total of 924 hours. The theoretical seminars, which lasted a whole day, provided an in-depth overview of all programmes of the Office package to around 170 employees for a total of 1,232 hours.

	MEN		WOMEN		TOTAL	
CATEGORY	12.31.2011	12.31.2010	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Executives	20	24	1	1	21	25
Managers	185	182	58	53	243	235
Professional Areas	328	293	318	272	646	565
Total	**533**	**499**	**377**	**326**	**910**	**825**

The Webcast, namely short training modules on MS Excel 2010, MS Power Point 2010, MS Outlook 2010 and MS Word 2010, served to provide an immediate answer to any difficulties encountered when using the programmes, and were made available to employees on the corporate intranet.
Training on the use of the Office package will continue on into the first half of 2012.
Furthermore, specialist training continued, addressed to all employees (particularly in the ICT, CFO and CRO area), with a view to acquiring the technical skills needed to improve business productivity as well as the level of specialisation and to keep continuously updated.
The Bank's Business Continuity plan was consolidated as a result of continuous training during the whole year, which involved around 60 backup resources and a total of 1,240 training hours, carried out through on-the-job training, certified on company registers.
Furthermore, in the Customer Care area, with a view to maintaining high quality standards of the service and constant customer focus, training courses for "new recruits" were organised on technical topics as well as "continuous" training courses on technical and behavioural subjects (relating to Communication and Service) for a total of around 1,800 hours.

Language training

In 2011, efforts continues to focus on improving English and German language skills, considered essential to operating in certain sectors of the Bank. Therefore, around 36% of the company's population (330 employees) were involved with English language courses (classroom, online, one-to-one, telephone) and German language courses (classroom), concentrating on the use of the language for their jobs.
Executives continued with one-to-one English business training. To guarantee training continuity and continuous improvement, from October, the English and German language courses that ended in June 2011 restarted, involving a further 200 employees, and telephone courses were held for a further 50 employees.

Management training

In 2011, FinecoBank continued to invest in middle management and in specific categories of employee (Executives and Talents), with a view to supporting the development of management skills, by means of highly-focused courses on topics such as leadership, team management, emotional skills, time management, problem-solving, project management and conflict management. Training courses were organised in collaboration with Unimanagement, the Group organisation in charge of managerial training in both Turin and at the Fineco head office.

Network Training

Behavioural/commercial Network training

In 2011, an initiative was undertaken to boost the number of Network employees involved in classroom training, which entailed "on-demand" behavioural-commercial modules, addressed both to personal financial advisers and managerial structures, with courses mostly held in house.
In this regard, we draw attention to the fact that the range of training modules contained in the Catalogue published on the Extranet addressed to the Network of personal financial advisers has been further extended.
Consulting mostly regarded the topic of "Referral" (28 editions and 329 financial advisers), while classroom training involved almost all Territorial Areas, based on requests received following an assessment of the Network's training requirements.
In particular, courses on Communications Skills were held (25 editions and 188 financial advisers), as well as on Value Proposition (20 editions and 225 financial advisers) and on Time Management (8 editions and 90 financial advisers).
Pilot schemes were also launched, addressed to GMs, the purpose of which is to optimise team management and, specifically the Boss-Employee relationships, Objectives/Strategies/Results and Motivation.
The Bank focused considerable efforts on increasing income, by revising the "Improve Your Income" workshop (8 editions and 84 financial advisers), a course addressed to GM and their teams.
Lastly, it is worth drawing attention to the close collaboration with the Commercial Department Management, which led to the organisation of an important event involving the entire managerial structure.

Technical/specialist Network training

In 2011, technical/specialist training regarded the Advice project, bringing 128 PFA to the classroom for the Basic Module for a total of 19 editions; 67 PFA were involved in the Second Rebalancing Module for a total of 11 editions; 98 PFA were involved in the third Monitoring Module for a total of 13 editions.
From a teaching perspective, the courses were entirely handled by the Advice Team, with the collaboration of the Training department. The use of internal staff enabled the harmonisation of course content to be assured as well as the effectiveness of the same. 4 editions of the Advice course were held in parallel, bringing 15 Managers to the classroom.
To support the basic module provided in the classroom, during the year, an on-line course was made available as an introduction to the above, which to date has been used by 145 PFA.
In the second half of 2011, and important Advice event was organised, which involved 25 PFA.
Numerous commercial courses were held, involving 245 PFA, with the assistance of Network specialists.

Operating structure (Continued)

Resources (Continued)

During the year, particular importance was given to the topics of Trading (10 editions and 203 PFA) and Core Series (11 editions and 203 PFA).
In addition, courses on “IPO and Structured Bonds” (3 editions and 50 PFA), “Investment Logic” (5 editions and 60 PFA) and “Introduction to the FinecoBank world” (3 editions and 57 PFA) were held.
Compared to previous years, in 2011, the Bank gave PFA the freedom to decide whether to prepare for EFA/EFP certification.

Compulsory Network training

In 2011, “compulsory” training focused on a series of on-line courses and in particular on the topics of Anti Money Laundering, MiFID regulations, Banking Transparency, Privacy, Law 231, Anti Usury and Market Abuse. Particular emphasis was given to the topic of Anti Money Laundering and specifically “Money Laundering to finance terrorism” through in-depth sessions in the classroom for the whole Network, focusing on indicators of irregularities and the reporting of suspicious transactions (attendance of over 98%).
The annual maintenance of the RUI (Single Register of Insurance Brokers) entailed 30 editions, involving over 97% of the Network (2,173 PFA).
Lastly, training on line also regarded compulsory products as per ISVAP regulations, such as *Aviva Top Selection, Credit Ras Tutela* and *Credit Ras Vita Rivalutabili* as well as the offer of *Skandia* products for FinecoBank.

The table below summarises the courses held in 2011, by business area:

AREA CONCERNED	TRAINING HOURS
Behavioural/Relational Special Projects for Young Employees	1,509
Technical/Institutional	2,390
Compulsory	8,643
Total	**12,542**

Note that classroom training represents 89% of total training hours.

In 2011, a project entitled “Becoming a Fineco PFA” was launched, with a view to attracting young graduates with commercial skills to the PFA Network, interested in making a career in the area of financial advice.

8 training programmes were launched during the year each lasting 3 months (structured as 5 lessons in the classroom, individual study and more in-depth training through an e-learning platform) to enable candidates to prepare for their entrance exams to the profession. Through the above programmes, 62 Beginners joined the Network. Immediately after joining the Network, training was organised for the same focusing on developing technical and commercial skills, entailing 6 classroom sessions. To date, 6 courses have been launched, for a total of 472 training days.
In parallel to the training of young PFA, training courses were also organised for Trainers (senior PFA who coach beginners), with a view to developing leadership and coaching skills.
To date, 13 courses have been organised, for a total of 367 training days.

Trade union relations

Also as regards trade union relations, the Bank continued to play a constructive and active role, characteristic of a consultation model based on dialogue and which has been successful in relations with the Company’s Trade Union Organisations.

In 2011, discussions were held with Trade Unions on the company’s future plans which, in accordance with the law, require the involvement of Workers’ Representatives.
The necessary procedures were launched to discuss how to manage the repercussions on the employees of the local unit in via Bruzzesi following the opening of the new local unit in piazza Napoli in Milan.

With a view to consultation, meetings continued with the Joint Training Committee to discuss trade union proposals on company training.

Trade Union Agreements for participation in Training Programmes funded and promoted by the Fondo Banche Assicurazioni were discussed and ratified.
With regard to occupational health and safety, and in application of the provisions contained in the Consolidated Act (Italian Legislative Decree 81/2008), the appropriate procedures were followed for the election of an Employee Safety Representatives and for the re-establishment of the legal number of the same at the Milan office, and discussions were held with the ESR following renovation work carried out, mostly regarding the façade of the Reggio Emilia office.

Technology infrastructure

The information system of FinecoBank is essentially comprised of six elements:
- Banking applications procedures;
- On-line Trading System (dedicated applications for the real-time sale/purchase of securities and financial instruments on the main European and American markets);
- Management system for the operations room and for institutional investors, and access to the information/order sections of numerous Italian/foreign markets;
- Management system for investment services such as Funds, SICAVs and Bank Insurance;
- Credit card management system, with the issue of cards for the VISA and MasterCard circuits;
- Personal financial advisers network management system which allows them to operate in an integrated way, through a single portal, on all FinecoBank products.

In 2011, in addition to efforts to consolidate and develop the Information System in order to provide new and more versatile added value services to customers, the ICT department focused on the technological adaptations needed in preparation for the New Website project.
From an architectural perspective, work continued on optimising the applications infrastructure, as well as the continuous improvement and tuning of the architecture relating to applications security.

Lastly, efforts also focused on bringing the system in line with legislation on Financial Manoeuvres issued during the year, with new provisions on Anti Money Laundering and Banking Transparency and on the activation of the blocks required by MIFID.

Internal control system

The Bank has adopted an Internal Control System organized on four levels.

- 1st level controls are incorporated into operating procedures and are known as "line controls". These controls are consequently included in the Services and Bank segments charged with performing various work tasks by following specifically created executive procedures. With a view to the efficient performance of these controls, said procedures have been formally set out in internal regulations, which have been documented and published on the Bank's intranet in order to facilitate the access of personnel to the provisions issued by the Bank. Monitoring and continuously updating these processes is entrusted to "process supervisors" who are charged with devising controls able to ensure the proper performance of daily activities by the personnel in question, as well as the observance of any delegated powers. Formal processes regard both customer contact and head office structures.

- 2nd level controls are associated with day-to-day operations applied to quantifiable risks; they are carried out constantly by structures separate from operating structures. The controls of market, credit and operational risks are assigned to the "Risk management" function which operates according to the instructions of the Parent Bank. Controls on compliance risk are managed by the Compliance function, which operates according to a Competence Line model, centralised at the Parent Bank, with a Compliance Manager on site.

- 3rd level controls are those associated with internal auditing, culminating in on-site inspections conducted with the aim of assessing procedural flow, and incorporating paper documents drawn from databases or company reports.

- Lastly, institutional supervisory controls, including those of the Board of Statutory Auditors and the Supervisory Authority under Italian Legislative Decree 231/2001 will also be included.

In 2011, business processes continued to be published on the Bank's intranet so as to complete and update the set of operating procedures.

The control activity carried out by UniCredit Audit according to an outsourcing contract, in 2011, concerned some of the Bank's operating areas (budget and results, IT-Disaster Recovery Management, granting and management of personal loans, managing the obligations of bank representatives, setting trading margins, loan monitoring and restructuring, yearly financial statements, MIFID-adequacy and appropriateness, MIFID-customer classification, MIFID-inducements and COI, reconciliation and balancing CO.GE, supervisory reporting, management of domestic cheques, MIFID-execution policy, Personal Dealing, Collection of orders through PFA, recruiting PFA, deposit and sub-deposit of financial instruments, money laundering, procedures for the implementation of Consob provisions on short selling) to establish the adequacy of the processes from both the point of view of compliance with legal regulations (laws, regulations and internal rules) as well as their efficiency and effectiveness.

Operating structure (Continued)

Risk management and control

FinecoBank has organised its risk control structure in accordance with the provisions prescribed by the Supervisory Bodies, in collaboration with the Parent Bank, acknowledging and implementing the guidelines issued by the same.

Risks are measured and controlled by the Risk Management function, led by the Chief Risk Officer (CRO), who reports directly to the Managing Director. At organisational level, Risk Management is therefore separated from business and operating areas, in order to guarantee the necessary objectivity and independence of controls.

Risk Management performs 2nd level controls, whose prime objective is to identify, measure and control the Bank's exposure to the risks associated with its business activities.
More specifically, Risk Management continuously monitors the following risks:
- Credit risk;
- Market risk;
- Operational risk.

Risk Management also monitors business and reputation risks.

The results of the above are periodically reported to Top Management, both through the Risks Committee and through a quarterly report submitted to the Board of Directors.

Credit risk

Credit risk, defined as the probability that the counterparty to a contract becomes insolvent, is managed by monitoring the credit quality of the products issued by the Bank: personal loans, credit cards and secured and unsecured current account overdrafts.

Risk Management monitors the loans portfolio by developing and maintaining adequate reports in order to understand the dynamics, the flows and the stock of the performing and non-performing portfolios. This entails portfolio reports and reports on individual products.

Risk Management also conducts periodic scenario analyses (stress tests) to estimate the credit risk of the Bank's exposure vis-à-vis customers that use trading products that entail setting trading margins, in the case of market disruption events (MDE).

The management policies, operating procedures, techniques, credit risk control and management adopted by the Bank are discussed in detail in the Notes to the Financial Statements - Part E, Section 1 - Credit risk. Please refer to the same for more complete information.

Market risk

Market risk is defined as the amount of losses that may be incurred on positions in financial instruments or derivatives when changes in market conditions occur.

Market risk and interest rate risk associated to the trading and the banking portfolio are kept at the minimum level compatible with business requirements, also by means of hedging transactions using derivative instruments.

Market risk management in FinecoBank is carried out by Risk Management, in collaboration with the CFO area, liaising with the parallel offices of the Parent Company and advising the same of strategic and operating decisions.

The Bank's Board of Directors, through the acknowledgement and approval of the Parent Company Policy on the matter in hand, establishes the acceptable thresholds for market risk by measuring the maximum potential loss that could be generated when market variables change.

The maximum potential loss is measured, for both the banking and trading books, in terms of VaR (Value at Risk), namely the maximum loss, that with a probability of 99% can be triggered by a portfolio, on the basis of changes in the underlying risk variables, with reference to a holding period of one day.

Market risk is measured by the Parent Bank, which provides FinecoBank's Risk Management office with the results in terms of VAR of the trading and banking books. The Risk Management office checks that the operating thresholds are respected and provides adequate information to Management.

The Parent Company has also provided FinecoBank with an ALM (Asset Liability Management) system, able to generate full reports and, through simulations, conduct specific analyses to identify volatility factors of the interest margin and to calculate the expected interest margin of a specific scenario.

For further information on management policies, market risk (interest rate risk, price risk, exchange rate risk) and liquidity risk control and management, please refer to the Notes to the Financial Statements - Part E, Section 2 - Market Risk and Section 3 - Liquidity Risk.

Operational risk

Operational risk is defined as the risk of incurring losses deriving from the inadequacy or improper functioning of internal processes, the behaviour of personnel (error, fraud), and the malfunctioning of systems or external events. It includes legal risks.

To effectively handle operational risk and with a view to complying with the changes introduced by Prudential Supervisory provisions, FinecoBank has established a management system for the same (called a Framework), comprised of a set of policies and strategies to measure, control and mitigate risk.

Following authorisation from the Bank of Italy, from 30 June 2010, FinecoBank will adopt the AMA (Advanced Measurement Approach) to calculate capital requirements. Data collection and control is managed by the Bank, while the use of the calculation model is centralised for all members of the banking Group at the Holding Company.

In order to mitigate the operational risks associated with the placement and collection activities performed by the PFA network, and in accordance with the provisions of the Assoreti Supervisory Code, FinecoBank has set in place a remote control model to monitor the operations of its PFA.

The model was entirely designed and developed within FinecoBank and uses the data available from Bank's electronic databases.
The controls focus on identifying potentially illegal conduct aimed at misappropriation, embezzlement or diversion of customers' assets; the results of the same are sent to the Bank departments responsible for the commercial area. These departments, also on the basis of any recommendations provided by the Risk Management office, carry out the appropriate action.

In parallel to the monitoring of the PFA network, operational risk control activities are also carried out on other Bank departments where potential losses may be triggered, through the creation and use of KRI (Key Risk Indicators) and scenario analyses, whose purpose is to identify the presence of operational risks in systems and processes.

An analysis of KRI results enables Management to be informed promptly of any existing risks and to identify, in collaboration with the relevant offices, the appropriate action to take to mitigate said risk.

For a more in-depth illustration of the processes and the methods used by the Bank to manage and measure operational risk, in accordance with the guidelines of the Parent Company, please refer to the Notes to the Financial Statements - Part E, Section 5, Operational risk.

Operating structure (Continued)

Organisational structure

To align FinecoBank's structure with the organisational model of the Parent Bank, in 2011 other significant changes were made. In order to comply with Group regulations regarding Money Laundering and to ensure better monitoring of "sensitive" activities, such as in particular potentially suspicious transactions in terms of market abuse, several changes were made to FinecoBank's organisational structure, such as the reallocation of the Anti Money Laundering Service and the establishment of the Market Abuse unit.
In particular, the Parent Bank's policy regarding the prevention of money laundering and the funding of terrorism envisages that the monitoring of the same must guarantee independent valuations and the absence of potential conflicts of interest. More specifically, the Anti Money Laundering Service was reallocated and now directly reports to the Compliance Organisational Unit, rather than to the General manager and renaming it Anti Money Laundering and Terrorism Service.

Furthermore, in order to guarantee constant monitoring transactions potentially suspected of Market Abuse (market manipulation and insider trading), a new service reporting to the Markets Organisational Unit has been set in place, in charge of conducting analyses:
• of the results generated by dedicated IT procedures;
• of any reports made by other Bank departments or offices.

Functional organisational model

FinecoBank's organisational structure is based on a functional-style model.
A functional organisational model promotes economies of scale and facilitates the development of skills and vertical knowledge within each area. The model guarantees the necessary decision-making dynamics yet maintains the "horizontal link" between the various functions. Although the current arrangement applies the concept of "functional" specialisation, a project-based approach is maintained for every phase of definition and release of products and services. The horizontal links are guaranteed by the work of specific committees that monitor business lines and the progress of the most important projects, also to guarantee the necessary synergies of distribution channels.
The organisational model described above entailed four functional lines, reclassified, according to the Parent Bank's Governance indication, Departments.
The Departments oversee:
- the sales network;
- investment services;
- direct banking;
- operating performance.

The Managing Director is directly responsible for the PFA Commercial Network Department, under which we find the functions in charge of developing and managing the Sales Network of Personal Financial Advisers.
The "Commercial support" and "Territorial Coordination" organisational units report directly to the "PFA Commercial Network Department".
The Investment Services, Direct Banking and Global Banking Services Departments are instead hierarchically under the responsibility of the General Manager.
This arrangement envisages separating the commercial coordination of the physical networks from that of the direct channels, while continuing to guarantee uniformity with the Bank's overall strategies.

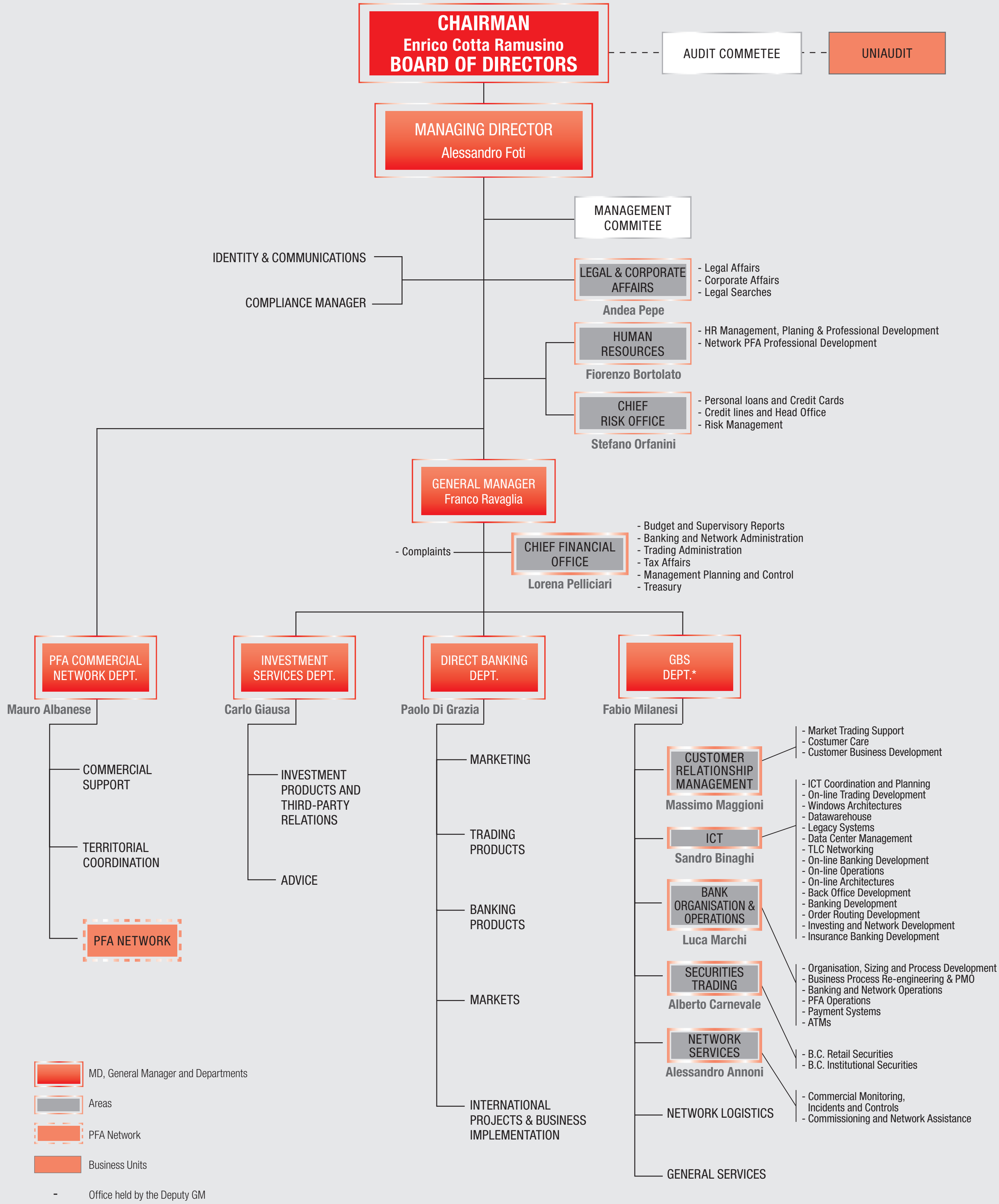
More specifically:
- the Investment Services Department is responsible for monitoring the development of products placed by the Bank and the advisory services provided to all customers;
- the Direct Banking Department is responsible for monitoring the development of new products in FinecoBank's two core businesses (Trading and Banking) and their relative distribution through direct channels (internet and telephone);
- the Investment Services and Direct Banking Departments operate in strict collaboration in order to develop the products and services offered to customers, exploiting synergies and coherent with the Bank's marketing and business strategies;
- the GBS (Global Banking Services) Department coordinates the organisational units in charge of monitoring the organisational/ operating processes, and the IT and logistics systems needed to guarantee the effective and efficient operation of the systems supporting business activities.

The synergies between the distribution channels and the monitoring of transversal decision-making processes are guaranteed by a Management Committee, a body that assists the Managing Director, and which comprises the following: Managing Director, General Manager, CFO, CRO and Department Heads.

The following also report to the Managing Director: Legal & Corporate Affairs, Human Resources, Chief Risk Office (CRO), the Identity and Communication organisational units and the Compliance officer, the latter responsible for ensuring the implementation of legislation, regulations and sector case law, also providing the necessary support to the Bank's internal functions.
The Chief Financial Office and the Complaints Organisational Unit report to the General Manager.

Lastly, as regards audit activities, FinecoBank, in line with the instructions of the Parent Bank, has adopted an outsourcing method based on a specific service contract signed with UniAudit, a Group outsourcer. In relation to the aforesaid model, the Audit Committee is required to act as a "liaison" between the Bank and the Group audit companies.

The organisational structure of FinecoBank is as follows.


CHAIRMAN
Enrico Cotta Ramusino
BOARD OF DIRECTORS
AUDIT COMMETEE
UNIAUDIT
MANAGING DIRECTOR
Alessandro Foti
MANAGEMENT COMMITEE
IDENTITY & COMMUNICATIONS
COMPLIANCE MANAGER
LEGAL & CORPORATE AFFAIRS
Andea Pepe
- Legal Affairs
- Corporate Affairs
- Legal Searches
HUMAN RESOURCES
Fiorenzo Bortolato
- HR Management, Planing & Professional Development
- Network PFA Professional Development
CHIEF RISK OFFICE
Stefano Orfanini
- Personal loans and Credit Cards
- Credit lines and Head Office
- Risk Management
GENERAL MANAGER
Franco Ravaglia
- Complaints
CHIEF FINANCIAL OFFICE
Lorena Pelliciari
- Budget and Supervisory Reports
- Banking and Network Administration
- Trading Administration
- Tax Affairs
- Management Planning and Control
- Treasury
PFA COMMERCIAL NETWORK DEPT.
Mauro Albanese
COMMERCIAL SUPPORT
TERRITORIAL COORDINATION
PFA NETWORK
INVESTMENT SERVICES DEPT.
Carlo Giausa
INVESTMENT PRODUCTS AND THIRD-PARTY RELATIONS
ADVICE
DIRECT BANKING DEPT.
Paolo Di Grazia
MARKETING
TRADING PRODUCTS
BANKING PRODUCTS
MARKETS
INTERNATIONAL PROJECTS & BUSINESS IMPLEMENTATION
GBS DEPT.*
Fabio Milanesi
CUSTOMER RELATIONSHIP MANAGEMENT
Massimo Maggioni
- Market Trading Support
- Costumer Care
- Customer Business Development
ICT
Sandro Binaghi
- ICT Coordination and Planning
- On-line Trading Development
- Windows Architectures
- Datawarehouse
- Legacy Systems
- Data Center Management
- TLC Networking
- On-line Banking Development
- On-line Operations
- On-line Architectures
- Back Office Development
- Banking Development
- Order Routing Development
- Investing and Network Development
- Insurance Banking Development
BANK ORGANISATION & OPERATIONS
Luca Marchi
- Organisation, Sizing and Process Development
- Business Process Re-engineering & PMO
- Banking and Network Operations
- PFA Operations
- Payment Systems
- ATMs
SECURITIES TRADING
Alberto Carnevale
- B.C. Retail Securities
- B.C. Institutional Securities
NETWORK SERVICES
Alessandro Annoni
- Commercial Monitoring, Incidents and Controls
- Commissioning and Network Assistance
NETWORK LOGISTICS
GENERAL SERVICES
MD, General Manager and Departments
Areas
PFA Network
Business Units
- Office held by the Deputy GM

Operating structure (Continued)

Business continuity plan (BCP)

FinecoBank's Business Continuity and Crisis Management framework envisages the Business Continuity Plan (hereinafter also "BCP"), the Disaster Recovery Plan (hereinafter also "DR"), the Pandemic Management Plan and the Crisis Management Plan. These plans describe how crises are to be managed in FinecoBank and/or how the impacts on the UniCredit Group are to be managed by means of predefined "stages", broken down into objectives, activities and expected results. As envisaged by the relevant legislation, the Bank has adopted a model that envisages organisational structures dedicated to managing Business Continuity and Crises, both in normal operating conditions and in emergency situations.

In line with the evolution of the Bank's business and operations, the BC plans (as regards the strategies adopted by the Bank to guarantee service continuity in emergency situations) and DR plans (as regards aspects related to the recovery of applications and IT systems hit by "disaster") were suitably updated in 2011. Lastly, to demonstrate the effectiveness and adequacy of the same, identifying any areas for improvement, at the beginning of 2011, the relative test plans were drawn up and tests were then successfully carried out during the course of the year.

Main balance sheet aggregates

(Amounts in Euro/000)

ASSETS	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Cash and cash balances	4	9	(5)	-55.6%
Financial assets held for trading	11,413	22,434	(11,021)	-49.1%
Loans and receivables with banks	16,282,014	10,067,146	6,214,868	61.7%
Loans and receivables with customers	524,547	626,036	(101,489)	-16.2%
Financial investments	57,784	5,069	52,715	1.039.9%
Hedging instruments	78,290	81,164	(2,874)	-3.5%
Property, plant and equipment	9,362	9,126	236	2.6%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,718	8,857	(139)	-1.6%
Tax assets	46,018	46,398	(380)	-0.8%
Non-current assets and discontinued operations	145	145	-	-
Other assets	168,992	175,933	(6,941)	-3.9%
Total assets	**17,276,889**	**11,131,919**	**6,144,970**	**55.2%**

(Amounts in Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Deposits from banks	1,198,064	424,461	773,603	182.3%
Deposits from customers and debt securities in issue	15,279,318	9,989,694	5,289,624	53.0%
Financial liabilities held for trading	3,630	6,718	(3,088)	-46.0%
Hedging instruments	75,423	79,943	(4,520)	-5.7%
Provisions for risks and charges	98,361	97,872	489	0.5%
Tax liabilities	58,736	29,746	28,990	97.5%
Other liabilities	186,117	139,496	46,621	33.4%
Shareholders' equity	377,240	363,989	13,251	3.6%
- capital and reserves	*315,120*	*312,141*	*2,979*	*1.0%*
- revaluation reserves for available-for-sale financial assets	*(644)*	*(33)*	*(611)*	*1851.5%*
- net profit	*62,764*	*51,881*	*10,883*	*21.0%*
Total liabilities and shareholders' equity	**17,276,889**	**11,131,919**	**6,144,970**	**55.2%**

Main balance sheet aggregates (Continued)

Financial assets held for trading

Financial assets held for trading are mainly comprised of stocks, Financial assets held for trading include the positive valuation of bonds and units of UCITS classified as FVTPL (Fair Value Through commitments for currencies and securities to be received and Profit or Loss), amounting to € 7.4 million, held in the Bank's portfolio delivered of € 4 million, which correspond to negative valuations as a result of trading activity, for sale in the short term. booked under item 40 Financial liabilities held for trading.

Loans and receivables with banks

(Amounts in Euro/000)

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
1. Current accounts and demand deposits	7,546,448	5,926,667	1,619,781	27.3%
2. Savings accounts	2,703,021	852,224	1,850,797	217.2%
3. Other loans:				
3.1 Reverse repos	1,165	183,593	(182,428)	-99.4%
3.2 Other	3,936	4,394	(458)	-10.4%
4. Debt securities				
4.1 Structured securities	1,577,308	22	1,577,286	n.c.
4.2 Other debt securities	4,450,136	3,100,246	1,349,890	43.5%
Total	**16,282,014**	**10,067,146**	**6,214,868**	**61.7%**

Receivables from banks in the form of current accounts and demand deposits are mainly represented by accounts held with UniCredit S.p.A., with a book value of € 7,533 million and to a lesser extent, by current accounts held with non Group Banks for transactions in securities.
The savings accounts recognised under assets consist of the deposit held with UniCredit S.p.A. for compulsory reserves, with a book value of € 185 million, in addition to savings accounts held with UniCredit S.p.A. of € 2,518 million, opened to employ the funds collected through repurchase agreements and Cash Park transactions with retail customers and repurchase agreements with credit institutions in the same timeframe.

Reverse repurchase agreements are exclusively comprised of loan transactions guaranteed by cash amounts.

The item 'Other Loans - Other' regards collateral deposits and initial margins with credit institutions for derivative transactions as well as from current receivables associated to the provision of financial services.
The securities held in the portfolio are mainly represented by debt securities issued by the Parent Bank, and amount to € 6,027 million. They were subscribed in order to invest liquidity and to be used for repurchase agreements with retail customers.

Loans and receivables with customers

Receivables from customers, amounting to € 525 million, can be broken down as follows:
- € 363 million in loans to ordinary customers;
- € 90 million in reverse repurchase agreements;
- € 19 million in collateral deposits and initial margins with clearing houses for derivative transactions;
- € 53 million relating to current receivables associated with the provision of financial services.

Reverse repurchase agreements are represented by "Multiday leverage" transactions, securities lending transactions guaranteed by sums of money readily available to the lender and which are basically the equivalent of repurchase agreements on securities.

An mentioned in the introduction, as of financial year 2011, securities lending transactions not guaranteed by cash amounts "Assets Portfolio" have been excluded from item 70 "Receivables from Customers" and the relative loans payable entries have been excluded from item 20 "Payables to Customers". To enable a like-for-like comparison, said transactions have also been excluded from item "2. Reverse repurchase agreements" as at 31 December 2010, amounting to € 118 million.

The other transactions are mainly made up of collateral deposits and initial margins with clearing houses for derivative transactions, mostly on behalf of third parties, as well as current receivables associated with the provision of financial services.

(Amounts in Euro/000)

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
1. Current accounts	65,837	53,570	12,267	22.9%
2. Reverse repos	89,920	193,774	(103,854)	-53.6%
3. Mortgages	57	276	(219)	-79.3%
4. Credit cards, personal loans	296,753	296,758	(5)	0.0%
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other loans	71,979	81,656	(9,677)	-11.9%
8. Debt securities				
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	1	2	(1)	-50.0%
Total	**524,547**	**626,036**	**(101,489)**	**-16.2%**

(Amounts in Euro/000)

			CHANGES	
LOANS AND WITH (MANAGEMENT RECLASSIFICATION)	12.31.2011	12.31.2010	ABSOLUTE	%
Current accounts	63,728	51,237	12,491	24.4%
Impaired current accounts	2,109	2,333	(224)	-9.6%
Use of credit cards	179,714	179,354	360	0.2%
Use of impaired credit cards	49	54	(5)	-9.3%
Impaired mortgages	57	276	(219)	-79.3%
Personal loans	115,875	116,054	(179)	-0.2%
Impaired personal loans	1,115	1,296	(181)	-14.0%
Other loans	467	236	231	97.9%
Other impaired loans	18	20	(1)	-10.0%
Ordinary customer receivables	**363,132**	**350,860**	**12,272**	**3.5%**
Repurchase agreements	89,915	193,774	(103,859)	-53.6%
Repurchase agreements - impaired	5	-	5	-
Collateral deposits and initial margins	19,113	29,259	(10,146)	-34.7%
Current receivables associated with the provision of financial services	52,381	52,141	240	0.5%
Debt securities	1	2	(1)	-50.0%
Total loans and receivables with ordinary customers	**524,547**	**626,036**	**(101,489)**	**-16.2%**

The ordinary customer loans portfolio is mainly represented by receivables for personal loans, current accounts and credit card use; overall, ordinary customer loans showed an increase of 3.5%.

Main balance sheet aggregates (CONTINUED)

Impaired assets

The amount of impaired loans net of value adjustments was € 3.3 million, € 2.6 million of which in non-performing loans, € 0.4 million in problem loans and € 0.3 million in loans overdue. Impaired loans mostly relate to current account overdrafts, credit card use and personal loans.

Impaired customer loans represent 0.92% of ordinary customer loans, down against the figure of 1.13% recorded as at 31 December 2010.

(Amounts in Euro/000)

	GROSS AMOUNT		WRITEDOWN RESERVE		NET AMOUNT	
CATEGORY	12.31.2011	12.31.2010	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Non-performing loans	12,241	9,694	(9,646)	(6,749)	2,595	2,945
Doubtful loans	1,154	1,058	(765)	(689)	389	369
Past-due loans	854	1,473	(485)	(808)	369	665
Total	**14,249**	**12,225**	**(10,896)**	**(8,246)**	**3,353**	**3,979**

Hedging instruments

(Amounts in Euro/000)

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
Asset hedging derivatives - positive valuations	325,127	50	325,077	n.d
Liability hedging derivatives - positive valuations	4,806	-	4,806	-
Adjustment to the value of assets under macro-hedge	(251,643)	81,114	(332,757)	-410.2%
Total assets	**78,290**	**81,164**	**(2,874)**	**-3.5%**
of which:				
Positive valuations	321,473	57	321,416	n.d.
Related accrued assets and liabilities	8,460	(7)	8,467	n.d.
Adjustments to the value of hedged assets	(251,643)	81,114	(332,757)	-410.2%
Total assets	**78,290**	**81,164**	**(2,874)**	**-3.5%**

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
Asset hedging derivatives - negative valuations	46,208	79,943	(33,735)	-42.2%
Liability hedging derivatives - negative valuations	324,561	-	324,561	-
Adjustments to the value of liabilities under macro-hedge	(295,346)	-	(295,346)	-
Total liabilities	**75,423**	**79,943**	**(4,520)**	**-5.7%**
of which:				
Negative valuations	365,176	81,132	284,044	350.1%
Related accrued assets and liabilities	5,593	(1,189)	6,782	n.d.
Adjustments to the value of hedged liabilities	(295,346)	-	(295,346)	-
Total liabilities	**75,423**	**79,943**	**(4,520)**	-5.7%

(Amounts in Euro/000)

SUMMARY OF HEDGING DERIVATIVE VALUATIONS - DEC 31 2011	ASSETS	LIABILITIES	IMBALANCE
Valuation of asset and liability hedging derivatives	321,473	365,176	(43,703)
Change in fair value of hedged assets/liabilities	(251,643)	(295,346)	43,703
Total	**69,830**	**69,830**	**-**

Hedged assets are represented by receivables for personal loans from retail customers and bonds issued by UniCredit S.p.A. belonging to the Loans and Receivables category.

Hedged liabilities are represented by bonds issued by FinecoBank, entirely subscribed by the Parent Company, belonging to the Loans and Receivables category.

Accruals relating to hedged assets and liabilities amount respectively to € 8.5 million and € 5.6 million, and are included in the interest margin.

Positive and negative measurements of hedge derivatives relate solely to derivative contracts that the Bank has entered into to provide a macro-hedge against interest rate risk inherent in the above-cited assets and liabilities, whose effect is zero.

Financial investments

(Amounts in Euro/000)

	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Financial assets measured at fair value	10,409	-	10,409	-
Available-for-sale financial assets	47,375	5,069	42,306	834.6%
Total	**57,784**	**5,069**	**52,715**	**1,039.9%**

Available-for-sale financial assets comprise debt securities issued by the Italian Central Administration, with a book value of € 37 million, debt securities issued by the Central Authority of Germany, with a book value of € 10.4 million and equity investments in companies in which the Bank does not exercise, either directly or through subsidiaries, control or significant influence, amounting to € 5 thousand, including shares in the following group companies:

- 10 shares of UniCredit Global Information Services S.C.p.A. for a total of € 10.15 (from 1 January 2012, UniCredit Business Integrated Solutions S.c.p.A.);
- 10 shares of UniCredit Business Partner S.C.p.A. for a total of € 162.22 (from 1 January 2012, UniCredit Business Integrated Solutions S.C.p.A.);
- 20 shares of UniCredit Audit S.p.A. for a total of € 220.63.

The debt securities classified in the *Available-for-sale financial assets* portfolio are entirely used as collateral for bankers' drafts or guarantees with third parties.
On 16 March 2011, FinecoBank sold 5,294 shares held in Monte Titoli S.p.A. to Borsa Italiana S.p.A. for € 102 thousand; the sale generated a profit of € 94 thousand.

Financial assets measured at fair value are exclusively represented by debt securities issued by banks, with a book value of € 10.4 million, € 7.4 million of which relates to bonds issued by the Parent Company UniCredit. The bonds classified in the *Financial assets* measured at fair value portfolio had been initially classified in the *Financial assets held for trading* portfolio, in 2011, following a change in the Bank's short-term strategy.

Property, plant and equipment

As in previous financial years, investments in electronic machines were made to guarantee the ongoing update of the hardware used by all FinecoBank facilities, and in particular by the IT department.

Investments in furniture, fittings and equipment are primarily intended for use in new financial shops.
The book value of property, plant, and equipment includes the historical cost and the accumulated depreciation of assets obtained under finance lease, as envisaged by IAS 17.

(Amounts in Euro/000)

PROPERTY, PLANT AND EQUIPMENT	BALANCE 01.01.2011	INVESTMENTS AS AT 12.31.2011	OTHER CHANGES-SALES	DEPRECIATION AND ADJUSTMENTS AS AT 12.31.2011	BALANCE 12.31.2011
Properties	2,952	-	-	(108)	2,844
Electronic machines	3,079	2,340	-	(1,521)	3,898
Furniture and fixtures	1,425	654	(8)	(996)	1,075
Plant and machinery	1,670	323	41	(489)	1,545
TOTAL	**9,126**	**3,317**	**33**	**(3,114)**	**9,362**

Main balance sheet aggregates (CONTINUED)

Goodwill

Impairment testing on goodwill did not identify any impairment.

As at 31 December 2011, the goodwill recorded in the financial statements breaks down as follows:

(Amounts in Euro/000)

	12.31.11	12.31.10
Goodwill relating to Fineco On Line Sim S.p.A.	16,087	16,087
Goodwill relating to the trading and banking division of Banca della Rete	2,034	2,034
Goodwill relating to PFA division formerly FinecoGroup S.p.A.	3,463	3,463
Goodwill relating to PFA division formerly Unicredit Xelion Banca S.p.A.	68,018	68,018
Total	**89,602**	**89,602**

Goodwill relating to Fineco On Line Sim S.p.A.

On 3 April 2001, the merger by incorporation of Fin-Eco On Line Sim S.p.A., business division of Fin-Eco Sim S.p.A., into FinecoBank took place.
This merger was carried out on the basis of a share swap ratio of 3.7 shares of the incorporating company for each share of the incorporated company, with a consequent increase in the share capital of FinecoBank. The difference between the increase in capital of the incorporating company and the amount of shareholders' equity of the incorporated company gave rise to a share swap loss recorded under goodwill.
The balance, amounting to € 16 million, is equal to the balance at 1 January 2004, the date of transition to IAS, plus the unamortised amount of the substitute tax, paid for recognition of the loss for tax purposes.

Goodwill relating to the Trading and Banking division of Banca della Rete

On 1 September 2003, FinecoBank acquired the "On-line Banking" and "On-line Trading" business divisions of Banca della Rete, as part of the business plan to rationalise the reorganisation of Banca della Rete, in accordance with the directives of the then Parent Bank Capitalia S.p.A..
The goodwill recorded in the balance sheet amounts to € 2 million, equal to the amount as at 1 January 2004, the date of transition to IAS.

Goodwill relating to the Personal Financial Advisers division formerly FinecoGroup S.p.A.

On 1 October 2005, FinecoBank acquired the Personal Financial Advisers business division from FinecoGroup S.p.A., which was created from the progressive merger of three different group networks: FinecoBank S.p.A., former Bipop Carire S.p.A. and Banca Manager S.p.A..
The transaction was carried out for a consideration mutually agreed by the parties and submitted to the appropriate 'fairness opinion'; as a result, € 3.5 million goodwill was recorded in the books.

Goodwill relating to the Personal Financial Advisers division formerly UniCredit Xelion Banca S.p.A.

As a result of the merger by incorporation of UniCredit Xelion Banca S.p.A. into FinecoBank on 7 July 2008, FinecoBank S.p.A. recorded goodwill of € 68 million under intangible assets, arising from previous extraordinary transactions carried out by UniCredit Xelion Banca S.p.A., more specifically:
- 2000: acquisition of the personal financial advisers division, formerly Fida SIM, by UniCreditSIM, later merged by incorporation into Xelion Sim S.p.A., then UniCredit Xelion Banca S.p.A.. The balance, amounting to € 1 million, is equal to the balance at 1 January 2004, the date of transition to IAS;
- 2001: merger by incorporation of UniCreditSIM into Xelion Sim S.p.A., then UniCredit Xelion Banca S.p.A.. The balance, amounting to € 13.8 million, is equal to the balance at 1 January 2004, the date of transition to IAS;
- 2003: spin-off of the personal financial advisers division, formerly Credit, Rolo and CRT by UniCredit Banca to UniCredit Xelion Banca S.p.A.. The balance, amounting to € 19.1 million, is equal to the balance at 1 January 2004, the date of transition to IAS; - 2004: acquisition of the personal financial advisers division from Ing Italia. This transaction resulted in the recognition of goodwill amounting to € 34.1 million.

It should be noted that all the goodwill (totalling € 90 million) relates to acquisitions of business divisions or companies carrying out trading activities or the management of personal financial advisers. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is no longer possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank's overall income. The cash generating unit (CGU) is the Bank as a whole.
In fact, the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisers and the trading and banking platform, does not account costs/revenues by allocating them to the business units; the personal financial advisers network is an integral part of the overall offer, which includes banking and trading services.

Other intangible assets

Other intangible assets solely include purchases and the implementation of information technology procedures with useful lives of several years, required in order to manage the development and the constant offer of new financial products by the Bank, as well as costs incurred to create the new Fineco website.

(Amounts in Euro/000)

INTANGIBLE ASSETS	BALANCE 01.01.2011	INVESTMENTS AS AT 12.31.2011	OTHER CHANGES-SALES	AMORTISATION AND ADJUSTMENTS AS AT 12.31.2011	BALANCE 12.31.2011
Software	8,857	4,562	(115)	(5,452)	7,852
Other intangible assets	-	800	81	(15)	866
TOTAL	**8,857**	**5,362**	**(34)**	**(5,467)**	**8,718**

Deposits from banks

(Amounts in Euro/000)

	12.31.2011	12.31.2010	CHANGES	
			ABSOLUTE	%
1. Deposits from central banks	**-**	**-**	**-**	**-**
2. Deposits from banks				
2.1 Current accounts and demand deposits	14,834	157,530	(142,696)	-90.6%
2.2 Savings accounts	200,054	173,579	26,475	15.3%
2.3 Loans				
2.3.1 Repos	983,132	93,339	889,793	953.3%
2.3.2 Other liabilities	-	-	-	-
2.4 Payables for obligations to repurchase own equity instruments	-	-	-	-
2.5 Other payables	44	13	31	238.5%
Total	**1,198,064**	**424,461**	**773,603**	**182.3%**

The item current accounts and demand deposits consist primarily of reciprocal current accounts with UniCredit S.p.A., with a book value of € 12 million, and, to a lesser extent, of reciprocal current accounts and loans with banks external to the Group.

Savings accounts recognised under liabilities are entirely subscribed by the parent company UniCredit S.p.A.; reverse repurchase agreements include € 818 million of transactions performed with the parent company UniCredit S.p.A. and € 31 million of transactions carried out with UniCredit AG Milan branch.

Main balance sheet aggregates (CONTINUED)

Deposits from customers and debt securities in issue

The balance of direct customer deposits, raised through current accounts, the Cash Park deposit account and repurchase agreements with retail and institutional customers, totalled € 10,660 million, showing an increase of 7.1% compared to 31 December 2010.

An mentioned in the introduction, as of financial year 2011, securities lending transactions not guaranteed by cash amounts "Assets Portfolio" have been excluded from item 70 "Receivables from Customers" and the relative loans payable entries have been excluded from item 20 "Payables to Customers". To enable a like-for-like comparison, said transactions have also been excluded from item "3.2. Other Loans" as at 31 December 2010, amounting to € 118 million.

In 2011, FinecoBank issued four bond loans on equal terms for a total of € 4,500 million and a bond loan on equal terms for € 100 million, entirely subscribed by the Parent company UniCredit S.p.A.

(Amounts in Euro/000)

			CHANGES	
	12.31.2011	12.31.2010	ABSOLUTE	%
1. Current accounts and demand deposits	8,822,354	9,225,503	(403,149)	-4.4%
2. Savings accounts	789,846	-	789,846	-
3. Loans				
3.1 Repos	1,048,058	729,044	319,014	43.8%
3.2 Other liabilities	-	-	-	-
4. Payables for obligations to repurchase own equity instruments	-	-	-	-
5. Other payables	41,774	35,147	6,627	18.9%
Total	**10,702,032**	**9,989,694**	**712,338**	**7.1%**
Of which direct customer deposits	**10,660,256**	**9,954,547**	**705,709**	**7.1%**
Debt securities in issue	**4,577,286**	**-**	**4,577,286**	**-**
Deposits from customers and debt securities in issue	**15,279,318**	**9,989,694**	**5,289,624**	**53.0%**

Financial liabilities held for trading

Financial liabilities held for trading mainly include the negative valuation of commitments for currencies and securities to be received and delivered of € 3.6 million, which corresponds to an equal sum of positive measurements of derivatives classified under item 20 "Financial assets held for trading", as FinecoBank does not assume risk positions on its own account, as well as technical overdrafts classified in the FVTPL (Fair Value Through Profit or Loss) category, present in the bank's portfolio following trading activities.

Provisions for risks and charges

Provisions for risks and charges include allowances for a total of € 98 million, for which, given a liability of uncertain amount and expiry, a current obligation was identified as the result of a past event and it was possible to make a reliable estimate of the amount resulting from the fulfilment of said obligation.
The disbursements, with estimated maturity exceeding 18 months, were discounted using a rate equal to the time value of money.

(Amounts in Euro/000)

PROVISIONS FOR RISKS AND CHARGES	12.31.2010	UTILISATIONS 2011	EFFECT OF DISCOUNTING	NET ALLOCATIONS 2011*	12.31.2011
Legal disputes					
- Pending proceedings	47,711	(10,344)	128	13,074	50,569
Other					
- Supplementary customer indemnity provision	29,827	(302)	-	3,331	32,856
- Other provisions	20,334	(7,671)	-	2,273	14,936
Total provisions for risks and charges – other provisions	**97,872**	**(18,317)**	**128**	**18,678**	**98,361**

* Net provisions for 2011 include € 1.4 million recorded under Other administrative expenses.

Shareholders' equity

As at 31 December 2011, the Bank's share capital came to € 200 million, and was divided into 606,274,033 shares with a par value of € 0.33 each. Reserves are represented by the Legal reserve, amounting to € 19.4 million, and the Extraordinary reserve, amounting to € 93.7 million.

The Bank does not hold any of its own shares in the portfolio.

On 12 April 2011, following the distribution of 2010 profits corresponding to € 51.9 million, € 2.6 million was allocated to the legal reserve and € 0.4 million to the extraordinary reserve; the remaining € 48.5 million was distributed to shareholders and € 0.4 million to charitable donations.

Shareholders' equity

(Amounts in Euro/000)

			CHANGES	
ITEMS/AMOUNTS	12.31.2011	12.31.2010	ABSOLUTE	%
1. Share capital	200,070	200,070	-	-
2. Share premium reserve	1,934	1,934	-	-
3. Reserves				
- Legal reserve	19,389	16,795	2,594	15.4%
- Extraordinary reserve	93,727	93,342	385	0.4%
- Other reserves	-	-	-	-
4. (Own shares)	-	-	-	-
5. Revaluation reserves	(644)	(33)	(611)	1851.5%
6. Equity instruments	-	-	-	-
7. Retained Profit (Loss)	-	-	-	-
8. Net Profit (Loss) for the year	62,764	51,881	10,883	21.0%
Total	**377,240**	**363,989**	**13,251**	**3.6%**

Regulatory capital and prudential requirements

(Amounts in Euro/000)

	12.31.2011	12.31.2010
Common Equity Tier 1 – CET1	237,733	232,168
Tier 2 - T2	-	-
Elements to deduct	-	-
Total own funds	**237,733**	**232,168**
Prudential requirements	206,068	125,085
Risk-weighted assets	2,575,852	1,563,567
Common Equity Tier 1 ratio (CET1 ratio)	9.23%	14.85%
Tier 2 – T2 ratio	0.00%	0.00%
Total capital ratio	9.23%	14.85%

As at 31 December 2011, the regulatory capital amounted to € 238 million.
Risk-weighted assets were calculated by multiplying total prudential requirements by 12.5 (the inverse of the minimum compulsory coefficient of 8%), applying the standard method set forth in the Basel II supervisory provisions.
Note that FinecoBank calculates its capital requirement against operational risk using advanced methods, integrating total capital requirements for the floor envisaged by Bank of Italy regulations. More specifically, FinecoBank has applied a floor corresponding to the positive difference between 80% of the capital requirements calculated on the basis of the rules in force as at 31 December 2006 and the sum of the capital requirements against credit, counterparty, market and operational risks, calculated applying the current provisions of Basel II; as at 31 December 2011, the floor was € 133 million, net of the 25% reduction granted to banks belonging to a Banking group.
Tier 1 capital includes the share of the net profit for the period, which the Bank's bodies with a strategic supervisory and management role have allocated to increasing the value of reserves, corresponding to € 3 million.

Income Statement Figures

Condensed Income Statement

(Amounts in Euro/000)

	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Net interest	133,602	103,998	29,604	28.5%
Dividends and other income from equity investments	-	8	(8)	-100.0%
Net fees and commissions	**155,127**	**157,396**	**(2,269)**	**-1.4%**
Net trading, hedging and fair value income	24,891	27,342	(2,451)	-9.0%
Net other expenses/income	(13,722)	(3,365)	(10,357)	307.8%
OPERATING INCOME	**299,898**	**285,379**	**14,519**	**5.1%**
Payroll costs	(59,971)	(56,014)	(3,957)	7.1%
Other administrative expenses	(135,076)	(139,166)	4,090	-2.9%
Recovery of expenses	30,256	27,054	3,202	11.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(8,581)	(9,034)	453	-5.0%
Operating costs	**(173,372)**	**(177,160)**	**3,788**	**-2.1%**
OPERATING PROFIT (LOSS)	**126,526**	**108,219**	**18,307**	**16.9%**
Net impairment losses on loans and provisions for guarantees and commitments	(2,794)	(1,759)	(1,035)	58.8%
NET OPERATING PROFIT (LOSS)	**123,732**	**106,460**	**17,272**	**16.2%**
Provisions for risks and charges	(17,381)	(18,061)	680	-3.8%
Net profit from investments	94	417	(323)	-77.5%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**106,445**	**88,816**	**17,629**	**19.8%**
Income tax for the period	(43,681)	(36,935)	(6,746)	18.3%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**62,764**	**51,881**	**10,883**	**21.0%**
NET PROFIT (LOSS) FOR THE YEAR	**62,764**	**51,881**	**10,883**	**21.0%**

Income statement figures (CONTINUED)

Net interest margin

The interest margin as at 31 December 2011 was € 134 million, up 28.5% compared to the same period of 2010 thanks to an increase of the liquid funds deposited at UniCredit S.p.A. and the rise in interest rates.

(Amounts in Euro/000)

			CHANGES	
INTEREST INCOME	12.31.2011	12.31.2010	ABSOLUTE	%
1. Financial assets held for trading	321	348	(27)	-7.8%
2. Available-for-sale financial assets	716	73	643	880.8%
3. Financial assets held to maturity	-	-	-	-
4. Loans and receivables with banks	241,029	150,034	90,995	60.6%
5. Loans and receivables with customers	32,681	33,930	(1,249)	-3.7%
6. Financial assets at fair value through profit or loss	6	-	6	-
7. Hedging derivatives	-	-	-	-
8. Other assets	27	45	(18)	-40.0%
Total interest income	**274,780**	**184,430**	**90,350**	**49.0%**

(Amounts in Euro/000)

			CHANGES	
INTEREST EXPENSE	12.31.2011	12.31.2010	ABSOLUTE	%
1. Deposits from banks	(9,989)	(4,369)	(5,620)	128.6%
2. Deposits from customers	(105,625)	(53,406)	(52,219)	97.8%
3. Securities in issue	(6,019)	-	(6,019)	-
4. Financial liabilities held for trading	-	-	-	-
5. Financial liabilities measured at fair value	-	-	-	-
6. Financial liabilities associated with assets sold but not eliminated	-	-	-	-
7. Other liabilities	(15)	(41)	26	-63.4%
8. Hedging derivatives	(19,529)	(22,616)	3,087	-13.6%
Total interest expense	**(141,177)**	**(80,432)**	**(60,745)**	**75.5%**
Net interest	**133,603**	**103,998**	**29,605**	**28.5%**

The following table provides a detailed breakdown of interest income associated with banks and customers:

(Amounts in Euro/000)

BREAKDOWN OF INTEREST INCOME	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Interest income on loans and receivables with banks	**241,029**	**150,034**	**90,995**	**60.6%**
- current accounts	142,541	58,118	84,423	145.3%
- reverse repos	1,708	3,098	(1,390)	-44.9%
- demand deposits	101	246	(145)	-58.9%
- time deposits for compulsory reserve	2,376	1,902	474	24.9%
- time deposits	27,133	21,280	5,853	27.5%
- other loans	35	18	17	94.4%
- debt securities	67,135	65,372	1,763	2.7%
Interest income on loans and receivables from customers	**32,681**	**33,930**	**(1,249)**	**-3.7%**
- current accounts	2,800	2,271	529	23.3%
- reverse repos	16,989	19,059	(2,070)	-10.9%
- mortgages	7	3	4	133.3%
- credit cards	2,732	2,470	262	10.6%
- personal loans	9,833	9,971	(138)	-1.4%
- other loans	320	156	164	105.1%

Interest income on loans and receivables with banks stood at € 241 million, up € 91 million compared to 31 December 2010, as a result of the higher interest accrued on the liquid funds deposited at UniCredit S.p.A. due to the increase of the stock and of interest rates.

Interest income on loans and receivables with customers stood at € 32.7 million, with a decrease of € 1.2 million compared to 31 December 2010, mainly due to lesser interest accrued on "Multiday Leverage" securities lending transactions guaranteed by cash amounts.

Income statement figures (CONTINUED)

The following table provides a detailed breakdown of interest expense related to banks and customers:

(Amounts in Euro/000)

BREAKDOWN OF INTEREST EXPENSE	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Interest expense on payables to banks	**(9,989)**	**(4,369)**	**(5,620)**	**128.6%**
- current accounts	(2,016)	(369)	(1,647)	446.3%
- time deposits	(2,501)	(2,905)	404	-13.9%
- other loans	(55)	(39)	(16)	41.0%
- reverse repos	(5,417)	(1,056)	(4,361)	413.0%
Interest expense on deposits fromcustomers	**(105,625)**	**(53,406)**	**(52,219)**	**97.8%**
- current accounts	(86,100)	(32,783)	(53,317)	162.6%
- time deposits	(2,798)	-	(2,798)	n.c.
- reverse repos	(16,727)	(20,623)	3,896	-18.9%

Interest expense on deposits from banks amounted to € 10 million, recording an increase of € 5.6 million compared to 31 December 2010, mainly due to the interest accrued on reverse repurchase agreements made with UniCredit S.p.A., as a result of higher volumes.

Interest expense on deposits from customers stood at € 105.6 million, up € 52.2 million against 31 December 2010, due, in particular to the rise of the Euribor interest rate, the parameter used to calculate interest on current account deposits.

Income from brokerage and other income

(Amounts in Euro/000)

INCOME FROM BROKERAGE AND OTHER INCOME	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Net interest	**133,602**	**103,998**	**29,604**	**28.5%**
Dividends and other income from equity investments	-	8	(8)	-100.0%
Net fees and commissions	155,127	157,396	(2,269)	-1.4%
Net trading, hedging and fair value income	24,891	27,342	(2,451)	-9.0%
Net other expenses/ income	(13,722)	(3,365)	(10,357)	307.8%
Operating income	**299,898**	**285,379**	**14,519**	**5.1%**

Net fees and commissions

(Amounts in Euro/000)

MANAGEMENT RECLASSIFICATION	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Management, brokerage and consultancy services:	66,852	59,658	7,194	12.1%
On-Line Area	8,678	13,917	(5,239)	-37.6%
- of which Credit Cards	13,576	12,396	1,180	9.5%
- of which On-Line Banking	(4,898)	1,521	(6,419)	-422.0%
Securities trading and order collection	79,597	83,821	(4,224)	-5.0%
Total	**155,127**	**157,396**	**(2,269)**	**-1.4%**

Net fees and commissions amounted to € 155 million, recording a decrease of 1.4%.
This fall was mainly due to the decrease of net commissions of the Securities Brokerage Area, as a result of lower orders and a lower average amount, and of net commissions of the On-Line Banking Area, due to the commission paid to PFA for the opening of current accounts and reverse repurchase agreements.
The decrease of net trading, hedgingand fair value income is attributable to lower profits from currency trading.

Income statement figures (CONTINUED)

Operating costs

(Amounts in Euro/000)

BREAKDOWN OF OPERATING COSTS	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Payroll costs	(59,971)	(56,014)	(3,957)	7.1%
Other administrative expenses	(135,076)	(139,166)	4,090	-2.9%
Recovery of expenses	30,256	27,054	3,202	11.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(8,581)	(9,034)	453	-5.0%
Total operating costs	**(173,372)**	**(177,160)**	**3,788**	**-2.1%**

(Amounts in Euro/000)

PERSONNEL EXPENSES	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
1) Employees	**(56,893)**	**(51,757)**	**(5,136)**	**9.9%**
a) wages and salaries	(39,832)	(35,528)	(4,304)	12.1%
b) social security contributions	(10,739)	(9,693)	(1,046)	10.8%
c) severance pay	(2,445)	(2,161)	(284)	13.1%
d) pension costs	-	-	-	n.c.
e) provision for employee severance fund	(178)	(180)	2	-1.1%
f) payments to external pension funds:			-	n.c.
- defined contribution	-	-	-	n.c.
- defined benefit	-	-	-	n.c.
g) payments to supplementary external pension funds:			-	n.c.
- defined contribution	(761)	(769)	8	-1.0%
- defined benefit	-	-	-	n.c.
h) costs related to share-based payments	(487)	(145)	(342)	235.9%
i) other employee benefits	(2,451)	(3,281)	830	-25.3%
2) Other staff	**(267)**	**(597)**	**330**	**-55.3%**
3) Directors and statutory auditors	**(686)**	**(664)**	**(22)**	**3.3%**
4) Early retirement costs	**-**	**-**	**-**	**n.c.**
5) Recovery of expenses for employees seconded to other companies	**192**	**567**	**(375)**	**-66.1%**
6) Recovery of expenses for employees seconded to the Company	**(2,317)**	**(3,563)**	**1,246**	**-35.0%**
Total	**(59,971)**	**(56,014)**	**(3,957)**	**7.1%**

Payroll costs as at 31 December 2011 recorded a rise of € 4 million compared to the previous year, corresponding to 7.1%, due mainly to an increase in the number of resources.

Note that item h) "costs resulting from payment agreements based on own equity instruments", refers to the costs incurred by FinecoBank for payment agreements based on own equity instruments issued by UniCredit S.p.A..

Other administrative expenses net of Recoveries of expenses and of Advertising, promotion and entertainment expenses fell by 5%, thanks to efforts to make the area more efficient and to cut costs.

(Amounts in Euro/000)

OTHER ADMINISTRATIVE EXPENSES AND RECOVERY OF EXPENSES	12.31.2011	12.31.2010	CHANGES ABSOLUTE	CHANGES %
Stamp duty	(30,291)	(26,952)	(3,339)	12.4%
Registration tax	(74)	(117)	43	-36.8%
Other municipal taxes and duties	(364)	(462)	98	-21.2%
Other taxes and duties	(445)	(1,379)	934	-67.7%
Advertising, promotion and entertainment expenses				
- mass media campaigns	(10,608)	(9,398)	(1,210)	12.9%
- marketing and promotions	(215)	(162)	(53)	32.7%
- promotional expenses	(3,323)	(7,349)	4,026	-54.8%
- market research	(142)	(54)	(88)	163.0%
- sponsorships	(70)	(105)	35	-33.3%
- entertainment expenses	(379)	(101)	(278)	275.2%
Conventions and internal communications	(33)	(54)	21	-38.9%
Fees to external experts				
- legal costs for credit collection	(25)	(192)	167	-87.0%
- technical consulting services	(377)	(202)	(175)	86.6%
- other professional services	(125)	(516)	391	-75.8%
- strategic-management consulting services	-	(63)	63	-100.0%
- legal costs and notary fees	(2,780)	(2,982)	202	-6.8%
Various services provided by third parties				
- credit collection services	(241)	(1)	(240)	2,4000.0%
- personnel area services	(392)	(444)	52	-11.7%
- real estate area services	(671)	(3,386)	2,715	-80.2%
- administrative services	(11,365)	(11,485)	120	-1.0%
- logistic services	(346)	(255)	(91)	35.7%
- ICT services	(10,338)	(10,246)	(92)	0.9%
- personnel recruitment and training	(351)	(66)	(285)	431.8%
- financial infoproviders	(7,633)	(7,674)	41	-0.5%
- personal financial advisers' expenses	(15,430)	(16,878)	1,448	-8.6%
Commercial information and company searches	(334)	(445)	111	-24.9%
Telephone, swift and data transmission expenses	(3,941)	(4,019)	78	-1.9%
Postage expenses	(2,005)	(2,003)	(2)	0.1%
Rental cost of buildings leased for personnel use	(99)	(119)	20	-16.8%
Premises rentals	(14,911)	(15,425)	514	-3.3%
Maintenance of premises	(1,016)	(187)	(829)	443.3%
Facility surveillance	(227)	(113)	(114)	100.9%
Cleaning of premises	(394)	(27)	(367)	1,359.3%
Utilities	(2,128)	(1,444)	(684)	47.4%
Leasing of office machinery	(110)	(105)	(5)	4.8%
Leasieof ICT equipment and software	(7,084)	(8,117)	1,033	-12.7%
Printing and stationery	(247)	(244)	(3)	1.2%
ICT printing and stationery	(75)	(88)	13	-14.8%
Various office supplies	(233)	(142)	(91)	64.1%
Various ICT office supplies	(46)	(613)	567	-92.5%
Maintenance of furniture, machinery and systems	(580)	(149)	(431)	289.3%
Maintenance and repair of ICT equipment	(1,230)	(1,071)	(159)	14.8%
Transport of valuables and documents	(346)	(317)	(29)	9.1%
Travel expenses and vehicle hire costs	(496)	(30)	(466)	1,553.3%
Insurance	(2,620)	(2,384)	(236)	9.9%
Charity donations	(93)	(126)	33	-26.2%
Association dues and fees sociations	(338)	(334)	(4)	1.2%
Other administrative expenses	(505)	(1,141)	636	-55.7%
Recovery of ancillary expenses	348	492	(144)	-29.3%
Recovery of taxes	29,908	26,562	3,346	12.6%
Total	**(104,820)**	**(112,112)**	**7,292**	**-6.5%**

Income statement figures (CONTINUED)

Value adjustments to intangible assets relate mainly to the amortisation of the costs incurred for computer software with a long-term useful life and did not show any significant change with respect to the previous year.

Value adjustments to property, plant and equipment refer to the depreciation applied to electronic machines, plant and machinery, furniture and fittings and did not show any significant change with respect to the previous year.

Profit (loss) before tax from continuing operations

(Amounts in Euro/000)

			CHANGES	
GROSS PROFIT FROM CONTINUING OPERATIONS	12.31.2011	12.31.2010	ABSOLUTE	%
Operating profit (loss)	**126,526**	**108,219**	**18,307**	**16.9%**
Net impairment losses on loans and provisions for guarantees and commitments	(2,794)	(1,759)	(1,035)	58.8%
Net operating profit (loss)	**123,732**	**106,460**	**17,272**	**16.2%**
Provisions for risks and charges	(17,381)	(18,061)	680	-3.8%
Net profit from investments	94	417	(323)	-77.5%
Profit before tax	**106,445**	**88,816**	**17,629**	**19.8%**

Provisions for risks and charges did not show any significant changes compared to last year.

The rise in **impairment losses on loans and provisions for guarantees to receivables and commitments** is mainly due to larger hedges made to cover non-performing loans as future collections are expected to fall.

Net profit from investments include the profit made on the sale of shares held in Monte Titoli S.p.A. to Borsa Italiana S.p.A. described previously.

Profit before tax stood at € 106.4 million, showing an increase of 19.8% compared to 31 December 2010.

Income tax for the period

(Amounts in Euro/000)

			CHANGES	
BREAKDOWN OF TAXES FOR THE YEAR	12.31.2011	12.31.2010	ABSOLUTE	XX
Current IRES income tax charges	(31,237)	(25,406)	(5,831)	23.0%
Current IRAP income tax charges	(11,379)	(11,570)	191	-1.7%
Total current taxes	**(42,616)**	**(36,976)**	**(5,640)**	**15.3%**
Change in deferred tax assets	805	1,602	(797)	-49.8%
Change in deferred tax liabilities	(1,424)	(1,066)	(358)	33.6%
Total deferred tax liabilities	**(619)**	**536**	**(1,155)**	**-215.5%**
Gain from substitute tax exemption	(446)	(495)	49	-9.9%
Total taxes for the year	**(43,681)**	**(36,935)**	**(6,746)**	**18.3%**

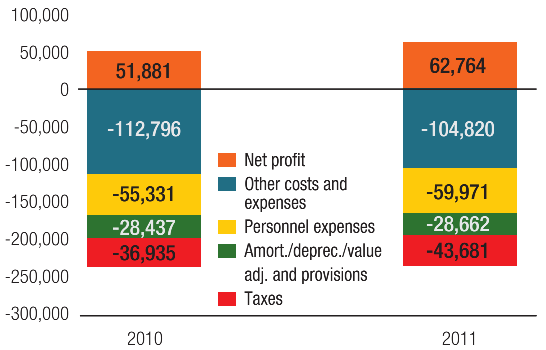
Current income taxes were calculated according to the legal provisions of Italian Legislative Decree no. 38 of 28 January 2005, issued after the implementation of IAS/IFRS accounting standards in the Italian legal system and of Decree no. 48 of 1 April 2009, which established provisions for the implementation and coordination of tax requirements for IAS Adopter parties.
Furthermore, the amount of taxes was influenced by the provisions set forth in Italian Law no. 111 of 15/07/2011 (Corrective manoeuvre 2011), which raised the IRAP rate by 0.75%.
Italian Law no. 28/2009 introduced the option, through the payment of a substitute tax, to recalculate the tax deductible amounts of goodwill. On the instructions of the Parent Bank, FinecoBank realigned the goodwill recognised following the extraordinary merger transaction of UniCredit Xelion Sim into UniCredit Xelion Banca S.p.A..
The redeemed goodwill may be amortised off the books for an amount not exceeding one ninth for 2010 and one tenth from 2011 onwards.
As per the instructions of the Parent Bank, in 2008, the tax benefit expected from the future deductibility of off-the-book amortisation, corresponding to € 4.4 million, was recognised in the accounts.
A tenth of this amount will be recognised in the income statement for each year of the tax deduction of tax-related amortisation of goodwill. For the three-year period 2010-2012 FinecoBank is subject, as a consolidated company, to what is known as "National tax consolidation" - introduced by Italian Legislative Decree no. 344 of 12 December 2003 -, which will be performed by the parent bank UniCredit S.p.A..

Net profit (loss) for the period

Net profit recorded an increase of 21%, amounting to € 62.8 million, compared to € 51.9 million recorded in the same period of the previous year.

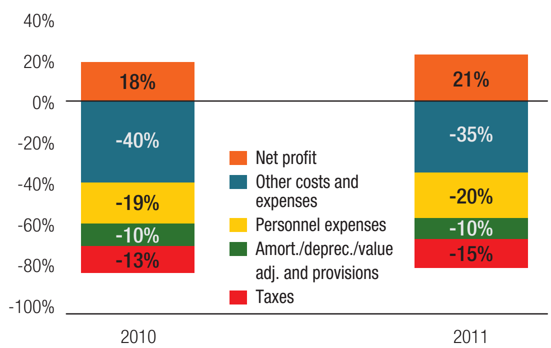
Absorption of the earnings margin:

(amounts in Euro/000)



Absorption of the earnings margin:

(% incidence)



Transactions with Group companies

The following table provides a summary of outstanding assets, liabilities, guarantees and commitments as at 31 December 2011 vis-à-vis Group companies.

(Amounts in Euro/000)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Transactions with the parent Company UniCredit S.p.A.	16,601,956	5,977,649	10,065
Transactions with companies controlled by UniCredit S.p.A.	6,763	41,461	-

With reference to paragraph 8 of art. 5 “Disclosures to the public on related party transactions” of the Consob Regulation containing the provisions for related party transactions (adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequently amended with resolutions no. 17389 of 23 June 2010), please refer to the Notes on the Financial Statements, Part H - Transactions with related parties.

Significant events occurring after year end and Business outlook

Business outlook and main risks and uncertainties

In line with the strategies shared with the UniCredit Group3, FinecoBank has planned ambitious projects for 2012, which will also involve considerable investment in advertising and marketing. The objective is to extend the customer base, improve the quality of customer relations, while maintaining the highest possible level of customer satisfaction.
Fineco intends to take advantage of the opportunities given by its excellent strategic positioning on the Italian market to develop its business in foreign markets, leveraging the fact that it belongs to a European Group such as UniCredit.
At national level, the bank faces two major challenges: to accompany the process of globalisation of the trading activities of its more evolved customers, and to better serve, through advisory services, one of the world's largest savings markets.
At European level, FinecoBank will seek to replicate its business model by adopting a "white labelling" approach to major trading and banking activities in several of the Group's foreign banks.

Number of own shares or of the parent bank

FinecoBank does not hold, even through other companies or third parties, own shares or shares of the Parent Bank.

3. In the UniCredit Group's organisation chart, FinecoBank is a Legal Entity (LE) that is part of the Asset Gathering (AG) Business Line (BL). The AG Business Line reports functionally to the "Families and Small Medium Enterprises" (F&SME) Division.

Proposal for the approval of the financial statements and allocation of profit for the year

Dear Shareholder,
we hereby submit the financial statements as at 31 December 2011 comprising the Balance sheet, Income statement and the Notes to the 2011 Financial Statements, as well as the Directors' Report on Operations to your approval.

We also recommend the following allocation of the net profit for the year:

(Amounts in Euro)

Net profit for the year	62,763,703.35
to the legal reserve (5% of the profit for the year pursuant to art. 35 of the articles of association)	3,138,185.17
to the shareholder, allocating to the 606,274,033 shares, representing the entire share capital, a dividend per share of € 0.09744	59,075,341.78
to charitable donations	500,000,00
unavailable retained earnings (art. 6, paragraph 2 of Italian Legislative Decree 38/2005)	4,270.07
to retained earnings	45,906.33

If the financial statements and the allocation of the profit for the year obtain your approval, the shareholders' equity as at 31 December 2011 will be as follows:

(Amounts in Euro)

Share capital	200,070,430.89
Legal reserve	22,527,127.86
Share premium reserve	1,934,112.62
Unavailable retained earnings (art. 6, paragraph 2 of Italian Legislative Decree 38/2005)	4,270.07
Retained earnings	93,772,983.84
Shareholders' equity	**318,308,925.28**

We also propose to pay the aforesaid dividend amount, in accordance with legal regulations, as of 19 April 2012.

Milan, 14 March 2012

FinecoBank S.p.A.
The Managing Director
Alessandro Foti

FinecoBank S.p.A.
The Chairman
Enrico Cotta Ramusino

Reconciliation statements for the preparation of reclassified financial statements

(Amounts in Euro/000)

ASSETS	12.31.2011	12.31.2010
Cash and cash equivalents = *item 10*	4	9
Financial assets held for trading = *item 20*	11,413	22,434
Receivables from banks = *item 60*	16,282,014	10,067,146
Receivables from customers = *item 70*	524,547	626,036
Financial investments	57,784	5,069
30. Financial assets measured at fair value	*10,409*	-
40. Available-for-sale financial assets	*47,375*	*5,069*
Hedging instruments	78,290	81,164
80. Hedging derivatives	*329,933*	*50*
90. Changes in fair value of portfolio hedged items	*(251,643)*	*81,114*
Property, plant and equipment = *item 110*	9,362	9,126
Goodwill = *item 120. Intangible assets of which: goodwill*	89,602	89,602
Other intangible assets = *item 120 net of goodwill*	8,718	8,857
Tax assets = *item 130*	46,018	46,398
Non-current assets and discontinued operations = *item 140*	145	145
Other assets = *item 150*	168,992	175,933
Total assets	**17,276,889**	**11,131,919**

(Amounts in Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2011	12.31.2010
Deposits from banks = *item 10*	1,198,064	424,461
Deposits from customers and debt securities in issue	15,279,318	9,989,694
20. Deposits from customers	*10,702,032*	*9,989,694*
30. Debt securities in issue	*4,577,286*	-
Financial liabilities held for trading = *item 40*	3,630	6,718
Hedging instruments	75,423	79,943
60. Hedgingderivatives	*370,769*	*79,943*
70. Changes in fair value of portfolio hedged items	(295,346)	-
Provisions for risks and charges = *item 120*	98,361	97,872
Tax liabilities = *item 80*	58,736	29,746
Other liabilities	186,117	139,496
100. Other liabilities	*182,981*	*136,302*
110. Employee severance pay provision	*3,136*	*3,194*
Shareholders' equity	377,240	363,989
- capital and reserves	315,120	312,141
160. Reserves	*113,116*	*110,137*
170. Share premium reserve	*1,934*	*1,934*
180. Share capital	*200,070*	*200,070*
- Revaluation reserves	(644)	(33)
130. Revaluation reserves of which: Available-for-sale financial assets	*(644)*	*(33)*
- net profit = item 200	62,764	51,881
Total liabilities and shareholders' equity	**17,276,889**	**11,131,919**

Reconciliation statements for the preparation of reclassified financial statements (Continued)

(Amounts in Euro/000)

INCOME STATEMENT	12.31.2011	12.31.2010
Net interest	133,602	103,998
30. Net interest margin	*133,602*	*103,998*
Dividends and other income from equity investments	-	8
70. Dividends and similar revenue	*13*	*29*
less: dividends on equity securities held for trading equity instruments included in item 70	*(13)*	*(21)*
Net fees and commissions = *item 60*	155,127	157,396
60. Net fees and commissions	*155,127*	*157,396*
Net trading, hedging and fair value income	24,891	27,342
80. Gains (losses) on financial assets and liabilities held for trading	*26,431*	*27,321*
+ dividends from held for trading equity instruments (from item 70)	*13*	*21*
90. Fair value adjustments in hedge accounting	-	-
110. Gains (losses) on assets and liabilities at fair value through profit and loss	*(1,553)*	-
Net other expenses/ income	(13,722)	(3,365)
190. Other operating income	*27,294*	*23,678*
100. Gains (losses) on disposal orrepurchase of: a) loans and receivables (from December 2010)	*(10,760)*	*11*
less: other operating income - of which: recovery of costs	*(30,256)*	*(27,054)*
OPERATING INCOME	**299,898**	**285,379**
Payroll costs	(59,971)	(56,014)
150. Administrative expenses - a) Payroll costs	*(59,971)*	*(56,014)*
Other administrative expenses	(135,076)	(139,166)
150. Administrative costs - b) other administrative expenses	*(135,076)*	*(139,166)*
Recovery of expenses	30,256	27,054
190. Other net operating income - of which: recovery of costs	*30,256*	*27,054*
Amortisation, depreciation and impairment losses on intangible and tangible assets	(8,581)	(9,034)
170. Impairments/write-backs on property, plant and equipment	*(3,114)*	*(3,143)*
180. Impairments/Value adjustments/write-backs on intangible assets	*(5,467)*	*(5,891)*
Operating costs	**(173,372)**	**(177,160)**
OPERATING PROFIT (LOSS)	**126,526**	**108,219**

Continued: Income Statement (Amounts in Euro/000)

	12.31.2011	12.31.2010
Net impairment losses on loans and provisions for guarantees and commitments	(2,794)	(1,759)
130.Impairment losses/write-backs on: a) loans and receivables	*(2,559)*	*(1,759)*
130. Impairment losses/write-backs on: d) other financial transactions	*(235)*	-
NET OPERATING PROFIT (LOSS)	**123,732**	**106,460**
Provisions for risks and charges	*(17,381)*	*(18,061)*
160. Provisions for risks and charges	*(17,381)*	*(18,061)*
Net income from investments	94	417
100. Gains (losses) on disposal of: b) available-for-sale financial assets	*95*	*443*
240. Gains (losses) on disposal of investments	*(1)*	*(26)*
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**106,445**	**88,816**
Income tax for the period	(43,681)	(36,935)
260. Tax expense (income) related to profit or lossfrom continuing operations	*(43,681)*	*(36,935)*
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**62,764**	**51,881**
NET PROFIT (LOSS) FOR THE YEAR	**62,764**	**51,881**

Report of the Board of Statutory Auditors

Dear Shareholder.

Pursuant to art. 2429, paragraph 2, of the Italian Civil Code and art. 153 of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and integrations, the Board reports on its supervisory activity performed in the financial year ended on 31 December 2011.

The Board carried out its supervisory activity prescribed by the law in force, in accordance with the provisions issued by the Bank of Italy and Consob, and in compliance with its own role.
On the basis of its schedule, the Board held numerous meetings with the Top Management and the Heads of the management areas, examining in depth all the principal issues concerning the Company's management and organisation and overseeing the adequacy of the organisational structure and its proper operation. In particular, an analysis was conducted not only of the processes relating to the internal control system and the administrative-accounting system, but also the issues concerning credit, investment services, organisation and commercial activity as well as the company's business plans.
Said supervisory activities, and the information requested and received from the Company did not reveal any facts or irregularities worthy of mention or such that they required to be reported to the competent Authorities or Supervisory and Control Bodies.
Pursuant to the indications given by Consob in communication DEM 1025564 of 6 April 2001, we also specify the following.

Correct management practices
The Board oversaw proper compliance with the law and the Articles of Association as well as correct management practices both at meetings of the Board of Directors and of the other bodies, which it attended, and at the meetings with the Top Management and the Heads of the various Areas and Functions of the Bank.
The Board can assert that, on the basis of the information obtained, the resolutions passed comply with legal regulations and with the Articles of Association, do not appear to be in conflict of interest, are in line with administrative prudence and do not jeopardise the Bank's financial stability.
Our examinations did not reveal that the Bank entered into blatantly risky or irresponsible transactions or transactions which may prejudice the integrity of the company's capital.

Organisational structure
The Board of Statutory auditors assessed the adequacy of the organisational structure and its proper functioning through various meetings with top management and with the heads of the various areas and functions; no organisational shortcomings emerged from said assessment.
In particular, in 2011, the Board supervised initiatives aimed at improving the business management and took note of the amendments made to the Bank's central management and network structures, to the organisational chart, which clearly identifies functions, tasks and lines of responsibility, and to the Bank's internal regulations, also with a view to compliance with a Bank of Italy provision dated 10 March 2011 containing implementation instructions on the organisation, procedures and internal controls needed to prevent and identify money laundering and the funding of terrorist activities.
The Board took note of the continuous implementation of the Guidelines issued by the Parent Bank - which plays a management and coordination role vis-à-vis the Bank - and of the consequent organisational changes made by the Bank to improve the effectiveness and efficiency of its management as well as to align its structure to the target organisational model of the Group. The Board of Statutory Auditors also assessed the adequacy of the Bank's organisational structure as regards the internalisation of trading orders for some financial instruments and currencies, implemented as part of a specific internal policy containing adequate limits - which have always been observed - to mitigate the relative risks.
The Board acknowledged the successful outcome of the tests carried out to verify the Bank's Business Continuity and Disaster Recovery Plans.

Internal control system
The Board reports that Internal Auditing is outsourced to UniCredit Audit S.p.A., a wholly-owned subsidiary of UniCredit S.p.A. and entails the performance of internal audits mainly with regard to group companies. In 2011, FinecoBank's Board of Directors also adopted the Group's "Audit Mandate", which establishes the mission, responsibilities, independence, tasks and authority of the Group Internal Audit unit belonging to FinecoBank.
During its assessment, the Board verified compliance with the Audit plan - in terms of both central structures and processes as well as Network structures - established at the time also based on recommendations of the Board, approved by the Board of Directors as part of the acknowledgement of the Guidelines issued by the Audit Department of the Parent Bank.
The Board has successfully and systematically interacted with the Chief Audit Executive (CAE), the head of the internal audit function; the meetings held looked at, inter alia, the interim/quarterly and annual reports specifically drawn up for the Board of Directors and the Board of Statutory auditors. Based on its supervisory activities, the Board expressed a positive opinion on the internal auditing and deemed the internal control system to be adequate.
The Company also possesses an active Chief Risk Office Area (CRO) - to which, inter alia, the offices belonging to the Receivables Area and the Operational Risk Management (ORM) function report - the latter was established to evaluate and monitor the adequacy of operational risk control and management systems and to verify that the Bank takes measures to mitigate business risks (risk management). During its assessment, the Board met the Head of the CRO Area on a number of occasions to evaluate, among other things, its operations and to examine the quarterly reports prepared

by the same. The Board expressed a positive opinion on the work carried out by the Head of the Chief Risk Office Area, noting that in 2011, the Audit ICAAP Report confirmed that resources in the CRO Area now complied with requirements.
As part of its assessment, the Board met frequently with the Bank's Compliance Manager - compliance services rendered on the basis of the relative outsourcing contract - and expressed a positive opinion on the reports, plans and work of the same, focusing in particular on compliance with the deadlines envisaged in the periodic C.A.M.P. (Compliance Assessment Mapping & Planning) to conclude the corrective measures identified on each occasion. In particular, the Board also assessed - with the support of results from monitoring carried out by the Bank's structures and taking on board any suggestions relating to the most significant findings of the Audit Reports regularly examined by the Board - compliance with money laundering and counter-terrorism legislation, the process to grant specific powers to a Single Group Delegate relating to suspicious transactions, compliance with MIFID legislation and with regulations relating to Market Abuse. The Board also examined reports received from the Bank of Italy to the Bank's Compliance function regarding claims and/or complaints sent by FinecoBank customers, and met with the function to provide clarification and details in this regard.
The Board has attended all meetings of the Audit Committee, with which it has worked closely, given the common objectives of the two entities; and awaits the issue of the guidelines, following Parent Bank instructions, and to implement the provisions of art. 19 of Italian Legislative Decree no. 39/2010.
The Board of Statutory Auditors also supervised the effective functioning of the Products Committee - which reports to the Board of Directors, set up with the objective of guaranteeing compliance with legislation and preventing the reputational risks linked to the distribution of the Bank's products and services - and of the Risks Committee.
Furthermore, the Board of Statutory Auditors attended the meetings of the Supervisory Authority set up pursuant to Italian Legislative Decree no. 231 of 2001 and to this end, acknowledged the new version of the Bank's Organisation and Management Model approved in 2011 by the Supervisory Authority and by the Board of Directors, and the relative Decision protocols, and retains the assessments and the recommendations of the Supervisory Authority appropriate and adequate.
The Board assessed compliance with current legislation on occupational health and safety, including therein the locations where FinecoBank's Personal Financial Advisers are based.

Administrative - accounting system.

The Board oversaw - also by visiting the Functions and by holding regular meetings with the officers in charge - the administrative-accounting system and verified that it was adequate and reliable to provide a correct, complete and timely view of the company's business activity.
The Board acknowledges that the financial statements as at 31 December 2011 have been drawn up in accordance with the International Accounting Standards (IAS/IFRS), including the interpretation documents, SIC and IFRIC, approved by the European Commission as established by Community Regulation no. 1606 of 19 July 2002, assimilated in Italy through Legislative Decree no. 38 of 28 February 2005, according to instructions issued by the Bank of Italy through Circular letter no. 262 of 22 December 2005, updated on 18 November 2009, without any exceptions and with the appropriate disclosure of any reclassifications made and related information. The financial statements have also been prepared in compliance with the technical note dated 2 March 2011 issued by the Bank of Italy, and the clarification issued by the same on 14 February 2012 regarding securities lending transactions without cash guarantees. In order to provide a like-for-like comparison, in the report on operations, the 2010 financial statements have also been reclassified.
Furthermore, for the financial statements at 31 December 2011, the Bank adopted the format for schedules and explanatory notes established by the Bank of Italy Circular letter no. 262 of 22 December 2005.
The Board of Statutory Auditors also assessed compliance with legislative provisions set forth in Law no. 262/2005 regarding the internal control procedures and the internal control system implemented in terms of financial reporting and the truthful view of facts and operations.

Transactions with related parties and atypical and/or unusual transactions

FinecoBank belongs to the UniCredit S.p.A. Group and is subject to the management and coordination of UniCredit S.p.A.. In 2010, the Bank renewed the option for national tax consolidation for 2010-2012.
Transactions with Group companies and other related parties are clearly specified in the financial statements, especially in the Notes to the Financial Statements and the Directors' Report on Operations, pursuant to legislative and regulatory provisions in force, including accounting standard IAS 24, revised in 2011; based on the information available they appear to be at arm's length.
The Board also notes that in December 2010 and February 2011, in order to comply with Consob Regulation no. 17221 of 12 March 2010, subsequently amended by resolution no. 17389 of 23 June 2010, the Bank approved new provisions for related party transactions in order to fully comply with the provisions of the above-cited Consob Regulation as of 1 January 2011.
The Board also acknowledges that the obligations of parties that play an administrative, management and control role, were the subject of a resolution according to the provisions of art. 36 of Italian Legislative Decree no. 385/1993 (Consolidated Law on Banking).
No atypical and/or unusual transactions are reported.

Report of the Board of Statutory Auditors (Continued)

Relations with the Independent Auditors.
In accordance with art. 150, paragraph 3, of Italian Legislative Decree no. 58/98, and the provisions of Italian Legislative Decree 39/2010, the Board held periodic meetings with the Independent Auditors - promptly exchanging any data or information that could be used in their respective assignments - which did not highlight any particular facts worthy of notice or considered reprehensible pursuant to art. 155, paragraph 2, of Italian Legislative Decree no. 58/98. Auditing fees are disclosed in an appendix to the financial statements, pursuant to art. 160 paragraph 1 bis of Italian legislative decree 58/98.
The Board notes that KPMG has correctly fulfilled its assignment to audit the company's financial statements, to ensure that the company's accounts are kept in order, and to ensure that any facts relating to management, the certification of tax returns and the abbreviated auditing of the interim financial statements are correctly reported.
The Board also acknowledges that it has received written confirmation from the Independent Auditors, pursuant to art. 17, paragraph 9 of Italian Legislative Decree no. 39/2010, of its independence in the period between 01 January 2011 and 22 March 2012 and confirmation that it has not provided the Bank with non-auditing services, even through companies belonging to its Group, in the same period.
As regards relations with the Independent Auditors, the Board acknowledges that it has received the report envisaged by art. 19, paragraph 3 of Italian Legislative Decree 39/2010.

Complaints pursuant to art. 2408 of the Italian Civil Code - Reports
In 2011 no complaints were filed pursuant to Article no. 2408 of the Italian Civil Code, nor were any reports filed by third parties.

Opinions issued in accordance with the law
The Board of Statutory Auditors has not issued any opinions in accordance with the law, as the need for the same did not arise.

Meetings held by the Shareholders, the Board of Directors, the Audit Committee and the Supervisory Body
In 2011, the Board of Statutory auditors in office attended 2 Shareholders' meetings, 9 Board of Directors' meetings and 6 Audit Committee meetings. Attendance of said meetings enabled the Board, among other things, to ensure that the delegated parties had reported on transactions performed within the powers awarded to the same.
The Board of Statutory auditors met 17 times, in addition to a number of meetings held by the Chairman of the Board with the managers of several of the Bank's Organisational Units and the audit conducted at the head office jointly with FinecoBank's C.A.E. on the activities of one of the Bank's PFA.
The Chairman of the Board took part in meetings of the Supervisory Body established pursuant to Italian Legislative Decree no. 231 of 2001.

Conclusions - Observations on the financial statements and on the proposed allocation of profits as at December 31, 2011.
The Board, based on the supervisory activity performed, can reasonably state that the business activities carried out by FinecoBank S.p.A. were conducted in accordance with the Law and the Articles of Association.
Moreover, the Board underlines that in the performance of its duties it did not notice any irregularities pursuant to art. 149, paragraph 3, of Italian Legislative Decree no. 58/98, or omissions and/or facts worthy of mention pursuant to art. 153, paragraph 1, of the same Legislative Decree no. 58/98.
Having received the Financial Statements as at 31 December 2011 and the Directors' Report on Operations by the legal deadline, having acknowledged the results stated in the same, the structure of the same, compliant with the relative provisions, the existence of the mandatory content in the report on operations and the specific independent and advance approval of the Management Body of the impairment procedure relating to goodwill recognised in said financial statements, confirming the sustainability of the same, and having also received the Independent Auditors' Report with no significant remarks from the same, the Board agrees with the proposal on the allocation of the profits for the year expressed by the Board of Directors.

Milan, March 30 2012

for the Board of Statutory Auditors
the Chairman
Gian-Carlo Noris Gaccioli

Independent Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 14 and 16 of Legislative decree no. 39 of 27 January 2010 and article 165 of Legislative decree no. 58 of 24 February 1998

To the sole shareholder of
FinecoBank Banca Fineco S.p.A.

1 We have audited the financial statements of FinecoBank Banca Fineco S.p.A. as at and for the year ended 31 December 2011, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no.38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 28 March 2011 for our opinion on the prior year financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the financial statements of FinecoBank Banca Fineco S.p.A. as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standard endorsed by European Union and the Italian regulations implementing article 9 of Legislative decree no.38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of FinecoBank Banca Fineco S.p.A. as at and for the year ended 31 December 2011, the results of operations and its cash flows for the year then ended.

4 The directors of FinecoBank Banca Fineco S.p.A. are responsible for te preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the

directors' report with the financial statements to which it refers, as required by law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the financial statements of FinecoBank Banca Fineco S.p.A. as at and for the year ended 31 December 2011.

Milan, 30 March 2012

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

Training to be “banking smart”.

In order to support more effective cooperation with the real estate business, UniCredit Bank in Bosnia created a training course that informs the employees of real estate agencies of all its available credit products, with a special emphasis on housing loans. In this way, UniCredit Bank in Bosnia responded to the need to revive the housing market, creating a solid foundation for future development and helping supply to meet demand in all areas.

Personal bankers in Stari Grad, Sarajevo, during their workshop on the real estate market in Sarajevo

Bank Financial Statements

Balance Sheet

ASSETS	12.31.2011	12.31.2010
10. Cash and cash equivalents	4,293	9,226
20. Financial assets held for trading	11,412,852	22,434,014
30. Financial assets designated at fair value through profit or loss	10,408,821	-
40. Available-for-sale financial assets	47,375,205	5,068,757
60. Loans and Receivables with banks	16,282,014,240	10,067,145,818
70. Loans and Receivables with customers	524,546,989	743,573,613
80. Hedging derivatives	329,933,295	49,715
90. Changes in fair value of portfolio hedged financial assets	(251,643,402)	81,113,769
110. Property, plant and equipment	9,361,514	9,126,351
120. Intangible assets of which	98,320,498	98,459,213
- goodwill	*89,601,768*	*89,601,768*
130. Tax assets	46,018,071	46,398,357
a) current	*3,515,381*	*3,960,992*
b) deferred tax assets	*42,502,690*	*42,437,365*
140. Non-current assets and disposal groups classified as held for sale	144,608	144,608
150. Other assets	168,991,660	175,933,245
Total assets	**17,276,888,644**	**11,249,456,686**

LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS	12.31.2011	12.31.2010
10. Deposits from banks	1,198,063,579	424,460,766
20. Deposits from customers	10,702,031,729	10,107,232,313
30. Debt securities in issue	4,577,285,725	-
40. Financial liabilities held for trading	3,630,319	6,717,740
60. Hedgingderivatives	370,769,519	79,942,820
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	(295,346,384)	-
80. Tax liabilities	58,735,710	29,746,387
a) current tax liabilities	*40,875,739*	*13,207,085*
b) deferred tax liabilities	*17,859,971*	*16,539,302*
100. Other liabilities	182,982,044	136,302,029
110. Allocation to employee severance pay provision	3,136,349	3,193,506
120. Provisions for risks and charges:	98,360,539	97,871,838
b) other reserves	*98,360,539*	*97,871,838*
130. Revaluation reserves	(644,752)	(33,200)
160. Reserves	113,116,020	110,137,080
170. Share premium reserve	1,934,113	1,934,113
180. Share capital	200,070,431	200,070,431
200. Net Profit (Loss) for the year	62,763,703	51,880,863
Total liabilities and shareholders' equity	**17,276,888,644**	**11,249,456,686**

Income Statement

INCOME STATEMENT	12.31.2011	12.31.2010
10. Interest income and similar revenues	274,779,536	184,430,109
20. Interest expenses and similar expense	(141,177,262)	(84,708,737)
30. Net interest income	**133,602,274**	**99,721,372**
40. Fee and Commission revenues	312,010,651	317,141,132
50. Fee and Commission expenses	(156,883,852)	(155,468,267)
60. Net fee and commission income	155,126,799	161,672,865
70. Dividends income and similar revenue	13,212	28,746
80. Gains (losses) on financial assets and liabilities held for trading	26,430,346	27,321,105
90. Fair value adjustments in hedge accounting	-	-
100. Profit (loss) from sale or repurchase of:	(10,665,505)	453,844
a) receivables	*(10,760,083)*	*11,045*
b) available-for-sale financial assets	*94,578*	*442,799*
110. Net income from financial assets and liabilities measured at fair value	(1,552,714)	-
120. Earnings margin	**302,954,412**	**289,197,932**
130. Net adjustments/writebacks due to impairment of:	(2,793,967)	(1,759,411)
a) receivables	*(2,559,192)*	*(1,759,411)*
d) other financial transactions	*(234,775)*	-
140. Net income from financial operations	**300,160,445**	**287,438,521**
150. Administrative expenses	(195,047,516)	(195,179,862)
a) personnel expenses	*(59,971,339)*	*(56,014,092)*
b) other administrative expenses	*(135,076,177)*	*(139,165,770)*
160. Net provisions for risks and charges	(17,380,624)	(18,060,812)
170. Impairment/write-backs on property, plant and equipment	(3,114,085)	(3,142,302)
180. Impairment /writebacks on intangible assets	(5,467,168)	(5,891,218)
190. Other net operating income	27,294,137	23,677,525
200. Operating costs	**(193,715,256)**	**(198,596,669)**
240. Gains (losses) on disposal of investments	(736)	(25,851)
250. Total profit (loss) before tax from continuing operations	**106,444,453**	**88,816,001**
260. Tax expense (income) related to profit or loss fromcontinuing operations	(43,680,750)	(36,935,138)
270. Total profit (loss) after tax from continuing operations	**62,763,703**	**51,880,863**
290. Net Profit (Loss) for the year	**62,763,703**	**51,880,863**

Statement of Comprehensive Income

	12.31.2011	12.31.2010
10. Profit (Loss) for the year	**62,763,703**	**51,880,863**
Other comprehensive income after tax without reclassification through profit or loss:		
20. Available-for-sale financial assets	(611,552)	(190,042)
30. Property, plant and equipment	-	-
40. Intangible assets	-	-
50. Foreign investment hedges	-	-
60. Cash flow hedges	-	-
70. Exchange differences	-	-
80. Non current assets and discontinued operations	-	-
90. Actuarial profits (losses) on defined benefit plans	-	-
100. Portion of valuation reserves of equity investments valued under shareholders' equity	-	-
110. Total other comprehensive income after tax	**(611,552)**	**(190,042)**
120. Comprehensive income (item 10+110)	**62,152,151**	**51,690,821**

Statement of Changes in Shareholders' Equity

Statement of Changes in Shareholders' Equity at 12.31.2011

	BALANCE AS AT 12.31.2010	CHANGES IN OPENING BALANCE	BALANCE AS AT 01.01.2011	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS AND OTHER DISTRIBUTIONS	CHANGES DURING THE YEAR: CHANGES IN RESERVES	CHANGES DURING THE YEAR: SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUES OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME AS AT 12.31.11	SHAREHOLDERS' EQUITY AT 12.31.11
Share capital:														
a) ordinary shares	200,070,431		200,070,431											200,070,431
b) other shares														
Share premiums	1,934,113		1,934,113											1,934,113
Reserves:														
a) from profits	110,137,080		110,137,080	2,978,940										
b) other														113,116,020
Revaluation reserves:														
a) available for sale	(33,200)		(33,200)										(611,552)	(644,752)
b) cash flow hedges														
c) other														
Equity instruments														
Treasury shares														
Net Profit (Loss) for the period	51,880,863		51,880,863	(2,978,940)	(48,901,923)								62,763,703	62,763,703
Shareholders' equity	**363,989,287**		**363,989,287**	**-**	**(48,901,923)**								**62,152,151**	**377,239,515**

Statement of Changes in Shareholders' Equity at 12.31.2010

	BALANCE AS AT 12.31.2009	CHANGES IN OPENING BALANCE	BALANCE AS AT 01.01.2010	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS AND OTHER DISTRIBUTIONS	CHANGES DURING THE YEAR: CHANGES IN RESERVES	CHANGES DURING THE YEAR: SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUES OF NEW SHARES	PURCHASE OF TREASURY SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME AS AT 12.31.10	SHAREHOLDERS' EQUITY AT 12.31.10
Share capital:														
a) ordinary shares	200,070,431		200,070,431											200,070,431
b) other shares														
Share premiums	1,934,113		1,934,113											1,934,113
Reserves:														
a) from profits	106,101,969		106,101,969	4,035,111										110,137,080
b) other														
Revaluation reserves:														
a) available for sale	156,842		156,842										(190,042)	(33,200)
b) cash flow hedges														
c) other														
Equity instruments														
Treasury shares														
Net Profit (Loss) for the period	43,842,923		43,842,923	(4,035,111)	(39,807,812)								51,880,863	51,880,863
Shareholders' equity	**352,106,278**		**352,106,278**	**-**	**(39,807,812)**	**-**							**51,690,821**	**363,989,287**

Statement of Cash Flows

Indirect Method

	12.31.2011	12.31.2010
A. OPERATING ACTIVITIES		
1. Operations	**126,332,251**	**102,450,497**
- profit (loss) for the year	62,763,703	51,880,863
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss	1,165,172	276,732
- capital gains/losses on hedging operations	-	-
- net write-offs/write-backs due to impairment	3,461,604	2,124,057
- net write-offs /write-backs on tangible and intangible assets	8,581,253	9,033,520
- provisions and other income/expenses	18,983,685	19,866,421
- duties, taxes and tax credits not paid	33,989,372	9,942,522
- other adjustments	(2,612,538)	9,326,382
2. Cash flows from/used by financial assets	**(4,270,315,588)**	**2,513,617,515**
- financial assets held for trading	3,049,519	5,712,672
- available-for-sale financial assets	(42,783,338)	(4,750,788)
- loans and receivables with banks: other loans and receivables	(4,453,295,785)	2,224,435,260
- loans and receivables with customers	215,564,546	261,735,753
- other assets	7,149,470	26,484,618
3. Cash flows from/used by financial liabilities	**5,917,462,400**	**(2,189,654,792)**
- deposits from banks: other payables	741,311,149	(164,749,312)
- deposits from customers	582,835,470	(1,972,360,929)
- debt securities in issue	4,577,285,725	-
- financial liabilities held for trading	(6,716,830)	(3,777,267)
- other liabilities	22,746,886	(48,767,284)
Net cash flows from/used in operating activities	**1,773,479,063**	**426,413,220**
B. INVESTMENT ACTIVITIES		
1. Cash flows from		
- sales of tangible assets	4,613	1,230
2. Cash flows used in		
- purchases of tangible assets	(3,317,346)	(3,088,731)
- purchases of intangible assets	(5,362,054)	(4,043,674)
Net cash flows from/used in investing activities	**(8,674,787)**	**(7,131,175)**
C. FUNDING ACTIVITIES		
- dividends and other distributions	(48,901,923)	(39,807,812)
Net cash flows from/used in financing activities	**(48,901,923)**	**(39,807,812)**
NET CASH FLOWS FROM/USED DURING THE YEAR	**1,715,902,353**	**379,474,233**
RECONCILIATION		
Balance sheet items		
Cash and cash balances at the beginning of the year	6,081,442,249	5,701,968,016
Total cash flows from/used during the year	1,715,902,353	379,474,233
Cash and cash balances: effect of changes in exchange rates	-	-
Cash and cash balances at the end of the year	7,797,344,602	6,081,442,249

The term “cash and cash balances” means cash recorded under item 10 of assets “cash and cash balances” and the cash balances represented by short-term financial investments and other cash recorded under item 60 of assets “Loans and receivables from Banks” and item 10 of liabilities “deposits from Banks”.

Speaking the language of our clients.

As a result of expanded international mobility, many citizens who work in Austria do not speak German. These are citizens of other nationalities and cultures, who need to communicate in their own languages when discussing delicate subjects such as banking transactions. Bank Austria's *Banking Without Borders* programme guarantees that such customers, on any given day, will have access to an employee who speaks his or her own language. Additionally, in Vienna, five branches provide documentation and product literature in several languages other than German. An effective answer to a multicultural society.

Notes to the Financial Statements

Part A - Accounting Policies

Part A - Accounting Policies

A.1 General part

Section 1 - Statement of Conformity with International Accounting Standards

These financial statements were drawn up in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, approved by the European Commission, as envisaged by EU Regulation no. 1606/2002 implemented in Italy by Legislative Decree no. 38 of 28 February 2005, until 31 December 2011 (see also Section 4 - Other aspects).

The Bank of Italy - whose powers already set forth by Legislative Decree no. 87/92 as regards the financial statements of banks and financial companies subject to supervision have been further confirmed by said decree - established the formats for the financial statements and for the relative notes used to prepare these financial statements in its Circular no. 262 of 22 December 2005 (1st update 18 November 2009).

Section 2 - General Principles of Preparation

As stated earlier on, these financial statements were drawn up in accordance with the International Accounting Standards approved by the European Commission.

The following documents were used for interpretation and support purposes despite they have not all been approved by the European Commission:
- Framework for the Preparation and Presentation of Financial Statements issued by IASB in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC and any other documents drafted by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) to complement the international standards issued;
- the interpretation documents concerning the application of the IAS/IFRS in Italy prepared by the OIC (***Organismo Italiano di Contabilità*** - Italian Accounting Body) and by ABI (***Associazione Bancaria Italiana*** - Italian Banking Association).

The Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows (calculated on the basis of the "indirect" method), the Notes to the Financial Statements, and is supported by the Directors' Report on Operations.

The financial statement schedules and the Notes to the Financial Statements, unless otherwise indicated, are drawn up in thousands of Euro; note that, as envisaged by the Bank of Italy Circular no. 262/2005, any items and tables in the Notes to the Financial Statements whose amount is zero have not been included.

In the preparation of these Financial Statements, it was considered appropriate to apply the assumption of business continuity. In fact, at present it is retained that there are no uncertainties as to the company's ability to continue with its business activities in accordance with that envisaged by IAS 1. The valuation principles adopted are therefore consistent with said assumption and therefore satisfy the general principles of relevance and significance of accounting information and prevalence of economic substance over legal form. Said criteria have not undergone any changes with respect to the previous year.

Risks and uncertainties associated to the use of estimates

In accordance with IFRS, company management has to make valuations, estimates and assumptions that impact the application of accounting standards and the amounts of assets and liabilities, costs and income recorded in the financial statements, as well as disclosures regarding potential assets and liabilities. The estimates and the relative assumptions are based on previous experience and on other factors considered reasonable in the case in hand, and have been adopted to estimate the book value of assets and liabilities that cannot be easily deduced from other sources.

In particular, estimation processes were adopted to support the recognition value of some of the items recorded in the financial statements as at 31 December 2011, as envisaged by accounting standards and the reference legislation cited above. Said processes are based to a large extent on estimates of the future recoverability of the values recorded in the financial statements, in accordance with the provisions of legislation in force and were made with a view to business continuity, namely not taking the forced liquidation of the items in question into consideration.

The processes adopted confirm the values recognised as at 31 December 2011. The valuation process was particularly complex given the uncertainty that continues to characterise the macroeconomic scenario and domestic (and international) markets, reflecting on one hand the high levels of volatility of the financial parameters used for valuation purposes and on the other by the deterioration of continuing high credit quality indicators.

The parameters and the information used to verify the above-mentioned values were therefore significantly influenced by said factors, which could rapidly, at present unpredictably, change. Therefore, we cannot exclude the consequent impact of the same on future financial statement figures.

Estimates and assumptions are reviewed regularly. Any changes consequent to said reviews are recognised in the period in which the review was carried out if the same relates only to said period. In the event that the review regards current and future periods, the change is recognised in the period in which the review was carried out and in the relevant future periods.

The risk of uncertainty in estimates is substantially implicit in the measurement of:
- the fair value of unlisted financial instruments in active markets;
- the employee severance fund and other benefits due to employees;
- provisions for risks and charges;
- the value of goodwill and of other tangible assets;
- deferred tax assets.

The quantification of which is prevalently linked both to the development of the national and international socio-economic scenario, and to trends in financial markets, which influence interest rate trends, price fluctuations, actuarial bases and, more generally, the creditworthiness of counterparties.

Section 3 - Events after the balance sheet date

No significant events occurred after the balance sheet date which require adjustments to the balances stated in the financial statements as at 31 December 2011. For further details, please refer to the Report on Operations.

Section 4 - Other aspects

In a technical notice dated 2 March 2011, the Bank of Italy specified that securities lending transactions not guaranteed by cash are excluded from financial statements. Subsequent to this clarification, as of financial year 2011, securities lending transactions not guaranteed by cash amounts and the balancing loan payables entries have been excluded, respectively, from item 70 "Receivables from Customers" and item 20 "Payables to Customers".
Furthermore, following a clarification made by the Bank of Italy dated 14 February 2012 regarding securities lending without cash guarantees, in 2011, the Bank recognised the cost of transactions of this nature, as borrower, under item 50 "Commission expense"; previously the cost of these transactions was recognised under item 20 "Interest expense and similar expense".
In order to provide a like-for-like comparison, in the report on operations, figures relating to 2010 have also been reclassified, while no changes have been made to the 2010 bank financial statements or to the notes to the same.

Over the course of 2011, the following international accounting standards and interpretations came into force:
- amendments to IAS 32: Financial instruments - Presentation - Classification of issue rights (EU Reg. 1293/2009);
- amendments to IFRS 1: Limited exemption from comparative IFRS 7 disclosures for first-time adopters and consequent amendments to IFRS 7 "Financial instruments: disclosures" (EU Reg. 574/2010);
- revision of IAS 24 - Related party disclosures (EU Reg. 632/2010);
- amendments to IFRIC 14 - Prepayments of a minimum funding requirement (EU Reg. 633/2010);
- IFRIC 19: Extinguishing financial liabilities with equity instruments (EU Reg. 662/2010);
- improvements to IFRS (EU Reg. 149/2011).

The revision of IAS 24 extends, simplifies and better explains the definition of related party and the criteria used to correctly identify related party transactions with the entity that prepares the financial statements. The new explanation also clarifies that the disclosure must regard, amongst other things, transactions performed with the subsidiaries of associated companies and subsidiaries of joint ventures.

The new IAS 24 also introduces the requirement to disclosures of commitments between the entity that prepares the financial statements and its related parties and dispenses with the obligation for disclosures by subsidiaries or companies subject to considerable influence of a public institution.

The further examples of related party introduced by IAS 24 are not subject to disclosure pursuant to the Consob Regulation on "Provisions regarding related party transactions" (set forth in resolutions no. 17221 and 17389 of 2010, which are based on the definition of related party as per IAS 24, application of which was underway as at the date of entry into force of the cited Regulation).

Said changes, like those required by the other standards and interpretations cited above, have not had any impact on current balance sheet and income statement figures of FinecoBank S.p.A..

The European Commission has also assimilated the following accounting standards whose effective date falls after 31 December 2011:
- Amendments to IFRS 7 Financial instruments: Disclosures - Transfers of financial assets. (EU Reg. 1205/2011). These changes require additional disclosures in financial statements of financial assets transferred but not derecognised from the accounts and on continuing involvement.

Lastly, as at 31 December 2011, the IASB had issued the following accounting standards and interpretations or revisions of the same:
- Amendments to IAS 1 - Presentation of Financial Statements: Presentation of items of other comprehensive income (June 2011);
- Amendments to IAS 12 - Deferred tax: recovery of underlying assets (December 2010);

Part A - Accounting Policies (Continued)

- Amendments to IAS 19 - Employee benefits (June 2011);
- Amendments to IAS 32 - Offsetting financial assets and financial liabilities (December 2011);
- Revision of IAS 27: Separate Financial Statements (May 2011);
- Revision of IAS 28: Investments in associated companies and joint ventures (May 2011);
- Amendments to IFRS 1 - Severe hyperinflation and removal of fixed dates for first-time adopters (December 2010);
- Amendments to IFRS 7 - Financial instruments: Disclosures (October 2010);
- Amendments to IFRS 7: Disclosures - Offsetting financial assets and financial liabilities (December 2011) - Compulsory date of entry into force and transition (December 2011);
- IFRS 9: Financial instruments (November 2009) and subsequent amendments (amendments to IFRS 9 and to IFRS 7 - Compulsory date of entry into force and transition (December 2011);
- IFRS 10: Consolidated financial statements (May 2011);
- IFRS 11: Joint arrangements (May 2011);
- IFRS 12: Disclosure of interests in other entities (May 2011);
- IFRS 13: Fair Value Measurement (May 2011);
- IFRIC 20: Stripping costs in the production phase of a surface mine (December 2011).

The application of said standards by FinecoBank S.p.A. is, however, conditional on their approval by the European Union.

Lastly, note that for the purpose of calculating regulatory capital from 30 June 2010, FinecoBank S.p.A. has exercised the option (conceded by the Bank of Italy in a provision issued on 18 May 2010) to neutralise both the profits and losses recognised after 31 December 2009 in valuation reserves, relating to debt securities issued by the Central administrations of European Union Member States and held in the “available-for-sale financial assets” portfolio.

These Financial Statements are audited by KPMG S.p.A. pursuant to Italian Legislative Decree no. 58 of 24 February 1998 and subsequent to the resolution of the shareholders’ meeting held on 14 April 2008.

The financial statements for the year were approved by the Board of Directors on 14 March 2012, which authorised the disclosure to the public of the key figures.

The entire document has been deposited with the relevant entities and institutions as required by law.

A.2 Part relating to the main Financial Statement Items

This chapter sets out the accounting standards adopted to prepare the annual financial statements as at 31 December 2011. The presentation of accounting standards is divided into the stages of recognition, classification, measurement, and derecognition of the various asset and liability items. A description of the related economic effects is included for each of the above stages, when relevant.

1 - Financial assets held for trading

A financial asset is classified as held for trading if:
- it is acquired mainly for the purpose of selling in the short term;
- it is part of a portfolio of financial instruments managed jointly and for which there is a strategy aimed at achieving profits over the short term;
- it is a derivative contract (except for derivative contracts which represent financial guarantees, see chapter 17, and those designated as hedging instruments, see chapter 6).

Like all other financial instruments, financial assets held for trading are initially recognised on their settlement date, at fair value, which corresponds to the consideration paid, excluding transaction costs and revenue which are immediately recorded in the income statement provided that they are directly attributable to that financial asset. Derivative instruments are recognised on the negotiation date.

Also subsequently, such financial assets are measured at fair value and the effects of the application of this valuation criterion are booked in the income statement. Instead, equity instruments (shares) that are not listed in an active market whose fair value cannot be determined reliably are valued at cost.

Any gains and losses realised on the sale or on the redemption, and any unrealised gains and losses arising from fair value changes in the Trading portfolio, are booked in the income statement under item 80. “Net income from trading activities”, except for financial derivatives associated with the “fair value option” the economic result of which is booked under item 110. “Net income from financial assets and liabilities at fair value” (see chapter 5). If the fair value of a financial asset becomes negative, which may happen for derivative contracts, the asset is accounted for under item 40 “Financial liabilities held for trading”.

A financial instrument or any other contract is considered a derivative if it has the following characteristics:
- its value changes in relation to changes in an interest rate, in the price of a financial instrument, in the price of a commodity, in a foreign exchange rate, in a price or interest rate index, in a rating or in rating indices or other pre-established variable (generally referred to as "underlying");
- it does not require an initial net investment, or it entails a lower initial net investment than the one required for other types of contracts from which a similar fluctuation with respect to changes in market factors is expected;
- is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a primary, non-derivative contract, with the resulting effect that some of the cash flows of the overall instrument vary in a manner similar to that of the derivative alone. A derivative associated to a financial instrument but contractually transferable separately from that instrument, or having a different counterparty than said instrument, is not considered to be an embedded derivative but a separate financial instrument.

An embedded derivative is separate from the primary contract and is recorded as a derivative if:
- the economic characteristics and the risks of the embedded derivative are not strictly correlated to those of the host contract;
- a separate instrument with the same conditions as the embedded derivative would satisfy the definition of a derivative;
- the hybrid instrument is not measured at fair value, with effect recorded in the income statement.

Should there be a requirement to separate an embedded derivative from its primary contract, but it is not possible to separately measure the embedded derivative upon acquisition or at a subsequent measurement date, the entire combined contract is treated as an asset or liability measured at fair value.

In cases where the embedded derivatives are separated from the primary contracts, these are recorded according to their relative category.

2 - Available-for-sale financial assets

These are non-derivative financial assets which are not classified as loans, financial assets held to maturity or as assets measured at fair value. These assets are held for an undefined period of time and meet the need for access to liquidity or to handle changes in interest rates, exchange rates or prices.

Money-market securities, debt securities and equities may be classified as financial investments available for sale; this includes minority shareholdings that are not qualified as a controlling or significant (associate company) interest.

Available-for-sale financial assets are initially measured at fair value on the settlement date , which normally corresponds to the transaction cost including any ancillary costs and revenue directly attributable to the instrument.

The interest accrued on interest-bearing instruments is accounted for at amortised cost, using the effective interest rate method.

These assets are subsequently measured at fair value, recording, for interest-bearing instruments, the interest amount in the income statement at amortised cost. Any gains and losses arising from changes in fair value are recorded under item 130. "Valuation reserves" in Shareholders' equity - except for impairment losses and exchange gains and losses on monetary assets (debt securities) which are stated respectively in item 130.b) "Net adjustments/writebacks for impairment of available-for-sale financial assets" and item 80. "Net income from trading activities" - until the financial asset is sold, that is the time when the cumulative gains and losses are recorded in the income statement under item 100.b) "Profit (loss) from sale or repurchase of available-for-sale financial assets".

The changes in fair value recorded under item 130. "Valuation reserves" are also shown in the Statement of comprehensive income.

With reference to valuation reserves relating to debt securities issued by the Central administrations of European Union Member States, note that the provision issued by the Bank of Italy on 18 May 2010 has acknowledged, for the purpose of calculating regulatory capital (prudential filters), the possibility of fully neutralising the gains and the losses recognised in the cited reserves subsequent to 31 December 2009 ("symmetrical" approach). The Bank adopted the above option for the calculation of regulatory capital as of June 2010, instead of the "asymmetrical" approach previously applied (see also Part F - Information on shareholders' equity).

Equity instruments (shares) that are not listed in an active market and the fair value of which cannot be determined reliably are valued at cost.

Should there be objective evidence of an asset's impairment loss, the accumulated loss, which was recognised directly in item 130. of shareholders' equity "Valuation reserves", is transferred to the income statement under item 130.b) "Net adjustments/writebacks for impairment of available-for-sale financial assets".

Evidence of a permanent loss in value of a debt instrument is the existence of circumstances indicating that the entity's financial hardships are such as to jeopardise the collection of the principal and related interest.

Part A - Accounting Policies (Continued)

The existence of impairment of equity instruments is assessed considering not only the difficulty in repaying the debt on the part of the issuer, but also other indicators such as the fair value falling below cost and adverse changes in the environment in which the company operates.

In the event that the reduction in the fair value below cost exceeds 50% or lasts for longer than 18 months, the impairment loss is nevertheless deemed to be permanent. Conversely, where the fall in the fair value of the instrument below cost is less than or equal to 50% but exceeds 20% or lasts for no more than 18 months but no less than 9 months, the Bank analyses further income and market indicators. If the results of the above analysis are such that may cast significant doubt on the ability to recover the amount originally invested, then an impairment loss is recognised. The amount transferred to the income statement is therefore equal to the difference between the book value (initial recognition value net of any impairment previously recorded in the income statement) and the current fair value.

In the case of instruments valued at cost, the amount of the loss is determined as the difference between the book value of such instruments and the present value of the estimated future cash flows, discounted using the current market yield of similar financial assets.
If, in a subsequent period, the fair value of a debt instrument increases and such increase may be objectively correlated to an event that took place in a period following the one in which the impairment loss was recognised in the income statement, such loss is reversed by recording the corresponding amount in the same item of the income statement. The write-back cannot result in a book value that is higher than the value obtained from application of the amortised cost had the impairment not been recognised.
Impairment losses with respect to equities, recognised in the income statement, are not subsequently written back to the income statement but to shareholders' equity.

3 - Held to maturity investments

Held to maturity investments are represented by non-derivative financial instruments with fixed or determinable payments and fixed maturity, which the company intends and is able to hold until maturity.

If during the year a significant amount of these investments is sold or reclassified before maturity, the remaining held-to-maturity financial asset would be reclassified as available for sale and the use of the portfolio in question would be precluded for the following two financial years, unless the sales or reclassifications:
- are so close to maturity or to the option date of the financial asset that any fluctuations in the market interest rate would not have a significant effect on the fair value of said assets;
- occurred after the collection of essentially all of the original principal of the financial asset, through planned or advance ordinary payments; or
- are attributable to an isolated, uncontrollable and non-recurring event that one cannot, therefore, reasonably foresee.

After the initial recognition at fair value, which usually corresponds to the consideration paid including any transaction costs and revenue directly attributable to the purchase or the issue of the financial asset (provided that they are yet to be paid), such assets are valued at amortised cost using the effective interest rate method. Any gains and losses are recognised in the income statement under item 100.c) "Profit (loss) from sale or repurchase" when such assets are derecognised.
Should there be objective evidence that the assets is impaired, the amount of the loss is measured as the difference between the book value of the asset and the present value of estimated future cash flows, discounted based on the original effective interest rate of the financial asset. The book value of the asset is therefore reduced and the amount of the loss is recognised in the income statement under item 130.c) "Net adjustments/write-backs for impairment of financial assets held to maturity".

If, during a subsequent period, the amount of the impairment loss decreases and this reduction can be objectively linked to an event that occurred after its recognition (such as an improvement in solvency of the debtor), the impairment amount previously recorded is eliminated. The writeback cannot result in a book value that is higher than the value obtained from application of the amortised cost had the impairment not been recognised.
The write-back is recorded under the same income statement item.
At the balance sheet date the Bank did not hold any financial assets classified as "Financial assets held to maturity".

4 - Loans and receivables

Loans and Advances

Receivables are represented by non-derivative financial assets for amounts due by customers and banks, with fixed or determinable payments and which are not quoted on an active market. Receivables are recognised at the date the contract is signed, which normally coincides with the date the same are granted to the counterparty.
These items also include debt securities, recognised on the settlement date, with similar characteristics, or reclassified to a different portfolio according to the provisions of IAS 39 (see Part A.3.1 - Transfers between portfolios) below.

After the initial recognition at fair value, which usually corresponds to the consideration paid including any transaction costs and revenue directly attributable to the purchase or the disbursement of the financial asset (provided that they are yet to be settled), such receivables are valued at amortised cost using the effective interest rate method, amended where necessary for any writedowns/writebacks arising from the evaluation process.

Profits (losses) on loans and receivables, where not hedged, are recorded in the income statement:
- when the financial asset in question is derecognised, under item 100.a) "Profit (loss) from disposal of receivables"; or:
- when the financial asset becomes impaired, under item 130.a) "Net adjustments for impairment of receivables".

The interest on receivables disbursed is recorded under item 10 "Interest income and similar income" and is recognised on the basis of the effective interest rate calculated pro rata temporis for the duration of the receivable. Late-payment interest is recognised in the income statement upon collection.

Receivables are subject to verification aimed at identifying those which, following events subsequent to their recognition, show objective evidence of possible impairment loss. These impaired receivables are periodically reviewed and analysed, at least once a year.

Receivables are considered to be impaired when it is deemed that it will probably not be possible to recover the entire amount, based on the original contractual conditions, or an equivalent value.

The criteria used to determine the adjustments to receivables are based on the discounting of expected cash flows for principal and interest; in order to determine the present value of the cash flows, the fundamental elements are represented by the identification of estimated cash flows, the related maturity dates and the discounting rate to apply.

In fact, the amount of the loss, for impaired exposures classified as non-performing, problem and restructured loans, according to the categories specified later on, is obtained as the difference between the book value and the present value of the estimated cash flows, discounted at the original interest rate of the financial asset.

Where it is not possible to obtain the original interest rate of the financial asset that is being discounted, or where it would have been extremely costly to obtain such information, the average rate applied is the one recorded on performing positions with similar characteristics in the year in which the original impairment of the asset took place. Said rate has been maintained constant for all fixed-rate positions in subsequent years.

The timeframes for recovering the amounts are estimated on the basis of the maturity dates agreed with the debtors or the deadlines set out in the business plan or forecasts based on the historical experience of the recoveries observed by similar classes of receivables, taking account of the technical form, the geographic location, the type of collateral and any other factors deemed relevant.

Each subsequent change in the amounts or maturity dates of expected cash flows, which generates a reduction compared to the initial estimates, gives rise to an adjustment to income statement item 130.a) "Net adjustments/writebacks for impairment of receivables".

In the Notes to the financial statements, value adjustments on impaired exposures are classified as specific in the aforesaid income statement item also when they are calculated on a lump-sum basis or using statistical data, in accordance with that stated below.

Should the reasons that led to the value adjustments no longer exist and said valuation can be objectively associated to an event that occurred after said adjustment, a writeback is posted to the same income statement item, to the extent of the amortised cost that would have existed had there been no prior writedowns.

A receivable is full derecognised (cancelled) when it is considered unrecoverable or is written off in its entirety. Derecognitions are directly recorded under item 130.a) "Net adjustments/writebacks for impairment of receivables" of the income statement and are entered as a reduction in the principal share of the same. Recoveries of part or entire amounts previously derecognised are recorded under the same item.

According to Bank of Italy rules, impaired exposures are classified into the following categories:
- **non-performing loans** - these comprise loans that are formally impaired, consisting of exposures to customers who are insolvent, even if not established judicially, or equivalent situations. Measurement is usually carried out on a case-by-case basis or, in the event of amounts that are not individually significant, on a lump-sum basis by category of similar exposures;
- **doubtful loans** - these refer to loans to subjects experiencing temporary financial difficulties, expected to be resolved within a reasonable amount of time. Problem loans also include exposures that are not classified as non-performing and granted to subjects other than public administrations in respect of which both of the following conditions are met:
  - they are overdue by more than 270 consecutive days (or by over 150 or 180 days respectively for consumer loans whose original term was less than or above 36 months);
  - the total amount of exposures referred to in the point above and of other amounts expired by less than 270 days towards the same debtor, is at least equal to 10% of the entire exposure to that debtor.

Problem loans are analytically valued, if deemed advisable, due to the presence of specific elements; in other cases, instead, they are evaluated by analytically applying the percentages determined on a lump-sum basis according to historical/statistical data;
- **restructured loans** - these are receivables for which arrangements have been made with the counterparty, which envisage the concession of an extension to the payment of the debt, and the simultaneous renegotiation of conditions at lower rates than those of the market, the conversion of part of the loans into shares and/or any forfeitures to the principal; they are valued analytically and the write-downs include the discounted cost of any renegotiation of the interest rate at a rate lower than that of the original contract;

Part A - Accounting Policies (Continued)

- **loans** - these represent the entire exposure with respect to counterparties, other than those classified under the previous categories, which, as at the reporting date, had overdue loans or loans past due by more than 90 days as well as the requirements set forth in prudential regulations (see Bank of Italy Circular no. 263 of 27 December 2006 "New prudential regulatory provisions for banks" (for the inclusion of the same in "loans overdue" (standardised banks).

As regards retail receivables, those due from public sector entities and those due from companies, in the case of parties resident or based in Italy, loans overdue or past due for more than 180 days instead of 90 days are considered impaired.

The total exposure is recognised when, as at the reporting date:
- the overdue and/or past due amount, or:
- the average amounts overdue and/or past due, recorded on a daily basis in the preceding quarter, are equal to or greater than 5% of the exposure.

Loans overdue are valued on a lump-sum basis using historical/statistical data, applying, where available, the level of risk identified by the appropriate risk factor for the purpose of Basel II ("Loss Given Default").

Collective valuation regards assets portfolios which, although no individual, objective loss items have been identified, according to the method described below, a measurable loss verified as latent is attributed to the same, also taking into account the risk factors used for the purposes of Basel II requirements.

In particular, each asset having similar credit risk characteristics, proportionate to the type of loan, or the technical form, the business sector, the geographic location, the type of collateral or other significant factors, is associated with a "Probability of Default" and a "Loss Given Default", standardised by class.

The method adopted integrates Basel II provisions with those of the international accounting standards. In fact, the latter exclude expected future losses on receivables that have not yet been sustained, but vice versa include those already sustained although not yet disclosed at the valuation date, based on the past experience of losses on assets with credit risk characteristics similar to those under consideration.

The parameter which expresses, for the different categories of similar exposures, the average delay running between the worsening of a debtor's financial conditions and its classification as an impaired exposure is the "Loss Confirmation Period".

The collective valuation is therefore the result of the risk factors used for the purpose of Basel II requirements (which have a time horizon of one year) and the cited loss confirmation periods, expressed as fractions of a year and broken down into asset classes on the basis of the characteristics and the level of development of lending processes.

If the above-cited indicators are not available, estimated and lump-sum values extracted from internal historical series and sector research are used.

Unsecured loans to residents in Countries with difficulty in repaying debt, in cases where said risk component (so-called transfer risk) has not already been considered in the rating system applied, are generally measured on a lump-sum basis, in order to allocate the relative latent loss on the basis of shared parameters.

Write-downs for losses on receivables are recorded as a reduction of the book value of the receivable.

Unsecured loans

All of the personal and real guarantees given by the Bank for third-party obligations are allocated to the unsecured loans portfolio.

In general, unsecured loans are valued on the basis of the value of the losses resulting from the deterioration of the solvency of the underlying debtors, calculated on an analytical basis for guarantees given on behalf of debtors that are in "impaired" status and which are classified as "non-performing" and "restructured". With regard to guarantees given on behalf of debtors classified as having "problem loans", the value of the loss is estimated using the same method as that used for cash receivables.

With regard to unsecured loans issued on behalf of debtors classified as having "loans overdue and/or past due for more than 180 days", the expected losses are estimated on the basis of the level of risk of the relevant technical form used and underlying instruments used to mitigate risk (measured by the Loss Given Default).

For unsecured loans issued on behalf of customers with performing status and those classified as having loans overdue and/or past due for between 90 and 180 days, even as regards the part that falls into the "impaired loans past due", the expected losses are estimated on the basis of the amount of any latent losses due to delayed appearance of the same between the deterioration of the debtor's creditworthiness and the time of enforcement (Loss confirmation period).

The risk of off-balance-sheet items, such as commitments to disburse receivables, is recorded in the income statement under item 130.d) "Net adjustments/writebacks for impairment of other financial transactions", with balancing entry under item 120.b) "Provisions for risks and charges -

other provisions" of liabilities (except for writedowns due to impairment of guarantees given and related credit derivatives according to IAS 39, which have their balancing entry under item 100. "Other liabilities").

Any subsequent writebacks may not exceed the writedowns (individual or collective) from impairment previously booked to the accounts.

5 - Financial Instruments at Fair Value through Profit or Loss

Any financial asset may be measured, in accordance with the cases envisaged by IAS 39, at fair value upon initial recognition, except for:
- investments in equity instruments which are not listed in active markets and the fair value of which cannot be determined reliably;
- derivative instruments.

This category includes financial assets that do not belong to the trading book but whose risk profile is:
- related to debt positions which are measured at fair value (see chapter 15 "Financial liabilities measured at fair value");
- managed by means of derivative contracts that do not allow recognition of hedge accounts.

The accounting treatment of such transactions is similar to the one of "Financial assets held for trading" (see chapter 1), recording the gains and losses, whether realised or unrealised, under item 110. "Net income from financial assets and liabilities at fair value".

6 - Hedging transactions

The "hedge derivatives" portfolio contains the derivative instruments set in place in order to reduce the market risks (interest rate, foreign exchange, price) to which the hedged positions are exposed. They can be qualified as:
- instruments to hedge the fair value of a recognised asset or liability or of an identified part of said asset or liability;
- instruments to hedge the exposure to changes in cash flows attributable to a specific risk associated to an asset or liability or to an expected transaction that is highly likely, which may impact the income statement;
- instruments to hedge a net investment in a foreign company whose assets are located or managed in a country or currency other than the Euro.

Hedge derivatives are initially recognised at the "negotiation date" based on their fair value.
A derivative financial instrument is classified as a hedging instrument provided that the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy for undertaking the hedge and the methods used to assess the hedging instrument's past and future effectiveness. Therefore, both at the start and during the life of the transaction, the hedge using derivative instruments must be highly effective in achieving offsetting changes in fair value or the expected cash flows of the hedged item.
Generally a hedge is considered highly effective if at the start and in the following periods the hedge is highly effective and its actual results are within a defined range (80% - 125%). The hedge is evaluated based on the consistency of its effects. It must therefore remain highly effective on a prospective basis for all periods in which the hedge is designated.

Effectiveness is measured at the end of each year or interim period, at the reporting date. If verifications do not confirm hedging effectiveness, accounting for the hedging transactions is suspended and the derivative contract is reclassified among trading instruments.

The hedging relationship is discontinued when the derivative expires, is sold, terminated or exercised; the hedged item is sold, expires or is repaid; it is no longer highly probable that the future hedged transaction will take place.

Hedge derivatives are measured at fair value. In particular:
- in the case of **fair value hedges**, the change in fair value of the hedging instrument is recorded in the income statement under item 90. "Net income from hedging activities". Changes in fair value of the hedged item, which are attributable to the risk hedged through the derivative instrument are recorded under the same item of the income statement as the balancing entry of the change in book value of the hedged item. If the hedging relationship ceases to exist, for reasons other than the sale of the hedged item, the latter returns to being measured according to the valuation criteria envisaged by the accounting principle for said category. In the case of interest-bearing instruments, the difference between the book value of the hedged item at the time the hedging ceases and the book value of the hedge as if it had never existed is recorded in the income statement under the relative interest income or expense items, throughout the residual life of the original hedge. The difference in fair value of the hedging derivative with respect to the most recent date on which its effectiveness was measured, is immediately recognised in the income statement under item 90. "Net income from hedging activities". If the hedged item is sold or redeemed, the portion of unamortised fair value is immediately recorded in the income statement under item 100. "Profit (loss) from sale or repurchase";
- in the case of **cash flow hedges**, the derivative hedge instruments are measured at fair value; the change in the fair value of the hedging instrument that is considered effective is recorded under item 130. of shareholders' equity "Valuation reserves". The ineffective portion is recorded instead in the income statement under item 90. "Net income from hedging activities". If the cash flow hedge is no longer considered to be effective, or if the hedging relationship ceases, the total amount of gains and losses on the hedging instrument, already recorded in "Valuation reserves" remains there until the hedged transaction occurs or it is no longer expected to take place; in the latter case, any gains or losses are recycled from shareholders' equity to item 80 "Net income from trading activities" of the income statement. The changes in fair value recorded under item 130. "Valuation reserves" are also shown in the Statement of comprehensive income;

Part A - Accounting Policies (Continued)

- in the case of **hedges of net investments in foreign companies**, whose assets are located in a country other than the Euro area or managed in a currency other than the Euro, the same are recognised in a similar manner as cash flow hedges.
  The profit or loss on the hedging instrument relative to the effective part of the hedge is classified under shareholders' equity and recorded in the income statement at the time the net investment in the company is sold. The changes in fair value recorded under item 130. "Valuation reserves" are also shown in the Statement of comprehensive income;
- for **macro-hedging transactions**, IAS 39 allows the subject of fair value hedges against interest rate risk to be not only a single asset or liability but even a monetary amount, contained in a number of financial assets and liabilities (or portions thereof), so that a set of derivative contracts may be used to reduce fluctuations in fair value of the hedged items from changes in market interest rates. Net amounts from negative balances of assets and liabilities cannot be the subject of macro-hedging. As for micro-hedge fair value hedges, a macro-hedge is considered to be highly effective if at the beginning, as well as throughout its life, the fair value changes of the hedged monetary amount are offset by fair value changes in the hedging derivatives, and if the effective results fall within the range of 80-125%. The respective balance, positive or negative, of changes in the value of assets and liabilities subject to macro-hedging measured with relation to the hedged risk, is recorded under item 90. of assets or 70. of liabilities, as a balancing entry to item 90. "Net income from hedging activities" of the income statement.

Hedge ineffectiveness is represented by the difference between the change in fair value of the hedging instruments and the change in the fair value of the hedged item. The ineffective portion of the hedge, instead, is recognised in the income statement under item 90. "Net income from hedging activities".
If the hedging relationship ceases to exist, for reasons other than the sale of the hedged items, the revaluation/writedown recorded under the present items is recorded in the income statement under interest income or expense, throughout the residual life of the hedged assets or liabilities.

In the event that the latter are sold or redeemed, the unamortised portion of the fair value is immediately recognised under item 90. "Net income from hedging activities" in the income statement.

As the date of the financial statements, the Bank only had macro-hedges against interest rate risk in place.

7 - Equity investments

Equity investments are considered as shareholders' equity instruments and, as a result, as financial instruments as defined by IAS 32.

Investments in shareholders' equity instruments, made with the intention of establishing or maintaining a long-term operating relationship with the subsidiaries can be considered as "strategic investments".

More specifically they can be subdivided into:

Subsidiaries

Subsidiaries are defined as companies in which:
- the reporting entity holds, either directly or indirectly through its subsidiaries, more than half of the voting rights unless, in exceptional circumstances, it may be demonstrated that holding said rights does not amount to control;
- the reporting entity holds half, or a lower share, of the votes that can be cast at the shareholders' meeting and it has:
  - control over more than half of the voting rights by virtue of an agreement with other investors;
  - the power to influence the financial and management policies of such entity by virtue of a clause contained in the Articles of Association or in a contract;
  - the power to appoint or remove from office the majority of the members of the Board of directors or equivalent governing body, and the management of the company rests with that Board or body;
  - the power to exercise the majority of the voting rights at the meetings of the Board of directors or equivalent governing body, and the management of the company rests with that Board or body.

The existence and the effect of potential voting rights that can effectively be exercised or converted are taken into account when assessing whether or not the reporting entity has the power to influence the financial and management policies of another business undertaking.

At the date of the financial statements, the Bank held no investments in subsidiaries.

Associated companies

Associates are defined as companies over which the reporting entity exercises significant influence but which are neither subsidiaries nor joint ventures. Significant influence is presumed when the entity holds, either directly or indirectly, at least 20% of the share capital of another company, unless the contrary can be clearly proven.

If the reporting entity holds, either directly or indirectly, less than 20% of the votes that can be cast at the shareholders' meeting, no significant influence is inferred, unless such influence can be clearly proven through:
- representation of the company's governance body;

- participation in the policy-making process, including therein taking part in decisions relating to dividends or other distributions;
- the existence of important transactions;
- the exchange of managerial personnel;
- the provision of essential technical information.

Significant influence may exist also if another investing company controls the absolute or relative majority. At the balance sheet date the Bank held no investments in associated companies.

Joint ventures
Joint ventures are defined as jointly-controlled companies for which control is shared with other parties according to a contractual agreement; joint control exists only when, for strategic financial and management decisions concerning the company, unanimous consent is required by all the parties sharing control.

At the balance sheet date the Bank held no investments in joint ventures. Investments in subsidiaries, associates and joint ventures are valued at cost.

The purchase cost of an investment is determined as the sum of:
- the fair values, at the acquisition date, of the assets sold, the liabilities taken over and the shareholders' equity instruments issued by the purchaser, in exchange for the control over the acquired company;
  and
- any cost directly attributable to the acquisition.

If there is evidence that the value of an investment may be impaired, then the book value is immediately compared with the estimated realisable value. Such realisable value is determined by reference to the value in use of the equity investments. The value in use is determined by applying valuation models used according to generally accepted financial practices and based on the discounting of estimated future cash flows generated by the investment (also called Discounted Cash Flow method).

If it is impossible to gather sufficient information then the value in use is deemed to be the value of the company's shareholders' equity.

If the realisable value is lower than the book value, the related difference is recognised in the income statement under item 210. "Gains (losses) from investments". If the reasons for the impairment loss cease to exist following an event occurring after the value adjustment was booked in the company's records, the related writebacks are booked in the same income statement item.

The investments considered as "strategic investments", and not falling under the definitions set out above and different from those recorded under item 140. "Non-current assets and discontinued operations" and item 90. "Liabilities associated with discontinued operations" (see chapter 10), are classified as Available-for-sale financial assets or as Financial assets measured at fair value and treated accordingly (see chapter 2 and 5).

8 - Property, plant and equipment (Tangible Assets)

The item includes:
- land
- buildings
- furniture and fittings
- plant and machinery
- other machines and equipment

and is subdivided into the following categories:
- assets for functional use;
- assets held for investment purposes.

Assets for functional use have physical consistency, are held to be used in production or in the supply of goods and services or for administrative purposes and can be used for more than one period.
This item includes also assets used as lessor by virtue of finance lease contracts.

Improvements to third-party assets are classified as property, plant and equipment if the same represent additional expenses relative to identifiable and separable assets. In this case, the classification is made under the specific reference sub-items (e.g. plant) depending on the nature of the asset in question. These investments are usually sustained in order to render the buildings leased from third parties suitable for their expected use. Improvements and additional expenses relative to identifiable and non-separable tangible assets are recorded instead under item 150. "Other assets".

Part A - Accounting Policies (Continued)

Assets held for investment purposes refer to real estate investments as per IAS 40, that is real estate owned for rental income and/or appreciation of capital invested.

Property, plant and equipment are initially recognised at cost, including any charges directly attributable to the operation of the asset (transaction costs, professional fees, direct transport costs incurred to bring the asset to the designated location, installation costs, dismantling costs).

Any costs subsequently sustained are added to the book value of the asset or recorded as separate assets if it is probable that future economic benefits beyond those initially estimated will be achieved and the cost can be reliably estimated.

The other costs subsequently incurred (e.g. ordinary maintenance) are recognised in the income statement of the financial year in which they are incurred, under item:
- 150.b) “Other administrative expenses”, if relating to assets for functional use; or:
- 190. “Other operating income/expenses”, if referred to buildings held for investment purposes.

After initial recognition, property, plant and equipment are valued at cost less any accumulated depreciation and impairment losses.

Finite-life fixed assets are systematically depreciated on a straight-line basis over their economic useful life. The depreciation rates used for the main categories of property, plant and equipment are as follows:

• Furniture	12 percent
• Fittings	15 percent
• Ordinary office machines	12 percent
• Miscellaneous machines, devices and equipment	15 percent
• Alarm systems and camera and television circuits	30 percent
• Electronic machines	20 percent
• hoisting systems and equipment	7.5 percent
• Buildings	3 percent

Property, plant and equipment with an unlimited useful life are not depreciated.

Land and buildings are handled separately for accounting purposes, even when purchased together. Land is not depreciated, as it normally has an unlimited useful life. Buildings, instead, have a finite useful life and as a result are depreciated.

The estimated useful life of property, plant and equipment is reviewed at the end of every period taking into account the conditions of use of the asset, the maintenance conditions, expected obsolescence etc. and, if expectations differ from the previous estimates, the depreciation amount for the current year and subsequent ones is adjusted.

Should there be objective evidence of single asset impairment, a comparison is carried out between the book value of the asset and its recoverable value, equal to the greater of fair value, less costs to sell, and the relative value in use, which is the present value of the future cash flows expected to be generated by the asset. Any value adjustments are recorded in the income statement under item 170. “Net adjustments/writebacks to property, plant and equipment”.

Should the value of a previously written down asset be restored, the new book value cannot exceed the net book value had no impairment been recorded on the assets during prior years.

An item of Property, plant and equipment is derecognised from the Balance sheet upon disposal or when no further economic benefits are expected to be generated by its use or its disposal and any difference between the disposal or recoverable value and the book value is recognised in the income statement under item 240 “Profit (loss) from disposal of investments”.

9 - Intangible assets

Intangible assets are non-monetary assets for long-term use that are identifiable, although not physically tangible and which are likely to produce future economic benefits.

Intangible assets are mainly represented by goodwill and software.

Intangible assets other than goodwill are recognised in the financial statements at purchase cost, including any other direct costs incurred to prepare the asset for use, net of accumulated amortisation and impairment.
Any costs incurred subsequent to purchase:
- are added to the initial cost if they increase the future economic benefits of the underlying assets (i.e. if their value or production capacity increases);

- are booked as a lump-sum to the income statement of the year in which they are incurred in all other cases (namely when they do not increase the original value of the assets, but are solely used to preserve the original function).

Finite-life intangible fixed assets are systematically amortised on a straight-line basis over their economic useful life.
The useful lives which are normally estimated are as follows:
- software maximum 3 years;
- other intangible assets maximum 5 years.
Conversely, intangible assets with an indefinite useful life are not amortised.

Should there be objective evidence of single asset impairment, a comparison is carried out between the book value of the asset and its recoverable value, equal to the greater of fair value, less costs to sell, and the relative value in use, which is the present value of the future cash flows expected to be generated by the asset. Any value adjustments are recorded in the income statement under item 180. "Net adjustments/writebacks to intangible assets".

Every year, the book value of intangible assets with indefinite life is compared with the recoverable value even if there is no evidence of impairment. If the book value is higher than the recoverable value, a loss equal to the difference between the two values is recorded under income statement item 180. "Net adjustments/writebacks to intangible assets".
Should the value of a previously written down intangible asset other than goodwill be restored, the new book value cannot exceed the net book value had no impairment been recorded on the asset in the preceding financial years.
An intangible asset is eliminated from the balance sheet upon disposal or when no further economic benefits are expected to be generated by its use or its disposal and any difference between the disposal or recoverable value and the book value is recognised in the income statement under item 240. "Profit (Loss) from disposal of investments".

Goodwill
Goodwill is represented, in accordance with IFRS 3, by the excess, in the case of business combinations, of the cost incurred to acquire a business or a business division, with respect to net fair value, as at the date of the business combinations, of the balance sheet assets and liabilities acquired.
The goodwill resulting from acquisitions of businesses that are the subject of mergers or incorporations, is recognised under intangible assets; that resulting from acquisitions of associated, subsidiary companies and joint ventures is instead implicit in the purchase cost and, therefore, contributes to increasing the value of the equity investment.

In subsequent valuations, goodwill is recognised in the balance sheet net of any accumulated impairment, and is not subject to amortisation. Every year, goodwill is tested for impairment just like any other intangible asset with indefinite life.

It is worth underlining that all the goodwill relates to acquisitions of business divisions or companies carrying out trading activities or the management of personal financial advisers. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is no longer possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank's overall income. The cash generating unit (CGU) is the Bank as a whole.
In fact, the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisers and the trading and banking platform, does not account costs/revenues by allocating them to the business units; the personal financial advisers network is an integral part of the overall offer, which includes banking and trading services.

Value adjustments to goodwill are recorded in the income statement under item 230. "Net adjustments to goodwill". No writebacks are allowed on goodwill.

For further information on goodwill and relative impairment tests, please refer to section 12.3 Intangible assets - Other information in Part B below.

10 - Non-current assets and discontinued operations
"Non-current assets or directly-connected groups of assets/liabilities", which comprise a set of cash generating units whose sale is highly probable, are recorded respectively under item 140. "Non-current assets and discontinued operations" and item 90. "Liabilities associated with discontinued operations" at the lower the book value and the fair value less any costs to sell.
The positive or negative balance of income and expenses (dividends, interest, etc.) as well as the valuations, as determined above, of said groups of assets/liabilities and discontinued operations classified under this balance sheet item, net of the relative current and deferred taxes, is recorded under income statement item 280 "Profit (Loss) from discontinued operations after tax".

Valuation reserves relating to Non-current assets and discontinued operations, recorded as a balancing entry to relevant changes in value (see A1 General part - Section 2 - General principles of preparation), are shown separately in the Statement of comprehensive income.

Part A - Accounting Policies (Continued)

11 - Current and deferred taxation

Tax assets and liabilities are recorded in the Balance Sheet under items 130. “Tax assets” in assets and 80. “Tax liabilities” in liabilities. In application of the ‘balance sheet liability method’, the accounting entries of current and deferred taxation include:

- current tax assets, namely surpluses from payments of tax obligations paid according to the tax legislation in force on corporate income;
- current tax liabilities, namely tax debts to be paid according to the tax legislation in force on corporate income;
- deferred tax assets, namely the amounts of income taxes that can be recovered in future years consequent to:
  - temporary deductible differences (represented mainly by charges deductible in the future according to the tax legislation in force on corporate income);
  - carrying forward unused tax losses;
  - carrying forward unused tax credit;
- deferred tax liabilities, namely income tax payable in future years as a consequence of temporary taxable differences (represented mainly by the deferred taxation of revenues or the advance deduction of taxes according to the tax legislation in force on corporate income).

Current and deferred tax assets and tax liabilities are recognised by applying the tax rates in force and are recorded as an expense (income) in accordance with the same accrual principle applied to the costs and the revenues that originated them. More specifically, for current IRPEF tax, a rate of 27.50% has been calculated; for IRAP tax, the rate applied was 5.57% (including the additional regional tax envisaged).

In general, deferred tax assets and liabilities occur in cases in which the deductible or taxable nature of the cost or income is deferred with respect to their recognition in the accounts.

Deferred tax assets and liabilities are determined using tax rates which, on the reference date of the financial statements, are expected to apply in the financial year in which the tax asset will be realised or the tax liability settled, based on the tax legislation in force and are periodically valued in order to take any legislative changes into account.

Deferred tax assets are booked to the accounts only if they are likely to be recovered through future expected taxable income, measured on the basis of the Bank’s ability, by virtue of the “tax consolidation” option, to generate taxable income in future years. Deferred tax liabilities are always booked to the accounts. In accordance with the provisions of IAS 12, the likelihood that there will be sufficient future taxable income to entail the use of deferred tax assets is verified periodically. If the above verification shows that future taxable income will be insufficient, the deferred tax assets are reduced accordingly.

Current and deferred taxes are recognised in the income statement under item 260. “Income tax for the year on continuing operations” with the exception of those that refer to entries credited or debited, in the same year or in another year, directly to/from shareholders’ equity such as, for example, those relating to gains or losses on available-for-sale financial assets and those relating to changes in fair value of derivative financial instruments for cash flow hedges, the value changes of which are recognised directly in the statement of comprehensive income.

Current IRES tax is calculated on the basis of the “tax consolidation” introduced by Italian Legislative Decree 344/03; in fact, FinecoBank S.p.A., as a consolidated company, has opted for the National Tax Consolidation of the UniCredit Group for the three year period 2010-2012 (see also Part B of the Notes to the Financial Statements - Section 13.7 - other information).

12 - Provisions for risks and charges

Pensions and similar provisions

Pension funds - provisions for employee benefits disbursed after termination of employment - are classified as defined-contribution plans or defined-benefit plans, depending on the nature of the plan.

In particular:

- a defined-benefit plan guarantees a series of benefits based on factors like age, years of service and compensation requirements. In this case, the actuarial risk and investment risk fall upon the company;
- a defined-contribution plan, on the other hand, is a plan based on which the company makes fixed contributions. The benefit consists of the accumulated amount of these contributions and the return earned on them. The actuarial risk and investment risk fall upon the employees. The disbursing party has no legal or implicit obligation to pay additional contributions if the fund does not contain sufficient assets to pay benefits to all employees.

In the event that such funds are of the defined-benefit type, the present values requested are calculated by an external actuary using the “Projected unit credit method”.

This method distributes the cost of the benefit uniformly throughout the employment period of the employee. The obligations are equal to the present value of future average disbursements, adjusted on the basis of the ratio of years of service completed to overall seniority reached at the time the benefit is paid.

More precisely, the amount booked to the accounts as a liability under item 120.a) “Provisions for risks and charges - pensions and similar provisions” is equal to the present value of the obligation at the balance sheet date, plus/minus any actuarial gains/losses which are not recognised according to the so-called “corridor method”, which does not require their recognition if they amount to less than 10% of the present value of the obligation and 10% of the fair value of any asset serving the plan, less any social security costs relating to the services already provided and not yet recorded, less the fair value of the plan assets at the balance sheet date which will be used to settle the obligations directly.

The rate used to discount the obligations (whether funded or not funded) connected to the benefits following termination of employment varies according to the country of allocation of the liability, and is determined based on market yields at the balance sheet date of bonds issued by leading companies, with an average maturity in line with that of the liability.
At the date of the financial statements, the Bank had not recorded any pensions and similar provisions.

Other provisions
Provisions for contingencies and charges are represented by liabilities recorded when:
- there is a current obligation (legal or implicit) deriving from a past event;
- it is likely that disbursement of resources to produce economic benefits to fulfil the obligation will be necessary; and
- a reliable estimate of the amount of the obligation can be made.

The amounts allocated are calculated so as to represent the best estimate of the expenditure required to fulfil the obligations. In determining said estimate, the risks and uncertainties relating to the facts and circumstances under analysis are considered.

In particular, where the effect of the timing difference in sustaining the expense is significant (as a rule when the expense will arise more than 18 months after its recognition), the amount of the allocation is calculated as the present value of the best estimate of the cost to settle the obligation. In this case, the discounting rate used reflects current market valuations.

The provisions allocated are periodically reviewed and adjusted, if necessary, to reflect the best current estimate. When, following the review, its seems unlikely that the cost will be incurred, the provision is reversed.

A provision is utilised only for costs in respect of which it was originally set up.

Provisions for the year, recorded under income statement item 160. “Net provisions for risks and charges”, include increases in the provision made in the year and are net of any reallocations.

“Other provisions” also include obligations concerning the benefits due to agents and more specifically the supplementary customer indemnity (indennità suppletiva di clientela), the contractual indemnity and the non-competition agreement which were valued as defined-benefit plans hence the related obligations were calculated using the “Projected unit credit method” (see paragraph above “Pensions and similar provisions”).

13 - Payables and debt securities in issue
Financial instruments (other than trading liabilities and those measured at fair value) representing different forms of third-party funding are recorded under the items Payables to banks, Payables to customers and Securities in issue.

Said financial liabilities are recognised according to the principle of the settlement date and are initially recognised at fair value, which normally corresponds to the consideration received, less any transaction costs directly attributable to the financial liability. After the initial recognition, these instruments are valued at amortised cost, using the effective interest rate method.

Compound debt instruments, equity-, currency-, or index-linked or linked to credit instruments are considered to be structured securities. The embedded derivative is separated from the primary contract and represents a stand-alone derivative if the separation requirements are met. The embedded derivative is recognised at fair value and subsequently evaluated. Any changes in fair value are recognised in the income statement under item 80. “Net income from trading activities”.

The primary contract is assigned the value corresponding to the difference between the overall amount cashed and the fair value of the embedded derivative.

Instruments convertible into own shares involve the recognition, as at the issue date, of a financial liability and of a component of shareholders’ equity recorded under item 150. “Equity instruments”, should the contract regulation require physical delivery.

In particular, the shareholders’ equity component is assigned the residual value after having deducted, from the total value of the instrument, the value determined separately for a financial liability without the conversion clause and having the same cash flows.

The financial liability is recognised and subsequently measured at amortised cost using the effective interest rate method.

Part A - Accounting Policies (Continued)

The securities in issue are stated net of any amounts repurchased; the difference between the book value of the liability and the amount paid to purchase it is recorded in the income statement under item 100.d) "Profit (loss) from repurchase of financial liabilities". The subsequent replacement by the issuer is considered as a new issue without generating any economic effect.

Note that the Bank's debts do not envisage any covenants, which entail the lapse of or a change to the benefits of the term, nor are there any transactions that have entailed the transformation of the same into equity instruments (to which IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments could be applied).

14 - Financial liabilities held for trading

Financial liabilities held for trading include:
- derivative contracts not recognised as hedging instruments;
- obligations to deliver financial assets in the event of short transactions;
- financial liabilities issued with the intention of being repurchased in the short term;
- financial liabilities that are part of a portfolio of financial instruments considered individually and for which there is evidence of a trading approach in its management.

Financial liabilities falling in that category, including derivative contracts are measured at fair value both initially and for the entire duration of the transaction, except for derivative contracts to be settled by delivering an unquoted instrument representing capital the fair value of which cannot be determined reliably, and which therefore is valued at cost.

15 - Financial liabilities at Fair Value through Profit and Loss

Financial liabilities, like financial assets, may be designated, in line with IAS 39, upon initial recognition, as financial liabilities measured at fair value, provided that:
- said designation eliminates or significantly reduces a discordance that would have otherwise been present due to the valuation of assets or liabilities and of the relative profits and losses on different bases;

or:
- a group of financial assets, liabilities or both is managed and measured at fair value according to risk management or an investment strategy documented within the Management Bodies of the Company.

The accounting treatment of such transactions is similar to the one of "Financial liabilities held for trading" where gains and losses, whether realised or unrealised, are recognised under item 110. "Net income from financial assets and liabilities at fair value".

At the date of the financial statements, the Bank had not issued any financial liabilities classified as "Financial liabilities measured at fair value".

16 - Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate ruling at the transaction date.
Monetary assets and liabilities are converted using the exchange rate effective as at the end of the period.

Exchange differences resulting from the settlement of transactions at rates that are different from the one ruling at the transaction date and unrealised exchange differences on foreign currency monetary assets and liabilities not yet settled, other than those designated at fair value and as hedging, are recognised under item 80. "Net income from trading activities" of the income statement.

Exchange differences originating from a monetary element, which is part of the net investment of an enterprise in a foreign entity, whose assets are located or managed in a country or currency other than the Euro, are initially classified in the shareholders' equity of the enterprise and booked to the income statement when the net investment is divested.

Non-monetary assets and liabilities, recorded at historical cost, are converted using the historical exchange rate, while those measured at fair value are converted using the exchange rate ruling at the period end; in this case, the exchange rate differences are recorded:
- in the income statement if the asset or liability is classified in the trading book;
- in valuation reserves if the asset is classified as available for sale.

The hedging of a net investment in foreign currency in a foreign entity is recorded in a similar manner to cash flow hedges. In the event of disposal, the overall value of the exchange differences relating to said company, classified in the reserve of shareholders' equity, is recognised as income/expense in the year in which the profit or loss resulting from the sale is recognised.

All of the exchange differences recorded between valuation reserves in shareholders' equity are also shown in the Statement of comprehensive income.

17 - Other information

Business combinations

A business combination is a transaction through which one entity obtains the control of a business division, resulting in the combination of distinct businesses into a single entity that is required to prepare financial statements.

A business combination may give rise to a shareholding relationship between the Parent company (acquiree) and the subsidiary (acquired). A business combination may also envisage the purchase of the net assets of another enterprise, with the emergence of possible goodwill, or the purchase of the capital of the other enterprise (mergers and contributions).

Based on the provisions of IFRS 3, business combinations regarding a business division must be entered in the accounts applying the acquisition method, which involves the following phases:

- identification of the purchaser;
- determination of the cost of the business combination; and:
- allocation, at the acquisition date, of the cost of the business combination to the assets acquired and to the liabilities and potential liabilities assumed.

More specifically, the cost of a business combination is calculated as the sum of the fair values, at the transaction date, of the assets sold, the liabilities incurred or assumed and issued instruments representing capital, in exchange for control of the acquiree.

The acquisition date is the date in which control of the acquiree is effectively obtained. When the acquisition is carried out via a single exchange transaction, the exchange date coincides with the acquisition date.

If the business combination is carried out through more than one exchange transaction, the cost of the combination is in any event equal to the fair value of the price paid on the acquisition date. This entails a revaluation at fair value of the equity investments previous held in the acquired company, and booking the effects to the income statement. The cost of a business combination is allocated by recording the assets, liabilities and identifiable potential liabilities of the acquiree at the relative fair values on the acquisition date. Exceptions to this principle are represented by income tax, employee benefits, assets resulting from indemnities, repurchased options, non current assets held for sale and share-based payments that are subject to valuation according to the provisions of the applicable standard.

The positive difference between the cost of the business combination and the fair value of the assets, liabilities and identifiable potential liabilities must be recorded as goodwill.

After initial recognition, the goodwill acquired in a business combination is subjected to an impairment test at least annually.

A new measurement is carried out in the event of a negative difference. This negative difference, if confirmed, is immediately recorded as revenue in the income statement.

A business combination that gives rise to a shareholding relationship between the Parent company (acquiree) and the subsidiary (acquired) is recorded in the account through the recognition of the equity investment at cost.

Derecognition of financial assets

Derecognition is the elimination of a previously recognised financial asset from the balance sheet.

Before evaluating the existence of conditions for elimination of financial assets from the balance sheet, it is necessary, in accordance with IAS 39, to verify if these conditions are to be applied to these assets in their entirety or if they refer to only a part of these. The rules on derecognition are applied to a part of the financial assets subject to transfer only if at least one of the following requirements are met:

- the part includes only the cash flows relative to one financial asset (or group of assets) that are specifically identified (for example, only the interest portion associated with the asset);
- the part includes the cash flows according to a well-defined percentage of their total (for example, 90% of all cash flows generated by the asset);
- the part includes a well-defined and specifically identified percentage of the cash flows (for example, 90% of the cash flows solely from the interest portion associated with the asset).

In the absence of said requirements, the rules on derecognition are applied to the financial asset (or group of financial assets) in its entirety.

A financial asset can be fully derecognised provided that the contractual rights associated with it are cancelled or expired, or else the rights to collect the cash flows arising from such asset are assigned to an external counterparty.

Part A - Accounting Policies (Continued)

The collection rights are deemed to have been assigned also if the contractual rights to receive the cash flows generated by the asset are maintained, provided that an obligation is undertaken to pay those cash flows to one or more entities and all the following three conditions occur (pass-through agreement):
- there is no obligation to pay any uncollected amounts associated with the original asset;
- the original asset cannot be sold or used as a guarantee, except where it guarantees the obligation to pay the cash flows;
- there is an obligation to assign all cash flows collected without delay and they may not be invested, with the exception of investments in liquid assets in the short period between the collection and the payment dates, provided that also any interest accrued in the period is due.

Furthermore, derecognition of a financial asset is subject to verification that all of the risks and rewards deriving from ownership of the rights have been effectively transferred (true sale). If substantially all of the risks and rewards have been transferred, the asset (or group of assets) transferred is derecognised and the rights and obligations relative to the transfer are recognised separately as assets or liabilities.

Vice versa, in the event of retention of the risks and rewards, the asset (or group of assets) transferred must continue to be recognised. In this case, it is also necessary to recognise a liability corresponding to the amount received as payment for the transfer and subsequently record all income accrued on the asset and all charges accrued on the liability.

The main transactions which, based on the aforesaid rules, do not allow the total derecognition of a financial asset are securitisation transactions involving loans, repurchase agreements and securities lending transactions.

As regards securitisation transactions, financial assets are not derecognised in the case of the purchase of an equity tranche or the provision of other forms of support to the structure, which maintains the credit risk associated to the securitised portfolio.

In the case of repurchase agreements and securities lending, the assets dealt with by the transactions are not derecognised as the terms of the transactions provide that the Banks keeps all the risks and rewards associated with those assets.

Treasury shares

The Bank does not hold any of its treasury shares in the portfolio.

Repos

Securities received as part of a transaction that contractually requires their subsequent sale, and securities delivered as part of a transaction that contractually requires their repurchase, are not recognised on or derecognised from the balance sheet. As a result, in the event that a security is acquired with an agreement to resell, the amount paid is recognised as a customer or bank receivable; in the case of a security sold with an agreement to repurchase, the liability is recognised as a payable to customers or banks. Income from loans, which consists of coupons accrued on securities and the difference between the spot price and forward price of the same, is recorded on an accrual basis under the income statement items relating to interest.

The two types of transactions are offset if and only if carried out with the same counterparty and if offsetting is specifically foreseen in the contract.

Italian Staff Severance Pay (Trattamento di fine rapporto - "TFR")

The employee severance fund (TFR - *trattamento di fine rapporto*) is intended as a post employment "defined-benefit fund". Consequently, its recognition in the balance sheet requires an estimate, through actuarial techniques, of the amount of the provision accrued for employees and the subsequent discounting to obtain the related net present value. These benefits were calculated by an external actuary using the Projected Unit Credit Method (see chapter 12 - Provisions for contingencies and charges - pension funds and similar provisions). This method distributes the cost of the benefit uniformly throughout the working life of the employee. The obligations are equal to the present value of future average disbursements, adjusted on the basis of the ratio of years of service completed to overall seniority reached at the time the benefit is paid.

Following the reform of supplementary pension funds pursuant to Italian Legislative Decree no. 252 of 5 December 2005, the employee severance fund amounts accrued to 31.12.2006 (or up until the date chosen by the employee - between 1.1.2007 and 30.6.2007 - if the employee's severance fund is to be paid into a supplementary pension fund) continue to be held by the company and to be treated as "defined-benefit fund subsequent to the term of employment" hence they are subjected to actuarial valuation, though using simplified actuarial assumptions which do not take account of estimates of future pay rises.

The employee severance payment fund amounts accrued from 1 January 2007 onwards (date when Italian Legislative Decree no. 252 came into force) (or from the date between 1.1.2007 and 30.6.2007) and which the employee has chosen to transfer to supplementary pension funds or to leave with the company and paid by the latter (if the workforce exceeds 50 staff) to the INPS Treasury Fund, instead, were considered as a 'defined-contribution' plan.

The costs relating to the employee severance fund accrued in the year were recorded in the Income Statement under item 150.a) "Administrative expenses: personnel expenses" and include the interest accrued in the year (interest cost) on the obligation already in place at the date of the reform. The amounts matured in the year and paid to the supplementary pension plans or the INPS Treasury Fund are recognised under "Employee

Severance Fund". Actuarial profits and losses, defined as the difference between the book value of the liability and the present value of the obligation at the end of the period, are recognised based on the "corridor" method, that is only when they exceed 10% of the present value of said obligation at the end of the period. Any excess is recorded in the income statement, with amortisation over the remaining average term of employment of employees participating in the plan, starting from the subsequent period.

Share-based payment

These are payments in favour of employees, as compensation for employment service, based on shares representing the share capital of the Parent Bank and consisting of the assignment of:
- rights to subscribe capital increases upon payment (stock options);
- rights to receive shares upon achievement of quantitative-qualitative objectives (performance shares);
- shares subject to unavailability clauses (restricted shares).

Considering the difficulty in reliably evaluating the fair value of the services received in exchange for instruments representing the share capital of the Parent Bank, reference is made to the fair value of the latter, measured on the date they are assigned.

Regarding share-based payments settled in cash, the benefits obtained and liabilities undertaken are measured at the fair value of the latter, recorded under item 100. "Other liabilities". The fair value of a liability is recalculated at each balance sheet date until such liability is eventually extinguished, by recording under item 150. "Administrative expenses" any changes in the fair value of the liability.

Other long-term employee benefits

Long-term employee benefits - such as those resulting from seniority premiums, disbursed upon achievement of a specific length of service - are recorded under item 100. "Other liabilities" based on the valuation as at the balance sheet date of the liability assumed, determined where necessary by an external actuary using the "Projected Unit Credit Method" (see the chapter 12. Provisions for risks and charges - pension funds and similar provisions). For this type of benefit, the actuarial profits/losses are promptly recorded in the income statement, without using the "corridor method".

Guarantees and Credit Derivatives in the Same Class

Credit derivatives associated to guarantees given pursuant to IAS 39 are contracts which provide that the issuer makes fixed payments to compensate the insured party for an effective loss suffered due to a default by a specific debtor at the maturity date of a debt instrument.

Upon initial recognition, the value is equal to their fair value, which usually corresponds to the amount received at the time of issue of the guarantee. This value is recognised in item 100. "Other liabilities".

The effects of the measurement, correlated to any impairment of the underlying instrument, are recorded under the same balance sheet item, as a balancing entry to item 130.d "Net value adjustments/writebacks for impairment of other financial transactions" of the income statement.

INCOME STATEMENT

Interest income and expense

Interest income and expense and similar income and expenses regard cash and cash equivalents, financial instruments held for trading, measured at fair value or available-for-sale financial instruments of a monetary nature, financial assets held to maturity, receivables, payables and securities in issue.

Interest income and expense are recorded in the income statement for all instruments valued according to the amortised cost criterion, using the effective interest rate method.

Interest includes the net balance, positive or negative, of differentials and margins linked to financial derivative contracts:
- for the hedging of interest- bearing assets and liabilities;
- classified in the trading book but linked - from a management point of view - to assets/liabilities measured at fair value (fair value option);
- linked - from a management point of view - to assets/liabilities classified in the trading book and which involve the settlement of differentials or margins on several maturity dates.

Fees and Commissions

Commissions are recorded on an accrual basis.

In particular, trading commissions resulting from securities transactions are recognised at the moment in which the service is provided. Portfolio management, consulting and mutual fund management commissions are recognised based on the duration of the service.

Commissions included in amortised cost for the purposes of determination of the effective interest rate are excluded, as these are recognised within interest.

Part A - Accounting Policies (Continued)

Dividends
Dividends are recognised in the income statement during the period in which their distribution is decided.

RELEVANT IFRS DEFINITIONS
The main concepts introduced by the IAS/IFRS, as well as those already dealt with in the previous chapters are illustrated here below.

Amortised cost
The amortised cost of a given financial asset or liability equals its value at initial recognition, net of payments against principal, increased or decreased by total amortisation, calculated according to the effective interest rate method on any differences between the initial value and the value at maturity, and deducting any writedowns subsequent to irrecoverability (impairment).

The effective interest rate method distributes the interest income or expense throughout the duration of a financial asset or liability. The effective interest rate is the rate that precisely discounts the future expected payments or collections throughout the life of the financial instrument to the net book value of the financial asset or liability. It includes all charges and basis points paid or received between the parties of a contract that are an integral part of said rate, the transaction costs and all other premiums or discounts.

The commissions considered to be an integral part of the effective interest rate include the initial commissions received for the issue or purchase of a financial asset not designated at fair value, such as those received as compensation for the evaluation of the financial conditions of the debtor, for the valuation and registration of guarantees and, more generally, for completion of the transaction.

Transaction costs, on the other hand, include fees and commissions paid to agents (including employees that act as sales agents), consultants, brokers and operators, contributions to regulation commissions and stock exchanges, taxes and transfer fees. Transaction costs do not include financing costs or internal administrative or management costs.

Impairment of financial assets
An impairment test is carried out at every reporting date in order to determine if there is objective evidence that a financial asset or group of financial assets has undergone a reduction in value.

An asset or group of assets has undergone impairment and the impairment losses are accounted if and only if there is objective evidence of impairment following one or more events occurring after initial recognition of the asset, and if said event has an impact on the future cash flows of the asset which can be reliably determined.

The impairment may be caused not only by a single separate event but by the combined effect of several events.

The losses expected as a result of future events, regardless of their likelihood of occurrence, are not recorded.

Objective evidence that a financial asset or group of financial assets has undergone impairment includes measurable data identified with respect to the following events:
- significant financial difficulties of the issuer or debtor;
- violation of the contract, such as breach or non-payment of interest or principal;
- granting of a concession to the beneficiary by the bank, predominantly for economic or legal reasons related to the financial or legal difficulties suffered by the beneficiary and which it would not have otherwise granted;
- reasonable probability of the beneficiary declaring bankruptcy or other financial restructuring procedures;
- disappearance of an active market for the financial asset, due to financial difficulties. However, the disappearance of an active market due to the fact that the financial instruments of the company are no longer publicly traded is not evidence of impairment;
- measurable data that indicate the existence of a significant reduction in future estimated cash flows for a group of financial assets from the moment of initial recognition of those assets, even though the reduction can no longer be identified with the individual financial assets in the group, including:
  - unfavourable changes in the payment status of beneficiaries in the group; or
  - local or national economic conditions correlated to the breaches regarding assets within the group.

Objective evidence of impairment for an investment in an instrument representing capital includes information on important changes with an adverse effect occurring in the technological, market, economic or legal realm in which the issuer operates, and indicates that the cost of the investment cannot be recovered. A significant or prolonged reduction in the fair value of an investment in an instrument representing capital below its cost also constitutes objective evidence of impairment.

If there is objective evidence that an impairment loss has been incurred on loans or on financial assets held to maturity (recorded at amortised cost), the impairment amount is measured as the difference between the book value of the asset and the present value of the estimated future cash flows (excluding future loan losses that have not yet occurred), discounted at the original effective interest rate of the financial asset. The impairment loss amount is recorded under income statement item 130. “Net value adjustments/writebacks for impairment” and the book value of the asset is reduced.

If the conditions of a loan or held-to-maturity financial asset are renegotiated or otherwise modified due to the financial difficulties of the debtor, an impairment loss is measured using the original effective interest rate before the change in conditions. Cash flows relative to short-term loans are not discounted if the effect of discounting is negligible. If a loan or held-to-maturity financial asset has a variable interest rate, the discounting rate used to measure any impairment loss is the current effective interest rate at the contractually established date.

Calculation of the present value of estimated future cash flows of a pledged financial asset reflects the cash flows that may result from seizure, less the costs to obtain and sell the pledge.

Nevertheless, a reduction in the fair value of a financial asset below cost or amortised cost is not necessarily evidence of impairment (e.g. a reduction in the fair value of an investment in a debt instrument resulting from an increase in the risk-free interest rate).

However, if no objective evidence of individual impairment loss is found to exist, said asset is included in a group of financial assets with similar credit risk characteristics and valued collectively.

The approaches based on a formula or on statistical methods can be used to determine the losses from impairment of a group of financial assets. Any models used incorporate the effect of the time value of money, consider the cash flows for the entire residual life of an asset (not only the subsequent year) and do not allow a loss for impairment at the moment of initial recognition of a financial asset. They also take into account the existence of losses already sustained but not yet expressed in the group of financial assets as at the valuation date, based on historical experiences of losses for assets with similar credit risk characteristics to those of the group considered.

The impairment loss estimate process considers all credit exposures, not only those regarding low credit quality, which reflect serious impairment of positions.

Reversals of impairment losses

If, during a subsequent period, the amount of the impairment loss decreases and this reduction can be objectively linked to an event that occurred after its recognition (such as an improvement in solvency of the debtor), the impairment amount previously recorded is eliminated. The amount of the reversal is recognised in the income statement under item 130. “Net value adjustments/writebacks for impairment”, unless otherwise specified for equities classified as available-for-sale financial assets (see chapter 2).

The writeback, as at the date in which the original value of the financial asset is restored, cannot result in a book value that is higher than the amortised cost that would have existed at the same date had the impairment loss not been recorded.

A.3 Disclosure on transfers between portfolios of financial assets

This part includes disclosures on financial instruments that are reclassified from one portfolio to another, according to rules envisaged by IAS 39 and Information on the fair value hierarchy required by IFRS 7.
Fair value is the price at which an asset can be traded, or a liability extinguished, in an arm’s length transaction between informed and independent parties.

The fair value of a financial liability that is payable (for example a demand deposit) cannot be lower than the payable amount on demand, discounted from the first date on which payment of the same may be requested.

In the case of financial instruments quoted on an active market, the fair value is determined on the basis of the most advantageous official quotations of the market to which the Bank has access (Mark to Market).

A financial instrument is considered as quoted on an active market if the prices quoted are readily and regularly available on a price list, dealer, broker, price calculation agency or regulatory authority and said prices represent actual market transactions that have taken place under normal trading conditions. If an official quotation on an active market does not exist for a financial instrument as a whole, but there are active markets for its components, the fair value is determined on the basis of the pertinent market prices of its components.

If market quotations are not available, the Bank uses valuation models (Mark to Model) in line with generally accepted methods used by the market. Valuation models include techniques based on the discounting of future cash flows and on an estimate of volatility and are reviewed both during their development and periodically, in order to guarantee the full and constant uniformity of the same.

These methodologies use inputs based on the prices of recent transactions involving the instrument being valued and/or prices/quotations of instrument with similar characteristics in terms of risk profile.

Part A - Accounting Policies (Continued)

In fact, said prices/quotations are important to determine significant parameters, in terms of credit risk, liquidity risk and price risk of the instrument to be valued. Reference to said "market" parameters enables the valuation to be made with a certain degree of caution, at the same time guaranteeing the verifiability of the resulting fair value. If, for one or more risk factors, it is not possible to refer to market data, the input for the valuation models in question is estimates based on historic data.

As a further guarantee of the objectiveness of the valuations of valuation models, the Bank has set in place Independent Price Verification (IPV) processes. Independent price verification processes envisage that the prices of trading positions are verified monthly by the Risk Management unit, separate to the unit that is exposed to the risk. Said verification entails comparing and aligning the daily price with valuations from independent market participants.

In the case of instruments that are not listed in active markets, the above verification process uses prices supplied by infoproviders for reference purposes, giving more weight to those prices that are considered more representatives of the instrument being valued.

Said valuation includes: the "executability" of the transaction at the observed price, the number of contributors, the degree of similarity of the financial instruments, the coherence of the price supplied by different sources and the process used by the infoprovider to obtain said figure.

In 2011, bonds belonging to the FVTPL (Fair value through profit or loss) category were reclassified from the *Financial assets held for trading portfolio* to the *Financial assets measured at fair value portfolio*, following a change in the Bank's short-term strategy; said reclassification did not have any impact on the Bank's overall income insofar as the fair value continues to be recognised on the income statement.

A.3.1 Transfers between portfolios

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income
No data to report.

A.3.1.2 Reclassified financial assets: Impact on comprehensive income before transfer
No data to report.

A.3.1.3 Transfer of financial assets held for trading
No data to report.

A.3.1.4 Effective interest rate and expected cash flows expected from reclassified assets
No data to report.

A.3.2 Information on fair value

IFRS 7 envisages a classification of the instruments measured at fair value that reflects the significance of the inputs used for pricing.
More specifically, three levels are envisaged:
- Level 1: the fair value of instruments classified at this level is determined on the basis of quoted prices observable on active markets;
- Level 2: the fair value of instruments classified at this level is determined on the basis of valuation models that refer to observable market parameters;
- Level 3: the fair value of instruments classified at this level is determined on the basis of valuation models that mainly refer to parameters that are not observable on the market.

The following tables show the breakdown of portfolios of financial assets and liabilities measured at fair value on the basis of the afore-mentioned levels and the annual changes that took place respectively in the assets and liabilities classified as level 3.

A.3.2.1 Assets/Liabilities measured at fair value Breakdown by fair value level

(Amounts in Euro/000)

	12.31.2011		
ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	8,693	2,713	7
2. Financial assets at fair value through profit and loss	10,409	-	-
3. Available-for-sale financial assets	47,370	-	5
4. Hedging derivatives	-	329,933	-
Total	**66,472**	**332,646**	**12**
1. Financial liabilities held for trading	1,342	2,288	-
2. Financial liabilities at fair value through profit and loss	-	-	-
3. Hedging derivatives	-	370,770	-
Total	**1,342**	**373,058**	**-**

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	12.31.2010 LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	17,926	4,421	87
2. Financial assets at fair value through profit and loss	-	-	-
3. Available-for-sale financial assets	5,056	-	13
4. Hedging derivatives	50	-	
Total	**22,982**	**4,471**	**100**
1. Financial liabilities held for trading	3,311	3,406	1
2. Financial liabilities at fair value through profit and loss	-	-	-
3. Hedging derivatives	-	79,943	-
Total	**3,311**	**83,349**	**1**

A.3.2.2 2 Assets measured at fair value on a recurring basis (level 3): annual changes

(Amounts in Euro/000)

	FINANCIAL ASSETS HELD FOR TRADING	MEASURED AT FAIR VALUE	AVAILABLE FOR SALE	HEDGES
1. Opening balance	**87**	**-**	**13**	**-**
2. Increases				
2.1 Purchases	589	-	-	-
2.2 Profits recorded in:				
2.2.1 Income Statement	13	-	94	-
- of which unrealized gains	6	-	-	-
2.2.2 Equity		-	-	
2.3 Transfers from other levels	1	-	-	-
2.4 Other increases	-	-	-	-
3. Decreases				
3.1 Sales	(680)	-	(102)	-
3.2 Redemptions	-	-	-	-
3.3 Losses recognised in:				
3.3.1 Income Statement	(3)	-	-	-
- of which unrealized losses	(3)	-	-	-
3.3.2 Equity		-	-	
3.4 Transfers to other levels	-	-	-	-
3.5 Other decreases	-	-	-	-
4. Closing balances	**7**	**-**	**5**	**-**

A.3.2.3 Liabilities measured at fair value on a recurring basis (level 3): annual changes

(Amounts in Euro/000)

	FINANCIAL LIABILITIES HELD FOR TRADING	MEASURED AT FAIR VALUE	HEDGES
1. Opening balance	**1**	**-**	**-**
2. Increases			
2.1 Issuance	-	-	-
2.2 Losses recorded in:	-		
2.2.1 Income Statement	-	-	-
- of which unrealized losses	-	-	-
2.2.2 Equity	-		
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases			
3.1 Redemptions	-	-	-
3.2 Repurchases	-	-	-
3.3 Profits recognised in:			
3.3.1 Income Statement	(1)	-	-
- of which unrealized gains	(1)	-	-
3.3.2 Equity	-		
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing balances	**-**	**-**	**-**

A.3.3 "Day one profit/loss"

No data to report.

Part B - Information on the Balance Sheet

Part B - Information on the Balance Sheet - Assets

(Amounts in Euro/000)

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	12.31.2011	12.31.2010
(a) Cash	4	9
(b) Demand deposits with Central Banks	-	-
Total	**4**	**9**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: breakdown by category

	12.31.2011			12.31.2010		
ITEM/AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. On-balance sheet assets						
1. Debt securities						
1.1 Structured securities	4	127	-	5,768	838	-
1.2 Other debt securities	161	20	-	8,618	92	86
2. Equity instruments	**143**	**-**	**7**	**55**	**-**	**-**
3. Units in investment funds	**6,970**	**-**	**-**	**6**	**-**	**-**
4. Loans						
4.1 Reverse repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**7,278**	**147**	**7**	**14,447**	**930**	**86**
B. Derivative instruments						
1. Financial derivatives						
1.1 trading derivatives	1,415	2,566	-	3,479	3,491	1
1.2 related to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives						
2.1 trading derivatives	-	-	-	-	-	-
2.2 related to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**1,415**	**2,566**	**-**	**3,479**	**3,491**	**1**
Total (A+B)	**8,693**	**2,713**	**7**	**17,926**	**4,421**	**87**

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

ITEM/AMOUNT	12.31.2011	12.31.2010
A. ON-BALANCE SHEET ASSETS		
1. Debt securities		
a) Governments and Central Banks	99	4,039
b) Other public entities	-	-
c) Banks	132	11,038
d) Other issuers	81	325
2. Equity instruments		
a) Banks	72	-
b) Other issuers:		
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	78	55
- other	-	-
3. Units in investment funds	**6,970**	**6**
4. Loans		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total A	**7,432**	**15,463**
B. DERIVATIVE INSTRUMENTS		
a) Banks		
- fair value	955	1,008
b) Customers		
- fair value	3,026	5,963
Total B	**3,981**	**6,971**
Total (A+B)	**11,413**	**22,434**

2.3 Cash financial assets held for trading: changes over the year
As at 12.31.2011

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**15,402**	**55**	**6**	**-**	**15,463**
B. Increases					
B.1 Purchases	222,904	30,349,564	15,070	-	30,587,538
B.2 Positive changes in fair value	3	72	18	-	93
B.3 Other changes	423	10,820	8	-	11,251
C. Decreases					
C.1 Sales	(222,381)	(30,359,984)	(8,104)	-	(30,590,469)
C.2 Redemptions	(3,862)	-	-	-	(3,862)
C.3 Negative changes in fair value	(11)	(17)	(24)	-	(52)
C.4 Transfers to other portfolios	-	-	-	-	-
C.5 Other changes	(12,166)	(360)	(4)	-	(12,530)
D. Closing balance	**312**	**150**	**6,970**	**-**	**7,432**

Other Increases and Decreases include the variation in interest accrued relating to *Financial assets held for trading*, the profit/loss made, and any technical overdrafts relating to the end and beginning of the period.
In 2011, bonds belonging to the FVTPL (*Fair value through profit or loss*) category were reclassified from the Financial assets held for trading portfolio to the *Financial assets measured at fair value portfolio*, following a change in the Bank's short-term strategy; the reclassified amount, corresponding to € 11,912 thousand, is indicated under item C5. Other decreases.

Part B - Information on the Balance Sheet - Assets (Continued)

As at 12.31.2010

	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**17,962**	**89**	**-**	**-**	**18,051**
B. Increases					
B.1 Purchases	386,439	25,180,607	1,050	-	25,568,096
B.2 Increases in fair value	7	5	3	-	15
B.3 Other increases	1,946	9,582	3	-	11,531
C. Decreases					
C.1 Sales	(371,279)	(25,190,133)	(1,026)	-	(25,562,438)
C.2 Redemptions	(18,622)	-	-	-	(18,622)
C.3 Decreases in fair value	(626)	(12)	(12)	-	(650)
C.4 Transfers to other portfolios	-	-	-	-	-
C.5 Other decreases	(425)	(83)	(12)	-	(520)
D. Closing balance	**15,402**	**55**	**6**	**-**	**15,463**

Section 3 - Financial assets measured at fair value - Item 30

3.1. Financial assets at fair value through profit or loss: breakdown by category

	12.31.2011			12.31.2010		
ITEM/AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. On-balance sheet assets						
1. Debt securities						
1.1 Structured securities	7,250	-	-	-	-	-
1.2 Other debt securities	3,159	-	-	-	-	-
2. Equity instruments	-	-	-	-	-	-
3. Units in investment funds	-	-	-	-	-	-
4. Loans						
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**10,409**	**-**	**-**	**-**	**-**	**-**
Cost	**12,619**	**-**	**-**	**-**	**-**	**-**

3.2. Financial assets measured at fair value: breakdown by debtors/issuers

ITEM/AMOUNT	12.31.2011	12.31.2010
1. Debt securities		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	10,409	-
d) Other issuers	-	-
2. Equity instruments		
a) Banks	-	-
b) Other issuers:		
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- other	-	-
3. Units in investment funds	**-**	**-**
4. Loans		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**10,409**	**-**

3.3 Financial assets measured at fair value: changes over the year
As at 12.31.2011

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**-**	**-**	**-**	**-**	**-**
B. Increases					
B.1 Purchases	-	-	-	-	-
B.2 Positive changes in fair value	6	-	-	-	6
B.3 Other changes	11,962	-	-	-	11,962
C. Decreases					
C.1 Sales	-	-	-	-	-
C.2 Redemptions	-	-	-	-	-
C.3 Negative changes in fair value	(1,559)	-	-	-	(1,559)
C.4 Other changes	-	-	-	-	-
D. Closing balance	**10,409**	**-**	**-**	**-**	**10,409**

Other Increases include the variation in interest accrued relating to *Financial assets held for trading*.
In 2011, bonds belonging to the FVTPL (*Fair value through profit or loss*) category were reclassified from the *Financial assets held for trading portfolio* to the *Financial assets measured at fair value portfolio*, following a change in the Bank's short-term strategy; the reclassified amount, corresponding to € 11,912 thousand, is indicated under item B3. Other increases.

Section 4 - Available-for-sale financial assets - Item 40

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

	12.31.2011			12.31.2010		
ITEM/AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities						
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	47,370	-	-	5,056	-	-
2. Equity instruments						
2.1 Carried at fair value	-	-	-	-	-	-
2.2 Carried at cost	-	-	5	-	-	13
3. Units in investment funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total	**47,370**	**-**	**5**	**5,056**	**-**	**13**

As at 31 December 2011, Available-for-sale financial assets are represented by investments in companies where the Bank does not exercise, either directly or indirectly through subsidiaries, either control or significant influence, and amount to € 5 thousand, in addition to the debt securities issued by the Italian Central Administration amounting to € 37,018 thousand and debt securities issued by the German Central Administration amounting to € 10,352 thousand.

The debt securities classified in the *Available-for-sale financial assets* portfolio are entirely used as collateral for bankers' drafts or guarantees with third parties.

Part B - Information on the Balance Sheet - Assets (Continued)

4.2 Available-for-sale financial assets: breakdown by debtors/issuers

ITEM/AMOUNT	12.31.2011	12.31.2010
1. Debt securities		
a) Governments and Central Banks	47,370	5,056
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity instruments		
a) Banks	-	-
b) Other issuers:		
- insurance companies	-	-
- financial companies	-	8
- non-financial companies	5	5
- other	-	-
3. Units in investment funds	**-**	**-**
4. Loans		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**47,375**	**5,069**

4.3 Available-for-sale financial assets subject to micro-hedging

No data to report.

4.4 Available-for-sale financial assets annual changes
As at 12.31.2011

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**5,056**	**13**	**-**	**-**	**5,069**
B. Increases					
B.1 Purchases	42,791	-	-	-	42,791
B.2 Increases in FV	244	-	-	-	244
B.3 Write-backs					
- through profit and loss	-	-	-	-	-
- in equity	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-
B.5 Other changes	469	94	-	-	563
C. Decreases					
C.1 Sales	-	(102)	-	-	(102)
C.2 Redemptions	-	-	-	-	-
C.3 Decreases in FV	(1,159)	-	-	-	(1,159)
C.4 Impairments					
- through profit and loss	-	-	-	-	-
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	(31)	-	-	-	(31)
D. Closing balance	**47,370**	**5**	**-**	**-**	**47,375**

The Other Increases in Equity Instruments refer to the profit made on the sale of shares held in Monte Titoli S.p.A..
Other Increases and Decreases of Debt securities include the variation in interest accrued relating to *Available-for-sale financial assets*.

As at 12.31.2010

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**-**	**464**	**-**	**-**	**464**
B. Increases					
B.1 Purchases	5,043	-	-	-	5,043
B.2 Increases in FV	-	-	-	-	-
B.3 Write-backs					
- through profit and loss	-	-	-	-	-
- in equity	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-
B.5 Other changes	62	284	-	-	346
C. Decreases					
C.1 Sales	-	(735)	-	-	(735)
C.2 Redemptions	-	-	-	-	-
C.3 Decreases in FV	(49)	-	-	-	(49)
C.4 Impairment impairment					
- through profit and loss	-	-	-	-	-
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	-	-	-	-	-
D. Closing balance	**5,056**	**13**	**-**	**-**	**5,069**

Section 5 - Held-to-maturity investments - Item 50

FinecoBank did not record any financial assets under “Financial assets held to maturity”.

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans andreceivables with banks: breakdown by category

TYPE OF TRANSACTION/AMOUNT	12.31.2011	12.31.2010
A. Loans and receivables with Central Banks	**-**	**-**
B. Loans and receivables with banks	**16,282,014**	**10,067,146**
1. Current accounts and demand deposits	7,546,448	5,926,667
2. Time deposits	2,703,021	852,224
3. Other loans:		
3.1 Reverse repos	1,165	183,593
3.2 Other	3,936	4,394
4. Debt securities		
4.1 Structured securities	1,577,308	22
4.2 Other debt securities	4,450,136	3,100,246
Total (book value)	**16,282,014**	**10,067,146**
Total (fair value)	**15,113,609**	**10,089,366**

Loans and receivables from banks in the form of current accounts and demand deposits are mainly represented by loan accounts held with UniCredit S.p.A., with a book value of € 7,532,603 thousand and to a lesser extent, by current accounts held with non Group Banks for transactions in securities. The savings accounts recognised under assets consist of the deposit held with UniCredit S.p.A. for compulsory reserves, with a book value of € 185,400 thousand, in addition to savings accounts held with UniCredit S.p.A. of € 2,517,621 thousand, opened to employ the funds collected through repurchase agreements and Cash Park transactions with retail customers and repurchase agreements with credit institutions in the same timeframe.

Reverse repos are exclusively comprised of loan transactions guaranteed by cash amounts.

The securities held in the portfolio are mainly represented by debt securities issued by the Parent Bank, and amount to € 6,027,297 thousand. They were subscribed in order to invest liquidity and to be used for repurchase agreements with retail customers.

6.2 Receivables from banks: assets subject to micro-hedging

No data to report.

Part B - Information on the Balance Sheet - Assets (Continued)

6.3 Finance leases
No data to report.

Section 7 - Receivables from customers - Item 70

7.1 Receivables from customers: breakdown by category

	12.31.2011		12.31.2010	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	63,728	2,109	51,237	2,333
2. Reverse repos	89,915	5	311,312	-
3. Mortgages	-	57	-	276
4. Credit cards, personal loans and wage assignment loans	295,589	1,164	295,408	1,350
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other loans	71,961	18	81,636	20
8. Debt securities:				
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	1	-	2	-
Total (book value)	**521,194**	**3,353**	**739,595**	**3,979**
Total (fair value)	**539,086**	**3,353**	**756,828**	**3,979**

7.2 Receivables from customers: breakdown by debtors/issuers

	12.31.2011		12.31.2010	
TYPE OF TRANSACTION/AMOUNT	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Debt securities				
a) Governments	-	-	-	-
b) Other public entities	1	-	2	-
c) Other issuers:				
- non-financial companies	-	-	-	-
- financial companies	-	-	-	-
- insurance companies	-	-	-	-
- other	-	-	-	-
2. Loans to:				
a) Governments	-	-	-	-
b) Other public entities	-	-	-	-
c) Other entities:				
- non-financial companies	6,589	18	8,613	23
- financial companies	65,437	17	87,194	31
- insurance companies	4,653	-	5,311	-
- other	444,514	3,318	638,475	3,925
Total	**521,194**	**3,353**	**739,595**	**3,979**

7.3 Receivables from customers: assets subject to micro-hedging
No data to report.

7.4 Finance leases
No data to report.

Section 8 - Hedge derivatives - Item 80

8.1 Hedge derivatives: breakdown by type of hedge and by level

ITEM/AMOUNT	12.31.2011 LEVEL 1	12.31.2011 LEVEL 2	12.31.2011 LEVEL 3	NV 31-DEC-11	12.31.2010 LEVEL 1	12.31.2010 LEVEL 2	12.31.2010 LEVEL 3	NV 31-DEC-10
A. Financial derivatives								
1) Fair value	-	329,933	-	4,577,286	-	50	-	31,600
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**329,933**	**-**	**4,577,286**	**-**	**50**	**-**	**31,600**

8.2 Hedge derivatives: breakdown by portfolios hedged and by type of hedge
As at December 31, 2011

TRANSACTION/ TYPE OF HEDGE	FAIR VALUE						CASH FLOWS		
	MICRO								
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS	MACRO	MICRO	MACRO	FOREIGN INVESTMENTS
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-	-
2. Receivables	-	-	-		-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-
4. Portfolio					-	325,127	-		
5. Other transactions	-	-	-	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**	**325,127**	**-**	**-**	**-**
1. Financial liabilities		-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	4,806	-	-	
Total liabilities	**-**	**-**	**-**	**-**	**-**	**4,806**	**-**	**-**	**-**
1. Planned transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

As at December 31, 2010

TRANSACTION/ TYPE OF HEDGE	FAIR VALUE						CASH FLOWS		
	MICRO								
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS	MACRO	MICRO	MACRO	FOREIGN INVESTMENTS
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-	-
2. Receivables	-	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-	50	-	-	-
5. Other transactions	-	-	-	-	-	-	-	-	
Total assets	**-**	**-**	**-**	**-**	**-**	**50**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Planned transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

Part B - Information on the Balance Sheet - Assets (Continued)

Section 9 - Adjustments to the value of financial assets subject to macro-hedging - Item 90

9.1 Adjustments to the value of hedged financial assets: breakdown of hedged portfolios

ADJUSTMENTS TO THE VALUE OF HEDGED FINANCIAL ASSETS/AMOUNT	12.31.2011	12.31.2010
1. Positive changes		
1.1 of specific portfolios		
a) Loans and receivables	56,462	81,114
b) available-for-sale financial assets	-	-
1.2 overall	-	-
2. Negative changes		
2.1 of specific portfolios		
a) loans and receivables	(308,105)	-
b) available-for-sale financial assets	-	-
2.2 overall	-	-
Total	**(251,643)**	**81,114**

9.2 Assets macro-hedged against interest rate risk

HEDGED ASSETS	12.31.2011	12.31.2010
1. Loans and receivables	6,139,297	3,213,076
2. Available-for-sale financial assets	-	-
3. Portfolio	-	-
Total	**6,139,297**	**3,213,076**

Receivables subject to macro-hedging against interest risk are represented by fixed-rate personal loans and debt securities issued by UniCredit S.p.A. and classified as Loans and Receivables.
The value indicated corresponds to the residual contractual debt on the date of the financial statements.

Section 10 - Equity investments - Item 100

No data to report.

Section 11 - Property, plant and equipment - Item 110

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

ASSET/AMOUNT	12.31.2011	12.31.2010
A. Owned assets		
1.1 owned		
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	1,075	1,425
d) electronic equipment	3,898	3,078
e) other	1,545	1,671
1.2 Assets under finance lease		
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	-	-
d) electronic systems	-	-
e) other	-	-
Total A	**6,518**	**6,174**
B. Assets held for investment purposes		
2.1 owned		
a) land	-	-
b) buildings	2,844	2,952
2.2 acquired under finance lease		
a) land	-	-
b) buildings	-	-
Total B	**2,844**	**2,952**
Total (A+B)	**9,362**	**9,126**

Reference should be made to section 11 of the income statement for a description of the methods used to calculate depreciation.

11.2 Property, plant and equipment: breakdown of assets measured at fair value or revalued amounts

No data to report.

Part B - Information on the Balance Sheet - Assets (Continued)

11.3 Functional items of property, plant and equipment: changes over the year
As at December 31, 2011

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Opening balance	**-**	**-**	**11,335**	**22,058**	**9,014**	**42,407**
A.1 Total reductions in value, net	-	-	(9,910)	(18,980)	(7,343)	(36,233)
A.2 Net opening balance	**-**	**-**	**1,425**	**3,078**	**1,671**	**6,174**
B. Increases:						
B.1 Purchases	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	-	654	2,341	322	3,317
B.3 Writebacks	-	-	-	-	-	-
B.4 Increases in fair value charged to	-	-	-	-	-	-
a) shareholders' equity		-	-	-	-	-
b) income statement		-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from buildings held for investment purposes	-	-	-	-	-	-
B.7 Other increases	-	-	2	-	43	45
C. Decreases:	**-**	**-**				
C.1 Sales	-	-	(2)	-	(2)	(4)
C.2 Depreciation	-	-	(974)	(1,521)	(472)	(2,967)
C.3 Value adjustments due to impairment charged to	-	-				
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	(22)	-	(17)	(39)
C.4 Decreases in fair value charged to	-	-				
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-				
a) property, plant and equipment held for investment purposes	-	-	-	-	-	-
b) discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	-	(8)	-	-	(8)
D. Net closing balance	**-**	**-**	**1,075**	**3,898**	**1,545**	**6,518**
D.1 Total reductions in value, net	-	-	(10,554)	(19,462)	(7,489)	(37,505)
D.2 Gross closing balance	**-**	**-**	**11,629**	**23,360**	**9,034**	**44,023**
E. Measurement at cost	-	-	1,075	3,898	1,545	6,518

As at December 31, 2010

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Opening balance	**-**	**-**	**11,441**	**20,368**	**9,064**	**40,873**
A.1 Total reductions in value, net	-	-	(9,365)	(18,095)	(7,251)	(34,711)
A.2 Net opening balance	**-**	**-**	**2,076**	**2,273**	**1,813**	**6,162**
B. Increases:						
B.1 Purchases	-	-	624	2,005	460	3,089
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Increases in fair value charged to	-	-	-	-	-	-
a) shareholders' equity		-	-	-	-	-
b) income statement		-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from buildings held for investment purposes	-	-	-	-	-	-
B.7 Other increases	-	-	4	-	10	14
C. Decreases:	**-**	**-**				
C.1 Sales	-	-	(1)	-	-	(1)
C.2 Depreciation	-	-	(1,198)	(1,158)	(556)	(2,912)
C.3 Value adjustments due to impairment charged to	-	-				
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	(38)	(34)	(50)	(122)
C.4 Decreases in fair value charged to	-	-				
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-				
a) property, plant and equipment held for investment purposes	-	-	-	-	-	-
b) discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	-	(42)	(8)	(6)	(56)
D. Net closing balance	**-**	**-**	**1,425**	**3,078**	**1,671**	**6,174**
D.1 Total reductions in value, net	-	-	(9,910)	(18,980)	(7,343)	(36,233)
D.2 Gross closing balance	**-**	**-**	**11,335**	**22,058**	**9,014**	**42,407**
E. Measurement at cost	-	-	1,425	3,078	1,671	6,174

Part B - Information on the Balance Sheet - Assets (Continued)

11.4 Property, plant and equipment held for investment purposes: changes over the year

	12.31.2011		12.31.2010	
	LAND	BUILDINGS	LAND	BUILDINGS
A. Opening balance	**-**	**2,952**	**-**	**3,060**
B. Increases:				
B.1 Purchases	-	-	-	-
B.2 Capitalised improvement costs	-	-	-	-
B.3 Net increases in fair value	-	-	-	-
B.4 Writebacks	-	-	-	-
B.5 Exchange gains	-	-	-	-
B.6 Transfers from functional assets	-	-	-	-
B.7 Other increases	-	-	-	-
C. Decreases:				
C.1 Sales	-	-	-	-
C.2 Depreciation	-	(108)	-	(108)
C.3 Net decreases in fair value	-	-	-	-
C.4 Value adjustments due to impairment	-	-	-	-
C.5 Exchange losses	-	-	-	-
C.6 Transfers to other asset portfolios				
a) functional assets	-	-	-	-
b) non-current assets and discontinued operations	-	-	-	-
C.7 Other decreases	-	-	-	-
D. Closing balance	**-**	**2,844**	**-**	**2,952**
E. Measurement at fair value	**-**	**4,650**	**-**	**4,650**

11.5 Commitments to purchase property, plant and equipment

As at 31 December 2011, the Bank had no contractual commitments to purchase property, plant or equipment.

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown by type of asset

	12.31.2011		12.31.2010	
ASSET/AMOUNT	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill		89,602		89,602
A.2 Other intangible assets	8,718		8,857	
A.2.1 Assets carried at cost:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	8,718	-	8,857	-
A.2.2 Assets measured at fair value:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**8,718**	**89,602**	**8,857**	**89,602**

12.2 Intangible assets: changes over the year
As at December 31, 2011

		OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Opening balance	**124,729**	**-**	**-**	**45,838**	**-**	**170,567**
A.1 Total reductions in value, net	(35,127)	-	-	(36,981)	-	(72,108)
A.2 Net opening balance	**89,602**	**-**	**-**	**8,857**	**-**	**98,459**
B. Increases						
B.1 Purchases	-	-	-	5,363	-	5,363
B.2 Increases in internal intangible assets	-	-	-	-	-	
B.3 Writebacks	-	-	-	-	-	
B.4 Increases in fair value charged to						
a) shareholders' equity	-	-	-	-	-	
b) income statement	-	-	-	-	-	
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other increases	-	-	-	142	-	142
C. Decreases						
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments						
- Amortisation	-		-	(5,467)	-	(5,467)
- Writedowns						
+ shareholders' equity	-	-	-	-	-	
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value						
+ shareholders' equity	-	-	-	-	-	
+ income statement	-	-	-	-	-	
C.4 Transfers to non-current assets and discontinued operations	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other decreases	-	-	-	(176)	-	(176)
D. Net closing balance	**89,602**	**-**	**-**	**8,719**	**-**	**98,321**
D.1 Total net value adjustments	(35,127)	-	-	(42,448)	-	(77,575)
E. Gross closing balance	**124,729**	**-**	**-**	**51,167**	**-**	**175,896**
F. Measurement at cost	89,602	-	-	8,719	-	98,321

Part B - Information on the Balance Sheet - Assets (Continued)

As at December 31, 2010

		OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Opening balance	**124,729**	**-**	**-**	**41,819**	**-**	**166,548**
A.1 Total reductions in value, net	(35,127)	-	-	(31,091)	-	(66,218)
A.2 Net opening balance	**89,602**	**-**	**-**	**10,728**	**-**	**100,330**
B. Increases						
B.1 Purchases	-	-	-	4,044	-	4,044
B.2 Increases in internal intangible assets	-	-	-	-	-	
B.3 Writebacks	-	-	-	-	-	
B.4 Increases in fair value charged to						
a) shareholders' equity	-	-	-	-	-	
b) income statement	-	-	-	-	-	
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other increases	-	-	-	34	-	34
C. Decreases						
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments						
- Amortisation	-		-	(5,891)	-	(5,891)
- Writedowns						
+ shareholders' equity	-	-	-	-	-	
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value						
+ shareholders' equity	-	-	-	-	-	
+ income statement	-	-	-	-	-	
C.4 Transfers to non-current assets and discontinued operations	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other decreases	-	-	-	(58)	-	(58)
D. Net closing balance	**89,602**	**-**	**-**	**8,857**	**-**	**98,459**
D.1 Total net value adjustments	(35,127)	-	-	(36,981)	-	(72,108)
E. Gross closing balance	**124,729**	**-**	**-**	**45,838**	**-**	**170,567**
F. Measurement at cost	89,602	-	-	8,857	-	98,459

12.3 Other information

The useful life of software, considered for the calculation of amortisation is 3 years, while the useful life of property, plant and equipment, for the calculation of depreciation, is 5 years. Reference should be made to section 12 of the income statement for a description of the methods used to calculate amortisation and depreciation.

As at 31 December 2011 the Bank had contractual commitments to purchase intangible assets amounting to € 177 thousand.

Other information - Goodwill

It is worth underlining that all the goodwill relates to acquisitions of business divisions or companies carrying out trading activities or the management of personal financial advisers. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is no longer possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank's overall income. The cash generating unit (CGU) is the Bank as a whole.

In fact, the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisers and the trading and banking platform, does not account costs/revenues by allocating them to the business units; the personal financial advisers network is an integral part of the overall offer, which includes banking and trading services.

Note that impairment testing is conducted by UniCredit S.p.A. through the calculation of the value in use of the cash generation unit (CGU) and includes both intangible assets with an indefinite useful life (goodwill) and intangible assets with a defined useful life (core deposits and customer relationships) where the loss indicators envisaged by the standard apply, retaining that core deposits and customer relationships cannot undergo independent impairment testing as the same do not generate cash flows separate to those of other assets.

The Board of Directors of UniCredit S.p.A. has approved impairment testing based on estimates of cash flows and on further assumptions drawn up by Management.

In order to calculate the value in use of intangible assets subject to impairment testing, IAS 36 requires that reference be made to cash flows relating to the assets in their present condition as at the test date.
For impairment testing, the value in use of the so-called cash generation unit (CGU) to which the intangible assets are allocated, must be calculated considering the cash flows of all of the assets and liabilities included in the CGU and not only those for which goodwill and/or the intangible asset was recognised on application of IFRS 3.

As envisaged by IAS 36, impairment testing of intangible assets with an indefinite useful life must be carried out at least once a year and, in any event, every time there is objective evidence of events that may have reduced its value.
The recoverable value is the higher of the value in use (present value of the future cash flows that can be generated by the asset under evaluation) and the relative fair value net of selling costs.

The recoverable value of intangible assets subject to impairment testing must be determined for individual assets unless both of the following conditions are fulfilled:
• the value in use of the asset is not estimated to be close to the fair value net of selling costs;
• the asset does not generate incoming cash flows that are largely independent to those generated by other assets.

Estimating flows to calculate the value in use of the CGU
The main reference accounting standards require that impairment testing is conducted by comparing the book value to the recoverable value. Where the latter is lower than the book value, a value adjustment must be recorded in the financial statements. The recoverable value is the higher of an asset's fair value (net of costs to sell) and its value in use.

The recoverable value of the CGU is represented by the value in use, calculated on the basis of future cash flows.

The calculation of the value in use for the purposes of impairment testing is made using a discounted cash flow (DCF) model. Said cash flows are determined by subtracting the annual capital requirement generated by the change in the risk-weighted assets from net profit. The capital requirement is calculated considering the level of capitalisation that the unit intends to reach in the long-term.
The Discounted Cash Flow model used is based on three stages:
• first period from 2012 to 2015 in which the most recent internal estimates approved by management are considered (actual, budget and plan figures);
• interim period between 2016 and 2021, for which forecasts of cash flows are extrapolated by applying decreasing growth rates up to those of the terminal value from the last explicit forecast period (2015), applying a maximum income threshold equal to the ratio between net profit and RWA recorded in 2015;
• "terminal value", calculated starting from the expected cash flow in 2021, which represents the CGU's ability to generate further future cash flows. On the basis of the method adopted, the terminal value is calculated as the value of a perpetual income estimated on the basis of an economically sustainable normalised cash flow and which is consistent with the constant or decreasing long-term growth rate ("g") as required by IAS/IFRS accounting standards.

Discounting rates of cash flows
The value in use is calculated by discounting cash flows at a rate that considers current market rates and the specific risks of the asset.

More specifically, the cost of capital for the company is the sum of the following:
• risk-free rate: average 5-year swap rate of the Eurozone of the past 6 years. A time horizon of 6 years has been chosen to take into account the average length of the economic cycle in the Eurozone;
• debt risk premium: Average Credit Default Swap paid by UniCredit in the past 6 years;
• equity risk premium: determined with the option based model and based on the volatility of UniCredit shares over the past 6 years. For the business segments, the average volatility of the past 6 years of banks operating predominantly in the same segment was used, also considering market reports with analyses of "sum of the parts" published by analysts and the benefit of diversification.

The cost of capital as defined above converges linearly with the Terminal Value cost of capital over the 10 year period envisaged by the model.

The results of impairment testing
For the purpose of impairment testing, the book value was compared to the value in use calculated using the above-illustrated method. The result of the test conducted as at 31 December 2011 confirms the sustainability of goodwill.

Part B - Information on the Balance Sheet - Assets (Continued)

Section 13 - Tax Assets and Tax Liabilities - Asset item 130 and liability item 80

General aspects

The item “Tax assets” amounting to € 46,018 thousand comprises:
- “Prepaid tax assets” of € 40,737 thousand recognised as a balancing entry in the income statement;
- “Prepaid tax assets” of € 1,766 thousand as the balancing entry of Shareholders’ equity, mainly associated with the loss resulting from the assignment of non-performing receivables to Aspra Finance S.p.A., recorded in a negative reserve under shareholders’ equity;
- “Current tax assets” of € 3,515 thousand.

The item “Tax liabilities” amounting to € 58,736 thousand comprises:
- “Current tax liabilities” of € 40,876 thousand;
- “Deferred tax liabilities” of € 17,787 thousand recognised as a balancing entry in the income statement; - “Deferred tax liabilities” of € 73 thousand recognised as a balancing entry of shareholders’ equity.

The calculation of the aforementioned asset and liability items was affected by the impact of the adoption of “national tax consolidation” and the application of IAS/IFRS.

National tax consolidation

For the three-year period 2010-2012, FinecoBank, in its capacity as consolidated company, was subject to what is known as “national tax consolidation”, as established by Italian Legislative Decree no. 344 of 12 December 2003, which was carried out by the Parent Bank, UniCredit S.p.A..

Prepaid/deferred tax assets/liabilities

In accordance with the law and regulations currently in force note that:
- the valuation of prepaid taxes for IRES purposes takes into account the expected income figures for future years, according to the provisions established by competent company bodies;
- the valuation of prepaid taxes for IRAP purposes takes place on the basis of the company’s expected income figures for future years, and takes into account changes in the legal context;
- deferred taxes are recognized whenever the relevant requirements are satisfied.

Deferred/prepaid tax assets and liabilities were determined assuming an IRES rate of 27.5% and an IRAP rate of 5.57%.

For more detailed information concerning “Prepaid tax assets”, reference should be made to the contents of sections 13.1, 13.3 and 13.5 below. For similar information concerning “Deferred tax assets”, reference should be made to the contents of sections 13.2, 13.4 and 13.6 below.

13.1 Prepaid tax assets: breakdown

ASSET/AMOUNT	12.31.2011	12.31.2010
Allocations through equity	37,759	38,026
Allocations through equity	1,766	1,456
Impairment losses on loans (of which for purposes of Law 214/2011)	2,978	2,955
Total	**42,503**	**42,437**

13.2 Deferred tax liabilities: breakdown

ASSET/AMOUNT	12.31.2011	12.31.2010
Property, plant and equipment / intangible assets	17,787	16,539
Other financial instruments /assets/ liabilities	73	-
Total	**17,860**	**16,539**

13.3 Changes in prepaid taxes (balancing entry in income statement)

	12.31.2011	12.31.2010
1. Opening balance	**40,981**	**40,080**
2. Increases		
2.1 Prepaid taxes charged in the year	7,720	7,605
a) relating to prior financial years	-	
b) due to changes in accounting policies	-	-
c) writebacks	-	-
d) other	7,720	7,605
2.2 New taxes or increases in tax rates	123	-
2.3 Other increases	-	-
3. Decreases		
3.1 Prepaid taxes cancelled in the year	(7,037)	(6,003)
a) reversals	(7,037)	(6,003)
b) writedowns due to irrecoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(1,050)	(701)
4. Closing balance	**40,737**	**40,981**

Increases in prepaid taxes recorded in the financial year recorded as a balancing item of the income statement refer to the following main items: - allocations to provisions for risks and charges;
- provisions for reward schemes;
- future personnel costs.

Decreases in prepaid taxes recorded in the financial year as a balancing item of the income statement refer to the following main items: - tax recovery for deferred expenses;
- use of provisions for future personnel costs;
- use of provisions for risks and charges.

13.4 Changes in deferred taxes (balancing entry in income statement)

	12.31.2011	12.31.2010
1. Opening balance	**16,539**	**15,517**
2. Increases		
2.1 Deferred taxes charged in the year	1,470	1,470
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	1,470	1,470
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred taxes cancelled in the year	(45)	(405)
a) reversals	(45)	(405)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(177)	(43)
4. Closing balance	**17,787**	**16,539**

Increases in deferred taxes recorded in the financial year as a balancing item of the income statement refer to the recognition of deferred taxes resulting from the accounting and tax treatment of goodwill.
Decreases in deferred taxes recorded in the financial year as a balancing item of the income statement refer mainly to the tax recovery of amortisation.

Part B - Information on the Balance Sheet - Assets (Continued)

13.5 Changes in prepaid taxes (balancing entry in shareholders' equity)

	12.31.2011	12.31.2010
1. Opening balance	**1,456**	**1,465**
2. Increases		
2.1 Deferred taxes charged in the year	383	15
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	383	15
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred taxes cancelled in the year	(73)	(24)
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	(73)	(24)
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,766**	**1,456**

Increases in prepaid taxes recorded in the financial year as a balancing item of the balance sheet refer to the recognition of prepaid tax resulting from the fair value valuation of debt securities classified as "Available-for-sale financial assets".

13.6 Changes in deferred taxes (balancing entry in shareholders' equity)

	12.31.2011	12.31.2010
1. Opening balance	**-**	**2**
2. Increases		
2.1 Deferred taxes charged in the year	73	-
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	73	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	
3. Decreases		
3.1 Deferred taxes cancelled in the year	-	(2)
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	(2)
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**73**	**-**

Increases in deferred taxes recorded in the financial year as a balancing item of the balance sheet refer to the recognition of deferred tax resulting from the fair value valuation of debt securities classified as "Available-for-sale financial assets".

13.7 Other information

No information to report.

Section 14 - Non-current assets and discontinued operations and associated liabilities - Assets item 140 and liabilities item 90

14.1 Non-current assets and discontinued operations: breakdown by type of asset

	12.31.2011	12.31.2010
A. Individual assets		
A.1 Equity investments	-	-
A.2 Property, plant and equipment	145	145
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	**145**	**145**
B. Groups of assets (operating units sold)		
B.1 Financial assets held for trading	-	-
B.2 Financial assets measured at fair value	-	-
B.3 Available-for-sale financial assets	-	-
B.4 Financial assets held to maturity	-	-
B.5 Receivables from banks	-	-
B.6 Receivables from customers	-	-
B.7 Equity investments	-	-
B.8 Property, plant and equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
C. Liabilities associated with non-current assets and discontinued operations		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities associated with non-current assets and discontinued operations		
D.1 Payables to banks	-	-
D.2 Payables to customers	-	-
D.3 Securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities measured at fair value	-	-
D.6 Funds	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**

14.2 Other information

No information to report.

14.3 Information on equity investments in companies subject to significant influence not valued according to the equity method

No information to report.

Part B - Information on the Balance Sheet - Assets (Continued)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

	12.31.2011	12.31.2010
Items in transit not allocated to relevant accounts	15	5
Items under construction:		
- notes, cheques and other documents	15,370	12,089
- POS and ATM cards	348	375
- other items in processing	1	68
Current receivables not related		
to the provision of financial services	3,204	6,188
Definitive items not recognised under other items:		
- securities and coupons to be settled	6,408	5,292
- fees to be charged to customers	1,028	1,201
- amounts to be settled via clearing houses	5,525	2,909
- other transactions	18,949	18,054
Tax items other than those recognised under item 140:		
- tax advances	96,392	99,550
- tax credit	594	594
- tax advances on employee severance indemnities	20	14
Receivables due to disputed items not deriving from lending	119	159
Prepayments	9,888	17,663
Improvement and incremental expenses incurred on leasehold assets	11,131	11,772
Total	**168,992**	**175,933**

Part B - Information on the Balance sheet - Liabilities

Liabilities

Section 1 - Deposit from banks - Item 10

1.1 Deposits from banks: breakdown by category

	12.31.2011	12.31.2010
1. Deposit from central banks	**-**	**-**
2. Deposit from banks		
2.1 Current accounts and demand deposits	14,834	157,530
2.2 Time deposits Savings accounts	200,054	173,579
2.3 Loans		
2.3.1 Repos	983,132	93,339
2.3.2 Other	-	-
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	44	13
Total	**1,198,064**	**424,461**
Fair value	**1,198,064**	**424,461**

1.2 Breakdown of item 10 "Payables to banks": subordinated debts
No data to report.

1.3 Breakdown of item 10 "Payables to banks": structured debts
No data to report.

1.4 Payables to banks: payables subject to micro-hedging
No data to report.

1.5 Payables on finance leases
No data to report.

Section 2 - Deposit from customers - Item 20

2.1 Deposits from customers: breakdown by category

	12.31.2011	12.31.2010
1. Current accounts and demand deposits	8,822,354	9,225,503
2. Time deposits	789,846	-
3. Loans		
3.1 Repos	1,048,058	729,044
3.2 Other	-	117,538
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	41,774	35,147
Total	**10,702,032**	**10,107,232**
Fair value	**10,702,032**	**10,107,232**

2.2 Breakdown of item 20 "Payables to customers": subordinated debts
No data to report.

2.3 Breakdown of item 20 "Payables to customers": structured debts
No data to report.

2.4 Payables to customers: payables subject to micro-hedging
No data to report.

2.5 Payables on finance leases
No data to report.

Part B - Information on the Balance Sheet - Liabilities (CONTINUED)

Section 3 - Debt securities in issue - Item 30

3.1. Securities in issue: breakdown by category

TYPE OF TRANSACTION/ AMOUNT	12.31.2011				12.31.2010			
	BOOK VALUE	FV			BOOK VALUE	FV		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds								
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	4,577,286	-	3,756,365	-	-	-	-	-
2. Other securities								
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**4,577,286**	**-**	**3,756,365**	**-**	**-**	**-**	**-**	**-**

In 2011, FinecoBank issued bond loans on equal terms for a total of € 4,500,000 thousand and $ 100,000 thousand, € 77,286 as at 31 December 2011, which were entirely subscribed by the Parent company UniCredit S.p.A..

3.2 Breakdown of item 30 "Debt securities in issue": subordinated securities
No data to report.

3.3. Securities in issue subject to micro-hedging
No data to report.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by category

TYPE OF TRANSACTION/ AMOUNT	12.31.2011					12.31.2010				
		FV					FV			
	NV	L1	L2	L3	FV*	NV	L1	L2	L3	FV*
A. On-balance sheet liabilities										
1. Deposit from banks	-	1	-	-	1	62	4	55	-	59
2. Deposit from customers	1,030	-	-	-	-	955	48	-	-	48
3. Debt securities										
3.1 Bonds										
3.1.1 Structured	-	-	-	-		-	-	-	-	
3.1.2 Other bonds	-	-	-	-		-	-	-	-	
3.2 Other securities										
3.2.1 Structured	-	-	-	-		-	-	-	-	
3.2.2 Other	-	-	-	-		-	-	-	-	
Total A	**1,030**	**1**	**-**	**-**	**1**	**1,017**	**52**	**55**	**-**	**107**
B. Derivative instruments										
1. Financial derivatives										
1.1 Trading derivatives		1,341	2,288	-			3,259	3,351	1	
1.2 Related to the fair value option		-	-	-			-	-	-	
1.3 Other		-	-	-			-	-	-	
2. Credit derivatives										
2.1 Trading		-	-	-			-	-	-	
2.2 Related to the fair value option		-	-	-			-	-	-	
2.3 Other		-	-	-			-	-	-	
Total B		**1,341**	**2,288**	**-**			**3,259**	**3,351**	**1**	
Total (A+B)	**1,030**	**1,342**	**2,288**	**-**	**1**	**1,017**	**3,311**	**3,406**	**1**	**107**

FV = fair value
FV* = Fair value calculated by excluding the changes in value due to the change in the issuer's credit rating since the issue date
NV = nominal or notional value
L1 = Level 1 - L2 = Level 2 - L3 = Level 3

4.2 Item 40 “Financial liabilities held for trading”: subordinated liabilities
No data to report.

4.3 Item 40 “Financial liabilities held for trading”: structured debts
No data to report.

4.4 Financial cash liabilities (excluding “technical overdrafts”) held for trading: changes over the year
No data to report.

Section 5 - Financial liabilities measured at fair value - Item 50
FinecoBank has not booked any financial liabilities under the item “Financial liabilities measured at fair value”.

Section 6 - Hedge derivatives - Item 60

6.1 Hedge derivatives: breakdown by type of hedge and by hierarchical level

	FAIR VALUE 12.31.2011			NV	FAIR VALUE 12.31.2010			NV
ITEM/AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	12.31.2011	LEVEL 1	LEVEL 2	LEVEL 3	12.31.2010
A. Financial derivatives								
1) Fair value	-	370,770	-	6,156,955	-	79,943	-	3,196,721
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in Foreigns	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**370,770**	**-**	**6,156,955**	**-**	**79,943**	**-**	**3,196,721**

6.2 Hedge derivatives: breakdown by portfolios hedged and by type of hedge
As at December 31, 2011

	FAIR VALUE						CASH FLOWS		
	MICRO								
TRANSACTION/ TYPE OF HEDGE	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS	MACRO	MICRO	MACRO	FOREIGN INVESTMENTS
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-	-
2. Receivables	-	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-	46,209			
5. Other transactions	-	-	-	-	-	-	-	-	
Total assets	**-**	**-**	**-**	**-**	**-**	**46,209**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-		324,561		-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**324,561**	**-**	**-**	**-**
1. Planned transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

Part B - Information on the Balance Sheet - Liabilities (CONTINUED)

As at December 31, 2010

TRANSACTION/ TYPE OF HEDGE	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO					MACRO	MICRO	MACRO	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS				
1. Available-for-sale financial assets	-	-	-	-	-	-	-	-	-
2. Receivables	-	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-
4. Portfolio	-	-	-	-	-	79,943			
5. Other transactions	-	-	-	-	-	-	-	-	
Total assets	**-**	**-**	**-**	**-**	**-**	**79,943**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-		
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Planned transactions	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-

Section 7 - Adjustments to the value of financial liabilities subject to macro-hedging - Item 70

7.1 Adjustments to the value of hedged financial liabilities

ADJUSTMENTS TO THE VALUE OF HEDGED LIABILITIES/AMOUNT	12.31.2011	12.31.2010
1. Upward adjustment of financial liabilities	13,367	-
2. Downward adjustment of financial liabilities	(308,713)	-
Total	**(295,346)**	**-**

7.2 Financial liabilities subject to macro-hedging against interest rate risk: breakdown

HEDGED LIABILITIES	12.31.2011	12.31.2010
1. Securities in issue	4,577,286	-
Total	**4,577,286**	**-**

Liabilities subject to macro-hedging against interest rate risk are represented by debt securities issued by FinecoBank. The value indicated corresponds to the residual contractual debt on the date of the financial statements.

Section 8 - Tax liabilities - Item 80

See section 13 of the balance sheet - assets.

Section 9 - Liabilities associated with discontinued operations - Item 90

See section 14 of the balance sheet - assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

	12.31.2011	12.31.2010
Accrued expenses other than those to be capitalised for the financial liabilities concerned	152	97
Other liabilities relative to employees	13,069	11,795
Other liabilities relative to other personnel	-	298
Other liabilities relative to Directors and Statutory Auditors	142	-
Sums available to be paid to customers	563	473
Items in processing :		
- incoming bank transfers	8,357	5,479
- outgoing bank transfers	37,869	22,605
- POS and ATM cards	3,744	19
- other items in processing	4,172	1,578
Current payables not related to the provision of financial services	17,837	33,010
Definitive items not recognised under other items:		
- securities and coupons to be settled	9,221	4,102
- other items	20,848	8,079
Adjustments for illiquid portfolio items	3,377	2,844
Tax items other than those recognised under item 80:		
- sums withheld from third parties as withholding agent	29,209	14,789
- other	30,311	26,948
Social security contributions to be paid	4,111	4,186
Total	**182,982**	**136,302**

Section 11 - Employee severance fund - Item 110

11.1 Employee severance fund: changes over the year

	12.31.2011	12.31.2010
A. Opening balance	**3,194**	**3,321**
B. Increases		
B.1 Allocations during the year	178	180
B.2 Other increases	328	163
C. Decreases		
C.1 Payments made	(70)	(402)
C.2 Other decreases	(494)	(68)
D. Closing balance	**3,136**	**3,194**

The economic impact of 2011, shown under item B.1 “Allocations during the year” amounting to a total of € 178 thousand, includes the “Interest Cost” (financial charges or interest accrued over the year on the obligation) of € 159 thousand, the Recognition of Net Loss of € 4 thousand and substitute tax of 11% accrued on the employee severance fund of € 15 thousand.
Increases and decreases mainly regard infragroup transactions.

11.2 Other information

The Employee severance fund covers the amount of the rights matured in that respect up to 31 December 2011 by employees, in accordance with current legal regulations as well as national collective bargaining agreements and supplementary company agreements.
The financial year under review was characterised by:

1) normal events relating to the employee severance fund (increases, payments for termination of employment, advances for reasons permitted by the law, amounts transferred to supplementary pension funds and to INPS managed fund) in accordance with legal provisions and company agreements in force;
2) changes associated with employment contracts pursuant to art. 1406 and following of the Civil Code dealing with individual mobility within the Group.

In 2007, the new supplementary pension reform pursuant to Legislative Decree no. 252/2005 became effective and, as a result the amounts accrued up to 31 December 2006 were kept with the company, whilst the amounts of employee severance fund accruing as of 1 January 2007 were transferred to the supplementary pension fund that is the INPS Treasury fund if the employee so opted (within 30 June 2007).

Part B - Information on the Balance Sheet - Liabilities (CONTINUED)

The result is that:

- the employee severance fund accrued up to 31 December 2006 (or until the date of the option - falling between 1 January 2007 and 30 June 2007 - made by the employee if the latter decided to transfer his employee severance fund to a Supplementary pension fund) continues to be a "defined-benefit" plan and hence subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises;
- the amounts matured from 1 January 2007 (or from the date of the option - falling between 1 January 2007 and 30 June 2007 - by the employee if the latter decided to transfer his employee severance fund to a Supplementary pension fund), were considered as a "defined-benefit" plan (as the company's liability ceases at the time it pays the employee severance fund matured to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund that is the INPS Treasury fund.

As at 31 December 2011, the employee severance fund recalculated in accordance with IAS 19 represented a liability of € 3,136 thousand.
The table below shows the reconciliation of the present value of the employee severance fund (calculated by an independent actuary appointed by the Parent Bank UniCredit S.p.A. for that specific purpose) and the related liability stated in the financial statements, as well as the main actuarial assumptions used.

Reconciliation of the present value of the employee severance fund and the related liability stated in the financial statements

Present value of the defined benefit plan - TFR	3,289
Actuarial profits (losses) not recognised	(153)
Net liability	**3,136**

Description of the main actuarial assumptions

Discounting rate	4.50%
Expected inflation rate	2.00%

Section 12 - Provisions for risks and charges - Item 120

12.1 - Provisions for risks and charges: breakdown

	12.31.2011	12.31.2010
1. Pensions and other post-retirement benefit obligations Company pension funds	-	-
2. Other provisions for risks and charges		
2.1 legal disputes	50,569	47,711
2.2 staff expenses	-	-
2.3 other	47,792	50,161
Total	**98,361**	**97,872**

The other provisions for risks and charges under point 2.3 includes the supplementary customer indemnity provision amounting to € 32,856 thousand, € 29,827 thousand as at 31 December 2010.

12.2 Provisions for risks and charges: changes over the year

Pension funds

No data to report.

Other provisions

	12.31.2011	12.31.2010
A. Opening balance	**97,872**	**85,655**
B. Increases		
B.1 Allocations during the year	18,362	19,120
B.2 Changes due to the passage of time	848	534
B.3 Changes due to variations in the discount rate	-	32
B.4 Other increases	-	3,000
C. Decreases		
C.1 Amounts used in the year	(18,317)	(10,469)
C.2 Changes due to variations in the discount rate	(404)	-
C.3 Other decreases	-	-
D. Closing balance	**98,361**	**97,872**

Net provisions for the year include € 1,425 thousand recorded under Other administrative expenses.

12.3 Defined-benefit company pension funds

No data to report.

12.4 Provisions for risks and charges - other provisions

PROVISIONS FOR RISKS AND CHARGES	12.31.2010	UTILISATIONS 2011	EFFECT OF DISCOUNTING	NET ALLOCATIONS 2011*	12.31.2011
Legal disputes					
- Pending proceedings	47,711	(10,344)	128	13,074	50,569
Other					
- supplementary customer indemnity provision	29,827	(302)	-	3,331	32,856
- other provisions	20,334	(7,671)	-	2,273	14,936
Total provisions for risks and charges	**97,872**	**(18,317)**	**128**	**18,678**	**98,361**

The column “Effects of discounting” includes the variations due to the change in the discount rate, the passage of time and the change in the payment timeline.

* Net provisions for the year include € 1,425 thousand recorded under Other administrative expenses.

Section 13 - Redeemable shares - Item 140

13.1 Redeemable shares: breakdown

No data to report.

Section 14 - Bank’s shareholders’ equity - Items 130, 150, 160, 170, 180, 190 and 200

14.1 “Share capital” and “Treasury shares”: breakdown

Share capital amounts to € 200,070,430.89, and is comprised of 606,274,033 authorised and fully paid up ordinary shares with a nominal value of € 0.33. The Bank does not hold any of its own shares in the portfolio.

ITEMS/AMOUNTS	12.31.2011	12.31.2010
1. Share capital	200,070	200,070
2. Share premiums	1,934	1,934
3. Reserves		
- Legal reserve	19,389	16,795
- Extraordinary reserve	93,727	93,342
- Other reserves	-	-
4. (Treasury shares)	-	-
5. Revaluation reserves	(644)	(33)
6. Equity instruments	-	-
7. Net Profit (Loss) for the year	62,764	51,881
Total	**377,240**	**363,989**

Part B - Information on the Balance Sheet - Liabilities (Continued)

14.2 Share capital - Number of shares: changes over the year

ITEM/TYPE	12.31.2011 ORDINARY	OTHER
A. Shares outstanding at the beginning of the period		
- fully paid	606,274,033	-
- not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 SShares outstanding opening balance	**606,274,033**	**-**
B. Increases		
B.1 New issues		
- against payment :		
- business combination	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	-	-
- free		
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases		
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business transfer	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**606,274,033**	**-**
D.1 Treasury shares (+)		-
D.2 Shares outstanding asat the end of the period	-	-
- fully paid	606,274,033	-
- not fully paid	-	-

14.3 Share capital: other information

Ordinary shares have a nominal value of € 0.33.
The Bank does not hold any of its own shares in the portfolio. The shares are not subject to any right, privilege or constraint; there are no shares reserved for issue under option and sales contracts.

14.4 Reserves of profit: other information

Reserves are represented by the Legal reserve, amounting to € 19,389 thousand, and the Extraordinary reserve, amounting to € 93,727 thousand.

Information on the availability and distribution of shareholders' equity

Following the modification of article 2427 of the Italian Civil Code, due to the effect of the new provisions of Legislative Decree no. 6 of 17 January 2003, and in accordance with document no. 1 issued on 25 October 2004 by the Italian Accounting Board, the following table provides an analytical description of the individual items of shareholders' equity, including their availability, distribution, and any utilization during the past three years. Note that the summary of utilizations does not include the reduction in reserves made to cover the negative reserves present in the balance sheet.

TYPE/DESCRIPTION	AMOUNT	POSSIBLE USE	AVAILABLE FOR DISTRIBUTION	SUMMARY OF THE AMOUNTS USED IN THE PAST THREE YEARS	
				TO COVER LOSSES	FOR OTHER REASONS
Share capital	**200,070**	**-**	**-**	**-**	**-**
Share capital reserve:					
Share premiums	1,934	A, B, C	-(1)	-	-
Retained earnings:		**-**			
Legal reserve	19,389	B	-	-	-
Extraordinary reserve	93,727	A, B, C	93,727(2)	-	-
Valuation reserves:					
Valuation reserves for available-for-sale financial assets	(644)	D	-	-	-
TOTAL	**314,476**		**93,727**	**-**	**-**
Undistributable share					
Distributable balance			93,727	-	-

Key:
A: for capital increase.
B: to cover losses.
C: for distribution to shareholders.
D: availability and distribution limit prescribed by art. 6 of Legislative Decree no. 38/2005.

Notes:
(1) Pursuant to article 2431 of the Italian Civil Code, the sum total of said reserve may be distributed only on condition that the legal reserve has reached the limit set out under article 2430 of the Italian Civil Code.
(2) It cannot be distributed until the book value of intangible assets, art. 2426 no. 5 of the Italian Civil Code. has been covered.

14.5 Equity instruments: breakdown and changes over the year

No data to report.

14.6 Other information

No data to report.

Section 15 - Other information

1. Guarantees given and commitments

TRANSACTIONS	12.31.2011	12.31.2010
1) Financial guarantees given		
a) Banks	40,468	40,549
b) Customers	-	-
2) Commercial guarantees given		
a) Banks	65	-
b) Customers	581	594
3) Irrevocable commitments to lend funds		
a) Banks		
i) certain to be called on	192	175
ii) not certain to be called on	-	-
b) Customers		
i) certain to be called on	140,324	304,856
ii) not certain to be called on	-	32
4) Commitments underlying credit derivatives:		
protection sales	-	-
5) Assets given as collateral		
for third-party obligations	-	-
6) Other commitments	-	-
Total	**181,630**	**346,206**

Part B - Information on the Balance Sheet - Liabilities (Continued)

2. Assets given as collateral for own liabilities and commitments

PORTFOLIOS	12.31.2011	12.31.2010
1. Financial assets held for trading	-	-
2. Financial assets at fair value through profit or loss	-	-
3. Available-for-sale financial assets	-	-
4. Held-to-maturity investments	-	-
5. Loans and receivables with banks	998,532	624,570
6. Loans and receivables with customers	-	-
7. Property, plant and equipment	-	-
Total	**998,532**	**624,570**

With regard to financing transactions secured by securities not recorded under assets in the balance sheet, note that, as at 31 December 2011, the Bank had active securities lending transactions guaranteed by cash amounts recorded in the loans portfolio (item 60 Receivables from banks and item 70 Receivables from customers) with a book value of € 91,084 thousand and securities lending transactions not guaranteed by cash amounts totalling € 974,975 thousand. The nominal value of the securities not recorded in the assets underlying the above-cited securities lending transactions total € 1,079,864 thousand, of which € 1,079,001 thousand is used to guarantee securities borrowing transactions guaranteed by cash amounts.

	TYPE OF SECURITIES (NOMINAL VALUE AT 31 DECEMBER 2011)		
SECURITIES RECEIVED ON LOAN FROM:	GOVERNMENT BONDS	BANK	OTHER SECURITIES
Banks	-	-	-
Financial intermediaries	-	-	-
Insurance companies	-	-	-
Retail customers	882,664	34,748	115,652
Other entities	46,336	110	354
Total nominal value	**929,000**	**34,858**	**116,006**

SECURITIES RECEIVED ON LOAN USED FOR:	NOMINAL VALUE 12.31.2011
Repurchase agreements	1,079,001
Granted as collateral	-
of which: Eurosystem loans	-
- other	-
Total nominal value	**1,079,001**

	TYPE OF SECURITIES (NOMINAL VALUE AT 31 DECEMBER 2011)		
SECURITIES LOANED THROUGH REPURCHASE AGREEMENTS TO:	GOVERNMENT BONDS	BANK	OTHER SECURITIES
Banks	929,000	29,986	79,265
Financial intermediaries	-	4,872	30,439
Insurance companies	-	-	-
Other entities	-	-	5,439
Total nominal value	**929,000**	**34,858**	**115,143**

Furthermore, not that the Bank has committed debt securities issued by the Italian Central Administration and the German Central Administration classified in the Available-for-sale financial assets portfolio, with a book value of € 47,370 thousand, as collateral for bankers' drafts or guarantees with third parties.

FinecoBank has been conducting securities lending transactions on a continuous and systematic basis since 2001, with the objective of optimising the returns of customer portfolios, satisfying the requests of institutional counterparties and obtaining a profit for the Bank.
FinecoBank operates as the borrower, borrowing the securities of its customers and using them in reverse repurchase agreements with retail and institutional customers interested in the temporary ownership of the securities.

FinecoBank has also deposited debt securities in a dedicated portfolio held at the Custodian bank, representing an amount higher than that of the securities borrowed from customers, in order to provide a collective guarantee.

3. Information on operating leases

FinecoBank has signed a number of operating lease contracts relating to electronic machine rentals. Future lease instalments amount to:
- € 3,284 thousand within one year;
- € 1,655 thousand from one to five years.

No subleasing transactions were undertaken.

4. Administration and brokerage for third parties

TYPE OF SERVICE	12.31.2011	12.31.2010
1. Execution of orders for customers		
Securities		
a) Purchases		
1. Settled	81,106,555	109,896,438
2. Unsettled	452,768	1,009,636
b) Sales		
1. Settled	79,183,015	109,106,303
2. Unsettled	445,748	959,987
Derivative contracts		
a) Purchases		
1. Settled	101,673,437	100,556,788
2. Unsettled	123,769	2,980
b) Sales		
1. Settled	101,653,795	100,504,458
2. Unsettled	132,690	2,832
2. Portfolio management		
a) individual	-	-
b) collective	-	-
3. Custody and administration of securities		
a) third-party securities deposited: associated with the role of custodian bank (excluding portfolio management)		
1. securities issued by the bank drawing up the F/S	-	-
2. other securities	-	-
b) third-party securities deposited: (excluding discretionary accounts): other	10,436,599	9,212,048
1. securities issued by the bank drawing up the F/S	-	-
2. other securities	10,436,599	9,212,048
c) third-party securities deposited with third parties	10,436,599	9,212,048
d) own securities deposited with third parties	6,100,251	3,141,203
4. Other transactions		
Order receipt and transmission		
a) Purchases	2,686,254	-
b) Sales	2,594,599	-

Part C - Income Statement

Part C - Income Statement

(Amounts in Euro/000)

Section 1 - Interest Income and expense - Items 10 and 20

1.1 Interest income and similar revenues: breakdown
As at December 31, 2011

ITEM/TECHNICAL FORM	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL
1. Financial assets held for trading	321	-	-	321
2. Available-for-sale financial assets	716	-	-	716
3. Held-to-maturity investment	-	-	-	-
4. Loans and receivables with banks	67,135	173,894	-	241,029
5. Loans and receivables with customers	-	32,681	-	32,681
6. Financial assets at fair value through profit or loss	6	-	-	6
7. Hedging derivatives	-	-	-	-
8. Other assets	-	-	27	27
Total interest income	**68,178**	**206,575**	**27**	**274,780**

As at December 31, 2010

ITEM/TECHNICAL FORM	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL
1. Financial assets held for trading	348	-	-	348
2. Available-for-sale financial assets	73	-	-	73
3. Financial assets held to maturity	-	-	-	-
4. Receivables from banks	65,371	84,663	-	150,034
5. Receivables from customers	-	33,930	-	33,930
6. Financial assets measured at fair value	-	-	-	-
7. Hedge derivatives	-	-	-	-
8. Other assets	-	-	45	45
Total interest income	**65,792**	**118,593**	**45**	**184,430**

1.2 Interest income and similar income: differentials relating to hedging transactions
This table has been omitted as the balance of differentials relating to hedging transactions is negative.

1.3 Interest income and similar income: other information
No information to report.

1.3.1 Interest income on foreign currency financial assets

EM/TECHNICAL FORM	12.31.2011	12.31.2010
Interest income on foreign currency financial assets	4,532	2,347

1.3.2 Interest income on finance lease transactions
No data to report.

1.4 Interest expense and similar expense: breakdown
As at December 31, 2011

ITEM/TECHNICAL FORM	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL
1. Deposits from central banks	-	-	-	-
2. Deposits from banks	(9,989)	-	-	(9,989)
3. Deposits from customers	(105,625)	-	-	(105,625)
4. Debt securities in issue	-	(6,019)	-	(6,019)
5. Financial liabilities held for trading	-	-	-	-
6. Financial liabilities at fair value through profit and losses	-	-	-	-
7. Other liabilities and provisions	-	-	(15)	(15)
8. Hedge derivatives	-	-	(19,529)	(19,529)
Total	**(115,614)**	**(6,019)**	**(19,544)**	**(141,177)**

As at December 31, 2010

ITEM/TECHNICAL FORM	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL
1. Deposits from central banks	-	-	-	-
2. Deposits from banks	(4,369)	-	-	(4,369)
3. Deposits from customers	(57,683)	-	-	(57,683)
4. Debt securities in issue	-	-	-	-
5. Financial liabilities held for trading	-	-	-	-
6. Financial liabilities at fair value through profit and losses	-	-	-	-
7. Other liabilities and provisions	-	-	(41)	(41)
8. Hedge derivatives	-	-	(22,616)	(22,616)
Total	**(62,052)**	**-**	**(22,657)**	**(84,709)**

1.5 Interest expense and similar expense: differentials relating to hedging transactions

ITEM/AMOUNT	12.31.2011	12.31.2010
A. Positive differentials relating to hedging transactions	200,844	35,067
B. Negative differentials relating to hedging transactions	(220,373)	(57,683)
C. Balance (A-B)	**(19,529)**	**(22,616)**

1.6 Interest expense and similar expense: other information
No information to report.

1.6.1 Interest expense on foreign currency liabilities

ITEM/TECHNICAL FORM	12.31.2011	12.31.2010
Interest expense on foreign currency liabilities	(1,804)	(802)

1.6.2 Interest expense on finance lease liabilities
No data to report.

Part C - Income Statement (Continued)

Section 2 - Fee and commission income and expense - Items 40 and 50

2.1 Fee and commission income: breakdown

TYPE OF SERVICE/AMOUNT	12.31.2011	12.31.2010
(a) guarantees given	2	-
(b) credit derivatives	-	-
(c) management, brokerage and consulting services:		
1. Securities trading	95,038	99,193
2. currency trading	-	-
3. portfolio management		
3.1 individual	-	-
3.2 collective	-	-
4. custody and administration of securities	972	929
5. custodian bank	-	-
6. placement of securities of which commissions for maintenance of UCI placement	149,232	147,106
7. reception and transmission of order	258	-
8. advisory services		
8.1 related to investments	4,039	1,654
8.2 related to financial structure	-	-
9. distribution of third-party services:		
9.1 portfolio management :	6,007	8,433
9.1.1 individual	5,338	7,806
9.1.2 collective	669	627
9.2 insurance products	22,916	27,091
9.3 other products	911	891
(d) collection and payment services	21,443	19,945
(e) securitisation servicing	-	-
(f) factoring	-	-
(g) tax collection services	-	-
(h) management of multilateral trading systems	-	-
(i) management of current accounts	7,029	7,520
(j) other services	4,164	4,379
Total	**312,011**	**317,141**

2.2 Fee and commission income: distribution channels for products and services

CHANNEL/AMOUNT	12.31.2011	12.31.2010
(a) at own branches:		
1. portfolio management s	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
(b) cold-calling:		
1. portfolio management	6,007	8,433
2. placement of securities	95,210	89,764
3. third-party services and products	23,520	27,727
(c) other distribution channels:		
1. portfolio management	-	-
2. placement of securities	54,022	57,342
3. third-party services and products	307	255
Total	**179,066**	**183,521**

Commissions for the placement of securities through “other distribution channels” refer to commissions collected on the subscription of shares and bonds with advance subscription, UCIT units and SICAVs made directly by customers online.

2.3 Commission expense: breakdown

SERVICE/AMOUNT	12.31.2011	12.31.2010
(a) guarantees received	(31)	(34)
(b) credit derivatives	-	-
(c) management and brokerage services:		
1. securities trading	(6,659)	(6,822)
2. currency trading	(612)	(145)
3. portfolio management		
3.1 own	-	-
3.2 delegated to third parties o	-	-
4. custody and administration of securities	(3,609)	(3,827)
5. placement of financial instruments	-	-
6. cold-calling to offer securities, products and services	(126,097)	(129,742)
(d) collection and payment services	(14,833)	(14,211)
(e) other services	(362)	(687)
(f) securities lending transactions	(4,681)	-
Total	**(156,884)**	**(155,468)**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

	12.31.2011		12.31.2010	
ITEM/INCOME	DIVIDENDS	INCOME FROM	DIVIDENDS	INCOME FROM
A. Financial assets held for trading	13	-	21	-
B. Available-for-sale financial assets	-	-	8	-
C. Financial assets at fair value through profit or loss	-	-	-	-
D. Equity investments	-		-	
Total	**13**	**-**	**29**	**-**

Section 4 - Gains (losses) on financial assets and liabilities held for trading - Item 80

4.1 Gains (losses) on financial assets and liabilities held for trading : breakdown
As at December 31, 2011

TRANSACTION/INCOME ITEM	CAPITAL GAINS (A)	PROFITS FROM TRADING (B)	CAPITAL LOSSES (C)	LOSSES FROM TRADING (D)	NET PROFIT
1. Financial assets held for trading					
1.1 Debt securities	4	278	(11)	(41)	230
1.2 Equity instruments	72	141,462	(17)	(131,167)	10,350
1.3 Units in investment funds	18	8	(23)	(4)	(1)
1.4 Loans	-	-	-	-	-
1.5 Other	-	11,747	-	-	11,747
2. Financial liabilities held for trading					
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	(1)	(1)
3. Other financial assets and liabilities: exchange differences					3,430
4. Derivatives					
4.1 Financial derivatives:					
- On debt securities and interest rates	15	31	(14)	(34)	(2)
- On equity instruments and share indices	1,404	1,048	(1,335)	(727)	390
- On currencies and gold					276
- Other	-	26	-	(15)	11
4.2 Credit derivatives	-	-	-	-	-
Total	**1,513**	**154,600**	**(1,400)**	**(131,989)**	**26,430**

Part C - Income Statement (Continued)

As at December 31, 2010

TRANSACTION/INCOME ITEM	CAPITAL GAINS (A)	PROFITS FROM TRADING (B)	CAPITAL LOSSES (C)	LOSSES FROM TRADING (D)	NET PROFIT
1. Financial assets held for trading					
1.1 Debt securities	7	1,065	(626)	(108)	338
1.2 Equity instruments	8	83,835	(25)	(73,939)	9,879
1.3 Units in investment funds	1	1	-	(9)	(7)
1.4 Loans	-	-	-	-	-
1.5 Other	-	12,477	-	-	12,477
2. Financial liabilities held for trading					
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	2	6	-	(6)	2
3. Other financial assets and liabilities: exchange differences					4,286
4. Derivatives					
4.1 Financial derivatives:					
- On debt securities and interest rates	26	35	(24)	(39)	(2)
- On equity instruments and share indices	3,477	195	(3,259)	(201)	212
- On currencies and gold					136
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	**3,521**	**97,614**	**(3,934)**	**(74,302)**	**27,321**

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

INCOME ITEM/AMOUNT	12.31.2011	12.31.2010
A. Gains on to:		
A.1 Fair value hedging instruments	362,755	34,679
A.2 Hedged asset items (in fair value hedge relationship)	16,669	107
A.3 Hedged liabilities items in fair value hedge relationship)	308,714	-
A.4 Cash flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**688,138**	**34,786**
B. Losses on		
B.1 Fair value hedging instruments	(347,041)	(194)
B.2 Hedged asset items (in fair value hedge relationship)	(327,730)	(34,592)
B.3 Hedged liabilities items (in fair value hedge relationship)	(13,367)	-
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(688,138)**	**(34,786)**
C. Fair value adjustments in hedge accounting (A-B)	**-**	**-**

Section 6 - Profit (Losses) on disposals//repurchases - Item 100

6.1 Gains (Losses) on disposals/repurchase: breakdown

	12.31.2011			12.31.2010		
ITEM/INCOME ITEM	PROFIT	LOSS	NET PROFIT	PROFIT	LOSS	NET PROFIT
Financial assets						
1. Loans and receivables with banks	8	(10,768)	(10,760)	12	(1)	11
2. Loans and receivables from customers	-	-	-	-	-	-
3. Available-for-sale financial assets						
3.1 Debt securities	-	-	-	-	-	-
3.2 Equity instruments	95	-	95	443	-	443
3.3 Units in investment funds	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Held to maturity	-	-	-	-	-	-
Total assets	**103**	**(10,768)**	**(10,665)**	**455**	**(1)**	**454**
Financial liabilities						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Section 7 - Gain (losses) on financial assets and liabilities measured at fair value - Item 110

7.1 Gain (losses) on financial assets/liabilities measured at fair value: breakdown

TRANSACTION/INCOME ITEM	CAPITAL GAINS (A)	PROFITS FROM TRADING (B)	CAPITAL LOSSES (C)	LOSSES FROM TRADING (D)	NET PROFIT
1. Financial assets					
1.1 Debt securities	6	-	(1,559)	-	(1,553)
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities					
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences			-		
4. Credit and financial derivatives	-	-	-	-	
Total	**6**	**-**	**(1,559)**	**-**	**(1,553)**

Part C - Income Statement (Continued)

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown
As at December 31, 2011

TRANSACTION/ INCOME ITEM	VALUE ADJUSTMENTS (1)			WRITEBACKS (2)				TOTAL
	SPECIFIC			SPECIFIC		PORTFOLIO		
	ELIMINATIONS	OTHER	PORTFOLIO	A	B	A	B	
A. Loans and receivables with banks								
- Loans	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-
B. Loans and receivables with customers								
- Loans	(205)	(3,939)	(246)	139	1,202	-	490	(2,559)
- Debt securities	-	-	-	-	-	-	-	-
C. Total	**(205)**	**(3,939)**	**(246)**	**139**	**1,202**	**-**	**490**	**(2,559)**

As at December 31, 2010

TRANSACTION/ INCOME ITEM	VALUE ADJUSTMENTS (1)			WRITEBACKS (2)				TOTAL
	SPECIFIC			SPECIFIC		PORTFOLIO		
	ELIMINATIONS	OTHER	PORTFOLIO	A	B	A	B	
A. Loans and receivables with banks								
- Loans	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-
B. Loans and receivables with customers								
- Loans	(622)	(3,139)	(585)	135	1,359	-	1,093	(1,759)
- Debt securities	-	-	-	-	-	-	-	-
C. Total	**(622)**	**(3,139)**	**(585)**	**135**	**1,359**	**-**	**1,093**	**(1,759)**

Key
A = From interest.
B = Other writebacks.

8.2 Impairment losses on available-for-sale financial assets: breakdown
No data to report.

8.3 Impairment losses on financial assets held to maturity: breakdown
No data to report.

8.4 Impairment losses on other financial transactions: breakdown
As at December 31, 2011

TRANSACTION/ INCOME ITEM	VALUE ADJUSTMENTS (1)			WRITEBACKS (2)				TOTAL
	SPECIFIC			SPECIFIC		PORTFOLIO		
	ELIMINATIONS	OTHER	PORTFOLIO	A	B	A	B	
A. Guarantees given	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-
D. Other transactions	-	(235)	-	-	-	-	-	(235)
E. Total	**-**	**(235)**	**-**	**-**	**-**	**-**	**-**	**(235)**

Key
A = From interest.
B = Other writebacks.

Section 9 - Administrative expenses - Item 150

9.1 Payroll cost: breakdown

TYPE OF COST/AMOUNT	12.31.2011	12.31.2010
1) Employees	**(56,893)**	**(51,757)**
a) wages and salaries	(39,832)	(35,528)
b) social security contributions	(10,739)	(9,693)
c) employee severance fund	(2,445)	(2,161)
d) pension costs	-	-
e) allocation to employee severance pay provision	(178)	(180)
f) provisions for retirements and similar provision:		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:		
- defined contribution	(761)	(769)
- defined benefit	-	-
h) costs share-based payments	(487)	(145)
i) other employee benefits	(2,451)	(3,281)
2) Other staff	**(267)**	**(597)**
3) Directors and statutory auditors	**(686)**	**(664)**
4) Early retirement costs	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**192**	**567**
6) Recovery of expenses for employees seconded to the company	**(2,317)**	**(3,563)**
Total	**(59,971)**	**(56,014)**

Item h) costs resulting from payment agreements based on own equity instruments, includes costs booked to the income statement resulting from payment agreements based on own equity instruments of the Parent Bank UniCredit S.p.A..

9.2 Average number of employees by category

	12.31.2011	12.31.2010
Employees	**881**	**815**
(a) executives	21	25
(b) managers	240	230
(c) remaining employees	620	560
Other personnel	**42**	**133**

9.3 Pensions and other post-retirement defined-benefit obligations cost and revenues

No data to report.

9.4 Other employee benefits

TYPE OF EXPENSE/AMOUNT	12.31.2011	12.31.2010
Leaving incentives	(57)	(396)
Medical plan	(763)	(715)
Luncheon vouchers	(753)	(746)
Other	(878)	(1,424)
Total	**(2,451)**	**(3,281)**

Part C - Income Statement (Continued)

9.5 Other administrative expenses: breakdown

	12.31.2011	12.31.2010
Indirect taxes and duties	(30,291)	(26,952)
Registration tax	(74)	(117)
Other municipal taxes and duties	(364)	(462)
Other taxes and duties	(445)	(1,379)
Advertising, promotion and entertainment expenses		
- mass media campaigns	(10,608)	(9,398)
- marketing	(215)	(162)
- promotions	(3,323)	(7,349)
- market research	(142)	(54)
- sponsorships	(70)	(105)
- entertainment expenses	(379)	(101)
Conventions and internal communications	(33)	(54)
Fees to external experts		
- legal expenses	(25)	(192)
- technical consulting services	(377)	(202)
- other professional services	(125)	(516)
- strategic-management consulting services	-	(63)
- legal costs and notary fees	(2,780)	(2,982)
Various services provided by third parties		
- credit collection services	(241)	(1)
- personnel area services	(392)	(444)
- real estate area services	(671)	(3,386)
- administrative services	(11,365)	(11,485)
- logistic services	(346)	(255)
- ICT services	(10,338)	(10,246)
- personnel recruitment and training	(351)	(66)
- financial infoproviders	(7,633)	(7,674)
- personal financial advisers' expenses	(15,430)	(16,878)
Commercial information and company searches	(334)	(445)
Telephone, swift and data transmission expenses	(3,941)	(4,019)
Postage expenses	(2,005)	(2,003)
Rental cost of buildings leased for personnel use	(99)	(119)
Rental cost on buildings	(14,911)	(15,425)
Facility maintenance	(1,016)	(187)
Facility surveillance	(227)	(113)
Facility cleaning	(394)	(27)
Utilities	(2,128)	(1,444)
Leasing of office machinery	(110)	(105)
Leasing of ICT machinery and software	(7,084)	(8,117)
Printing and stationery	(247)	(244)
ICT printing and stationery	(75)	(88)
Various office supplies	(233)	(142)
Various ICT office supplies	(46)	(613)
Maintenance of furniture, machinery and systems	(580)	(149)
Maintenance and repair of ICT equipment	(1,230)	(1,071)
Transport of valuables and documents	(346)	(317)
Travel expenses and vehicle hire costs	(496)	(30)
Insurance companies	(2,620)	(2,384)
Charity donations	(93)	(126)
Fees, dues and contributions to trade associations	(338)	(334)
Other expenses	(505)	(1,141)
Total	**(135,076)**	**(139,166)**

Section 10 - Net provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

	12.31.2011	12.31.2010
Disputes regarding customers and PFA	(13,202)	(6,707)
Supplementary customer indemnity provision	(3,331)	(3,187)
Other provisions for risks and charges	(848)	(8,167)
Total	**(17,381)**	**(18,061)**

Section 11 - Impairment/write-backs on property, plant and equipment - Item 170

11.1 Impairment/write-backs on property, plant and equipment: breakdown
As at December 31, 2011

ASSET/INCOME COMPONENT	DEPRECIATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Property, plant and equipment				
A.1 Owned				
- Used in the business	(2,968)	(38)	-	(3,006)
- Held for investment	(108)	-	-	(108)
A.2 Finance lease				
- Used in the business	-	-	-	-
- Held for investment	-	-	-	-
Total	**(3,076)**	**(38)**	**-**	**(3,114)**

As at December 31, 2010

ASSET/INCOME COMPONENT	DEPRECIATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Property, plant and equipment				
A.1 Owned				
- Used in the business	(2,912)	(122)	-	(3,034)
- Held for investment	(108)	-	-	(108)
A.2 Finance lease				
- Used in the business	-	-	-	-
- Held for investment	-	-	-	-
Total	**(3,020)**	**(122)**	**-**	**(3,142)**

Percent depreciation rates applied during the reporting period:
- 3% instrumental properties;
- 15% fittings;
- 15% miscellaneous plant and equipment;
- 12% furniture and ordinary machines;
- 20% EDP machines;
- 20% mobile phones and television camera systems;
- 30% alarm and security systems;
- 7.5% hoisting equipment and systems;
- 25% motor vehicles.

Part C - Income Statement (CONTINUED)

Section 12 - Impairments/write-backs on intangible assets - Item 180

12.1 Impairments on intangible assets: breakdown
As at December 31, 2011

ASSET/INCOME COMPONENT	AMORTISATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Intangible assets				
A.1 Owned				
- Generated internally by the Company	-	-	-	-
- Other	(5,467)	-	-	(5,467)
A.2 Finance lease				
Total	**(5,467)**	**-**	**-**	**(5,467)**

As at December 31, 2010

ASSET/INCOME COMPONENT	AMORTISATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Intangible assets				
A.1 Owned				
- Generated internally by the Company	-	-	-	-
- Other	(5,891)	-	-	(5,891)
A.2 Finance lease				
Total	**(5,891)**	**-**	**-**	**(5,891)**

Value adjustments to intangible assets regard software, amortised over three years and the costs incurred to create the new Fineco website, amortised over 5 years.

Section 13 - Other operating income and expense - Item 190

13.1 Other operating expense: breakdown

TYPE/AMOUNT	12.31.2011	12.31.2010
Refunds and allowances	(339)	(714)
Penalties, fines and unfavourable rulings	(2,597)	(1,304)
Improvements and incremental expenses incurred on leasehold properties	(2,519)	(2,591)
Improvements and incremental expenses incurred on group properties	(14)	(9)
Exceptional writedowns of assets	(811)	(946)
Other overheads	(1,140)	(263)
Total	**(7,420)**	**(5,827)**

Exceptional write-downs of assets include costs incurred for credit card fraud of € 649 thousand.

13.2 Other operating income: breakdown

TYPE/AMOUNT	12.31.2011	12.31.2010
Recovery of costs:		
- ancillary expenses - other	348	434
- ancillary expenses - credit cards	-	58
- taxes	29,908	26,562
Other income from current year	4,458	2,450
Total	**34,714**	**29,504**

Section 14 - Profit (losses) of associates - Item 210

14.1 Profit (losses) of associates : breakdown
No data to report.

Section 15 - Gains (losses) on tangible and intangible assets measured at fair value - Item 220

15.1 Gains (losses) on tangible and intangible assets measured at fair value breakdown

No data to report.

Section 16 - Value adjustments to goodwill - Item 230

16.1 Impairment of goodwill: breakdown

No data to report.

Section 17 - Gains (Losses) on disposal of investments - Item 240

17.1 Gain (losses) on disposal of investments: breakdown

INCOME ITEM/AMOUNT	12.31.2011	12.31.2010
A. Properties		
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets		
- Gains on disposal	3	1
- Losses on disposal	(4)	(27)
Net gain (loss)	**(1)**	**(26)**

Section 18 - Tax expense (income) related to profit or loss from continuing operations - Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

ITEM/AMOUNT	12.31.2011	12.31.2010
1. Current taxes	(43,062)	(37,472)
2. Adjustment to current tax of prior years	-	-
3. Reduction of current tax for the year	-	-
4. Change in deferred tax assets	805	1,602
5. Change in deferred tax liabilities	(1,424)	(1,065)
6. Tax expense for the year	(43,681)	(36,935)

18.2 Reconciliation between theoretical tax charge to actual tax charge

Profit before tax	106,444

	IRES	IRAP	TOTAL
Amount corresponding to theoretical tax rate	**29,272**	**5,929**	**35,201**
+ Tax effects of charges not relevant to the calculation of taxable income	1,990	4,500	6,490
- Tax effects of income not relevant to the calculation of taxable income	(25)		(25)
- Tax effects deriving from the use of tax losses from previous years			-
- Tax effects deriving from the application of substitute taxes	446		446
Amount corresponding to actual tax rate	**31,683**	**10,429**	**42,112**

Part C - Income Statement (Continued)

Section 19 - Profit (Loss) from discontinued operations - Item 280

19.1 Profit (Loss) from discontinued operations after tax: breakdown
No data to report.

19.2 Breakdown of tax on discontinued operations
No data to report.

Section 20 - Other information

1.1 Designation of Parent Bank
UniCredit S.p.A.
Rome Register of Companies
Registered with the Association of Parent Banks of the Banking Group UniCredito Italiano
Register of Banking Groups no. 3135.1

1.2 Registered Office of Parent Bank
Registered Office: Rome, via A. Specchi, 16
General Management: Milan, Piazza Cordusio

1.3 Key figures for the Parent Bank (income statement, balance sheet, structure)
UniCredit S.p.A. - Reclassified balance sheet as at 31 December 2010

(Amounts in Euro/millions)

ASSETS	12.31.2010
Cash and cash balances	2,152
Financial assets held for trading	10,128
Loans and receivables with banks	33,806
Loans and receivables with customers	253,102
Financial investments	87,451
Hedging instruments	5,089
Property, plant and equipment	281
Goodwill	7,707
Other intangible assets	33
Tax assets	6,954
Non-current assets and disposal groups classified as held for sales	22
Other assets	8,655
Total assets	**415,380**

(Amounts in Euro/millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2010
Deposits from banks	49,024
Deposits from customer and debt securities in issue	281,694
Financial liabilities held for trading	6,875
Financial liabilities at fair value through profit and loss	51
Hedging instruments	4,946
Provisions for risks and charges	1,782
Tax liabilities	495
Liabilities included in disposal groups classified as held for sale	12,743
Shareholders' equity	57,770
- capital and reserves	*56,909*
- available-for-sale assets fair value reserve and cash-flow hedging reserve es	*78*
- net profit	*783*
Total liabilities and shareholders' equity	**415,380**

UniCredit S.p.A. - Reclassified income statement 2010

(Amounts in Euro/millions)

	12.31.2010
Net interest	5,043
Dividends and other income from equity investments	2,786
Interest margin	**7,829**
Net fees and commissions	3,313
Net trading, hedging and fair value income	(193)
Net other expenses/income	36
Income from brokerage and other income	**3,156**
Operating income	**10,985**
Payroll costs	(3,634)
Other administrative expenses	(3,027)
Recovery of expenses	375
Amortisation, deprecition and impairment losses on intangible assets	(83)
Operating costs	**(6,369)**
GROSS OPERATING PROFIT (LOSS)	**4,616**
Provisions for risks and charges	(236)
Integration costs	(196)
Net adjustments to receivables and to provisions for guarantees and commitments	(3,774)
Net profit from investments	(3)
GROSS PROFIT	
FROM CONTINUING OPERATIONS	**407**
Income tax for the year	376
PROFIT (LOSS) AFTER TAX	**783**

Section 21 - Earnings per share

21.1 Average number of diluted ordinary shares

No data to report.

21.2 Other information

No information to report.

Part D - Comprehensive Income

Part D - Comprehensive Income

Detailed Statement of Comprehensive Income

ITEMS	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10. Net Profit (Loss) for the year			**62,763,703**
Other comprehensive income			
20. Available-for-sale financial assets:			
a) Fair value changes	(914,269)	302,717	(611,552)
b) Reclassification through profit or loss			
- due to impairment	-	-	-
- gains/losses on disposal	-	-	-
c) other changes	-	-	-
30. Property, plant and equipment	-	-	-
40. Intangible assets	-	-	-
50. Hedges of net investment in foreign subsidiaries			
a) Fair value changes	-	-	-
b) Reclassification through profit or loss statement	-	-	-
c) other changes	-	-	-
60. Cash flow hedges:			
a) Fair value changes	-	-	-
b) Reclassification through profit or loss	-	-	-
c) other changes	-	-	-
70. Exchange differences:			
a) changes in value	-	-	-
b) Reclassification through profit or loss	-	-	-
c) other changes	-	-	-
80. Non current assets classified as held for sale			
a) fair value changes	-	-	-
b) Reclassification through profit or loss	-	-	-
c) other changes	-	-	-
90. Actuarial profits (losses) on defined benefit plans	-	-	-
100. Portion of valuation reserves of equity investments valued under shareholders' equity:			
a) fair value changes	-	-	-
b) Reclassification through profit or loss			
- due to impairment	-	-	-
- gains/losses on disposal	-	-	-
c) other changes	-	-	-
110. Total other income items	**(914,269)**	**302,717**	**(611,552)**
120. Comprehensive income (item 10+110)			**62,152,151**

Part E - Information on Risks and Hedging Policies

Part E - Information on Risks and Hedging Policies

(Amounts in Euro/000)

The responsibility for the development and definition of the methods used to measure risks, the activity of controlling risks company-wide, and the strategic management of these risks is centralized with the Parent Bank. Group companies are responsible for first and second-level monitoring, especially for verifying that the risk level of individual companies is compatible with the guidelines set by the Parent Bank, individual company equity, and prudential supervisory rules.
In order to ensure efficient management of risks, the risk management process is structured in accordance with the organizational choices made for the Group and the provisions of the Supervisory Instructions for Banks pertaining to the internal control system.

Section 1 - Credit risk

QUALITATIVE INFORMATION

1. General aspects

FinecoBank's objective is to provide an adequate range of products able to satisfy and encourage loyalty among customers, through a competitive and complete offer. The development of the products and of the product line must also seek to maintain portfolio quality and, in any event, adequate processes to monitor profitability.
Lending is expanded through the development of new products, or modification of existing ones, as well as through the protection of market share achieved. The factors that generate credit risk are determined by acceptance policies that assess creditworthiness, which are always adequately correlated to the risk/return ratio, and therefore remuneration of the product.

The quality of the loans portfolio, constantly monitored and supported by risk mitigation instruments, is protected by scoring models that contribute to evaluation during the approval process, ensuring that it is consistent and controlled. In addition to adequate coverage of the risk levels, monitoring of the portfolio and its segmentation by product and seniority allow a better understanding of the best loan issue strategies. The identification of any high-risk areas permits intervention on the automated measurement systems as well as on disbursement standards, with the possibility to take measures to limit credit risk in advance.
In 2011, lending activity continued to focus on granting credit lines, mostly backed by assets, issuing credit cards with full payment of the balance at term to current account holders and granting personal loans.

Choices concerning the investment of the Bank's liquidity are governed by a prudential approach aimed at containing credit risk and mainly involve the use of Parent Bank issues.

2. Risk management policies

2.1 Organisational aspects

The credit process can be broken down into the following stages:
- assessment of creditworthiness;
- granting/disbursement of credit;
- credit monitoring;
- management of impaired credit;
- risk measurement and control.

The assessment of creditworthiness entails ascertaining the ability of the borrower to repay. It is performed by specific centralised and Operating Units specialising in the various product lines addressed to customers (personal loans, credit cards, credit lines). On receipt of the request, the offices in question assess the reliability of documentation, evaluate the equity and income situation, and gather information, also by consulting public records, private banks and system data such as the information contained in the Bank of Italy's risk centre.

To grant the credit, in addition to an assessment of creditworthiness, dedicated services assess the compatibility of the customer's request with the overall situation of the same, based on the amount of the request and if necessary, agreeing a new application with the customer, evaluate any guarantees, finalise them, link them to credit lines and record them in an appropriate way, in line with the relevant processes. Lastly, the decision-making parties approve or reject the application on the basis of their powers or send the application to a higher decision-making body.

Credit monitoring is carried out on credit lines to check that the economic situation of the customer and of the guarantor that resulted in the approval has not changed. This check may entail collecting updated system data and information, as well as information from private banks if necessary. Checks are carried out according to established processes at set intervals, and may vary according to the amount of the credit line granted.
In line with the general principles envisaged by the Supervisory Body, receivables are classified on the basis of the level of impairment, which may be established on the basis of qualitative or quantitative criteria.

The management of impaired loans entails taking all action necessary to restore the same to standard conditions or to recover the same if the loan cannot be continued. All of these measures are established by specific processes based on the technical form, the amount, the period for which the loan has been overdue and the presence of financial assets of the customer, which may be offered as collateral. Credit collection is performing by means of dunning carried out directly by Finecobank, both through dunning letters and debt collection carried out by specialised, authorised external companies.
Lastly, management also entails forecasting losses on an analytic base, continuously updating the same on the basis of the progress of measures taken to recover said sums or on the basis of information collected of part of said measures.
The measurement and control of credit risk takes place at the assessment stage with the support of scoring tolls that analyse the customer's socio-demographic profile, making an assessment of individual counterparties on a statistical basis and integrating said assessment on one side with the support of credit bureaus for a better knowledge of public and private data and on the other side, with information contained in the Bank of Italy's risk centre.
Credit risk control is also performed through the systematic assessment of the performance of credit portfolios in order to estimate expected losses and intervene on disbursement policies where necessary.

2.2 Management, measurement and control system
The measurement of credit risk during the issue process is supported by automated assessment systems for all products (so-called credit scoring systems). Said systems also incorporate all available information and facts: public and private data provided by Credit rating bureaus, Risk Centre data flows or information requests submitted to the Bank of Italy, Group archives with data relating to positions shared with other Group banks and other performance information on customers, historicised by Finecobank. During the loan application process, attention is always focussed on the possibility of optimising all information concerning customers that has been provided by the Bank, the Group and the System.
The collection of guarantees, if any, their assessment and the margins between the fair value of the guarantee and the amount of the loan granted are a simple kind of support to risk mitigation, but there is no relevant positive correlation between the value of the financial guarantee and the applicant's creditworthiness.

The collective writedowns of the "performing" loans portfolio are determined using migration rates, through transition matrices, both from performing loans to non-performing loans and for each classification status (past due, problem, non-performing) by combining the default rates with the expected recovery rates analytically calculated for non-performing loans and taking account of any supporting guarantees.

The global assessment of portfolio risks in order to identify the sustainability of the asset and the remuneration margins is made both with the assistance of a tool shared with the Parent Bank (Credit Tableau de Bord), which contains all of the main risk indicators and the largest receivables of those listed, and with the support of specific product reports that identify the trend of default rates, broken down by disbursement period and default level.

The monitoring of credit risk as part of the management of the trading book is conducted through the breakdown of the same by rating class and issuer sector, which determines the implicit risk of contracts.
With specific reference to trading in over-the-counter derivatives, the Treasury deals exclusively with bank counterparties which mostly belong to the Group.

2.3 Credit risk mitigation techniques
In order to mitigate risk when granting the different types of credit facilities, various types of collateral are obtained: liens on shares, bonds or investment funds, insurance contracts and Government bonds are used to guarantee current account overdraft facilities, whilst the registration of first mortgages is quite rare.

2.4 Impaired financial assets
Loans are classified as past due, problem or non-performing in accordance with the criteria set forth by the Bank of Italy and the thresholds established by the Parent Bank, with methods differing according to product type. Generally speaking, the classification of problem loans is usually objective, while the classification as bad debt, linked to the customer's insolvency, is always analytical and defined based on the performance of measures to recover the loans.
The loss estimate for classified positions is also analytical.
Loans classified as overdue or past due by more than 180 days are for limited amounts because they may largely be considered problem loans.
The classification criterion used for overdrawn accounts is related to the performance of debt recovery activity or the forced sale of securities to cover debts.
The restructuring of loans is only authorised if the amount past due has been paid in full in observance of the original payment schedule, or if considerable payments have been made leading the Bank to believe the debt exposure is very likely to be repaid.
The procedure for the management of irregularly performing loans involves actions that may be taken to recover debts by ranking them by seniority of expiration.

Part E - Information on Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

A. Credit quality

A.1 Impaired and performing loans amounts, write-downs, changes, distribution by business activity/region

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	PROBLEM LOANS	EXPOSURES RESTRUCTURED	EXPOSURES OVERDUE	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	4,293	4,293
2. Available-for-sale financial assets	-	-	-	-	47,370	47,370
3. Held-to-maturity investments	-	-	-	-	-	-
4. Loans and receivables from banks	-	-	-	-	16,282,014	16,282,014
5. Loans and receivables from customers	2,595	389	-	369	521,194	524,547
6. Financial assets at fair value through profit or loss	-	-	-	-	10,409	10,409
7. Financial instruments classified as held for sale	-	-	-	-	-	-
8. Hedge derivatives	-	-	-	-	329,933	329,933
Total 31 December 2011	**2,595**	**389**	**-**	**369**	**17,195,213**	**17,198,566**
Total 31 December 2010	**2,945**	**369**	**-**	**754**	**10,834,131**	**10,838,199**

A.1.2 Breakdown of credit exposure by portfolio and credit quality (gross and net values)

	IMPAIRED ASSETS			PERFORMING			
PORTFOLIO/QUALITY	EXPOSURE GROSS	SPECIFIC IMPAIRMENT	EXPOSURE NET	EXPOSURE GROSS	SPECIFIC IMPAIRMENT	EXPOSURE NET	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	-	-	-			4,293	4,293
2. Available-for-sale financial assets	-	-	-	47,370	-	47,370	47,370
3. Held-to-maturity investments	-	-	-	-	-	-	-
4. Loans and receivables with banks from banks	-	-	-	16,282,014	-	16,282,014	16,282,014
5. Loans and receivables with from customers	14,249	(10,896)	3,353	531,363	(10,169)	521,194	524,547
6. Financial assets at fair value through profit or loss	-	-	-			10,409	10,409
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedge derivatives	-	-	-			329,933	329,933
Total 31 December 2011	**14,249**	**(10,896)**	**3,353**	**16,860,747**	**(10,169)**	**17,195,213**	**17,198,566**
Total 31 December 2010	**12,314**	**(8,246)**	**4,068**	**10,822,335**	**(10,538)**	**10,834,131**	**10,838,199**

As at 31 December 2011, exposures relating to customers with performing loans did not include any loans subject to renegotiation under collective agreements.

Performing customer loans, amounting to € 521,194 thousand, have been broken down by seniority of expiration as follows:
- non-impaired, non-overdue of € 504,560 thousand;
- non-impaired, overdue for between 1 day and 90 days of € 15,852 thousand;
- non-impaired, overdue for between 90 and 180 days of € 760 thousand;
- non-impaired, overdue for between 180 days and 1 year of € 21 thousand;
- non-impaired, overdue for over 1 year of € 1 thousand.

The other performing loans shown in table A.1.2 are all non-impaired and not overdue.

A.1.3 On-balance sheet and off-balance-sheet credit exposures to banks: gross and net values

TYPE OF EXPOSURE/AMOUNT	EXPOSURE GROSS	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE
A. On-balance sheet exposures				
a) Non-performing loans	-	-	-	
b) Doubtful loans	-	-	-	
c) Restructured loans	-	-	-	
d) Past-due impairment loans	-	-	-	
e) Other assets	16,292,556	-	16,292,556	
Total	**16,292,556**	**-**	**-**	**16,292,556**
B. Off-balance sheet exposures				
a) Impaired	-	-	-	
b) Other	407,365	-	407,365	
Total	**407,365**	**-**	**-**	**407,365**

In the above table, item B. “Off-balance sheet exposures” includes the counterparty risk related to securities lending transactions without cash guarantees and to reverse repurchase agreements that can be classified as “Securities Financing Transactions” (SFT) defined in prudential regulations (Circular no. 263 “New prudential regulatory provisions for banks”).

A.1.4 Cash exposures to banks: trend of gross impaired exposures:

No data to report.

A.1.5 Cash exposures to banks: trend in total value adjustments

No data to report.

A.1.6 On-balance sheet and off-balance-sheet credit exposures to customers: gross and net values

TYPE OF EXPOSURE/AMOUNT	EXPOSURE GROSS	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE
A. On-balances sheet exposures				
a) Non-performing loans	12,241	(9,646)		2,595
b) Doubtful loans	1,154	(765)		389
c) Restructured loans	-	-		-
d) Past-due impaired loans	854	(485)		369
e) Other assets	578,912		(10,169)	568,743
Total A	**593,161**	**(10,896)**	**(10,169)**	**572,096**
B. Off-balance sheet exposures				
a) Impaired	-	-		-
b) Other	100,064		-	100,064
Total B	**100,064**	**-**	**-**	**100,064**

In the above table, item B. “Off-balance sheet exposures” includes the counterparty risk related to securities lending transactions without cash guarantees and to reverse repurchase agreements that can be classified as “Securities Financing Transactions” (SFT) defined in prudential regulations (Circular no. 263 “New prudential regulatory provisions for banks”).

Part E - Information on Risks and Hedging Policies (Continued)

A.1.7 On-balance sheet credit exposures to customers: trend of gross impaired exposures

SOURCE/CATEGORY	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST - DUE LOANS
A. Opening balance - gross exposure	**9,694**	**1,058**	**-**	**1,473**
of which: assets sold but not derecognised	-	-	-	-
B. Increases				
B.1 inflows from performing loans	112	3,736	-	2,269
B.2 transfers from other categories of impaired exposures	3,374	888	-	-
B.3 Other increases	317	365	-	522
C. Decreases				
C.1 outflows to performing loans	-	(500)	-	(373)
C.2 de-recognition	(204)	(204)	-	-
C.3 collections	(1,040)	(812)	-	(2,141)
C.4 disposals	-	-	-	-
C.5 transfers to other categories of impaired exposures	-	(3,374)	-	(888)
C.6 other decreases	(12)	(3)	-	(8)
D. Gross exposure closing balance	**12,241**	**1,154**	**-**	**854**
of which: assets sold but not derecognised	-	-	-	-

A.1.8 On-balance sheet credit exposures to customers: trend in total impairments

SOURCE/CATEGORY	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST - DUE LOANS
A. Total opening impairment	**(6,749)**	**(689)**	**-**	**(808)**
of which: assets sold but not derecognised	-	-	-	-
B. Increases				
B.1 impairment	(3,123)	(811)	-	(375)
B.2 transfers from other categories of impaired exposures	(568)	(71)	-	-
B.3 Other increases	-	-	-	-
C. Decreases				
C.1 write-backs from assessments	304	9	-	155
C.2 write-backs from recoveries	286	122	-	374
C.3 de-recognition	204	204	-	-
C.4 transfers to other categories of impaired exposures	-	471	-	169
C.5 other decreases	-	-	-	
D. Final overall impairment	**(9,646)**	**(765)**	**-**	**(485)**
of which: assets sold but not derecognised	-	-	-	-

A.2 Internal and external ratings

A.2.1 Breakdown of on-balance sheet and off-balance-sheet exposures by external rating class

EXPOSURES	EXTERNAL RATING CLASSES						NO RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. On-balance sheet exposures	**14,086**	**16,321,852**	**93**	**2**	**-**	**-**	**535,589**	**16,871,622**
B. Derivatives								
B.1 Financial derivatives	349	330,417	-	-	-	-	3,148	333,914
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees given	**-**	**10,065**	**-**	**-**	**-**	**-**	**31,049**	**41,114**
D. Other Commitments to disburse funds	**9**	**1,825**	**123**	**-**	**22**	**-**	**229**	**2,208**
Total	**14,444**	**16,664,159**	**216**	**2**	**22**	**-**	**570,015**	**17,248,858**

The table below shows the breakdown of cash exposures and “off-balance-sheet” exposures to counterparties with an external rating. Rating agencies provide a brief opinion on the creditworthiness of different type of counterparties: Countries, Banks, Public Bodies, Insurance Companies and Businesses, usually large-scale.
The table refers to the classification set forth in the Bank of Italy Circular no. 262/2005 regarding external ratings, which envisages 6 classes of creditworthiness.
The rating agencies used to draw up the table were: Moody’s, S&Ps and Fitch.
In the event in which there is more than one external rating for a counterparty, the most prudential assessment is used.
FinecoBank establishes the regulatory requirements by applying the Basel II Standardised Method which envisages the subdivision of the exposures into different classes (“portfolios”) depending on the status of counterparty, i.e. the technical characteristics of the relationship or the methods followed to handle the latter and the application of different weighting ratios to each portfolio. Note that in order to determine credit risk, FinecoBank only uses the ratings of agencies specific to individual countries, which lead to the weighting of “Central Administrations and central banks”, “Supervised Intermediaries” and “Public Sector Bodies” portfolios; in general, a weighting factor of 100 per cent is applied to the remaining credit exposures, without prejudice to the main exceptions established by Circular letter no. 263 of the Bank of Italy.
As at 31 December 2011, credit exposure to retail customers was limited to personal loans, credit card spending (full payment of balance or instalment plans) and unsecured and secured loans. Exposures to non-retail customers mainly derive from amounts due to the Parent Bank for treasury activities and for hedging banking-book positions through interest-rate derivatives.
The remaining exposures regard receivables relating to customer trading, whose counterparties are leading banks with high standing.

Note that in the above table, equity instruments have been excluded while units of UCITS have been included, unlike the previous tables in this section in which both were excluded.

A.2.2 Breakdown of on-balance sheet and off-balance-sheet exposures by internal rating class

This table has not been included insofar as internal ratings are not used to managed credit risk.

Part E - Information on Risks and Hedging Policies (Continued)

A.3 Breakdown of secured exposures by type of collateral

A.3.1 Secured exposures to banks

	NET EXPOSURE VALUE	REAL GUARANTEES (1)		
		PROPERTY	SECURITIES	OTHER ASSETS
1. Secured on-balance sheet exposures:				
1.1 totally secured	1,165	-	1,066	-
- of which impaired	-	-	-	-
1.2 partially secured	-	-	-	-
- of which impaired	-	-	-	-
2. Secured off-balance sheet credit exposures:	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-
- of which impaired	-	-	-	-
2.2 partially secured	-	-	-	-
- of which impaired	-	-	-	-

A.3.2 Secured exposures to customers

	NET EXPOSURE VALUE	REAL GUARANTEES (1)		
		PROPERTY	SECURITIES	OTHER ASSETS
1. Secured on-balance sheet exposures:				
1.1 totally secured	127,550	2,370	153,362	28,208
- of which impaired	60	1,990	11	
1.2 partially secured	97	-	46	21
- of which impaired	22	-	-	-
2. Secured off-balance sheet credit exposures:				
2.1 totally secured	393	-	511	-
- of which impaired	-	-	-	-
2.2 partially secured	40	-	39	-
- of which impaired	-	-	-	-

B. Distribution and concentration of exposures

B.1 Breakdown of on-balance sheet and off-balance-sheet exposures to customers by sector (carrying values)

EXPOSURE/COUNTERPARTY	GOVERNMENTS			OTHER PUBLIC ENTITIES		
	NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT
A. On-balance sheet exposures						
A.1 Non-performing loans	-	-	-	-		
A.2 Doubtful loans	-	-	-	-		
A.3 Restructured loans	-	-	-	-		
A.4 Past-due loans	-	-	-	-		
A.5 Other exposures	47,469	-	-	1		
TOTAL A	**47,469**	**-**	**-**	**1**	**-**	**-**
B. Off-balance sheet exposures						
B.1 Non-performing loans	-	-	-	-		
B.2 Doubtful em loans	-	-	-	-		
B.3 Other impaired assets	-	-	-	-		
B.4 Other exposures	1,601	-	-	-		
TOTAL B	**1,601**	**-**	**-**	**-**	**-**	**-**
TOTAL A + B 31 December 2011	**49,070**	**-**	**-**	**1**	**-**	**-**
TOTAL A + B 31 December 2010	**9,078**	**-**	**-**	**2**	**-**	**-**

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to securities lending transactions without cash guarantees and to reverse repurchase agreements that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations (Circular no. 263 "New prudential regulatory provisions for banks").

PERSONAL GUARANTEES (2)									
CREDIT DERIVATIVES					GARANTEES, ETC				
	OTHER DERIVATIVES								
CLN	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
									1,066

PERSONAL GUARANTEES (2)									
CREDIT DERIVATIVES					GARANTEES, ETC				
	OTHER DERIVATIVES								
CLN	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
-	-	-	-	-	-	-	-	18	183,958
									2,001
-	-	-	-	-	-	-	-	53	120
-	-	-	-	-	-	-	-	53	53
									511
									39

FINANCIAL COMPANIES			INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER ENTITIES		
NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT	NET EXPOSURE	SPECIFIC IMPAIRMENT	PORTFOLIO IMPAIRMENT
15	(45)		-	-		15	(60)		2,565	(9,541)	
-	-		-	-		-	(1)		389	(763)	
-	-		-	-		-	-		-	-	
2	(3)		-	-		3	(4)		365	(479)	
65,480		(237)	4,653		-	6,625		(4,706)	444,514		(5,226)
65,497	**(48)**	**(237)**	**4,653**	**-**	**-**	**6,643**	**(65)**	**(4,706)**	**447,833**	**(10,783)**	**(5,226)**
-	-		-	-		-	-		-	-	
-	-		-	-		-	-		-	-	
-	-		-	-		-	-		-	-	
2,201		-	-		-	920		-	95,342		-
2,201	**-**	**-**	**-**	**-**	**-**	**920**	**-**	**-**	**95,342**	**-**	**-**
67,698	**(48)**	**(237)**	**4,653**	**-**	**-**	**7,563**	**(65)**	**(4,706)**	**543,175**	**(10,783)**	**(5,226)**
87,838	**(63)**	**(229)**	**5,311**	**-**	**-**	**8,770**	**(63)**	**(4,989)**	**648,693**	**(8,120)**	**(5,320)**

Part E - Information on Risks and Hedging Policies (Continued)

B.2 Breakdown of on-balance sheet and off-balance-sheet exposures to customers by geographical area (carrying values)

EXPOSURE/ GEOGRAPHICAL AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF WORLD	
	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE
A. On-balance sheet exposures										
A.1 Non-performing loans	2,595	(9,646)	-	-	-	-	-	-	-	-
A.2 Doubtful loans	389	(765)	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	369	(485)	-	-	-	-	-	-	-	-
A.5 Other exposures	533,276	(10,169)	35,370	-	84	-	10	-	3	-
TOTAL	**536,629**	**(21,065)**	**35,370**	**-**	**84**	**-**	**10**	**-**	**3**	**-**
B. Off-balance sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	98,438	-	1,513	-	98	-	9	-	6	-
TOTAL	**98,438**	**-**	**1,513**	**-**	**98**	**-**	**9**	**-**	**6**	**-**
TOTAL 31 December 2011	**635,067**	**(21,065)**	**36,883**	**-**	**182**	**-**	**19**	**-**	**9**	**-**
TOTAL 31 December 2010	**716,950**	**(18,784)**	**42,110**	**-**	**609**	**-**	**20**	**-**	**3**	**-**

EXPOSURE/GEOGRAPHICAL AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTHERN ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT
A. On-balance exposures								
A.1 Non-performing loans	577	(2,344)	333	(1,366)	503	(1,811)	1,182	(4,125)
A.2 Doubtful loans	97	(190)	80	(157)	81	(159)	132	(259)
A.3 Restructured loans	-	-	-	-	-	-	-	-
A.4 Past-due loans	80	(112)	100	(123)	76	(101)	112	(149)
A.5 Other exposures	167,285	(2,882)	68,214	(1,310)	185,254	(3,538)	112,523	(2,439)
TOTAL	**168,039**	**(5,528)**	**68,727**	**(2,956)**	**185,914**	**(5,609)**	**113,949**	**(6,972)**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	39,695	-	16,248	-	24,009	-	18,486	-
TOTAL	**39,695**	**-**	**16,248**	**-**	**24,009**	**-**	**18,486**	**-**
TOTAL 31 December 2011	**207,734**	**(5,528)**	**84,975**	**(2,956)**	**209,923**	**(5,609)**	**132,435**	**(6,972)**
TOTAL 31 December 2010	**256,854**	**(5,232)**	**109,780**	**(2,844)**	**201,051**	**(4,870)**	**149,265**	**(5,838)**

B.3 Breakdown of on balance-sheet and off-balance-sheet exposures to banks by geographical area

EXPOSURE/ GEOGRAPHICAL AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF WORLD	
	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE	NET EXPOSURE	TOTAL EXPOSURE
A. On-balance sheet exposures										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	16,284,937	-	7,593	-	23	-	-	-	3	-
TOTAL	**16,284,937**	**-**	**7,593**	**-**	**23**	**-**	**-**	**-**	**3**	**-**
B. Off-balance sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	405,118	-	2,245	-	2	-	-	-	-	-
TOTAL	**405,118**	**-**	**2,245**	**-**	**2**	**-**	**-**	**-**	**-**	**-**
TOTAL 31 December 2011	**16,690,055**	**-**	**9,838**	**-**	**25**	**-**	**-**	**-**	**3**	**-**
TOTAL 31 December 2010	**10,111,587**	**-**	**8,874**	**-**	**94**	**-**	**-**	**-**	**31**	**-**

EXPOSURE/GEOGRAPHICAL AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTHERN ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT	NET EXPOSURE	TOTAL IMPAIRMENT
A. On-balance sheet exposures								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-
A.5 Other exposures	14,447	-	10	-	16,270,480	-	-	-
TOTAL	**14,447**	**-**	**10**	**-**	**16,270,480**	**-**	**-**	**-**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	9,507	-	-	-	395,611	-	-	-
TOTAL	**9,507**	**-**	**-**	**-**	**395,611**	**-**	**-**	**-**
TOTAL 31 December 2011	**23,954**	**-**	**10**	**-**	**16,666,091**	**-**	**-**	**-**
TOTAL 31 December 2010	**14,231**	**-**	**10**	**-**	**10,097,346**	**-**	**-**	**-**

In the above tables, item B. “Off-balance sheet exposures” includes the counterparty risk related to securities lending transactions without cash guarantees and to reverse repurchase agreements that can be classified as “Securities Financing Transactions” (SFT) defined in prudential regulations (Circular no. 263 “New prudential regulatory provisions for banks”).

Part E - Information on Risks and Hedging Policies (Continued)

B.4 Significant exposures

The criteria for classification as "significant exposure" were amended by the 6th update of the Bank of Italy Circular no. 263; the new regulation defines "significant exposures" as those whose amount is equal to or exceeds 10% of regulatory capital, where "exposure" means the sum of the cash and off-balance-sheet assets of a customer or a group of related customers, as defined by the regulations on credit and counterparty risk.

As at 31 December 2011, the cash and off-balance-sheet exposures of customers or groups of related customers that represent "significant exposures" for FinecoBank amount to 5, whose exposure totalled € 17,635,306 thousand and relative weighted value amounted to € 37,432 thousand. Note that "significant exposures" includes cash and off-balance-sheet exposures of the UniCredit Group, namely an exposure of € 17,479,518 thousand and a weighted value of zero.

C. Securitisation and asset transfer transactions

C.1 Securitisation transactions

No data to report.

C.2 Transfer transactions

C.2.1 Financial assets sold but not derecognized: book value and full value

TYPE/ PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			AVAILABLE-FOR-SALE FINANCIAL ASSETS			HELD TO MATURITY INVESTMENTS		
	A	B	C	A	B	C	A	B	C	A	B	C
A. On-balance assets												
1. Debt securities												
2. Equity instruments												
3. Units in investment funds												
4. Loans												
B. Derivative instruments												
Total 31 December 2011	-	-	-	-	-	-	-	-	-	-	-	-
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	-
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-

Key:
A = financial assets sold and wholly recognised (book value)
B = financial assets sold and partially recognised (book value)
C = financial assets sold and partially recognised (entire value)

C.2.2 Financial liabilities from financial assets sold but not derecognised: book value

LIABILITY/ ASSET PORTFOLIO OR LOSS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS
1. Deposits from customers			
a) from fully-recognised assets			
b) from partially-recognised assets			
2. Deposits from banks			
a) from fully-recognised assets			
b) from partially-recognised assets			
Total 31 December 2011	-	-	-
Total 31 December 2010	-	-	-

C.3 Covered bond transactions

No data to report.

LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			
A	B	C	A	B	C	TOTAL
998,532						998,532
						-
						-
						-
						-
998,532	**-**	**-**	**-**	**-**	**-**	**998,532**
-	-	-	-	-	-	-
624,570	**-**	**-**	**-**	**-**	**-**	**624,570**
-	-	-	-	-	-	-

INVESTMENTS HELD TO MATURITY	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
	1,008,351		1,008,351
			-
			-
			-
-	**1,008,351**	**-**	**1,008,351**
-	**625,358**	**-**	**625,358**

Part E - Information on Risks and Hedging Policies (Continued)

D.1 Credit Risk Measurement - Trading Book
The credit risk to which the Bank is exposed by managing the trading book is monitored by analysing the financial instruments held by rating class.

D.2 Credit Risk Measurement - Banking Book
FinecoBank's banking book is mainly comprised of securities issued by the Parent Bank. Retail customer activities are limited to the granting of personal loans and the issue of credit cards; therefore FinecoBank's banking book has a negligible level of risk concentration.

Section 2 - Market risk

Market risk results from the impact of changes in prices or in other market risk factors on the value of the positions entered on its books, both in the event that the same are held in the trading book and, alternatively, if they are the result of strategic investment decisions (banking book).

FinecoBank controls its risk positions in accordance with the UniCredit Group's supervisory policies. The Parent Company is informed as to the results of monitoring.

The main tool used by FinecoBank to measure the market risk of trading positions is Value at Risk (VaR), calculated using the historic simulation approach.

The historic simulation method envisages the daily revaluation of positions on the basis of market price trends over an appropriate observation period. The distribution of profit and loss resulting from the same is analysed to determine the effect of extreme market fluctuations on portfolios. The percentile value of the distribution corresponding to the set confidence level represents the VaR. The following parameters are used to calculate VaR: confidence level 99%; time horizon of 1 day; daily update of the time series; observation period of 500 days.

2.1 Interest rate risk and price risk - regulatory trading book

QUALITATIVE INFORMATION

A. General aspects
The "trading book" is used to hold debt securities (ordinary and subordinated, structured and plain vanilla), equity instruments, listed certificates that are not related to brokerage activities with retail customers.
The Bank aims to protect itself against the interest rate risk potentially arising from the trading book by subscribing listed derivative contracts. Although the share component of the trading book is negligible, listed derivative instruments are also used to hedge equity risk inherent in positions.

B. Processes for managing and methods for measuring interest rate risk and price risk
Risk Measurement
Market risk measurement entails establishing indicative measurements of the risks resulting from investments in financial instruments.
The exposure to market risks associated with the management of the Bank's trading book is measured and monitored using the results of the VaR model.
Especially as regards interest rate risk factors, the VaR Interest Rate indicator is calculated to measure the maximum potential loss attributable to adverse changes in the structure of interest rates.
With regard to price risk, the Equity VaR is calculated, which measures the maximum loss attributable to changes in the prices of equity instruments and hedge derivatives present in the portfolio.

Risk control
Second level interest rate and price risk are controlled continuously by Risk Management in collaboration with the Parent Bank to verify that the operating thresholds set in terms of maximum permitted loss are respected (VaR Value at Risk).

Risk control activities are also carried out periodically by UniCredit Audit S.p.A. (the Group company that carries out third-level internal control) to verify:
- the adequacy and smooth functioning of the financial process;
- that the criteria and the rules establish for risk management are respected;
- that the activities and checks envisaged to monitor risk are carried out correctly;
- the presence of any problems that need to be resolved immediately.

QUANTITATIVE INFORMATION

1. Regulatory trading book: Distribution by maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives - Currency: Euro

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 10 AND 5 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. On-balance sheet assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	62	45	58	118	-	7	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities								
2.1 Repos	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	205	140,322	120	106	1,090	517	149	-
+ Short positions	57	140,511	89	85	1,066	528	297	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	752,849	-	-	-	-	-	-
+ Short positions	-	740,687	-	-	220	-	-	-

Currency: US dollar

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 10 AND 5 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. On-balance sheet assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	3	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities								
2.1 Repos	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	17	-	-	16	-	-	-
+ Short positions	-	17	-	-	16	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	594,775	-	-	-	-	-	-
+ Short positions	-	569,772	-	-	-	-	-	-

Part E - Information on Risks and Hedging Policies (Continued)

Currency: other currencies

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 10 AND 5 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. On-balance sheet assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	11	2	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities								
2.1 Repos	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	36	30	-	-	4	-	-
+ Short positions	-	35	30	-	-	4	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	541,420	-	-	-	-	-	-
+ Short positions	-	578,089	-	-	-	-	-	-

2. Regulatory trading book: distribution of exposures in equity instruments and share indices for the main stock market countries

TYPE OF TRANSACTION/ LISTING INDEX	LISTED						UNLISTED
	USA	NETHERLANDS	ITALY	GERMANY	LUXEMBOURG	OTHER COUNTRIES	
A. Equity instruments							
- long positions	68	-	73	-	-	5	4
- short positions	-	-	-	1	-	-	-
B. Unsettled transactions on equity instruments							
- long positions	-	2,421	133,491	626	2,347	1	-
- short positions	-	2,421	133,371	572	2,347	1	-
C. Other derivatives on equity instruments							
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	53	-	-	-
D. Derivatives on share indices							
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-

3. Regulatory trading book: Internal models and other methods of sensitivity analysis

FinecoBank monitors the VaR of the Trading Book weekly. Said frequency is justified by the insignificant volumes of the same with respect to the Banking Book. As at December 31, 2011, the daily Interest Rate VaR of FinecoBank's Trading Book was negligible (€ 0.6 thousand). On the same date, the equity VaR amounted to € 155 thousand.

Daily VaR - trading book

	12.31.2011	2011 AVARAGE	2011 MAXIMUM	2011 MINIMUM
FinecoBank	171,7	186,6	306,9	107,6

2.2 Interest rate risk and price risk - banking book

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for interest rate risk and price risk

The banking book highlights the interest rate and liquidity risks mainly generated by deposit and loan transactions that are part of the Bank's normal business activities.
To manage said risks, on a daily basis, the Risk Management office uses the Asset Liability and Management system provided by the Parent Bank. The objectives and the strategies underlying the management of the banking book aim to optimise and maximise the economic contribution made by the Bank's normal business activities over time, in line with the constraints and the centralised policies envisaged in the Group's business plan.

A.2.1 Organisational aspects

In line with the strategic risk management process established by the Parent Bank's Board of Directors, the interest rate risk profile is managed at consolidated level in order to exploit the natural diversification existing between the deposit and loan positions of the various subsidiary banks.

Risk Assumption

The exposure thresholds relating to structural interest rate risk are established, within a pre-set time horizon and considering the business activities of the Bank, on the basis of the maximum exposure permitted as regards structural interest rate risk, in terms of the variation of the interest margin/risk capital to the permitted variance with respect to the above-cited exposure.

Risk control

Second level interest rate and price risk are controlled continuously by Risk Management in collaboration with the Parent Bank to verify that the operating thresholds set in terms of maximum permitted loss are respected (VaR Value at Risk) and to verify the economic impact of changes in the interest margin (current profits) or capital (economic value).

Risk control activities are also carried out periodically by UniCredit Audit S.p.A. to verify:
- the adequacy and smooth functioning of the financial process;
- that the criteria and the rules establish for risk management are respected;
- that the activities and checks envisaged to monitor risk are carried out correctly;
- the presence of any problems that need to be resolved immediately.

A.2.2 Methodological aspects

The ALM (Asset&Liability Management) system used by the Bank measures its exposure to structural interest rate risk.
Exposure to interest rate risk is estimated periodically, using a gap analysis approach, from a short-term perspective, using a scenario of interest rate curve shift of +/- 100 basis points and according to the economic value of shareholders' equity approach, from a medium-long term perspective, using a scenario of interest rate change of + 200 basis points.

A.2.2.1 Methodological aspects - Gap analysis

The approach based on current profits (gap analysis) envisages making a deterministic estimate of the impact of a change in interest rates on the Bank's risk-sensitive asset and liability items (with maturities equal to the repricing date within specific time buckets). The methods used are the "incremental gap", "incremental beta gap" and "shifted beta gap".
The Bank's exposure to a change of +/- 100 basis points in the interest rate is measured, as illustrated above, considering the repricing date of the asset and liability items sensitive to interest rate risk.

A.2.2.2 Methodological aspects - Economic value of Shareholders' equity

The approach based on the economic value of shareholders' equity (duration gap and sensitivity analysis) envisages estimating the impact of a change of +/-1 basis point and +200 basis points in the interest rate on the market value of shareholders' equity.

A.2.2.3 Methodological aspects - Economic value of Shareholders' equity using VaR

In addition to the deterministic approach of the shock of +200 basis points (or +/- 1 basis point) illustrated in the paragraph above and based on Basel Committee regulations, FinecoBank also uses a VaR model to measure the changes in the economic value of shareholders' equity. The maximum potential loss is measured in terms of VaR, namely the maximum loss, that with a probability of 99% can be triggered by a portfolio, on the basis of changes in prices that are sensitive to changes in interest rates and with reference to a holding period of one day. In other words, the VaR is determined by the sensitivity of the value of the asset and liability items to changes in one basis point of interest rates (sensitivity), multiplied by the observed volatility, on a time series of 500 observations of market interest rates, eliminating the last percentile.
The choice to maintain the VaR calculation for a time horizon of one day permits a more accurate control of risk.

B. Fair value hedging activities

The specific purpose of the hedges set in place is to maintain the risk of maximum loss within the set thresholds, considering the whole portfolio of interest-bearing assets and liabilities at the Bank's fixed interest rate.

Part E - Information on Risks and Hedging Policies (Continued)

The portfolio of "derivative contracts to hedge risk" encompasses the derivative instruments used by the Bank, mainly IRS (Interest Rate Swaps), with the aim of mitigating or eliminating the interest rate risk of the banking book to which the protected asset positions are exposed.
These are "macro-hedging" portfolio transactions, the objective of which is to reduce the variability of the economic value of financial assets and liabilities with fixed interest rates.
In particular, as at 31 December 2011, derivative positions were in place to hedge the fixed-rate personal loans portfolio. Furthermore, the effects of several asset swap hedges on instruments issued by UniCredit and on bond loans issued during the year by FinecoBank were recognised (having verified the effectiveness of the hedge, the securities and the related swaps were recorded in the banking book).

C. Cash flow hedging activity

There are currently no cash flow hedges generated by FinecoBank business operations.

QUANTITATIVE INFORMATION

1. Banking book: distribution by residual maturity (repricing date) of financial assets and liabilities - Currency: Euro

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	9,807	7,968	20,988	2,956,181	3,012,993	-	-	-
1.2 Loans to banks	7,210,654	650,952	1,058,300	884,790	105,423	-	-	-
1.3 Loans to customers								
- current accounts	63,171	29	22	31	1,984	-	-	-
- other loans								
- with early redemption option	2,683	18,163	15,616	25,133	75,070	5,086	-	-
- other	24	150,204	9,880	20,305	119,345	-	-	-
2. Cash liabilities								
2.1 Deposits from customers								
- current accounts	8,500,542	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	33,907	348,071	383,716	947,254	144,268	-	-	-
2.2 Deposits from banks								
- current accounts	13,330	-	-	-	-	-	-	-
- other payables	43	354,957	665,436	162,525	-	-	-	-
2.3 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	1,500,000	3,000,000	-	-	-
2.4 Other liabilities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	10,579,670	-	-	-	-	-	-
+ Short positions	-	12,145	9,370	320,471	9,937,683	300,000	-	-

Currency: US dollar

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	77,286	-	-	-
1.2 Loans to banks	285,425	7,742	-	429	-	-	-	-
1.3 Loans to customers								
- current accounts	601	-	-	-	-	-	-	-
- other loans								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	16,060	-	33	5	-	-	-
2. Cash liabilities								
2.1 Deposits from customers								
- current accounts	277,150	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	2,784	14,501	-	95	-	-	-	-
2.2 Deposits from banks								
- current accounts	-	-	-	-	-	-	-	-
- other payables	-	-	-	269	-	-	-	-
2.3 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	77,286	-	-	-
2.4 Other liabilities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	154,571	-	-	-	-	-	-
+ Short positions	-	-	-	-	154,571	-	-	-

Part E - Information on Risks and Hedging Policies (Continued)

Currency: other currencies

TYPE/UNEXPIRED TERM	ON DEMAND	UP TO 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	OVER 10 YEARS	INDEFINITE DURATION
1. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	50,369	473	-	14	-	-	-	-
1.3 Loans to customers								
- current accounts	1	-	-	-	-	-	-	-
- other loans								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	1,096	-	-	-	-	-	-
2. Cash liabilities								
2.1 Deposits from customers								
- current accounts	44,662	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	1	-	-	-	-	-	-	-
2.2 Deposits from banks								
- current accounts	1,504	-	-	-	-	-	-	-
- other payables	-	-	-	-	-	-	-	-
2.3 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

2. Banking book: Internal models and other methods of sensitivity analysis

The following table provides the results of the analyses conducted.

VALUE ANALYSIS (SHIFT + 200 BP)	NET INTEREST ANALYSIS (SHIFT + 100 BP)	IRVAR*
+7,000	+9,000	437

*1 day holding period, 99% confidence level%.

The sensitivity analysis on the interest margin, which was conducted assuming a shift of + 100 basis points on the euro interest rate curve, highlighted an impact of €9,000 thousand as at 31 December 2011.
The sensitivity analysis on the value of shareholders' equity, which was conducted assuming a shift of + 200 basis points on the euro interest rate curve, showed an impact of €7,000 thousand.
The interest rate VaR figure for FinecoBank came to approximately € 437 thousand.

2.3 Exchange rate risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for exchange rate risk

As part of its treasury activities, FinecoBank collects deposits in foreign currencies, mainly in US dollars, through customer current account liabilities and repurchase agreements, using the same in current accounts and by entering into time deposits in the same currency with the Parent Bank. The impact on the value of balance sheet items is estimated using the Forex VaR indicator.

B. Exchange rate risk hedging activities

Exchange rate risk is hedged through the matching of assets and liabilities in foreign currencies or through spot transactions in foreign currencies.
The component of exchange rate risk that contributes to the formation of the overall VaR is usually tied to the temporal mismatch between assets and liabilities in US dollars.

QUANTITATIVE INFORMATION

1. Breakdown of assets, liabilities and derivatives by currency of denomination

	CURRENCIES					
EXPOSURE/PORTFOLIO	US DOLLAR	POUND STERLING	SWISS FRANC	YEN	HONG KONG DOLLAR	OTHER CURRENCIES
A. Financial assets	**387,653**	**24,528**	**19,438**	**247**	**57**	**7,702**
A.1 Debt securities	77,289	11	-	-	-	2
A.2 Equity instruments	69	3	-	3	-	-
A.3 Loans and receivables with banks	293,596	23,936	19,327	176	57	7,359
A.4 Loans and receivables with customers	16,699	578	111	68	-	341
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**670**	**101**	**-**	**1**	**-**	**594**
C. Financial liabilities	**372,084**	**23,828**	**19,202**	**-**	**7**	**3,128**
C.1 Deposits from banks	269	-	-	-	7	1,496
C.2 Deposits from customers	294,529	23,828	19,202	-	-	1,632
C.3 Debt securities	77,286	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**50**	**8**	**-**	**-**	**-**	**428**
E. Financial derivatives						
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	594,775	63,898	159,172	170,813	42,672	104,865
+ Short positions	569,772	70,438	167,779	170,029	54,009	115,834
Total assets	**983,098**	**88,527**	**178,610**	**171,061**	**42,729**	**113,161**
Total liabilities	**941,906**	**94,274**	**186,981**	**170,029**	**54,016**	**119,390**
Imbalance	**41,192**	**(5,747)**	**(8,371)**	**1,032**	**(11,287)**	**(6,229)**

2. Internal models and other methods of sensitivity analysis

As at 31 December 2011, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately € 37 thousand.

Part E - Information on Risks and Hedging Policies (Continued)

2.4 Derivative instruments

A. Financial derivatives

A.1 Regulatory trading book: Notional year-end and average values

UNDERLYING ASSET/TYPE OF DERIVATIVE	12.31.2011		12.31.2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
1. Debt securities and interest rates indexes				
a) Options	-	-	40,145	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	220	-	327
e) Other	-	-	-	-
2. Equity instruments and share indices				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	53	-	139
e) Other	-	148	-	123
3. Currencies and gold				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	6,044	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**-**	**421**	**46,189**	**589**
Average amounts	**3**	**505**	**41,374**	**514**

A.2 Banking book: period-end and average notional amounts

A.2.1 Hedging instruments

UNDERLYING ASSET/TYPE OF DERIVATIVE	12.31.2011		12.31.2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
1. Debt securities and interest rates indexes				
a) Options	-	-	-	-
b) Swaps	10,734,241	-	3,228,321	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity instruments and share indices				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Currencies and gold				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**10,734,241**	**-**	**3,228,321**	**-**
Average amounts	**3,453,032**	**-**	**3,582,807**	**-**

A.2.2 Other derivatives

No data to report.

A.3 Financial derivatives: Gross positive fair value - breakdown by product

UNDERLYING ASSET/TYPE OF DERIVATIVE	POSITIVE FAIR VALUE			
	12.31.2011		12.31.2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
A. Regulatory trading book				
a) Options	-	-	4	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	24	-
f) Futures	-	-	-	2
g) Other	-	1	-	3
B. Banking book - hedges				
a) Options	-	-	-	-
b) Interest rate swaps	329,933	-	50	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking book - other derivatives				
a) Options	-	-	-	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**329,933**	**1**	**78**	**5**

A.4 Financial derivatives: negative fair value - breakdown by product

UNDERLYING ASSET/TYPE OF DERIVATIVE	NEGATIVE FAIR VALUE			
	12.31.2011		12.31.2010	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
A. Regulatory trading book				
a) Options	-	-	4	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	3	-
f) Futures	-	1	-	-
g) Other	-	-	-	-
B. Banking book - hedges				
a) Options	-	-	-	-
b) Interest rate swaps	370,770	-	79,943	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking book - other derivatives				
a) Options	-	-	-	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**370,770**	**1**	**79,950**	**-**

Part E - Information on Risks and Hedging Policies (Continued)

A.5 Over-the-counter financial derivatives - regulatory trading book: notional values, positive and negative gross fair values by counterparty - contracts not covered by clearing agreements

No data to report.

A.6 Over-the-counter financial derivatives - regulatory trading book: notional values, positive and negative gross fair values by counterparty - contracts covered by clearing agreements

No data to report.

A.7 Over-the-counter financial derivatives - banking book: notional values, positive and negative gross fair values by counterparty - contracts not covered by clearing agreements

CONTRACTS COVERED BY CLEARING AGREEMENTS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1. Debt securities and interest rates							
- notional value	-	-	10,734,241	-	-	-	-
- positive fair value	-	-	329,933	-	-	-	-
- negative fair value	-	-	370,770	-	-	-	-
- future exposure	-	-	438	-	-	-	-
2. Equity instruments and share indices							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3. Currencies and gold							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4. Other instruments							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 Over-the-counter financial derivatives - banking book: notional values, positive and negative gross fair values by counterparty - contracts not covered by clearing agreements

No data to report.

A.9 Residual life of over-the-counter financial derivatives: notional values

UNDERLYING/UNEXPIRED TERM	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	-	-	-	-
A.2 Financial derivatives on equity instruments and share indices	-	-	-	-
A.3 Financial derivatives on exchange rates and gold	-	-	-	-
A.4 Financial derivatives on other instruments	-	-	-	-
B. Banking book				
B.1 Financial derivative contracts on debt securities and interest rates	341,986	10,092,255	300,000	10,734,241
B.2 Financial derivatives on equity instruments and share indices	-	-	-	-
B.3 Financial derivatives on exchange rates and gold	-	-	-	-
B.4 Financial derivatives on other instruments	-	-	-	-
Total al 31 December 2011	**341,986**	**10,092,255**	**300,000**	**10,734,241**
Total al 31 December 2010	**644,938**	**2,179,572**	**450,000**	**3,274,510**

A.10 Over-the-counter financial derivatives: Counterparty risk/financial risk - Internal models

No data to report.

B. Credit derivatives

No data to report.

C. Financial and credit derivatives

C.1 Over-the-counter financial and credit derivatives: net fair values and future exposures by counterparty
No data to report.

Section 3 - Liquidity risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for liquidity risk
Liquidity risk can be broken down into:
- Liquidity Mismatch Risk, namely the risk that amounts and/or the timing of incoming and outgoing flows do not match;
- Liquidity Contingency Risk, namely the risk that unexpected future events could require an amount of liquidity above that envisaged as necessary by the Bank. Said risk may be generated by events such as the failure to repay loans, the need to fund new assets or to obtain new loans in times of liquidity crisis;
- Market Liquidity Risk, namely the risk of FinecoBank incurring losses on the disposal of liquid assets to cover liquidity crises caused by systemic factors or by factors specific to the bank.

The UniCredit Group manages liquidity risk at centralised level and on a consolidated basis, in line with the regulations of the local Supervisory Authorities and with business requirements. The Bank is responsible for the correct implementation and respect of liquidity policies within the guidelines issued by the Parent Bank, adjusting the net of its cash flows and transferring the surplus/shortfall to the Parent Bank on a daily basis.

The Liquidity Policy issued by the Parent Bank illustrates the methods used to manage the quantitative assets of liquidity risk and the quantification of the levels to be observed.

The prime objectives of the Liquidity policy are:
- to observe short-term liquidity levels (operating liquidity) so that the bank is able to meet its ordinary/extraordinary payment commitments;
- to observe medium/long term liquidity levels (structural liquidity) in order to maintain a substantial balance between medium/long term liabilities and assets.

Risk Measurement
Liquidity risk, meaning the availability of the cash resources needed to cover financial outlays, is measured by means of the liquidity gap, given by the difference between liquid assets and variable sources. In addition to the liquidity risk as defined above, the costs to adjust the liquidity deficit are calculated. The classification criteria of balance sheet items for the construction of the gap adopts the logic used to distinguish between sensitive assets and liabilities, taking into account both the effective maturity of the asset or liability and the possibility of converting it into cash if necessary.
In estimating the net liquidity position, the level of effective liquidity of individual balance sheet items is analysed in order to determine, on a continual basis, the deficit and surplus profile resulting from the contraposition of cash inflows and outflows. Calculating the aggregate figure for net liquid assets (liquidity gap) and, therefore, correctly identifying and quantifying liquid assets and variable sources, must be carried out with reference to:
- the present value of net interbank exposure;
- the present value of securities held and their relative contractual maturities;
- the value of loans and property, plant and equipment;
- the residual effective maturity of each balance-sheet item, as well as the time profile of the cash flows generated by the same;
- the sensitivity of demand items to changes in financial elements able to influence the trend (interest rates);
- forecasts on the trends of the above financial elements, as well as their volatility in a given reference time horizon.

The measurement of liquidity risk is carried out both from a static perspective (aimed at identifying the effective liquidity tensions related to the characteristics of balance sheet items, through the construction, for each time period identified, of the corresponding gap indicator), and from a dynamic perspective (through estimating techniques associations with simulation, aim to the most likely scenarios following changes in the financial elements able to influence the time profile of liquidity).

Risk control
Risk control is carried out by the Parent Bank to verify compliance with the thresholds set as regards variances in assets and liabilities.

All data is provided by the ALMPro (Asset Liability Management - Prometeia) application through a report that summarises the Bank's overall position and highlights any structural deficit, with details of the reference bucket as well as the structural surplus.

Based on the results of the report, the Parent Bank identifies what action could be taken to “rebalance” the situation.

Part E - Information on Risks and Hedging Policies (CONTINUED)

Risk control activities are also carried out periodically by UniCredit Audit S.p.A. to verify:
- the adequacy and smooth functioning of the financial process;
- that the criteria and the rules establish for risk management are respected;
- that the activities and checks envisaged to monitor risk are carried out correctly;
- the presence of any problems that need to be resolved immediately.

Methodological aspects

The ALM (Asset&Liability Management) system used by the Bank measures both its exposure to interest rate risk and to liquidity risk.

QUANTITATIVE INFORMATION

1. Distribution of financial assets and liabilities by residual contractual maturity - Currency: Euro

ITEM/TIME BRACKETS	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	INDEFINITE DURATION
Cash assets										
A.1 Government securities	-	-	-	-	-	-	15,068	32,366	19	-
A.2 Debt securities	-	32	-	-	46	84	150,211	4,759,610 1,050,798	-	
A.3 Units in investment funds	6,969	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	7,213,535	20,578	20,229	55,560	366,305	1,058,300	884,790	105,423	-	185,400
- Customers	93,305	33,173	2,009	2,831	100,578	25,709	45,833	198,607	5,308	-
On-balance sheet liabilities										
B.1 Deposits and current accounts										
- Banks	13,330	200,054	-	-	-	-	-	-	-	-
- Customers	8,500,542	-	-	5,785	51,038	91,932	496,823	144,268	-	-
B.2 Debt securities	-	-	-	-	-	-	-	4,500,000	-	-
B.3 Other liabilities	33,951	32,025	16,299	56,708	341,119	957,220	612,956	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	892,863	-	-	2	120	106	1,175	563	162
- Short positions	-	881,151	-	-	-	89	85	1,112	722	162
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	92	72,652	76,650	232,443	-	-	-
- Short positions	1	-	-	169	65,263	68,063	237,176	-	-	-
C.3 Deposits and loans to be collected										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency: US dollar

ITEM/TIME BRACKETS	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	INDEFINITE DURATION
Cash assets										
A.1 Government securities	-	-	-	-	-	-	-	-	3	-
A.2 Debt securities	-	-	-	-	-	-	-	77,286	-	-
A.3 Units in investment funds	1	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	285,426	-	-	-	7,741	-	429	-	-	-
- Customers	804	3,382	47	1,378	11,049	-	33	6	-	-
On-balance sheet liabilities										
B.1 Deposits and current accounts										
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	277,150	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	77,286	-	-
B.3 Other liabilities	2,784	2,137	826	2,318	9,220	-	363	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	594,792	-	-	-	-	-	16	-	-
- Short positions	-	569,788	-	-	-	-	-	16	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	1,627	1,777	3,825	-	-	-
- Short positions	-	-	-	-	1,629	1,778	3,870	-	-	-
C.3 Deposits and loans to be collected										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Part E - Information on Risks and Hedging Policies (Continued)

Currency: other currencies

ITEM/TIME BRACKETS	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	INDEFINITE DURATION
Cash assets										
A.1 Government securities	-	-	-	-	-	-	-	11	2	-
A.2 Debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	50,841	-	-	-	-	-	14	-	-	-
- Customers	768	138	54	12	126	-	-	-	-	-
On-balance sheet liabilities										
B.1 Deposits and current accounts										
- Banks	1,504	-	-	-	-	-	-	-	-	-
- Customers	44,662	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	1	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	541,455	-	-	-	-	-	-	4	30
- Short positions	-	578,124	-	-	-	-	-	-	4	30
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be collected										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Section 4 - Operational risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for operational risk

Definition of operational risk

Operational risk is defined as the risk of losses due to errors, violations, interruptions, or damage caused by internal processes, personnel, systems or by external events. This definition includes legal and compliance risk, but not strategic and reputational risk.

Events resulting from the inadequacy or the malfunctioning of internal processes, personnel and systems or that result from system-related events or other external events may be defined as operational: internal or external fraud, workplace safety and employment relationship, customer complaints, distribution of products, fines and other sanctions resulting from regulatory violations, damage to the assets of the company, interruption of operations and malfunctioning of systems, management of processes.

Operating losses are classified according to the Event Types envisaged by Basel II:

- Internal fraud
- External fraud
- Workplace safety and employment relationship
- Customers, products and business practices
- Damage due to external events
- Interruption of operations and system malfunctioning
- Execution, delivery and management of processes

A.2 Reference legislation

The recognition, measurement, control and management of operational risk are carried out according to the principles established by Basel II in the "New Basel agreement on Capital" and in line with the "New provisions for prudential supervision for Banks" (Circular no. 263 of the Bank of Italy), which acknowledge instructions on international convergence for the measurement of capital and of capital ratios.

Said principles and provisions have been set out in the *Group Framework for the management of operational risk* and acknowledged, at Governance level, in FinecoBank's Operational Risk Manual approved by the Board of Directors.

The main activities carried out by the Risk Management office in terms of operational risk are:
- recognition, classification, validation and reporting of operating losses with consequent identification of problem areas;
- assessment of potential risks through scenario analyses and risk indicators (Key Risk Indicator-KRI);
- monitoring and optimising the internal control system;
- policies to mitigate and transfer risk by means of insurance cover;
- developing an operational risk culture within the Bank;
- generating reports for top management on risk trends.

Specific attention has been placed on preventing and reducing operating losses through the completion of a series of mitigation measures that were already identified and launched in 2010, which involved a number of different areas of FinecoBank (business units, Information & Communication Technology) and various control structures.

A.3 Operational risk measurement

Operational risk is measured internally by means of:
- collecting data on losses;
- monitoring Key Risk Indicators (KRI); - remote control of sales channels; - scenario analyses.

The collection and classification of operating losses is managed by a Group system called ARGO (Application for Risk Gauging On line).
In addition to internal prevention and improvement, the information gathered is used to calculate pillar I and II capital requirements.
In terms of key risk indicators, there are currently 44 risk indicators broken down into nine control areas (Legal, Claims, Credit Cards, Back Office, PFA, IT systems, Customer Care, Current Accounts, HR) which the Bank uses to measure its exposure to operational risk. If an indicator shows an irregular value, this may be related to changes in the exposure to operational risk.

As part of the prevention of operational risk and to control sales channels remotely, the Risk Management office has focused on fraud prevention measures.

The development of remote monitoring to prevent fraud has led to the creation of a system called "SoFIA" (System of Fraud Identification and Analysis). This system enables a larger amount of data and information on individual indicators to be analysed at the same time and enables possible irregularities to be detected on a daily basis through an alert system.
In this way, all of the names put forward to be checked are assessed at the same time with regard to all remote indicators (29 indicators).
On the basis of qualitative and quantitative assessments of these indicators, the relevant staff select any cases that need to be reported to the Incidents and Controls O.U. for subsequent follow-up.

In addition to fraud prevention activities, the Risk Management Office has developed a series of ("trend") indicators through which it continues to provide information to the sales network both in terms of the compliance of the PFA network with regulations and as regards more strictly commercial matters.

Scenario analyses enable FinecoBank's exposure to operational risk, characterised by low frequency but high potential impact, to be estimated. The scenarios are identified by analysing internal losses, external events, risk indicator trends, critical processes, products and risk classes.

The inclusion of the data generated through scenario analyses and of the trend of risk indicators are a forward-looking element of the risk capital calculation model.

The use of the advanced method AMA to calculate regulatory capital (§ A.4) entails the annual certification of the operational risk management and control system by the Operational Risk department, which involves preparing a detailed and complex Annual Report. This document contains a self-assessment of the system and looks specifically at the governance structure, the process of loss data collection, scenario analyses and the internal control system. The Report is submitted to the approval of the Board of Directors and is validated by the Internal Audit department and Group GIV (Group Internal Validation). For 2011, both of the latter have confirmed good risk monitoring and the adequacy of the existing management and control system.

In order to correctly monitor business continuity risk, in line with the policies of the Parent Bank, an adequate Business Continuity Management/Disaster Recovery process has been set in place.

Part E - Information on Risks and Hedging Policies (CONTINUED)

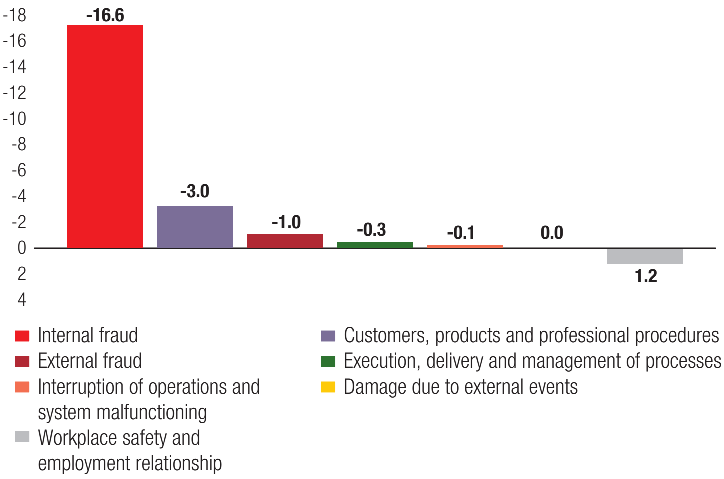
A.4 Calculating capital requirements
FinecoBank has obtained the approval of the Bank of Italy for the use of advanced methods (AMA) to calculate capital requirement against operational risk as of 30 June 2010.

The risk capital for operational risk used for regulatory purposes as at 31 December 2011, calculated at a confidence level of 99.9%, corresponds to € 46,703 thousand.

Data collection and control is managed by at local level, while the management and maintenance of the model to calculate regulatory capital is centralised for all Legal Entities of the Group at the Holding Company.

QUANTITATIVE INFORMATION
Internal operating loss data is the main component used to calculate capital requirements against operational risk. Loss analyses enable the ORM (Operational Risk Management) function to make assessments on FinecoBank's exposure to operational risk and to identify any critical areas.

Breakdown of operating losses 2011 (mln)



As at 31 December 2011, operating losses recorded in the accounts amounted to € 19.8 million.
The breakdown of operating losses by the event types established in the New Basel 2 Agreement, which generated them, is shown below:

- **Internal fraud:** losses due to unauthorised activities, fraud, embezzlement or infringement of laws, regulations or company directives that involve at least one internal staff member of the bank or a resource hired under an agency contract.
- **External fraud:** losses due to fraud, embezzlement or infringement of laws by parties outside of the bank.
- **Workplace safety and employment relationship:** losses due to actions not compliant with the law or to agreements regarding employment, health and safety, to the payment of compensation for bodily harm, or to cases of discrimination or non-application of equality conditions.
- **Customers, products and professional procedures:** losses due to breaches relative to professional responsibilities with respect to customers, or to the nature or characteristics of the product or service provided.
- **Damage due to external events:** losses due to external events, such as natural catastrophes, terrorism, vandalism.
- **Interruption of operations and system malfunctioning:** losses due to interruption of operations, malfunctioning or unavailability of systems.
- **Execution, delivery and management of processes:** losses due to deficiencies in the completion of transactions or management of processes, as well as losses due to relations with commercial counterparties, vendors and suppliers.

In 2011, the main sources of operating loss were related to Internal fraud and Customers, products and professional practices. Said events are attributable to provisions or losses expenses relating to complaints and legal action taken by customers against the Bank associated with the behaviour of personal financial advisers. In particular, the complaints/legal action regard the placement of products that were inappropriate to the customer's risk profile and/or embezzlement.

Section 5 - Other risks
Although the types of risk illustrated above represent the main categories, there are, however other types that FinecoBank considers important. As part of the provisions of the Second Pillar of Basel 2, FinecoBank - with the support of the Parent Company - has identified other types of risk in addition to the credit, market, operational and liquidity risks illustrated previously:

- **Business risk**, which results from a fall in margins not due to market, credit or operational risk, but to changes in the competitive scenario or in customer behaviour. More specifically, it focuses on future changes in margins and their impact on value and on the Group's level of capitalisation;
- **Strategic risk**, which depends on unexpected changes in the market or the failure to recognise trend underway in the banking industry, or inappropriate assessments of said trends; It also considers the impact of decisions that are disadvantageous to long-term objectives and that can be difficult to reverse;
- **Reputational risk**, which represents the current or future risk of a fall in profits resulting from a negative perception of the Bank's image by customers, counterparties, shareholders, investors or Supervisory Authorities.

FinecoBank has not included Real Estate Risk within as a risk to which it is exposed, insofar as it does not hold significant positions in real estate, nor does it include Financial Investment Risk, as it does not possess large non-speculative financial investments in companies external to the Group.
Following the identification of the significant risks, the Parent Company establishes the best way to analyse the same in qualitative and quantitative terms. The quantitative measurement is carried out by the Parent Company using data sent by FinecoBank and is used to calculate the Economic capital. Economic capital is the capital that the Bank has to hold to sustain the risks relating to its positions and assets and is calculated with regard to both individual types of risk and risks as a whole in line with the target rating established by the Group.

More specifically, business risk, measured through economic capital, entails facing potential losses. Strategic and reputational risk, on the other hand, are measured by means of a qualitative approach.
The multi-dimensional nature of risk entails combining the measurement of economic capital with stress testing, not only to estimate losses in some scenarios, but to understand the impact of the determinants of the same. Stress tests are conducted both on individual types of risk and on risks as a whole by simulating joint changes in risk factors, in order to support the estimate of aggregate economic capital. The estimate of the Stress test aggregate considers the amount of individual risks in stress scenarios and the lesser benefit of diversification in times of crisis.

ICAAP - Internal Capital Adequacy Assessment Process

In line with the provisions of Basel 2, risk profiling is a fundamental element of the capital adequacy process. The Group approach to assessing capital adequacy entails five stages:
- Risk Governance;
- Defining the scope and identifying the risks;
- Assessing the risk profile;
- Defining risk appetite and capital allocation;
- Monitoring and reporting.

The governance underlying the capital adequacy process has two dimensions:
- within each Legal Entity;
- in relations between each Legal Entity and the Parent Company.

The capital adequacy process is of fundamental importance within the Group and therefore requires an adequate system of risk governance to ensure the involvement of Top Management and the appropriate allocation of ICAAP activities to organisational functions.
In reality, the Board of Directors is ultimately responsible, as the capital adequacy process entails determining risk appetite and defining guidelines for the correct allocation of available capital resources.

Top Management identifies the principal bodies/structures that will be part of the process and takes decisions regarding reporting to the competent decision-making body.
UniCredit guidelines envisage that medium-sized companies belonging to the Group - such as FinecoBank - must measure their risk profiles through internal capital. Internal capital is equal to the sum of the economic capital relating to the risks described net of the benefits of diversification plus a cushion that takes the variability of the economic cycle and the risk model in to account, in terms of data quality and model accuracy.
The capital planning process regards the allocation of the same to achieve value-creation objectives on the basis of the risk appetite. Risk appetite can be defined as the variance, in terms of both short-term and long-term results, that Top Management is willing to accept to sustain a specific strategy.
With regard to adopting UniCredit policies, FinecoBank uses a reference framework comprised by three areas:
- capital adequacy;
- profitability and risk;
- liquidity and funding.

Capital adequacy is seen as a balance between capital and risks undertaken, with a view to both the First and Second Pillar, where it is measured respectively by the Core Tier 1 Ratio, Total Capital Ratio and Risk Taking Capacity. The latter is the ratio of available financial resources (AFR) to internal capital.
AFR are the resources that can be used to safeguard the bank from insolvency. These resources must be committed and defined on a contractual basis, so that that can be counted upon in times of crisis. As losses impact AFR, the latter can be defined as the amount of losses that can be absorbed before the Bank becomes insolvent.
The measurements of internal economic capital and the consequent Risk Taking Capacity indicate an adequate level of capitalisation of the Bank.
Internal capital is lastly calculated at consolidated level based on the divisional structure, a cornerstone of the Group's business strategy. Stress testing on risks is integrated into capital adequacy by considering the impact of the scenario on available capital, therefore providing an idea of the Group's ability to handle further losses in conditions of stress.
Risk appetite and the objectives set are monitored and reports are generated on the same as part of the governance established by the process.
Furthermore, FinecoBank has to submit a report to the Parent Company (ICAAP Report), the content of which is included and consolidated at Group level in accordance with the guidelines of the Bank of Italy.

Part F - Shareholders' Equity

Part F - Shareholders' Equity

(Amounts in Euro/000)

Section 1 - Bank's shareholders' equity

A. QUALITATIVE INFORMATION

The management and allocation of capital (regulatory and economic), aimed at ensuring that the amount of capital and the related ratios are consistent with the risk profile assumed and comply with regulatory provisions, is carried out at Group level, given that the quality and the amount of capital resources of the individual Group companies are established on the basis of more general Group objectives. The purpose of capital management is to define the target level of capitalisation of the Group and of its companies in compliance with regulatory constraints and risk appetite. As regards dynamic capital management, the Parent Company draws up a financial plan and monitors the capital and regulatory ratios, anticipating any appropriate action needed to reach the objectives. Monitoring refers on one hand to both shareholders' equity and the composition of regulatory capital and, on the other hand, to the planning and the performance of risk-weighted assets (RWA).

B. QUANTITATIVE INFORMATION

B.1 Bank's shareholders' equity: breakdown

	12.31.2011	12.31.2010
1. Share capital	200,070	200,070
2. Share premium reserve	1,934	1,934
3. Reserves		
- from profits		
a) legal	19,389	16,795
b) statutory	-	-
c) treasury shares	-	-
d) other	93,727	93,342
- other	-	-
4. Equity instruments	-	-
5. (Treasury shares)	-	-
6. Revaluation reserves		
- Available-for-sale financial assets	(644)	(33)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging instruments of foreign investments	-	-
- Cash flow hedges	-	-
- Exchange differences	-	-
- Non-current assets classified as held for sale	-	-
- Actuarial gains (losses) on defined benefits plans	-	-
- Revaluation reserves for associates carried at equity	-	-
- Special revaluation laws	-	-
7. Profit (Loss) for the year	62,764	51,881
Total	**377,240**	**363,989**

B.2 Revaluation reserves for available-for-sale financial assets: breakdown

	12.31.2011		12.31.2010	
ASSET/AMOUNT	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	149	(793)	-	(33)
2. Equity instruments	-	-	-	-
3. Units in investment funds	-	-	-	-
4. Loans	-	-	-	-
Total	**149**	**(793)**	**-**	**(33)**

B.3 Revaluation reserves for available-for-sale financial assets: annual changes

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS
1. Opening balances	**(33)**	**-**	**-**	**-**
2. Increases				
2.1 Fair value increases	164	-	-	-
2.2 Reclassification through profit or loss of negative reserves				
- from impairment	-	-	-	-
- from disposal	-	-	-	-
2.3 Other increases	-	-	-	-
3. Decreases				
3.1 Fair value reductions	(775)	-	-	-
3.2 Impairment losses	-	-	-	-
3.3 Reclassification through profit or loss reserves	-	-	-	-
- from disposal	-			
3.4 Other decreases	-	-	-	-
4. Closing balance	**(644)**	**-**	**-**	**-**

Section 2 - Regulatory capital and ratios

2.1 Regulatory capital

Regulatory capital is calculated on a quarterly basis in accordance with supervisory regulations. The results are reported to the Parent Company's Board of Directors.
As at 31 December 2011, the Bank's regulatory capital stood at € 237,736 thousand and satisfied the mandatory prudential requirements established by current Bank of Italy regulations.
Regulatory capital and total risk-weighted assets were calculated by applying current supervisory provisions on the basis of accounting figures prepared in accordance with international accounting standards.

A. QUALITATIVE INFORMATION

Tier 1 capital	237,733	232,168
Tier 2 capital	-	-
Items to be deducted	-	-
Regulatory capital	**237,733**	**232,168**

1. Tier 1 capital

The positive elements of Tier capital are represented by the share capital, made up of 606,274,033 ordinary shares of a nominal value of € 0.33 each, the share premium reserve of the profit for 2011, amounting to € 3,188 thousand, which the Bank's strategic supervisory and management bodies intend to allocate to reserves.
The negative elements of Tier 1 capital are represented by the book value of goodwill, less any deferred taxes, and other intangible assets.

2. Tier 2 capital

No data to report.

3. Tier 3 capital

No data to report.

It should be note that the Bank, advising the Bank of Italy of its decision on 28 June 2010 through the Parent Company UniCredit, has opted to fully neutralise the gains and the losses recognised in the valuation reserves relating to debt securities held in the "Available-for-sale financial assets" portfolio subsequent to 31 December 2009, restricted to debt securities issued by the Central administrations of European Union Member States.

Part F - Shareholders' Equity (Continued)

B. QUANTITATIVE INFORMATION

	12.31.2011	12.31.2010
A. Tier 1 capital before prudential filters	**237,733**	**233,012**
B. Tier 1 prudential filters		
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-	(844)
C. Tier 1 capital gross of items to be deducted (A+B)	**237,733**	**232,168**
D. Items to be deducted from Tier 1 capital	-	-
E. Total TIER 1 (C - D)	**237,733**	**232,168**
F. Tier 2 before prudential filters	**-**	**-**
G. Tier 2 prudential filters:		
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 capital gross of items to be deducted (F + G)	**-**	**-**
I. Items to be deducted from Tier 2 capital	-	-
L. Total IER 2 (H - I)	**-**	**-**
M. Items to be deducted from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E + L - M)	**237,733**	**232,168**
O. Tier 3 capital	-	-
P. Regulatory capital including Tier 3 (N + O)	**237,733**	**232,168**

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Prudential regulatory requirements have been established by applying the current provisions of Basel II Traditional StandardisedApproach. FinecoBank calculates its capital requirement against operational risk using advanced approaches, integrating total capital requirements for the floors envisaged by Bank of Italy regulations. More specifically, FinecoBank has applied a floor corresponding to the positive difference between 80% of the capital requirements calculated on the basis of the rules in force as at 31 December 2006 and the sum of the capital requirements for credit, counterparty, market and operational risks, calculated by applying the current provisions of the standardised Basel II Traditional Standardised Approach. As at December 31, 2011, the floor was € 133,090 thousand, net of the 25% reduction granted to banks belonging to a Banking group.

B. QUANTITATIVE INFORMATION

CATEGORY/AMOUNT	NON WEIGHTED ASSETS 12.31.2011	NON WEIGHTED ASSETS 12.31.2010	WEIGHTED ASSETS 12.31.2011	WEIGHTED ASSETS 12.31.2010
A. RISK ASSETS				
A.1 Credit and counterparty risk	**17,538,317**	**10,863,870**	**561,714**	**624,374**
1. Traditional standardised approach	17,538,317	10,863,870	561,714	624,374
2. Internal rating method	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**44,937**	**49,950**
B.2 Market risk			**5,664**	**2,258**
1. Traditional standardised approach			5,664	2,258
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operational risk			**46,703**	**42,563**
1. Basic method			-	-
2. Traditional standardised approach			-	-
3. Advanced measurement approach			46,703	42,563
B.4 Other prudential requirements			**-**	**-**
B.5 Other calculation elements			**108,764**	**30,314**
B.6 Total prudential requirements			**206,068**	**125,085**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			2,575,852	1,563,567
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			9.23%	14.85%
C.3 Regulatory capital including Tier 3/Risk-weighted assets (Total capital ratio)			9.23%	14.85%

Risk-weighted assets have been calculated by multiplying the total of prudential requirements by 12.5 (the inverse of the minimum compulsory coefficient of 8%).

Part G - Business combinations

Section 1 - Business combinations completed during the year

No information to report.

Section 2 - Business combination completed after year-end

No information to report.

Section 3 - Retrospective adjustments

No information to report.

Part H - Related-Party transactions

Part H - Related-Party transactions

(Amounts in Euro/000)

Information on the fees paid to key management personnel and on related-party transactions, according to IAS 24 are shown below.

1. Details of Top Managers' Compensation

Key management personnel are persons having authority and responsibility for planning, directing and controlling FinecoBank's activities. Key management personnel include, in addition to the members of the Board of Directors and the members of the Board of Statutory Auditors, in accordance with the provisions of Bank of Italy Circular no. 262 of 22 December 2005.

	12.31.2011	12.31.2010
Fees paid to "Key Management Personnel", Directors and the Board of Statutory Auditors		
a) short-term benefits	2,234	1,849
b) post-employment benefits	84	69
of which under defined benefit plans	-	-
of which under defined contribution plans	*84*	*69*
c) other long-term employee benefits	6	7
d) termination benefits	-	-
e) share-based payments	143	9
TOTAL	**2,467**	**1,934**

2. Related-party transactions

In order to ensure full compliance with current legislative and regulatory provisions on disclosure of related-party transactions in December 2010 and February 2011, the Company's Board of Directors approved the new provisions for related party transactions, in compliance with the provisions of the CONSOB Regulation, approved by resolution No. 17221 of 12 March 2010 and subsequently amended by resolution No. 17389 of 23 June 2010.

In accordance with the instructions given by the Parent Company, the criteria for identifying the transactions completed with related parties were defined, in line with the instructions of the above-mentioned Supervisory Body.

Individual transactions were carried out on the same terms as those applied to transactions entered into with independent third parties.

No evidence was found of transactions deemed to be atypical and/or unusual, including infragroup or related-party transactions which are carried out as part of normal business operations.

The following statement shows the outstanding assets, liabilities, guarantees and commitments as at 31 December 2011, broken down by type of related party pursuant to IAS 24:

	BALANCES AT DECEMBER 31, 2011			
	JOINT VENTURES NOT CONSOLIDATED	ASSOCIATES	DIRECTORS AND KEY PERSONNEL	OTHER RELATED PARTIES
Financial assets held for trading	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Loans and receivables with banks	-	-	-	-
Loans and receivables with customers	-	-	-	-
Other assets	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Deposits from banks	-	-	-	-
Deposits from customers	-	-	301	25
Financial liabilities held for trading	-	-	-	-
Tax liabilities	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	**-**	**-**	**301**	**25**
Guarantees given and commitments	**-**	**-**	**-**	**-**

As regards the above transactions, broken down by type of related party, detail of the impact on the main items of the income statement is provided below:

	2011 INCOME STATEMENT			
	JOINT VENTURES NOT CONSOLIDATED	ASSOCIATES	DIRECTORS AND KEY PERSONNEL	OTHER RELATED PARTIES
Interest income and similar revenues	-	-	-	-
Interest expenses and similar charges	-	-	(5)	-
Fee and commission income	-	-	5	-
Fee and commission expense	-	-	-	-
Net adjustments/writebacks due to impairment of:	-	-	-	-
a) receivables	-	-	-	-
b) available-for-sale financial assets sales	-	-	-	-
c) financial assets held to maturity	-	-	-	-
Operating costs	-	-	1	-

With regard to the “Executives with strategic responsibility” category, note that, in application of the special discipline envisaged by art. 136 of Italian Legislative Decree 385/93 of the TUB (Consolidated Law on Banking), the obligations set in place vis-à-vis parties that perform administrative, management and control functions pursuant to the above decree were unanimously approved by a resolution of the Board of Directors with the favourable vote of all members of the Board of Statutory Auditors, in line with the criteria envisaged by article 136 of the TUB (cited).

Note that “Other related parties” does not include figures as at 31 December 2011 and the income statement for 2011 as regards UniCredit Group companies, insofar as they are shown on the following pages.

Transactions with the Parent Company and other UniCredit Group companies

TOTAL TRANSACTIONS WITH UNICREDIT GROUP COMPANIES	12.31.2011
Assets	**16,608,719**
Financial assets held for trading	123
Financial assets at fair value through profit or loss	7,434
Loans and receivables with banks	16,263,064
Loans and receivables with customers	6,208
Hedging derivative assets	329,933
Tax assets	**-**
Other assets	1,957
Liabilities	**6,019,110**
Deposits from banks	1,061,925
Deposits from customers	5,079
Debt securities in issue	4,577,286
Financial liabilities held for trading	126
Hedging derivative liabilities	**370,734**
Tax liabilities	-
Other liabilities	**3,960**
Guarantees	**10,065**
Guarantees given	10,065
Income Statement	**251,515**
Interest income and similar revenues	240,670
Interest expenses and similar charges	(34,431)
Fee and commission income	40,255
Fee and commission expense	(4,897)
Dividends and similar income	-
Net income from trading activities	(2)
Net income from hedging activities	15,589
Gains (losses) from disposal or repurchase	10,890
Administrative costs	(17,075)
Other net operating income/expense	516

Part H - Related-Party transactions (CONTINUED)

The following table summarises transactions with UniCredit Group companies as at December 31, 2011:

COMPANY	ASSETS	LIABILITIES	GUARANTEES	INCOME STATEMENT
UniCredit S.p.A.	16,601,956	5,977,649	10,065	231,741
Family Credit Network S.p.A.	23	2,143	-	(8)
UniCredit Bank Ireland p.l.c.	-	3	-	(3)
UniCredit Bank AG	27	-	-	1,133
UniCredit Bank AG - *filiale di Milano*	128	33,183	-	906
Direktanlage.AT AG	60	693	-	(130)
Dab Bank AG	60	2,090	-	(277)
UniCredit Audit S.C.p.A.	-	19	-	(2,430)
Pioneer Investment Management S.g.r. S.p.A.	3,105	-	-	16,566
Pioneer Asset Management SA Luxemburg	2,923	-	-	14,983
Fineco Leasing S.p.A.	-	800	-	725
UniCredit Business Partner S.C.p.A.	7	-	-	(644)
Cordusio Società Fiduciaria per Azioni	131	51	-	115
UniCredit Real Estate S.C.p.A.	198	124	-	(8,968)
UniCredit Global Information Services S.C.p.A.	2	191	-	(2,407)
Localmind S.p.A.	31	2,135	-	(135)
Pioneer Alternative Investment Management S.g.r. S.p.A.	59	-	-	363
UniCredit Leasing S.p.A.	4	-	-	1
UniCredit Credit Management Bank S.p.A.	1	23	-	(27)
Unimanagement S.c.a.r.l.	-	6	-	(43)
UniCredit Factoring S.p.A.	-	-	-	9
UniCredit Luxembourg Finance SA	-	-	-	32
Pioneer Global Funds Distributor LTD	-	-	-	5
UniCredit Bank Austria AG	1	-	-	3
UniCredit Tiriac Bank SA	1	-	-	1
Bank Pekao SA	-	-	-	1
UniCredit Bulbank AD	1	-	-	1
UniCredit Bank Czech Republic AS	-	-	-	1
UniCredit Bank Hungary ZRT.	1	-	-	1
Total	**16,608,719**	**6,019,110**	**10,065**	**251,515**

The following tables contain a breakdown of the items relating to Assets, Liabilities, Costs and Revenue for each company of the Group.

Transactions with UniCredit S.p.A.

TRANSACTIONS WITH UNICREDIT S.P.A.	
Assets	
Financial assets at fair value through profit or loss	7,434
Loans and receivables with banks	16,263,044
Hedging derivatives assets	329,933
Other assets	1,545
Liabilities	
Deposits from banks	1,027,756
Debt securities in issue	4,577,286
Hedging derivative liabilities	369,064
Other liabilities	3,543
Guarantees	
Guarantees given	10,065
Income Statement	
Interest income and similar revenues	240,460
Interest expenses and similar charges	(33,287)
Fee and commission income	3,751
Fee and commission expense	(4,212)
Fair value adjustments in hedge accounting	16,326
Gains (losses) from disposal or repurchase	10,890
Administrative costs"	(2,187)

Transactions with companies controlled by UniCredit S.p.A.

TRANSACTIONS WITH FAMILY CREDIT NETWORK S.P.A.	
Assets	
Other assets	23
Liabilities	
Deposits from customers	2,143
Income statement	
Interest expense and similar charges	(28)
Fee and commission income	1
Other net operating income	19

TRANSACTIONS WITH UNICREDIT BANK IRELAND P.L.C.	
Liabilities	
Other liabilities	3
Income statement	
Fee and commission expense	(3)

TRANSACTIONS WITH UNICREDIT BANK AG	
Assets	
Financial assets held for trading	3
Deposits from banks	20
Other assets	4
Income statement	
Fee and commission income	1,133

TRANSACTIONS WITH UNICREDIT BANK AG - MILAN BRANCH	
Assets	
Other assets	128
Liabilities	
Deposits from banks	31,512
Hedge derivatives liabilities	1,671
Income statement	
Interest income and similar revenues	210
Interest expenses and similar charges	(1,068)
Fee and commission income	2,278
Fee and commission expense	(2)
Gains (losses) on financial assets and liabilities held for trading	(737)
Other net operating income	225

TRANSACTIONS WITH DIREKTANLAGE.AT AG	
Assets	
Financial assets held for trading	60
Liabilities	
Deposits from banks	660
Financial liabilities held for trading	33
Income statement	
Interest income and similar revenues	(6)
Fee and commission expense	(151)
Gains (losses) on financial assets and liabilities held for trading	27

Part H - Related-Party transactions (Continued)

TRANSACTIONS WITH DAB BANK AG	
Assets	
Financial assets held for trading	60
Liabilities	
Deposits from banks	1,997
Financial liabilities held for trading	93
Income statement	
Interest expenses and similar charges	(9)
Fee and commission expense	(235)
Gains (losses) on financial assets and liabilities held for trading	(33)

TRANSACTIONS WITH UNICREDIT AUDIT S.C.P.A.	
Liabilities	
Other liabilities	19
Income statement	
Fee and commission income	1
Administrative costs	(2,431)

TRANSACTIONS WITH PIONEER INVESTMENT MANAGEMENT S.G.R. S.P.A.	
Assets	
Deposits from customers	3,093
Other assets	12
Income statement	
Fee and commission income	16,756
Fee and commission expense	(200)
Other net operating income	10

TRANSACTIONS WITH PIONEER ASSET MANAGEMENT SA LUXEMBOURG	
Assets	
Deposits from customers	2,923
Income statement	
Fee and commission income	14,983

TRANSACTIONS WITH FINECO LEASING S.P.A.	
Liabilities	
Deposits from customers	800
Income statement	
Interest expenses and similar charges	(15)
Fee and commission income	736
Gains (losses) on financial assets and liabilities held for trading	4

TRANSACTIONS WITH UNICREDIT BUSINESS PARTNER S.C.P.A.	
Assets	
Other assets	7
Income statement	
Fee and commission income	4
Administrative costs	(648)

TRANSACTIONS WITH CORDUSIO SOCIETÀ FIDUCIARIA PER AZIONI	
Assets	
Deposits from customers	131
Liabilities	
Other liabilities	51
Income statement	
Fee and commission income	194
Fee and commission expense	(95)
Administrative costs	16

TRANSACTIONS WITH UNICREDIT REAL ESTATE S.C.P.A.	
Assets	
Other assets	198
Liabilities	
Other liabilities	124
Income statement	
Fee and commission income	1
Administrative costs	(9,190)
Other net operating incomec	221

TRANSACTIONS WITH UNICREDIT GLOBAL INFORMATION SERVICES S.C.P.A.	
Assets	
Other assets	2
Liabilities	
Other liabilities	191
Income statement	
Fee and commission income	7
Administrative costs	(2,414)

TRANSACTIONS WITH LOCALMIND S.P.A.	
Assets	
Other assets	31
Liabilities	
Item “Payables to customers”	2,135
Income statement	
Item “Interest expense and similar expense”	(17)
Item “Administrative expenses”	(158)
Item “Other operating income/expense”	40

TRANSACTIONS WITH PIONEER ALTERNATIVE INVESTMENT MANAGEMENT S.G.R. S.P.A.	
Assets	
Deposits from customers	59
Income statement	
Fee and commission income	363

TRANSACTIONS WITH UNICREDIT LEASING S.P.A.	
Assets	
Deposits from customers	3
Other assets	1
Income statement	
Fee and commission income	1

TRANSACTIONS WITH UNICREDIT CREDIT MANAGEMENT BANK S.P.A.	
Assets	
Other assets	1
Liabilities	
Other liabilities	23
Income statement	
Administrative costs	(27)

TRANSACTIONS WITH UNIMANAGEMENT S.C.A.R.L.	
Liabilities	
Item “Other liabilities”	6
Income	
Item “Administrative expenses”	(43)

Part H - Related-Party transactions (Continued)

TRANSACTIONS WITH UNICREDIT FACTORING S.P.A.	
Income statement	
Administrative costs	9

TRANSACTIONS WITH UNICREDIT LUXEMBOURG FINANCE SA	
Income statement	
Fee and commission income	32

TRANSACTIONS WITH PIONEER GLOBAL FUNDS DISTRIBUTOR LTD	
Income statement	
Fee and commission income	5

TRANSACTIONS WITH UNICREDIT BANK AUSTRIA AG	
Assets	
Item “Other assets”	1
Income statement	
Item “Commission income”	3

TRANSACTIONS WITH UNICREDIT TIRIAC BANK SA	
Assets	
Item “Other assets”	1
Income statement	
Item “Commission income”	1

TRANSACTIONS WITH BANK PEKAO SA	
Income statement	
Fee and commission income	1

TRANSACTIONS WITH UNICREDIT BULBANK AD	
Assets	
Other assets	1
Income statement	
Fee and commission income	1

TRANSACTIONS WITH UNICREDIT BANK CZECH REPUBLIC A.S.	
Income statement	
Fee and commission income	1

TRANSACTIONS WITH UNICREDIT BANK HUNGARY ZRT	
Assets	
Item “Other assets”	1
Income statement	
Item “Commission income”	1

Part I - Payment agreements based on own equity instruments

Part I - Payment agreements based on own equity instruments
(Amounts in Euro/000)

A. QUALITATIVE INFORMATION

1. Instruments in issue
As part of the medium/long-term incentive plans for its employees, the Bank organises **Equity-Settled Share Based Payments**, which entail the award of equity instruments of the Parent Bank, UniCredit S.p.A..
The following allocations fall under this category:
- **Stock Options** allocated to selected beneficiaries such as Top and Senior Management and Key Personnel and represented by rights to subscribe UniCredit shares;
- **Performance Stock Options and Performance Shares** allocated to selected beneficiaries, namely Top and Senior Management and Key Personnel, represented by subscription rights and free ordinary shares of UniCredit which the Parent Bank undertakes to allocate, subject to the achievement of pre-established performance objectives set by the Board of Directors of the Parent Bank;
- **Employee Share Ownership Plan (ESOP)**, which offers employees in possession of the requirements, the opportunity to purchase ordinary UniCredit shares with the following advantages: allocation of a quantity of free shares ("Discount Shares" and "Matching Shares" or, for the latter, the right to receive them) based on the quantity of share purchased by each Participant ("Investment Share") during the "Subscription Period". The assignment of free shares is subject to the fulfilment of vesting conditions (different to market conditions) established by the Plan Regulations;
- **Group Executive Incentive System** which offers selected Executives a variable amount, to be paid over a four-year period. For the first two years of the plan, beneficiaries will receive a cash payment, while for the following two years, the payment will be made in shares, depending on individual and Group performance, in accordance with the Plan regulations.

2. Valuation model
2.1 Stock Options and Performance Stock Options
The economic value of Stock Options and Performance Stock Options was estimated using the Hull and White model.

The model is based on a distribution of prices, based on a trinomial tree, determined using Boyle's algorithm and estimates the probability of the early exercise of stock options on the basis of a deterministic model linked to:
- the achievement of a Market Value equal to a multiple (**M**) of the value of the strike price;
- the propensity by assignees (**E**) to exit early once the Vesting period is over.

The following table shows the values and the parameters for the Performance Stock Options allocated in 2011.

Valuation of 2011 Performance Stock Options

	2011 PERFORMANCE STOCK OPTIONS
Strike Price [€]	18.07
Market price of UniCredit shares [€]	18.07
Grant date	22-Mar-2011
Start of Vesting period	1-Jan-2011
End of Vesting period	31-Dec-2013
End of Plan	31-Dec-2020
Strike Multiple (**M**)	1.5
Exit Rate - Post Vesting (**E**)	3.73%
Dividend Yield	2.583%
Implicit volatility	42.755%
Risk Free Rate	3.314%
Unit value of option on allocation [€]	**6.019**

The parameters were quantified as follows:
- **Exit Rate:** percentage on an annual base of rights cancelled following resignations;
- **Dividend Yield:** average of dividend yields envisaged for the next four years;
- **Implicit volatility:** average of daily values on a time series relating to a time horizon of 4 years;
- **Strike price:** arithmetic average of the official prices of UniCredit shares in the month prior to the allocation by the Board of Directors;
- **Market Price of UniCredit shares:** equal to the Strike Price, in order to reflect the allocation of options "at the money" on the grant date.

2.2 Other equity instruments (Performance Shares)
The economic value of a Performance Share is equal to the market price of the share reduced by the present value of the dividends that were not assigned in the period that runs between the commitment date and the future delivery date of the share. The parameters are estimated using methods that are similar to those applied to the stock options. The following table shows the parameters for Performance Shares agreed in 2011 and their unit values.

Valuation of 2011 Performance Shares

	2011 PERFORMANCE SHARES
Grant date	22-Mar-2011
Start of Vesting period	1-Jan-2011
End of Vesting period	31-Dec-2013
Market price of UniCredit shares [€]	18.07
Economic value of vesting conditions	-1.272
Unit value of Performance shares at time of agreement [€]	**16.798**

2.3 Employee Share Ownership Plan
For both Discount Shares and Matching Shares (or the right to receive them), the unit value will be measured at the end of the Subscription Period on the basis of the weighted average price paid by Participant to purchase the Investment Shares on the market.
The following tables show the parameters for Discount Shares and Matching Shares (or the right to receive them) relating to the Employee Share Ownership Plan plan approved in 2010.

Valuation of 2010 ESOP Discount Shares

	DISCOUNT SHARES
Date of allocation of Discount Shares to employees	10-Jan-2012
Start of Vesting period	1-Jan-2011
End of Vesting period	31-Dec-2011
Unit Fair Value of Discount Share [€]	11.687

Valuation of 2010 ESOP Matching Shares

	MATCHING SHARE
Date of allocation of Matching Shares (or relative rights) to employees	10-Jan-2012
Start of Vesting period	1-Jan-2012
End of Vesting period	31-Dec-2014
Unit Fair Value of Discount Share [€]	11.687

As regards the ESOP plan approved in 2010:
- any impact on the balance sheet or income statement related to Discount Shares has been recognised in financial year 2011 (except for adjustments, to the terms of the Regulations, to be implemented in 2012);
- the impact on the balance sheet and income statement of Matching Shares (or the rights to receive them) will be recognised during the three-year period 2012-2014.

2.4 Group Executive Incentive System
The amount of the incentive will be established on the basis of the achievement of the qualitative and quantitative objectives described in the plan. More specifically, the extent to which said objectives have been reached will be expressed in percentage terms of between 0% and 150% (non-market vesting conditions). Said percentage, which will be corrected through the application of a risk/sustainability factor - Group Gate - on the first payment, multiplied by the amount of the incentive, will determine the actual amount that will be paid to the beneficiary.
The effect on the balance sheet and income statement will reflect incentives paid for the duration of the Plans.

3. Other information
2011 Share Option Plan for UniCredit Group Employees (2011 Let's Share Plan)
In April 2011, the Ordinary Shareholders' Meeting of UniCredit approved the "2011 Share Option Plan for UniCredit Group Employees" (Let's Share 2011), which offers Group employees who possess the requisites, the opportunity to purchase ordinary UniCredit shares at favourable conditions, starting from January 2012, in order to strengthen the feeling of belonging to the Group and to motivate employees to achieve company objectives.

The 2011 Plan envisages that:
1. during the "Subscription Period" (from January 2012 to December 2012), Participants may purchase ordinary UniCredit shares ("Investment Shares") by means of a monthly current account debit or in one or two instalments following orders made in March, May and/or October ("one-off"). If the Participant leaves the Plan during the Subscription Period, he/she will lose the right to receive the free shares disbursed at the end of the Subscription Period;
2. at the end of the Subscription Period (January 2013), each Participant will receive one free ordinary share ("Free Share") for every three purchased; the Free Shares will be subject to a prohibition on their sale for the following three years. The Participant will lose title to the same if he/she ceases to be an employee of a UniCredit Group company during the three-year Vesting Period, unless employment is terminated for reasons accepted by the Plan Regulations. For tax reasons, in some countries, it is not possible to award the Free Shares at the end of the Subscription Period: therefore an alternative structure has been envisaged that grants Participants in said countries the right to receive Matching Shares at the end of the Vesting Period ("Alternative Structure");

Part I - Payment agreements based on own equity instruments (CONTINUED)

3. during the "Vesting Period" (from January 2013 to January 2016), Participants may sell the Investment Shares "purchased" at any time, but lose the corresponding Free Shares (or the right to receive them).

The Free Shares are classified as "Equity Settled Share-based Payments" insofar as the Participants, according to the Plan Regulations, will receive instruments of Shareholders' Equity issued by UniCredit as a consideration for the economic value of the services rendered by the same to the company of which they are employees. For Free Shares (or the right to receive them), the unit value will be measured at the end of the Subscription Period on the basis of the weighted average price paid by Participant to purchase the Investment Shares on the market.
All effects on the Balance Sheet and Income Statement relating to the 2011 Let's Share plan will be recorded over the four-year period 2012-2015.

B. QUANTITATIVE INFORMATION

Impact on Income Statement Result

All the share-based payments allocated after 7 November 2002 with Vesting period ending after 1 January 2005 fall within the scope of the regulations.

Effects of share-based payments on the balance sheet and income statement

	12.31.2011		12.31.2010	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
Expenses	487		145	
- related to Equity Settled Plans	*487*		*145*	
- related to Cash Settled Plans	-		-	
Payables paid to UniCredit S.p.A. for vested plans		69		131
Payables accrued towards UniCredit S.p.A.[1]	823		405	

1. Amount equal to the economic value accrued for services rendered by employees that are the beneficiaries of the plans entitling to UniCredit shares.

Part L - Segment reporting

The Bank does not provide information on segment reporting as said information is not requested for individual financial statement of unlisted companies.

Supporting programmes that change lives.

UniCredit has always sought to be closer to clients, through a range of effective social programmes. UniCredit Bank in Slovakia has financed the creation of a magnetic resonance diagnostic program, renovated student dormitories, and enabled the development of the Hotel Cassovar where T-Systems employs 2,500 people in the city of Košice. Moreover, it financed the construction of a new power plant, thereby supporting the liberalization of energy markets and stimulating the development of a free competitive marketplace.
Local communities need concrete answers to build a better future.

Appendix

Disclosure of auditing fees pursuant to art. 160 paragraph 1 bis of Italian Legislative Decree 58/98

The table below provides details of the fees paid to the auditing company KPMG S.p.A. and to the entities of the network to which said auditing company belongs:

FINANCIAL STATEMENTS as at December 31, 2011 (fees net of VAT and expenses)

(amounts in euro)

TYPE OF SERVICE	ENTITY PROVIDING THE SERVICE	FEES
Auditing	KPMG S.p.A.	220,490
Certification of tax models	KPMG S.p.A.	10,720
Total		**231,210**

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